Equitisation and stock-market development

Loc, T.D.

Chapter 5

An Overall Description of the Sample

5.1. Introduction

As mentioned in Chapter 1, one of the main aims of this thesis is to measure the impact of equitisation on firm performance in Vietnam. In order to achieve this objective, both qualitative and quantitative methods are used. The qualitative method, in the form of two case studies presented in Chapter 4, provides some details regarding the process of equitisation and the impact of equitisation on firm performance. However, the results obtained from these case studies cannot be used to generalise on the impact of equitisation in Vietnam. In order to quantitatively assess the impact of equitisation in Vietnam, statistical information on a broader group of firms is needed. Therefore, firm-level data are required. Since this information is not readily available, a survey has been conducted.

In the first quarter of 2004, 88 equitised firms mostly in the southern region of Vietnam have been interviewed. The survey focused on the equitisation process, corporate governance, employment, and performance of the equitised firms. Another survey of 84 SOEs was organised in June 2005. Moreover, data of some 33 equitised firms were obtained in other ways (detailed description presented in the next section). The aim of this chapter is to describe the surveys and to give some details about the sample as well as some information on the equitisation process in Vietnam.

The remainder of this chapter proceeds as follows. Section 5.2 explains the data collection. In Section 5.3, a statistical description of the sample is presented. Preliminary results regarding some aspects of the equitisation process derived from the survey are summarised in Section 5.4. Section 5.5 covers the ownership structure and corporate governance of the equitised firms. Finally, Section 5.6 concludes the chapter.

5.2. Description of data collection

To collect data and information for the empirical study on the impact of equitisation on firm performance, interviews among both equitised firms and SOEs were held. In order to develop questionnaires, a pilot survey of 15 equitised companies and 15 SOEs was conducted during the first quarter of 2003 in the Mekong River Delta (MRD) region by interviewing the chairperson of the board of directors or the manager of these firms. The pilot survey helped to uncover the real situation of equitised firms and to identify possible irrelevant questions. Based on the pilot survey, the irrelevant questions were eliminated or modified and some new questions were added. The questionnaires had to be revised several times before reaching the final version that served to obtain the data set used in Chapter 6[6].

The first survey, which took place from March 15 to April 30 2004, focused on equitised firms. To measure the impact of equitisation on firm performance, this study first compares post-equitisation performance indicators of equitised firms to pre-equitisation ones. Therefore, the firms that were chosen for being included in the first survey had to satisfy two conditions. First, they have to be former SOEs and, second, their financial information should be available and sufficient (at least one year before and after equitisation). Additionally, to serve as the basis for the collection of data for the so-called “difference in differences” (DID) method a second survey on SOEs was conducted, from March 20 to May 20 2005. Both of the surveys took place in the southern region of Vietnam [Ho Chi Minh City (HCMC) and the Mekong River Delta (MRD)] because of budget limitations.

In the surveys, three public officers who have worked for Local SOEs Reform Boards[7] and four researchers of Ho Chi Minh City (HCMC) Institute for Economic Research were asked to do the surveys. In addition, I also participated in the surveys as an interviewer and interviewed about 25 equitised firms. It is important to note here that the selection of the public officers as interviewers may have influenced the results because interviewees may provide distorted data in order to receive some benefits from the government through the public officers. However, it is impossible to acquire the information of many equitised firms in the context of Vietnam if interviewers would not already have a good relationship with respondents (managers of firms). Consequently, the study had to rely on the access of the interviewers to the firms concerned.

Since the number of equitised firms in the region that satisfy the conditions mentioned above was limited, we decided to try to interview all of them.

[6] The entire questionnaires are presented at the end of the thesis.
[7] Each province has its own SOEs Reform Board.

Unfortunately, some of them absolutely refused when interviewers tried to contact them. Consequently, only 88 equitised firms were interviewed. A similar approach in the second survey among SOEs resulted in financial information of 84 SOEs.

Beside the direct interviews, mail interviews among equitised firms from other parts of Vietnam were also used to obtain data and information for the study. For this purpose, about one hundred equitised firms were selected for the survey from the list of equitised firms. However, this survey was not successful in that only four questionnaires with complete information were sent back.

Furthermore, data and information on equitised companies were obtained in other ways. First, financial data of and other information on listed companies were collected by downloading information from their websites. By regulation these companies have to all their financial information to investors. Second, we contacted some organisations that have stored the information and data of equitised companies, for providing these data. As a result, a data set of 21 equitised firms from Northern provinces was acquired. These data contain some useful information, but not as much as expected. Specifically, they include several pre- and post-equitisation performance measures, such as sales, income, number of employees, average salary of employees, and return on equity. However, information regarding the equitisation process, ownership structure and corporate governance of these firms is not available.

Finally, by combining the data from different sources a data set of 121 equitised firms and 84 SOEs is available for the empirical study. Some descriptive statistics of the sample are presented in the following section.

5.3. Descriptive statistcs of the samples

5.3.1. Structure of the samples

The sample of equitised firms

According to Decree 44/1998/ND-CP, issued in June 1998 and Decree 64/2002/ND-CP, issued in June 2002, SOEs to be selected for equitisation can be central state enterprises, local state enterprises or a unit of large SOEs. The central state enterprises have been controlled by the ministries or Prime minister and usually are large ones in terms of sales and employees. A survey conducted by the General Statistical Office in 2003 shows that a central state enterprise, on average, has VND 231 billion in sales and 704 employees. Contrary to the central state enterprises, most local state enterprises are of a small or medium size. Indeed, average sale of the local state enterprise is only VND 44 billion, and the average number of employees is 246. In the sample, local state enterprises and central state enterprises account for 57.9 and 24.8 percent respectively while the third category, unit of a large SOE, makes up 17.3 percent. Categories of the surveyed firms are presented in the first part of Table 5.1.

Table 5.1: Equitised firms classified by categories, sectors, and locations

	Number of firms	Percentage (%)
Categories of the surveyed firms		
– Central State Enterprises	30	24.8
– Local State Enterprises	70	57.9
– Unit of a large SOE	21	17.3
Total	121	100.0
Main business of the firms		
– Manufacturing	69	57.0
– Trade and services	52	43.0
Total	121	100.0
Location		
– MRD region	38	31.4
– HCMC	58	47.9
– Northern part of Vietnam	21	17.4
– Central part of Vietnam	4	3.3
Total	121	100.0

Source: Own survey in 2004

To serve as the basis for the empirical study in the following chapter, the sample firms are also classified into two groups depending on their main business: manufacturing, and trade and services. Manufacturing firms account for 57 percent of the sample while trade and service firms contribute 43 percent to the sample.
Regarding the location of the firms, Table 5.1 shows that firms located in HCMC and the MRD account for 47.9 and 31.4 percent of the sample, respectively. In total, 79.3 percent of the entire sample comes from the MRD and HCMC. In addition, firms situated in the North make up 17.4 percent of the sample. Finally, the rest of the sample firms (3.3 percent) consist of equitised firms from the central part of Vietnam.

The sample of SOEs

The structure of the sample of SOEs by sectors and locations is presented in Table 5.2. It can be seen from the table that the sectoral distribution of the surveyed SOEs is similar to that of the sample of equitised firms. Specifically, 51.2 percent of SOEs are in manufacturing, while trade and service SOEs account for 48.8 percent of the sample. Unlike the sample of equitised firms, the survey of SOEs focuses only on SOEs in the MRD and HCMC. Indeed, Table 5.1 shows that SOEs located in the MRD dominate the sample, accounting for 83.3 percent of the sample while SOEs situated in HCMC contribute to the sample by only 16.7 percent.

Table 5.2: Sample structure of the surveyed SOEs by sectors and locations

	Number of firms	Percentage
By sectors		
Manufacturing	43	51.2
Trade and services	41	48.8
Total	84	100.0
By location		
MRD region	70	83.3
HCMC	14	16.7
Total	84	100.0

Source: Own survey in 2005

5.3.2. Size of the samples

In this sub-section, the size of both equitised firms and SOEs is measured by the firm's chartered capital. Chartered capital is defined as the capital to be contributed by shareholders, as recorded in the firms' charter. The chartered capital to be included in this survey is the capital at the end of 2003. The charter capital of the surveyed firms is presented in Table 5.3.

The sample of equitised firms

Table 5.3 shows that the chartered capital of equitised firms varies enormously. It ranges from VND 590 million to VND 150,000 million, with a standard deviation of 121,233. Additionally, the mean of the chartered capital of the equitised firms is VND 14,546 million. Furthermore, firms with capital above VND 10 billion represent 47 percent of the sample while firms having capital less than VND 10 billion account for 53 percent of the sample (see Table 5.4).

Table 5.3: Chartered capital of the surveyed firms (million VND)

	Obs.	Min.	Mean	Median	Max.	St. dev.
Equitised firms	100	590	14,546	8,902	150,000	121,233
SOEs	84	981	19,175	10,863	99,974	22,168

Source: Own surveys in 2004 and 2005

Table 5.4: Distribution of the sample of the surveyed firms by chartered capital

Chartered capital of the firms	Number of firms	Percentage (%)
Equitised firm		
Less than 5 billion VND	31	31,0
From 5 to 10 billion VND	22	22,0
More than 10 billion VND	47	47,0
Total	100	100,0
SOEs		
Less than 5 billion VND	19	22.6
From 5 to 10 billion VND	22	26.2
More than 10 billion VND	43	51.2
Total	84	100.0

Source: Own surveys in 2004 and 2005

The sample of SOEs

Table 5.3 shows that charter capital of the SOEs ranges from VND 981 million to VND 99,974 million, with an average of VND 19,175 million. Regarding the structure of the SOEs by chartered capital, Table 5.4 reveals that firms having capital more than VND 10 billion account for 51.2 percent while firms having capital less than VND 10 billion make up 48.8 percent of the sample.

5.4. Some aspects of the equitisation process: results from the survey

5.4.1. Duration of the equitisation process

As mentioned in Chapter 4, the process of equitisation is complicated, with many steps to be taken. Therefore, the firm has to spend much time on completing the process. Indeed, the survey indicates that the duration of the process ranges from 1 to 44 months, with an average of 13.2 months. Moreover, firms that have more than VND 10 billion take more time to complete the equitisation process than firms having less than VND 10 billion in terms of charter capital. Specifically, the mean equitisation period is 15.9 months for the former, and 11.6 months for the latter group.

Table 5.5: Duration of the equitisation process of the sample (number of months)

	Obs.	Min.	Mean	Median	Max.	St. dev.
Equitised firms having chartered capital to 10 billion VND	53	1.0	11.6	12.0	42.0	8.0
Equitised firms having chartered capital more than 10 billion VND	33	5.0	15.9	14.0	44.0	9.1
Total sample	86	1.0	13.2	12.0	44.0	8.6

Source: Own survey in 2004

The duration of the equitisation process have been significantly reduced since the promulgation of Decree 44-CP/TTg on "Transforming SOEs into joint stock companies" (1998). In fact, according to the findings derived from a survey of 14 equitised firms that were equitised from 1992 to the end of 1997, conducted by Mekong Project Development Facility (MPDF), the duration of the equisation process ranged from 9 to 79 months, with an average of 27 months. Since the selected firms in our survey were mostly equitised after the year of 1998, these results imply that Decree 44 has been instrumental in shortening the equitisation period.

5.4.2. Reasons for equitisation

In order to determine the main reasons that encourage the SOEs to equitise, the question "what are the main reasons that you decided to equitise your firm?" is added in the questionnaire. Interviewees were asked to grade four possible reasons. The respondents are asked to grade each reason as follows: (1) = Very unimportant, (2) unimportant, (3) neutral, (4) important, and (5) very important. The ranking is presented in Table 5.6.

Table 5.6: Ranking of the reasons for equitisation

Reasons	Obs.	Min.	Mean	Median	Max.	St. dev.
Tax advantages	88	1.0	2.7	2.0	5.0	1.1
Improving firm performance	88	2.0	4.5	5.0	5.0	0.7
Mobilising more capital at low cost	88	1.0	2.9	3.0	5.0	1.2
Obligated by the government	88	1.0	3.6	4.0	5.0	1.4

Source: Own survey in 2004

According to Table 5.6, "improving firm performance" is the most important reason (4.5 points) to stimulate SOEs to equitise. Many respondents say that equitisation is the best way to restructure the firm and encourages employees to work efficiently because their benefits are derived from the firm's performance. Thus, firm performance would improve following equitisation. The second reason that led to equitisation of the firms is being "obligated by the government" (local or central government). Surprisingly, tax exemption (income tax) and mobilising more capital, according to the respondents, are not the main reasons to encourage them to equitise their firms. They assert that tax advantages do not significantly contribute to the performance of their firms. Similarly, some of the respondents think that mobilising more capital by issuing new shares is not the most efficient way to achieve good performance because the issue could reduce shareholders' dividend. Therefore, instead of issuing new shares, the firms should ask for loans from commercial banks. Practically, it is not difficult for these firms to borrow capital from the banks.

5.4.3. Main problems and constraints in the implementation of equitisation

As mentioned in Chapter 2, the equitisation programme has progressed slowly. In order to discover the causes of this slow progress, the following question has been added: "*Please indicate the importance of the following constraints and problems that may be the causes of the slowness of the equitisation process*". The question helps to grasp the perception of the key persons in the equitised firms about this issue. This question provides a list of constraints that are derived from the pilot surveys and articles. In addition, the respondents could add some more constraints that they think are of importance, but were not included in the question. Each constraint is assigned ranking points formulated as follows: (1) = Very unimportant, (2) unimportant, (3) neutral, (4) important, and (5) very important. The importance of these constraints is summarised in Table 5.7.

Table 5.7: The main constraints and problems in the equitisation process

Reasons	Obs.	Min.	Mean	Median	Max.	St. dev.
Firm evaluation	86	1,0	4,0	4.0	5,0	0,9
Legal constraints	86	1,0	3,4	4.0	5,0	1,0
Administrative constraints	86	1,0	3,4	4.0	5,0	1,0
Unwillingness of the SOEs' managers	86	1,0	3,1	3.0	5,0	1,2
Debt settlement	86	1,0	3,7	4.0	5,0	1,1

Source: Own survey in 2004

According to Table 5.7, firm evaluation is the biggest constraint in the process of equitisation. As described in Chapter 2, the firm evaluation procedure is complicated since the state wants the firm value to be accurately assessed with this procedure. Consequently, it needs ample time to follow the procedure carefully. Moreover, debt settlement is known as one of the constraints causing slowness in the equitisation process. As a result of soft budget constraints, most SOEs in Vietnam have had a high debt ratio[8], and part of the debt has become bad debt. Since the bad debt has existed in most SOEs for a long period, the documents underlying the debts might not be found. Therefore, it is difficult to identify who was associated with the bad debt. As a result, it is time-consuming to deal with the issue of debt settlement before the equitisation is approved. Furthermore, legal and administrative constraints are seen as determinants that have slowed down the pace of the equitisation process. However, these constraints are unlikely to significantly affect the process. Additionally, many people believe that unwillingness of SOE managers can harm the implementation of equitisation. However, according to the results of the survey this is not true in practice since the average ranking is only 3.1.

[8] The next chapter will discuss this issue in more detail.

5.4.4. Labour issues of the equitised firms following equitisation

This sub-section describes changes in employment during the pre and post-equitisation periods. The changes in employment of the surveyed firms are shown in Table 5.8.

Table 5.8: Pre and post-equitisation numbers of employees

	Obs.	Min.	Mean	Median	Max.	St. dev.
Pre-equitisation number of employees	119	11	352	159	3,681	575
Post-equitisation number of employees	119	12	382	155	3,695	615
No. of fired employees	35	2	24	12	149	31
No. of hired employees	72	1	42	14	629	82

Source: Own survey in 2004

Table 5.8 shows an increase in employment of the surveyed firms following equitisation. Specifically, mean employment increases from 352 employees in the pre-equitisation period to 382 employees in the post-equitisation period. Furthermore, the inflow and outflow of employees are examined by asking the respondents to provide information regarding the number of fired and hired employees, and the kinds of these employees (trained or untrained). Firms that have fired employees since equitisation account for 40.2 percent of the sample. In these firms, the number of fired employees range from 2 to 149, with an average of 24 employees. 65.7 percent of firms have fired both trained and untrained employees while 22.9 percent of firms laid-off only untrained employee, and the rest (11.4 percent) has fired trained employees.

Many equitised firms have hired new employees following equitisation. Following equitisation, 83.9 percent of the sample has hired new employees. In these firms, 42 employees, on average, are hired. The equitised firms have paid special attention to the quality of employees in recruiting new employees in that 61.6 percent of the firms have hired only trained employees while only 4.1 percent of firms hired untrained employees, and the rest (34.2 percent) hired both trained and untrained employees.

5.5. Ownership structure and corporate governance of the equitised firms

5.5.1. Ownership structure

A firm's ownership structure usually has a strong effect on corporate governance and the performance of equitised firms. Shareholders of surveyed firms are classified into three groups, namely the state, insiders (employees) and outsiders (including domestic and foreign investors). The ownership structure of the surveyed firms is summarised in Table 5.9.

Table 5.9: Ownership structure of equitised firms at the time of the first shares issue (percentage)

Ownership	Obs.	Min.	Mean	Median	Max.	St. dev.
State	100	0.0	29.8	30.0	77.6	16.5
Insiders	100	5.3	36.1	33.5	100.0	20.8
Outsiders	100	0.0	34.1	32.0	78.1	19.1
Total			100.0			

Source: Own survey in 2004

It is noteworthy that the ownership structure presented in Table 5.9 is based on the ownership situation at the time of the first shares issue. According to Table 5.9, state ownership ranges from zero to 76.6 percent, accounting for, on average, 29.8 percent of the total shares of the surveyed firms. In addition, the state does not hold any shares in only seven firms of the sample, but these firms are small, their capital being less than 5 billion VND. Moreover, equitised firms in which the state holds at least 30 percent of total issued shares account for 50 percent of the total surveyed firms. Firms where the state owns more than 50 percent of total shares made up 14 percent of the sample.

The second group of shareholders consists of insiders who are employed by the firm. Employees' shares range from 5.3 to 100 percent, with an average share of 36.1 percent. Finally, shares owned by outside investors account for 34.1 percent of the total shares of the surveyed firms. Especially, foreign investors have been shareholders of seven firms and their shares, on average, in these firms account for about 13.7 percent of the total issued shares.

Based on the ownership structure presented in Table 5.9, it can be concluded that the state still holds a remarkable share in the equitised firms, especially in large and profitable firms. The high share is not surprising because, according to Decision 58/2002/QD-TTg issued by Prime minister on April 26 2002, the state must hold more than 50 percent of the total shares in firms that have more than VND 10 billion in capital and are profitable in three consecutive years. In these firms, it is difficult for outside investors to purchase shares, even any share because the number of shares sold to outsiders is very limited. Instead, employees of these firms, public officers related to the firms and their relatives and friends are the main non-state shareholders of these firms.

Table 5.10: The sample structure by the state's share

State ownership	Frequency	Percentage (%)
Less than 30%	50	50.0
From 30% to 50%	36	36.0
More than 50%	14	14.0
Total	100	100.0

Source: Own survey in 2004

To measure the changes in ownership structure of the firms after equitisation, the question "*Has the ownership structure changed since equitisation*?" is included in the questionnaire. As a result, 45 percent of surveyed firms answer "yes", 33 percent answer "no" and the rest of the sample did not answer. The new ownership structure of the firms at the time the survey conducted is presented in Table 5.11.

Table 5.11: New ownership structure of the firms (percentage)

Ownership	Obs.	Min.	Mean	Median	Max.	St. dev.
State	78	0.0	27.5	29.0	77.6	17.9
Insiders	78	4.1	36.5	33.1	100,0	21.7
Outsiders	78	0.0	36.0	34.0	82.3	21.4
Total			100.0			

Source: Own survey in 2004

According to Tables 5.9 and 5.11, it can be seen that no significant change in the ownership structure is observed following equitisation. Specifically, the state's share shows a small decrease, from 29.8 percent to 27.5 percent, while the employee ownership is almost stable. The ownership of outside investors lightly increases after equitisation, from 34.1 percent to 36.0 percent.
In general, ownership structure has a considerable effect on corporate governance of the firms. As mentioned above, the state holds significant shares in the equitised firms, so it could still play an important role in governing the firms after equitisation. The next section will reveal more details about this issue.

5.5.2. Corporate governance

Corporate governance can be defined as the system of mechanisms by which a company is directed and controlled. General issues regarding corporate governance in Vietnam are stipulated in the Enterprise Law. As presented in the Appendix 4.1 (Chapter 4), the governance structure for Vietnamese equitised firms is a two-tier board system with a separate supervisory board which is similar to what has been employed in Germany, The Netherlands and some other European countries. However, the power of the supervisory board in Vietnamese equitised firms is rather limited compared to that of the supervisory board in German or Dutch companies. For instance, in Vietnam the supervisory board does not have any rights to appoint and remove members of the board of directors, but in Germany and the Netherlands the supervisory board has full authority to take these actions.

The board of directors

By regulation, the board of directors is elected by shareholders and does not have more than eleven members. Results of the survey report that the board of directors is made up of three to eleven members drawn from the three main groups of shareholders. On average, the board of directors has six members, in which one represents the state, three represent insiders, and two represent outside investors.
Although there is only one member representing the state in the board of directors, the position of chairperson of the board is essentially assigned to the state's representative. In fact, among 98 equitised firms that gave full information regarding the board of directors, 72 firms (accounting for 73.5 percent of the total firms) have a chairperson of the board representing the state. As mentioned above, the state controls a large number of shares, so it is not so difficult for the state to take this position. Furthermore, 18 firms have a chairperson of the board who represents insiders (18.4 percent); the rest (only 8.2 percent of the sample) have a chairperson of the board who represents outside investors. The distribution of

chairpersons of the board of directors in the sample over different backgrounds is presented in Table 5.13.

Table: 5.12: The composition of the board of directors

	Obs.	Min.	Mean	Median	Max.	St. dev.
Number of directors representing the state	98	0	1	1	6	1
Number of directors representing insiders	98	0	3	3	9	2
Number of directors representing outsiders	98	0	2	1	6	1
Total number of directors	98	3	6	5	11	1

Source: Own survey in 2004

Table: 5.13: Distribution of chairperson of the board of different backgrounds

	Frequency	Percentage (%)
Chairperson of the board representing the state	72	73,5
Chairperson of the board representing insiders	18	18,4
Chairperson of the board representing outsiders	8	8,2
Total	98	100,0

Source: Own survey in 2004

The board of supervisors

Similar to the board of directors, the board of supervisors is also elected and removed by shareholders. The board of supervisors of the surveyed firms has two to five members, with an average of three members. Among three members of the board one represents outside investors, and the rest represent insiders and the state. The composition of the board of supervisors is shown in Table 5.14.

Surprisingly, the findings of the survey reveal that insiders serve as the chairperson of the supervising board in over half of the surveyed firms (54.1 percent). In addition, the state's representative is appointed as the chairperson of the board in 23 equitised firms, accounting for 23.5 percent of the sample. Finally, the remaining firms (22.4 percent of the sample) have a chairperson representing outside investors. The distribution of chairpersons of the boards of supervisors over different backgrounds is shown in Table 5.15.

Table 5.14: **C**omposition of the board of supervisors

	Obs.	Min.	Mean	Median	Max.	St. dev.
Number of supervisors representing the state	98	0	0	0	1	0
Number of supervisors representing insiders	98	0	2	2	4	1
Number of supervisors representing outsiders	98	0	1	1	3	1
Total number of supervisors	98	2	3	3	5	0

Source: Own survey in 2004

Table 5.15: Chairpersons of the board of supervisors by different backgrounds

	Frequency	Percentage (%)
Chairperson of the board representing the state	23	23.5
Chairperson of the board representing insiders	53	54.1
Chairperson of the board representing outsiders	22	22.4
Total	98	100.0

Source: Own survey in 2004

Manager/General manager (CEO)

According to the Enterprise Law, the board of directors appoints the manager of equitised firms who, on behalf of the board of directors, is responsible for the management of the firm. Therefore, the ownership structure has a strong effect on this appointment. As mentioned above, the state still is a dominant shareholder in equitised firms. Thus, very often the representative of the state takes the position of manager in equitised firms. In fact, according to the results of the survey, firms that have a manager representing the state account for 69.4 percent of the sample. In addition, firms which have a manager who represents outside investors make up only 4.1 percent of the sample. Finally, the rest (26.5 percent of the sample) have a manager who represents insiders.

Table 5.16: Distribution of manager of surveyed firms by different backgrounds

	Frequency	Percentage (%)
Manager representing the state	68	69.4
Manager representing insiders	26	26.5
Manager representing outsiders	4	4.1
Total	98	100,0

Source: Own survey in 2004

5.6. Conclusion

This chapter describes the sample and briefly summarizes some findings of the survey on the equitisation process, the ownership structure and corporate governance of the equitised firms. The entire sample includes 121 equitised firms and 84 SOEs. Most firms in the sample are located in the southern part of Vietnam. The survey reveals that in general firms need much time to complete the process of equitisation due to problems and constraints. Among these problems and constraints, firm evaluation and debt settlement are the most predominant. Regarding ownership structure and corporate governance of the equitised firms, it is found that the state still holds a large number of shares in the equitised firms, so it continues to play a decisive role in the firms after equitisation. This chapter has given an overall picture of the process of equitisation in Vietnam, but does not make any analysis about the impact of equitisation on firm performance. The next chapter will deal with this issue.