

THE IMPACT OF CORPORATE GOVERNANCE ON THE QUALITY OF ACCOUNTING INFORMATION: RESEARCH BASED ON LISTED COMPANIES ON VIETNAM'S STOCK EXCHANGE

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ARTICLE INFO	ABSTRACT
<p>Article history:</p> <p>Received 31 January 2023</p> <p>Accepted 18 April 2023</p>	<p>Purpose: This research aims to evaluate the impact of corporate governance on the quality of accounting information in listed companies on the Vietnamese stock exchange.</p>
<p>Keywords:</p> <p>Accounting; Information Quality; Corporate Governance; Impact; Factors.</p>	<p>Theoretical framework: Corporate governance focuses on the structure of ownership, the characteristics of director and supervisory boards. The quality of accounting information is evaluated under the perspectives of information users and information auditors.</p>
	<p>Design/methodology/approach: This research analyzes primary and secondary data from 193 listed companies as of 2021 and uses both qualitative and quantitative research methods.</p>
	<p>Findings: The results show that the factors affecting corporate governance that have a proportional impact on the quality of accounting information include: Government ownership, Supervisory Board ownership, major shareholders ownership, number of board members, professional qualifications of the association board of directors, and that have an inverse impact is the duality between the Board of directors and the managing directors, and that have no impact are the number of members in the supervisory Board and professional qualifications of the supervisory board.</p>
	<p>Research, Practical & Social implications: From the research results, the authors propose recommendations to improve the quality of accounting information through corporate governance.</p>
	<p>Originality/value: The value of the study is pointing out the impact of corporate governance on the quality of accounting information in listed companies on the Vietnamese stock exchange meaningful in creating trust among users to attract investment domestically and internationally.</p>
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O IMPACTO DA GOVERNANÇA CORPORATIVA NA QUALIDADE DA INFORMAÇÃO CONTÁBIL: PESQUISA BASEADA EM EMPRESAS LISTADAS NA BOLSA DE VALORES DO VIETNÃ

RESUMO

Objetivo: Esta pesquisa tem como objetivo avaliar o impacto da governança corporativa na qualidade da informação contábil em empresas listadas na bolsa de valores vietnamita.

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Enquadramento teórico: O governo das sociedades centra-se na estrutura de propriedade, nas características dos conselhos de administração e fiscalização. A qualidade da informação contábil é avaliada sob a ótica dos usuários da informação e dos auditores da informação.

Design/metodologia/abordagem: esta pesquisa analisa dados primários e secundários de 193 empresas listadas em 2021 e usa métodos de pesquisa qualitativos e quantitativos.

Resultados: Os resultados mostram que os fatores que afetam a governança corporativa que têm um impacto proporcional na qualidade da informação contábil incluem: propriedade do governo, propriedade do conselho fiscal, participação dos principais acionistas, número de membros do conselho, qualificações profissionais do conselho de administração da associação e que têm impacto inverso é a dualidade entre o conselho de administração e os administradores delegados, e que não têm impacto são o número de membros do conselho fiscal e as qualificações profissionais do conselho fiscal.

Pesquisa, implicações práticas e sociais: A partir dos resultados da pesquisa, os autores propõem recomendações para melhorar a qualidade da informação contábil por meio da governança corporativa.

Originalidade/valor: O valor do estudo é apontar o impacto da governança corporativa na qualidade da informação contábil em empresas listadas na bolsa de valores vietnamita significativa na criação de confiança entre os usuários para atrair investimentos domésticos e internacionais.

Palavras-chave: Contabilidade, Qualidade da Informação, Governança Corporativa, Impacto, Fatores.

EL IMPACTO DEL GOBIERNO CORPORATIVO EN LA CALIDAD DE LA INFORMACIÓN CONTABLE: INVESTIGACIÓN BASADA EN EMPRESAS QUE COTIZAN EN LA BOLSA DE VALORES DE VIETNAM

ABSTRACT

Propósito: Esta investigación tiene como objetivo evaluar el impacto del gobierno corporativo en la calidad de la información contable en las empresas que cotizan en la bolsa de valores de Vietnam.

Marco teórico: El gobierno corporativo se enfoca en la estructura de propiedad, las características de los consejos de administración y supervisión. La calidad de la información contable se evalúa bajo las perspectivas de los usuarios de la información y de los auditores de la información.

Diseño/metodología/enfoque: esta investigación analiza datos primarios y secundarios de 193 empresas que cotizan en bolsa a partir de 2021 y utiliza métodos de investigación tanto cualitativos como cuantitativos.

Hallazgos: Los resultados muestran que los factores que afectan el gobierno corporativo que tienen un impacto proporcional en la calidad de la información contable incluyen: propiedad del gobierno, propiedad de la Junta de Supervisión, propiedad de los principales accionistas, número de miembros de la junta, calificaciones profesionales de la junta directiva de la asociación y que tienen un impacto inverso es la dualidad entre la Junta Directiva y los directores gerentes, y que no tienen impacto son el número de miembros en el Consejo de Vigilancia y las calificaciones profesionales del Consejo de Vigilancia.

Implicaciones de investigación, prácticas y sociales: a partir de los resultados de la investigación, los autores proponen recomendaciones para mejorar la calidad de la información contable a través del gobierno corporativo.

Originalidad/valor: el valor del estudio es señalar el impacto del gobierno corporativo en la calidad de la información contable en las empresas que cotizan en la bolsa de valores vietnamita significativa en la creación de confianza entre los usuarios para atraer inversiones a nivel nacional e internacional.

Palabras clave: Contabilidad, Calidad de la Información, Gobierno Corporativo, Impacto, Factores.

INTRODUCTION

Background: World famous frauds such as Enron in 2001, WorldCom in 2002, Wirecard in 2020 have drawn scientists and businesses' attention to the research topic of accounting information. One of the problems that scientists pose and explain is the decline in the quality of accounting information from the representatives and information asymmetry. Management tends to put personal interests first before the goals of the business, creating a

conflict of interest between the owner and the operating board. In that case, management has an incentive to intervene and adjust the figures on financial statements for salary or bonus purposes or for fear of being fired. Information asymmetry has placed shareholders, who are the real owners in a passive position in accessing the information. Therefore, shareholders need an effective managing system to oversee the performance of the Board of Directors in providing accounting information presented in the financial statements. Real world practices have proven that through aligning the interests of executives with the interests of shareholders, corporate governance can be considered as a solution to overcome this problem, improving the reliability of accounting information in financial statements (Watts and Zimmerman, 1986). The corporate governance system is expected to promote the effectiveness of monitoring, preventing, and detecting fraudulent acts, thereby improving the quality of accounting information. Studies have shown that corporate governance can help improve the quality of accounting information. Corporate governance is often considered in two aspects: the characteristics of the ownership structure and the characteristics of the board of directors.

Justification: In Vietnam, along with the development of the stock market, the topic regarding the quality of accounting information on financial statements has also received attention from users, especially investors. Stemming from this circumstance, scientists in Vietnam are also particularly interested in the topics of the quality of accounting information and corporate governance, which is considered a solution to improve the accounting information quality.

Objective of the work or research problem: We carry out this research with the aim to propose solutions to help businesses promote the control function of corporate governance, using empirical evidence of the impact of corporate governance on the quality of accounting information.

LITERATURE REVIEW

Research on the Quality of Accounting Information

The concept of information quality is evaluated from two perspectives: the information users and information auditors. From the user perspective, high-quality information is information that users fully trust to base on in decision making (Kahn and Strong, 1998). In the field of accounting, based on the rules of the attributes of the International Accounting Standards Board (IASB, 2018), researchers have come up with various definitions of the quality of accounting information in financial statements, in which financial reporting is “the ability to

supply managers' requirements with an in-depth understanding of the performance of an organization to help them make decisions, monitor, and achieve strategic objectives.”. Based on the International Financial Reporting Framework (Conceptual Framework), the concept of the quality of accounting information in financial statements is to “provide useful financial information about enterprises for current and potential investments, lenders, and creditors in making decisions”. Therefore, the quality of accounting information is considered through the following attributes:

Relevancy (RL)

IASB (2018), relevancy is “the ability of financial reporting information to influence the process of decision-making of users and of related financial information to make a difference in users' decision”. Relevancy is demonstrated through:

RL1_financial statements disclosing financial information to help readers analyze the current financial, business, and cash flow situation of the entity.

RL2_financial statements providing non-financial information for users to understand the impact of specific transactions or events on the company's financial position.

RL3_financial statements presenting an assessment of the company's ability to continue in business

RL4_financial statements having the ability to forecast the company's future financials in terms of profit, market, development prospects, etc.

Reliability (RE)

The IASB (2018) states that “reliable information when presented must be complete, neutral, and error-free”. Completeness refers to “a complete description that includes all the information necessary for users to understand the phenomenon through description and explanation”. Neutrality means “no bias in the selection or presentation of financial information”. Error-free means “free from error or missing material information in the description of the entity's financial and non-financial information. Reliability can be evaluated through the following metrics:

RE1_financial statements provide reasonable accounting assumptions and estimates.

RE2_appropriate selection and application of accounting policies in accordance with current law

RE3_financial statements provide and evaluate events that affect business results during the financial year.

RE4_Reliability is assessed by the auditor's opinions on the financial statements.

If a financial statement is accepted in its entirety, then its information is considered reliable.

Comparability (CM)

IASB (2018) states: “Comparability is a qualitative feature that allows people to identify and understand the similarities and differences between entries on the financial statements of different enterprises”. Consistency and comparability are demonstrated through the following criteria:

CM1_financial statements ensure consistency in terms of format, methods of setting targets, policies, and estimates, and accounting methods.

CM2_financial statements provide explanations for retrospective adjustments to reported figures in the prior period’s financial statements.

CM3_financial statements compare information with information from the prior year.

CM4_financial statements compare a company's information with industry-wide financial information.

Comprehensibility (CP)

The IASB (2018) states: “The comprehensible character of financial statements is demonstrated by categorizing, characterizing, and presenting information in a clear and concise manner”. Characteristics of comprehensiveness and comprehensibility include:

CP1_financial statements are presented in an appropriate format (with clear headings, arranged in order and with full explanation)

CP2_Notes for the Balance Sheet and Income Statement business are clearly presented

CP3_The language in financial statements is easy to understand

CP4_The financial statements include a footnote (abbreviations, terms)

From the perspective of the information auditors, the quality of accounting information is evaluated by the opinion of the auditors. Some researchers have a qualitative approach in assessing the quality of accounting information, based on the opinion of an independent auditor. Studies by Anwar and Buvanendra (2019), Willekens (2008) both believe that an audit report

showing the auditor's opinion on the authenticity and legitimacy of the financial statements can provide assurance for the authenticity of the accounting reports.

There are four types of audit opinions, including complete agreement, agreement with exceptions, opposition, and disapproval. The auditor can express complete agreement in the event that they conclude the financial statements have been prepared in an appropriate financial statement presentation, meaning the entity's financial statements do not include any material error in all respects.

Research on Corporate Governance

Corporate governance is the governance mechanism from within the entity, expressed through the internal monitoring mechanism. The corporate governance structure clearly defines the division of rights and responsibilities among participating groups in the organization such as the Supervisory Board, Board of Directors, shareholders, and other beneficiary parties who have the right to set principles and procedures for decision making. Corporate governance creates a structure for setting the company's goals, defining the means to achieve those goals, and monitoring the company's performance. Corporate governance often focuses on two important issues in ownership structure, including the management board and supervisory board.

Ownership structure is understood as the allocation of equity by rights, which is correlated with the proportion of equity held by owners. Each company, depending on the number of different amounts of equity held by its shareholders, can have a different ownership structure. According to studies by Wang and Yung (2011); Kao (2014); Anwar and Buvanendra (2019); Firmansyah and Irawan (2019); an ownership structure includes: State ownership; the Supervisory Board ownership; and major shareholders ownership.

The Board of Directors is a governance mechanism, consisting of members selected by shareholders, playing a central role in the supervisory system. Functioning as the management body of the enterprise, the Board of Directors represents the shareholders to inspect and monitor the activities of the management board, playing an important role in controlling representative issues. Xie et al (2003); Dimitropoulos and Asteriou (2010); Fathi (2013); Holtz and Sarlo Neto (2014); Kukah et al (2016); Roden et al. (2016) The Board of Directors is considered by board size, professional qualifications, concurrent positions of the chairman of the Board of Directors and CEO. Dao Thi Thanh Binh and Hoang Thi Huong Giang (2012) showed that the

compositions of the board and the foreign shareholders have an insignificant effect on bank performance in Vietnam.

The Supervisory Board is a governance mechanism, consisting of controllers elected in the annual general meeting of Shareholders. The Supervisory Board is the solution to the representative problem. The supervision of the Supervisory Board minimizes the problem of information asymmetry between shareholders and management, preventing misleading acts of company executives for personal purposes. Firth et al (2007); Ran et al (2014); Panzer and Müller (2015), the Supervisory Board is characterized by: size, members' expertise in financial accounting, and gender structure.

Research on the Impact of Corporate Governance on the Quality of Accounting Information

Fathi (2013) studied how corporate governance affects the quality of accounting information on the financial statements of listed companies in France, determining the following influencing factors including characteristics of the board of directors, internal audit quality, and ownership structure. As a result, all the above factors have a positive impact on the quality of accounting information in financial statements. However, ownership structure has an inverse effect. Abdullah et al (2010) found the relationship between accounting standards, corporate governance, external control and ethical standards with the quality of accounting information on financial statements from the point of view of Malaysian auditors. The results show that the factors affecting the quality of accounting information on financial statements and accounting standards have the highest influence level. Alsmady, A. A. (2023) Political connections, tax avoidance, and the quality of accounting information affect a company's performance. According to the agency theory, reliable accounting information improves business performance and resources' allocation efficiency by reducing information asymmetry. Additionally, the adverse effects of politics on companies are mitigated by accounting information quality. As a result, the cash flow is allocated effectively, improving the business's overall performance.

Kao (2014) studied the impact of corporate governance on accounting information quality in companies in China. The study found that government ownership positively affects the quality of accounting information in terms of reliability and relevance; high-level management ownership positively affects the timeliness and relevance of accounting information; while the proportion of board ownership has a positive impact on all three aspects

of reliability, timeliness and relevance. Conversely, companies with higher shareholder ownership ratios provide less reliable, appropriate, and timely information. However, the study did not find any evidence on the potential impact of Board of Management ownership on the reliability of financial reporting information.

Aboukhadeer, E. A., Azam, S. F., & Albattat, A. R. S. (2023) the findings demonstrate that the adoption of IPSAS will impact an external audit in Libya. IPSAS makes external audit reports uniform and affects external audit notes. The adoption of IPSAS will lead to the sharing of Libyan audit companies with global audit firms to acquire experience audit IPSAS-prepared financial statements. This will increase the external auditors' findings and knowledge of international accounting standards.

Research on the Impact of Board of Directors' Characteristics on the Quality of Accounting Information

Vafeas (2000) studied the impact of Board of Directors' characteristics on accounting information quality. The study collected data from 350 companies in the US. The results showed that companies with fewer members in the Board of Directors are more likely to provide income information. However, this study did not find evidence of the impact of board members' independence on the ability to provide information.

Dimitropoulos and Asteriou (2002) studied the impact of board characteristics on accounting information quality for listed companies in the UK. The study found that the proportion of non-executive directors on the board of directors positively affects the reliability of financial reporting information. However, this study did not find evidence of the impact of board size on the quality of accounting information. Fathi (2013) investigated the relationship between corporate governance and the quality of financial accounting information based on the following aspects: the board of directors' characteristics, ownership structure, and control system. The study was conducted on a sample of listed companies over a five-year period from 2004 to 2008, with a total of 505 observations. The results showed a positive correlation between the size of the board of directors and the quality of financial accounting information audited by the Big4 companies. However, the study did not find a relationship between the independence of the Board of Directors and the quality of financial accounting information. Holtz and Sarlo Neto (2014) showed that the number of board of directors members has an inverse relationship with the quality of financial accounting information. Additionally, the study supports the view that the degree of independence between board members and the

separation of roles between the chairman of the Board of Directors and the CEO have a positive impact on the quality of financial accounting information reported. The study used data from 207 companies in Brazil during the period from 2008 to 2011, with a sample size of only 678 observations. Kukah and colleagues (2016) examined corporate governance from the perspective of board of directors' characteristics and ownership structure. The results showed that companies with an independent board of directors, without overlapping responsibility between the CEO and the board chairman, have better financial reporting quality.

In Vietnam, Nguyễn Trọng Nguyên (2015) conducted a survey evaluating 195 listed companies. The results showed that factors such as the independence of the board of directors, frequency of meetings, financial and accounting expertise of board members, and internal auditing departments had an impact on the quality of financial reporting. However, there was no evidence found proving the existence of a relationship between the dual roles of board members to the quality of financial reporting.

Tran Thi Giang Tan and colleagues (2015) studied the impact of managerial characteristics, specifically the dual roles of CEO and chairman of the board of directors, on financial reporting fraud. Using a sample of 78 listed companies in the Ho Chi Minh City Stock Exchange in 2012, the study found that having dual roles increases the risk of financial reporting fraud and decreases the quality of financial reporting.

Research on the Impact of Board Characteristics on Accounting Information Quality

Firth and colleagues' (2007) study conducted in China showed that the size of the board has a positive impact on accounting information quality, however, the study did not find evidence of the impact of board meetings on accounting information quality when measuring accounting information quality by auditor opinions. In Vietnam, studies on the impact of board characteristics on accounting information quality are limited. Nguyen Trong Nguyen's (2015) study is one of the few studies examining the impact of board characteristics on accounting information quality in Vietnam. However, the study also does not provide empirical evidence of this relationship

Thus, research projects on the impact of corporate governance on accounting information quality are still limited. The research projects mainly focus on two aspects: the characteristics of the board of directors and ownership structure. Meanwhile, the administrative board is an important agency representing shareholders to monitor the activities of the board of directors and the CEO. Therefore, in this research, the author will supplement the factors related

to the administrative board, including size, gender and financial accounting and auditing expertise and examine the impact of these factors on the quality of accounting information. The research overview shows that previous studies only investigated some individual factors of corporate governance and each country, depending on the economic and political characteristics, showed different levels of impact of these factors on accounting information quality, even in opposite directions.

In Vietnam, based on different measurements and data, the study findings on this relationship are also not consistent. This shows the need for a comprehensive study with a research scope that includes a large enough space and time to investigate the impact of corporate governance on accounting information quality. In this study, the author conducted research and incorporated into the model all three aspects of corporate governance, including the characteristics of the Board of Directors, the characteristics of the administrative board, and the ownership structure, with the expectation that corporate governance is a solution to improve the quality of accounting information.

MATERIAL AND METHODOLOGY

Data Collection Methods

The secondary data includes audited financial reports of publicly listed companies on the Ho Chi Minh City Stock Exchange (HOSE) and Hanoi Stock Exchange (HNX), excluding financial institutions (such as banks, insurance companies, securities companies), provided by Stoxplus. In addition, data on management is provided by Vietstock Corporation. Data on the ownership structure, professional level of the Board of Directors and audit committee is collected from the audited financial reports and annual reports of publicly listed companies by the authors. The data is checked for duplicates and abnormal values and observations are removed. Data on audit opinions is collected from audited financial reports of publicly listed companies.

Primary data is collected from the results of interviews and surveys using questionnaires sent to CEOs, chief financial officers, and accountants of publicly listed companies to evaluate the quality of accounting information.

Data collection time: 2021

Data processing method: The survey results were classified, cleaned, and further analyzed using the SPSS 20 software:

Encoding data;

Cleaning data;
Descriptive statistical analysis of the research sample;
Measuring the reliability scale through Cronbach's Alpha coefficient;
Exploratory factor analysis
Multivariate regression analysis

RESEARCH HYPOTHESIS

The Impact of Ownership Structure on Accounting Information Quality

State ownership: Currently, there are different perspectives on the impact of state ownership on accounting information quality. Research by Wang and Yung (2011), Kao (2014), Tran Thi Giang Tan and colleagues (2018) argues that state ownership can limit opportunities for managerial opportunism by adjusting financial reporting information. Therefore, the larger the state ownership, the higher the quality of accounting information. However, other studies have shown that state ownership is negatively related to accounting information quality because when the state concentrates its power, the adjustment of financial reporting information for the purpose of reporting performance or disbursement is easier to occur. We support the viewpoint that the larger the state ownership, the higher the quality of accounting information. Therefore, the H1 hypothesis is stated as follows:

Hypothesis H1: The ownership of the state is positively related to the quality of accounting information.

Board of Directors' ownership

Loebbecke (1989), Kao (2014), Jensen and Meckling (1976) prove that the benefits of the Board of Directors will be closely related to the benefits of the company because the Board of Directors will manage the company itself. The pressure to manipulate will decrease if the Board of Directors owns a sufficient amount of shares. Therefore, the Board of Directors will not face pressure to manipulate accounting information to beautify financial reports and pacify shareholders. Therefore, Hypothesis H2 is as follows:

Hypothesis H2: Board of Directors' ownership is positively related to the quality of accounting information.

Major Shareholder Ownership

Firmansyah and associates (2019), Cornett and associates (2008), Elsbach and Bhattacharya (2001), large shareholders are considered to be professional and have the ability to detect accounting information manipulation and have many information channels, many physical resources to carry out management supervision. Owning a sufficient amount of shares creates conditions for these organizations to participate in the supervision system and also increases the motivation for these investment organizations to perform strict monitoring of the activities of the Board of Directors, in order to ensure that companies that receive investment will provide high-quality accounting information. The author suggests Hypothesis H3:

Hypothesis H3: The ownership of large shareholders is positively correlated with the quality of accounting information.

Research Hypothesis on the Impact of Board Characteristics on Accounting Information Quality Board Size

Studies by Xie and colleagues (2003) and Fathi (2013) suggest that larger boards have a greater capacity to effectively perform monitoring functions with comprehensive control, gather diverse opinions and expertise of specialists, therefore limiting the behavior of adjusting accounting information by the management and improving the quality of accounting information. In line with this perspective, the author proposes the following Hypothesis H4:

Hypothesis H4: The size of the board of directors positively correlates with the quality of accounting information.

The expertise of the Board of Directors

Qinghua and colleagues (2007) and Skousen and Wright (2008) both emphasize the impact of the board of directors when they have expertise in finance and accounting. It is expected that these members will have a better understanding of accounting and finance, which will help them identify any manipulation of accounting information by management, thereby improving the quality of accounting information. Based on this argument, the author proposes Hypothesis H5:

Hypothesis H5: Board of director's members with expertise in finance and accounting will enhance the quality of accounting information.

Concurrent Positions

According to Roden and colleagues (2016) and Loebbecke (1989), companies with a chairman of the board of directors who also holds the concurrent position of CEO will have lower quality accounting information due to the problem of holding two positions. This leads to one individual having control over both the supervision and management functions, thus weakening the role of the board of directors. Based on this explanation, the author proposes Hypothesis H6:

Hypothesis H6: The concurrent position of the chairman of the board of directors as CEO decreases the quality of accounting information.

Research Hypothesis Related to the Impact of Audit Committee Characteristics on the Quality of Accounting Information

Audit Committee Size: Firth and colleagues (2007) demonstrated that the number of members in an audit committee is positively related to the quality of accounting information. A committee with a large number of members is expected to be diverse in terms of expertise and experience, resulting in effective monitoring and improved accounting information quality. Based on this, the authors propose Hypothesis H7:

Hypothesis H7: The bigger the size of the audit committee, the higher the quality of accounting information.

Professionalism of Audit Committee: Ran and colleagues (2014) highly rated the positive impact of audit committee members with accounting and finance expertise on the quality of accounting information. With expertise in the field, audit committee members are expected to identify weaknesses in the internal control system, thereby improving the quality of accounting information. Based on this, the authors propose Hypothesis H8:

Hypothesis H8: Audit committee members with accounting and finance expertise help to improve the quality of accounting information.

Gender of Audit Committee: Ran and colleagues (2014) showed that the participation of women in the audit committee has a positive impact on the quality of accounting information. This is explained by the fact that female members of the audit committee are often highly rated for their role in monitoring. Based on this, the authors propose Hypothesis H9:

Hypothesis H9: The proportion of female members in the audit committee is positively correlated to the quality of accounting information.

Regression Model and Measurement of Variables in the Model

Regression Model: Based on the above hypotheses, the author proposes a model to determine the impact of corporate governance on accounting information quality as follows:

$$CLTTKT_1 = \beta_0 + \beta_1*SH_{1i} + \beta_2*SH_{2i} + \beta_3*SH_{3i} + \beta_4*HDQT_{1i} + \beta_5*HDQT_{2i} + \beta_6*HDQT_{3i} + \beta_7*BKS_{1i} + \beta_8*BKS_{2i} + \beta_9*BKS_{3i} + \epsilon_i$$

Model (1)

$$CLTTKT_2 = \delta_0 + \delta_1*SH_{1i} + \delta_2*SH_{2i} + \delta_3*SH_{3i} + \delta_4*HDQT_{1i} + \delta_5*HDQT_{2i} + \delta_6*HDQT_{3i} + \delta_7*BKS_{1i} + \delta_8*BKS_{2i} + \delta_9*BKS_{3i} + \epsilon_i$$

Model (2)

Among them:

CLTTKT1: Accounting information quality from the perspective of the user

CLTTKT2: Accounting information quality from the perspective of the auditor

SH_{1i} SH_{2i} SH_{3i}: The company i's ownership structure corresponding to the measurement components.

HDQT_{1i}, HDQT_{2i}, HDQT_{3i}: Characteristics of the Board of Directors of company i corresponding to the measurement components.

BKS_{1i} BKS_{2i} BKS_{3i}: Characteristics of the audit committee of company i corresponding to the measurement components.

β₀: Intercept coefficient

β₁, β₂, β₉, δ₁, δ₂: Coefficients

ε_i: Residual.

Table 1. Measurement of Variables in the Research Model

Code	Variable	Measurement method
CLTTKT1	Accounting information quality from the user's perspective	Measured through user evaluations using a five-point Likert scale of 4 quality indicators: Suitability; Reliability; Comparability; Comprehensibility.
CLTTKT2	Quality of accounting information from the perspective of auditors	Measured through the auditors' opinion with a 5-point Likert scale measurement: Rejection; Disapproval; Partial acceptance; Exclusion; Complete acceptance.
SH	Ownership structure	SH1_Government ownership ratio SH2_Supervisory board ownership ratio SH3_Major shareholder ownership ratio

HDQT	Board of Directors' Characteristics	of	HDQT1_Number of Board of Directors members HDQT2_Board of Directors professional level calculated as the ratio between the number of Board of Directors members with financial and accounting expertise and the total number of Board of Directors members. The expertise of Board of Directors members is determined based on their academic background (such as College, University, Master's, PhD); HDQT3_Concurrent holding of the Chairperson of the Board of Directors and CEO, with a value of 1 if the Chairperson of the Board of Directors is also the CEO of the company and 0 if these two positions are held by two different individuals.
BKS	Supervisory board		BKS1_Number of Supervisory board members BKS2_Supervisory board professional level BKS3_Gender of the Supervisory board members calculated as the ratio between the number of female members and the total number of Supervisory board members.

Source: Prepared by the authors (2023)

Table 2. Characteristics of the surveyed entities and firms

Category	Details	No.	Percentage
Gender	Female	110	56.99%
	Male	83	43.01%
Position	Director	35	18.13%
	Chief Accountant	85	44.04%
	Internal Accountant	73	37.82%
Years of experience	< 10 years	56	29.02%
	10 - 20 years	90	46.63%
	> 20 years	47	24.35%
Total		193	
Stock exchange	HNX	85	44.04%
	HOSE	108	55.96%
Company size	< 50 Billion VND	82	42.49%
	50 - 1.000 Billion VND	85	44.04%
	> 1.000 Billion VND	26	13.47%
Years in business	< 10 years	66	34.20%
	10 - 30 years	92	47.67%
	> 30 years	35	18.13%
Total		193	100%

Source: Prepared by the authors (2023)

Subjects surveyed: The study surveyed 193 subjects, including 85 chief accountants, 73 internal accountants, and 35 company directors and branch managers (Table 2). These are the individuals responsible for reporting the financial statements of the company. Of these, 110 were female and 83 were male, with the majority having 10-20 years of work experience. Companies surveyed: The study used data from 193 listed companies, of which 85 were listed on the HNX and 108 were listed on the HSX. Characteristics of the participating companies include: (i) operation time, companies with operation time over 30 years (120; 16.79%), followed by companies with operation time from 10-30 years (92; 47.67%), and companies with operation time less than 10 years (66; 34.2%); (ii) company size, small and medium-sized companies with capitalization less than 50 billion VND account for a normal proportion in the

study sample (82; 42.49%), companies with capitalization less than 10 billion VND account for 44.04%, and companies with capitalization over 10 billion VND account for 13.47%.

RESULTS AND DISCUSSION

Descriptive Statistics

The dependent variable of accounting information quality has an average value fluctuating from 3.1-3.2 from the perspectives of both information users and auditors. These values indicate the overall evaluation of society regarding the quality of accounting information at an average level. For the independent variable of ownership structure, the average values of state ownership, supervisory board ownership, and major shareholder ownership are 17.6%, 19.1%, and 5.1%, respectively, showing that in the listed companies in Vietnam Stock Exchange, the supervisory board holds the majority share. Major shareholders are gradually taking the advantage in terms of ownership despite having an average ownership ratio of 5.6% (Table 3).

Table 3. Average values of variables

Variable	No.	Average	Standard error
CLTTKT ₁	193	3.2135	0.5100
CLTTKT ₂	193	3.1085	0.4250
SH1	193	0,1761	0,2315
SH2	193	0,1906	0,2325
SH3	193	0,0506	0,0792
HDQT1	193	5,3748	0,1884
HDQT2	193	0,0846	0,1286
HDQT3	193	0,2701	0,4441
BKS1	193	2,3949	0,1140
BKS2	193	0,2441	0,2897
BKS3	193	0,4460	0,1654

Source: Prepared by the authors (2023)

Regarding the characteristics of the Board of Directors, the size of the Board of Directors corresponds to an absolute number of 3 to 11 members, in accordance with the provisions of the Enterprise Law (2020), the average number of members is 5.4 people. Among these, the proportion of companies with a Chairman of the Board of Directors who also serves as CEO is 27%, showing a decreasing trend in recent years due to changes in Vietnamese law. The education level of the members of the Board of Directors is mainly university education with a low level of concurrent responsibilities.

Regarding advisory boards, listed companies in Vietnam have an absolute number of members of 3 people, with an average of 2.4 people, 24.4% have professional accounting and finance qualifications, and the proportion of women is 44.6%.

REGRESSION ANALYSIS

Assessing the Reliability of the Measurement Scale

A preliminary assessment of the reliability of the measurement scale was conducted using the Cronbach's Alpha coefficient. The results of the reliability test for the two dependent variables and the six component measurements of the scale all achieved a level greater than 0.6. The correlation coefficient of the total variables of the observed variables all met the requirement of a reliability test greater than 0.3 (Hair & colleagues, 2006).

Table 4. Reliability of the Measurement Scale Cronbach's Alpha

Variables	Scale mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total correlation	Cronbach's Alpha if Item Deleted
CLTTKT₁	Cronbach's Alpha = 0.8151			
Relevancy (RL)	6.6645	2.6522	0.6998	0.6851
Reliability (RE)	6.6925	2.4897	0.6648	0.7634
Comparability (CM)	6.6360	2.4565	0.6518	0.6907
Comprehensibility (CP)	6.5925	2.5457	0.6642	0.7735
CLTTKT₂	7.1680	2.8922	0.6893	0.7904

Source: Prepared by the authors (2023)

The results of reliability tests showed that the measurement scale is appropriate, with total variable correlations all above 0.5 (Table 4). Therefore, these measurement variables are acceptable in terms of reliability and can be used in EFA analysis. Further tests such as KMO were performed and reached 0.768 with a significance level of 0. This indicates that the KMO index of the research model is above 0.5, showing that the application of factor analysis is completely appropriate. The results of the factors analysis show that the eigenvalues are greater than 1 and the cumulative variance explanation is 76.815% (above 70%), indicating that these factors explain 76.8% of the variance in the data. The cumulative variance meets the requirement. After the factor analysis, the independent variables converged into 3 groups, consistent with the original research model. The authors then conducted correlation tests between the factors and the results showed that the Sig values between the dependent variables and independent variables are all less than 0.05. Therefore, the variables are all correlated with the dependent variables and have statistical significance.

RESULT OF REGRESSION ANALYSIS

Table 5a. Result of regression model 1

Code	Variable	Standardized regression coefficient	T	Sig.	VIF coefficient
SH1	State ownership ratio	.301	5.236	.000	1.124
SH2	Supervisory board ownership ratio	.041	3.300	.000	1.375
SH3	Major shareholder ownership ratio	.258	6.073	.000	1.254
HDQT1	Board of Directors size	.026	7.458	.000	1.362
HDQT2	Board of Directors expertise level	.213	5.802	.000	1.162
HDQT3	Concurrent responsibility in the Board of Directors	-.166	3.656	.000	1.432
BKS1	Supervisory board size	.195	5.172	.070	1.105
BKS2	Supervisory board expertise level	.276	6.729	.210	1.425
BKS3	Supervisory board gender ratio	.195	7.358	.000	1.362

Dependent variable: CLTTKT₁

Source: Prepared by the authors (2023)

$$CLTTKT_1 = 0.301*SH1 + 0.041*SH2 + 0.258*SH3 + 0.026*HDQT1 + 0.213*HDQT2 - 0.166*HDQT3 + 0.195*BKS3$$

Table 5b. Result of regression model 2

Code	Variable	Standardized regression coefficient	T	Sig.	VIF coefficient
SH1	State ownership ratio	.281	4.896	.000	1.051
SH2	Supervisory board ownership ratio	.088	3.086	.000	1.386
SH3	Major shareholder ownership ratio	.241	5.678	.000	1.272
HDQT1	Board of Directors size	.054	6.973	.000	1.273
HDQT2	Board of Directors expertise level	.209	5.425	.001	1.086
HDQT3	Concurrent responsibility in the Board of Directors	-.105	3.418	.000	1.339
BKS1	Supervisory board size	.182	4.836	.088	1.133
BKS2	Supervisory board expertise level	.258	6.292	.156	1.232
BKS3	State ownership ratio	.103	6.880	.002	1.073

Dependent variable: CLTTKT₂

Source: Prepared by the authors (2023)

$$CLTTKT_2 = 0.281*SH1 + 0.088*SH2 + 0.241*SH3 + 0.054*HDQT1 + 0.209*HDQT2 - 0.105*HDQT3 + 0.103*BKS3$$

The results of the analysis of models 1 and 2 show that all variables have a Sig. value of less than 0.05, meaning statistical significance (Table 5a and Table 5b). Therefore, the hypotheses H1, H2, H3, H4, H5, H6, and H9 put forward by the authors are accepted, while hypotheses H7 and H8 are not statistically significant. The level of impact of different factors depends on many factors, specifically: State ownership: The results of the study show that the variable of state ownership has a significant relationship with a relatively high impact factor in both models, indicating a positive relationship between state ownership and the quality of accounting information. This implies that companies with larger state ownership have better quality accounting information. In other words, state-owned companies have better quality accounting information than the majority of privately owned companies. Therefore, hypothesis H1 is accepted. The results of the study are consistent with Wang and Yung (2011), Kao (2014), and some studies in Vietnam by Tran Thi Giang Tan and colleagues (2018) and Nguyen Thi Mai Anh (2019). This is consistent with current practices in the country, as state-owned enterprises still receive significant protection from the government in terms of operations and finance.

Ownership of the Supervisory Board: The ownership of the Supervisory Board has a statistical significance but a relatively low impact in Model 1. The results show a positive correlation between the ownership of the Supervisory Board and the quality of accounting information, implying that companies with a larger ownership of the Supervisory Board have better accounting information quality. Thus, Hypothesis 3 is accepted. This result is in line with the studies of Loebbecke (1989), Kao (2014), Anwar and Buvanendra (2019), and some studies in Vietnam such as Trần Thị Giang Tân and co-workers (2018). This is explained by the fact that as the ownership of the Supervisory Board increases, the issues of representatives are resolved, thus limiting fraudulent behavior (Warfield and co-workers, 1995). At this point, the ownership of the Supervisory Board is substantial enough to imply that the Supervisory Board is leading the company, thus tightly linking personal and corporate economic interests. Instead of self-interest, the Supervisory Board will strive to effectively manage the company to increase the value of the assets of the entity, thus simultaneously increasing its own income from salaries and bonuses, and the growth of the stock value it owns.

Major Shareholders: The research results show that major shareholder ownership has a statistically significant impact on both models 1 and 2. The degree of correlation between large shareholder ownership and accounting information quality implies that companies with more major shareholders have better accounting information quality, or that companies owned

by major shareholders have better accounting information quality than companies with a majority of capital from individuals. The research results are consistent with the conclusions in the study of Jiambalvo and colleagues (2002), Jiraporn and Gleason (2007), and some studies in Vietnam by Nguyen Thi Phuong Hong (2016) and Nguyen Thi Mai Anh (2019). This explains why the presence of large institutional investors can help to enhance the supervision of the board of directors' activities (Cornett and colleagues, 2008).

Board of Directors' size: The results of the regression show that the size of the Board of Directors has statistical significance in models 1 and 2. This shows that the company's intention is that the larger the Board of Directors, the better the quality of accounting information. This result is consistent with the studies of Xie and colleagues (2003) and Fathi (2013), who argued that a large-sized Board of Directors will effectively perform its monitoring function, collect more opinions and expertise from experts, thus limiting the opportunities for financial reporting adjustment by the management and improving the quality of accounting information.

Board of Directors' expertise: The results of the study show that the change in the expertise of the Board of Directors has statistical significance in model 2, thus accepting hypothesis H5. This confirms the positive relationship between the characteristics of financial accounting expertise of the Board of Directors and the quality of accounting information. The more members of the Board of Directors with expertise in financial accounting, the higher the quality of accounting information of the company. This result is in line with the studies of Qinghua and colleagues (2007), Skousen and Wright (2008). When the Board of Directors has expertise in financial accounting, it will effectively perform its monitoring role, limit the opportunity for financial reporting adjustment, and help ensure the quality of accounting information at the unit.

Independence of the Board of Directors: The results of the regression analysis show that the independence of the Board of Directors is significantly related in the measurement model of accounting information quality 1 and 2, which means accepting hypothesis H6. The results show that the more independent the Board of Directors is, the better the quality of accounting information is. This result is consistent with the studies of Dimitropoulos and Asteriou (2010), Holtz and collaborators (2014), Roden and collaborators (2016), and some results of research in Vietnam by Nguyen Trong Nguyen (2015), Nguyen Thi Phuong Hong (2016). The reason is that independent members will ensure impartiality in evaluating the company's operations and the quality of accounting information provided by the management.

On the other hand, non-independent members are subject to suspicion about the effectiveness of their control function when conducting checks and evaluations of their own activities.

The size and expertise of the supervisory board has no statistical significance, which reflects the limited role of the supervisory board currently in listed companies. The initial expectation of the research was that a larger size supervisory board with participation of women and members with financial and accounting expertise would help improve the quality of accounting information. However, the number of auditors in listed companies is currently quite limited due to regulations that limit the minimum and maximum number of supervisory board members to 3 to 5. Among these, the head of the supervisory board must be a professional accountant or auditor, leading to disparities in size, gender, and expertise among its members. Thus, the impact of these variables on the quality of accounting information has no statistical significance. This result is consistent with the studies of Ran and colleagues (2014) and Xia and Zhao (2009).

The gender ratio of the supervisory board: Results of the study show that the gender ratio of the supervisory board has statistical significance in models 1 and 2, indicating a positive relationship between the gender of the supervisory board and the quality of accounting information. This implies that a higher proportion of female members on the supervisory board results in a better quality of accounting information. This result supports the findings of Thiruvadi and Huang (2011), Clatworthy and Peel (2013), and Roden and colleagues (2016). This is explained by the fact that women are likely to perform better in monitoring functions compared to men when they serve as members of the supervisory board. Women have a strong tendency to monitor closely due to their concern about potential risks that may affect the quality of accounting information.

CONCLUSION AND RECOMMENDATIONS

The quality of accounting information is an important issue that attracts the attention of users of financial reports. Company management is considered an effective solution to the problem of improving the quality of accounting information. The results of the research provide empirical evidence of the impact of ownership structure, characteristics of the Board of Directors, and audit characteristics on the quality of accounting information. Specifically, companies with state ownership, large shareholder ownership, and large board ownership tend to provide high-quality accounting information. Units with large, independent, and professionally competent board members will enhance the monitoring function and limit the

manipulation of accounting information from internal components. Based on the research results, we suggest some solutions to improve the quality of accounting information by improving corporate management.

SOLUTIONS RELATED TO OWNERSHIP STRUCTURE

The research results showed that the higher the proportion of state ownership in companies, the better the quality of accounting information. At state-owned companies, the impact of minority shareholders is very limited, so the boards of these companies are not subject to significant pressure on profits, which limits the motivation to adjust financial reports. However, the research results do not imply a recommendation of increasing the proportion of state-owned companies listed on the stock market. In Vietnam, the government's policy is to privatize and divest state capital to restructure the overall economy, so attracting state investment is not considered an appropriate solution.

The research results provide experimental evidence that companies with higher ownership ratios of the supervisory board have more reliable accounting information. Therefore, the proposed solution is to encourage units to adopt incentive policies for employees, especially the supervisory board through stock. According to Gillan (2006), the incentive system is an important part of corporate management, including basic salaries, benefits, allowances, bonuses, and stocks. The distribution of rewards to employees in general and the supervisory board in particular can be done through the form of stock issuance for employees. Compared to cash rewards, stock rewards can help employees become more attached to the company and make more efforts to contribute to the company's business activities.

The research results show a positive correlation between the ownership of major shareholders and accounting information quality. For listed companies, in order to attract institutional investors, when increasing capital, besides issuing shares to existing shareholders, the company can also perform private placements strategically targeting shareholders or institutional investors. With advantages in terms of experience, expertise, and relationships with financial intermediaries, these institutional investors can support listed companies in seeking investors and advising, negotiating and completing legal procedures for the private placement of shares. For foreign institutional investors, according to Decree No. 155/2020/ND-CP, their ownership ratio is not restricted to the maximum level, except in some special cases that comply with international treaties that Vietnam is a member of, companies operating in the investment

business sector where relevant laws have regulations on foreign ownership, or operating in investment business sectors that are on the restricted list for foreign investors' access to the market. Therefore, these companies need to choose foreign investors who have the financial capability and are suitable with company strategy, rather than maximizing ownership for both individual or institutional investors.

SOLUTIONS RELATED TO THE CHARACTERISTICS OF THE SUPERVISORY BOARD

Companies with large, independent, and highly qualified finance and accounting experts as members of the Supervisory Board will increase the effectiveness of supervision, thus providing better quality of accounting information. A large Supervisory Board will have diverse members with experience and expertise, while limiting uniformity among members, thus improving the quality of supervision. Therefore, listed companies should consider the number of members of the Supervisory Board and balance it appropriately with the size of the company and legal requirements.

Regarding the independence of the Board of Directors, the results of the research show that the higher the proportion of independent members in a company, the better the quality of financial information. This is because independent members are highly valued for their impartiality. As supervisors, independent members are expected to make impartial or non-partisan decisions, limit the generation of conflicting interests among groups, protect minority shareholders, and other stakeholders. In addition, independent members are expected to provide advisory functions when decisions are based on impartiality. The presence of independent members is also seen as evidence of the transparency and fairness of listed companies. Furthermore, to enhance accountability and maximize the advantages of independent members, remuneration policies also need to be designed appropriately to avoid entrenchment with internal components and harm the interests of related parties.

In terms of professional background and gender ratio of the Board of Directors, the more presence of female members and professional financial accounting background of the Board of Directors members, the better quality of financial accounting information. These members are highly rated in their monitoring function because of their dedication, familiarity, and professional expertise. On the other hand, female members of the Board of Directors tend to monitor closely and prioritize compliance. Members of the Board of Directors with a

professional background in financial accounting have the ability to detect errors and fraud in financial reports. Therefore, companies need to specify the number or ratio of these members.

SOLUTIONS RELATED TO THE CHARACTERISTICS OF THE SUPERVISORY BOARD

The results of the research have provided empirical evidence of the impact of the supervisory board on the quality of accounting information. Therefore, companies with auditors who have a better understanding of the management and monitoring systems of the organization are able to effectively monitor and improve the quality of accounting information. Potential supervisory board members are those with experience in the organization, not necessarily members of previous supervisory boards, as these employees also have an advantage in their understanding of the business, thereby enhancing the monitoring function of the supervisory board and improving the quality of accounting information

LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

With regard to the method of measuring the quality of accounting information, this research stops at measuring from the perspective of the users of information (through the characteristics of the information) and from the perspective of the auditors (through the opinions of the auditors). For future research direction, the author may expand to other characteristics of the fair presentation of financial information from the perspective of profit management and quality.

In terms of measuring corporate management, future research may provide specific information on the ownership of the organization's investors such as professional investment funds, foreign investors, and the characteristics of independent members such as seniority, gender, and expertise to further understand the impact of corporate management on the quality of accounting information.

The future research direction may examine the impact of corporate management on the quality of accounting information in certain industries to evaluate the differences of this relationship in each industry.

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