

CORPORATE GOVERNANCE IMPACTS TO THE LEVEL OF ACCOUNTING INFORMATION DISCLOSURE – EVIDENCE ON VN30 LISTED COMPANIES OF VIETNAM

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ABSTRACT: *Accounting information has important implication for users. Last time, the State Securities Commission has made provisions related to increase the quality and extent of the accounting information for listed companies. The disclosure of information by VN30 listed companies depend on the impact factors, in which corporate governance is one of the main factors. Based on the quantitative survey about the accounting information disclosure of listed companies in the regression model, results showed that two factors are size of board and the level of concentration of ownership affect the level of information disclosure for VN30 listed companies. From which the author proposes to increase the number of members of the board as well as control the concentration of power problems of a number of shareholders of listed companies to increase the level of information disclosure response to the users.*

KEYWORDS: Accounting Information, Corporate Governance, Listed Company

INTRODUCTION

Vietnam stock market serves to generate capital for the economy, creating the conditions for businesses to use flexible capital and more efficient. For investors and relevant parties have decided to invest wisely, effective from capital spending, the financial and accounting information on stock markets is needed, and its transparency plays an important role in the context of so much failure, loss of business that until the bankruptcy, insolvency shareholders truly realize the lack of transparency of the information published. In fact, there exists a significant gap between what information must be disclosed under the provisions and contents of information that the actual listed companies announced. This leads to undesirable consequences for transparency objective information on the Vietnam stock market today. Many companies overlook the disclosure of such information is identified by experts, referring to the issue of information disclosure of enterprises in Vietnam. This is the cause of significant differences exist between the financial data before and after the audit of listed companies is also becoming a hot issue in today's stock market.

The establishment of the VN30 marked a new development in the capital markets activities of Vietnam. January 5th 2012, Chairman of Ho Chi Minh Stock Exchange signed regulations on organization and operation of the this index. The VN30, consisting of 30 stocks of companies that were listed on Ho Chi Minh Stock Exchange, was officially effective on June 2012. VN30 have calculated 1 minute/time and will be reviewed every 6 months/time in July and January of each year. The proportion of components in the index does not exceed 10%. 30 stocks meet

the conditions for participation in the VN30 calculated after screening through three steps on capitalization, free-loat more than 5%, and liquidity will be included in the official list of the VN30 basket.

LITERATURE REVIEW AND RESEARCH QUESTIONS

Robert M. Bushman & Abbie J. Smith (2001) studied of the financial and accounting information and corporate governance relating to the public the role of accounting information in the financial statements of the group. Research on the use of financial accounting in the management incentive plan and explore the future direction of research, research administration proposal be expanded to explore more comprehensive use of accounting information control mechanisms within the enterprise. Jenny Goodwin & Jean Lin Seow (2002) researched on the impact of corporate governance mechanisms on the quality of financial reporting and auditing in the opinion of the auditors and executives in Singapore. Juan Gandia (2008) studied of factors affecting the disclosure of information on the internet corporate governance of listed companies in Spain. The aim is to analyze the information of the corporate governance of listed companies on the internet in Spain. Results showed that the level of information disclosure depends on the analyst, the time of listing, corporate vision and reality depends on communication and information services. Indra Abeysekera (2010) studied of the influence of the size of board to information disclosure of listed companies in Kenya. Use the top 26 of the 52 companies rated by the Nairobi stock exchange by market capitalization in 2002 and 2003, this study examined the influence of the size of the board to the publication of more or less information. Using the regression model for the results is that companies disclose information more larger scale, Benjamin Fung Board (2014) launched the study of the need for transparency and openness in the management information corporate, in the article, the author made the theory of financial information, transparency, a culture of transparency, corporate governance disclosure, transparency and risk management. Research in Hong Kong 121 listed companies results show that half of the leading companies with good corporate governance is a state company or funding from China. Raef Zeghal Gouiaa & Daniel (2015) analyzed the impact of corporate governance and information disclosure level. The purpose of the study was to analyze the impact of corporate governance and disclosure policies for financial operations of the company by examining the combined effect of board characteristics and degree of disclosure information on financial costs. The empirical analysis, conducted on a sample of 192 Canadian companies, showed the importance of corporate governance in determining the degree of openness and the cost of financial companies. In Vietnam there have been some studies related to this issue. Nguyen Thi Lien Hoa (2007) assessed the status of the publication of information on Vietnam's stock market and proposed solutions to apply the construction and development of a system of information disclosure digitized using XML (Extensible Markup Language). This approach would help companies and trade establishments to avoid errors in the publication of information, helping reduce the time and improve the effectiveness of information disclosure activities of list company. The development ideas on tissue information transparency of Nguyen Thi Lien Hoa (2007), Le Truong Vinh (2008) measured how

transparent information on the stock market and the transparency of information for a company and the result showed that the profit factor measured in the profitability ratio of total assets (ROE), debt indicators on assets did not affect the level of information transparency of the company. Nguyen Thuy Anh et al (2013) conducted research on the transparency index information to help build information transparency index in Vietnam. Author gave indicators T & D by Standard and Poor's in the United States, the GTI in Singapore and index in equities Taiwan to measure the degree of information transparent, which made recommendations when applying in Vietnam. Tran Thi Thanh Tu et al (2014) had developed models to study the factors that affect the quality of information disclosure of listed companies.

By means of the total technical documentation, the author synthesized the different conceptions about the quality of information disclosure, the role of information disclosure for companies listed on the stock market. Since then, the author proposed a model to study the factors that affect the quality of information disclosure of listed companies include: dependent variable, independent variables and the scale. To achieve these objectives, research questions are proposed:

RQ 1: What elements of the corporate governance affect the level of disclosure?

RQ 2: How the impact of these factors on corporate governance to the level of accounting information disclosure of VN30 listed companies in Ho Chi Minh Stock Exchange like?

METHODOLOGY

The author uses qualitative research methods to study the impact of corporate governance factors through analysis of relevant data soles corporate governance in the audit report or the annual report of the VN30 listed companies on Ho Chi Minh stock exchange.

The author uses SPSS 22.0 to assist in the calculations, statistical, data processing and analysis of regression model to produce results, thereby the remarks, notable.

The audit report and the annual report of the VN30 listed companies on Ho Chi Minh stock exchange with period 2012 – 2014.

Description variables

The information on the independent variables are aggregated by author from the financial statement and audited annual report published by the companies on their page.

Dependent variable (Y)

Among the items to be presented in the financial statements, certain items have been the company announced it is set to "1", the item does not publish is set to "0". The formula to determine:

$$I_{ij,t} = \frac{\sum_i^{n_{ij}} X_{ij}}{n_{ij}}$$

$I_{ij,t}$: index of company's disclosure of j company at the time t

$X_{ij} = 1$, if each item i is the company's disclosure to the j company

n_{ij} : number of items that are expected disclosure i of the j company

t : period of 2012- 2014

Independent variables (X1, X2, X3, X4, X5)

X1 (size of Board): Number of members of the Board of management

X2 (structure of Board): Percentage of Board members do not belong executive

X3 (concurrently between Chairman of the Board and CEO): If concurrently between Chairman of the Board and CEO "1", otherwise "0"

X4 (composition of the Board with foreigners): Percentage of foreign members of the Board of Directors and the total number of members of the Board

X5 (The level of concentration of ownership): The percentage of major shareholders total shareholders

Research models

Multivariate regression models:

$$Y = \beta + \beta_1 * X_1 + \beta_2 * X_2 + \beta_3 * X_3 + \beta_4 * X_4 + \beta_5 * X_5 + \varepsilon$$

RESULTS

The results measure the level of accounting information disclosure on the basis VN30 listed companies on Ho Chi Minh Stock Exchange:

The correlation coefficient matrix

Correlation coefficients indicate a correlation between the dependent variable and independent variables, as well as the correlations between the independent variables together. Rather than test the hypothesis set forth previously, the correlation coefficient matrix will tell more about the extent of contact between the independent variables together when considering all the variables in the model. X3 is not considered in the correlation matrix as this is the qualitative variables.

Table 1. Matrix of correlation coefficients

Variances		Y	X ₁	X ₂	X ₄	X ₅
Y	Pearson Correlation	1				
	Sig. (2-tailed)					
X ₁	Pearson Correlation	.538	1			
	Sig. (2-tailed)	.000				
X ₂	Pearson Correlation	.172	-.055	1		
	Sig. (2-tailed)	.105	.610			
X ₄	Pearson Correlation	.239	.146	.167	1	
	Sig. (2-tailed)	.023	.169	.117		
X ₅	Pearson Correlation	.370	-.122	.350	.419	1
	Sig. (2-tailed)	.020	.461	.029	.008	

From the results obtained, we can see a correlation between the dependent variable Y and independent variables X₁, X₄, X₅. In particular, the correlation coefficient between the Y-variable and X₁: 0,538, X₄: 0,239 and X₅: 0,37. However these results are only preliminary assessment of the correlation. The author will conduct data analysis through SPSS to go to the final conclusion.

Evaluate the fit of the model

The higher value of R² is a sign that the relationship between the independent and dependent variables as closely. The higher value of R² indicates model used to analyze the likely explanation possible differences in the dependent variable among observers. R-square is a variable tends optimistic estimate of the measure of the appropriateness of the model to the data in case there is more than one explanatory variable in the model. R² adjusted (Adjusted R square) from R² is used to reflect more closely the relevance of multivariate regression model.

Table 2. Testing the suitability of the model

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.696	.485	.424	1.922	1.319

From Table 2 shows adjusted R² = 0.424 significant independent variables explain 42.4% of the variation of the dependent variable.

Test the relevance of the model

Inspection F in the analysis of variance is the hypothesis of the relevance of the linear regression model overall. Accreditation aims to examine the relationship between linear dependent variable (Y) with independent variables (X₁, X₃, X₄, X₅).

Ho: $\beta_i = 0$ variables included in the model does not affect the level of accounting information disclosure.

H1: $\beta_i \neq 0$ Variables included in the model can affect the level of accounting information disclosure.

Table 3. Results of analysis of variance

Anova

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	118.124	4	29.531	7.996	.000 ^b
	Residual	125.568	34	3.693		
	Total	243.692	38			

Results Table 3 shows the F statistic is calculated from the value of R^2 of the full model, the value sig. Small shows Ho hypothesis is rejected. So linear regression model fit the data set.

Regression results

After considering the full range of expertise as well as a preliminary assessment of the model study, the author has made a regression on the variables selected from the assumptions included: X1, X3, X4, X5

Table 4. Results of regression coefficients

Coefficients

	Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	16.112	.940		17.148	.000		
	X1	.401	.086	.616	4.682	.000	.877	1.141
	X3	-.470	.784	-.090	-.600	.553	.670	1.492
	X4	1730.011	627.598	.406	2.757	.009	.698	1.432
	X5	.932	2.836	.051	.329	.744	.624	1.604

Dependent Variable: Y

The above test showed regression model is built is consistent with the overall. From Table 4, the author based on the value P_value (Sig.) To determine the variables excluded from the model as variables P_value > 0.05. After regression factor of corporate governance we see: Variable X1 and X5 are selected variables in the model. So regression model is defined as follows:

$$Y = 16.112 + 0.401 * X1 + X5 * 1730.011$$

DISCUSSION

From the research results, the author found that the problems of concern about corporate governance factors affect the level of disclosure as follows:

First, size of Board variable (X1) is analyzed with a positive impact to the disclosure of the company and this is also accordance in research results of Indra Abeysekera (2010).

Second, the study also points out the relationship between variables X5 is relatively tight information disclosure. It demonstrates that when there is increased rate of concentration ownership will have a positive impact in the provision of accounting information to the outside; This has the same problem with the research results of the Daros et al (2014).

Besides the variables in the model is accepted, the other variables (Board of Directors structure, the part-time between chairman and CEO, Board of Directors Composition foreigners) were eliminated from the model when conducting data analysis. This is different from the research of the authors as Zhang Yuemei & Li Yanxi (2008) in previous studies. In summary, the results have been two factors selected by the corporate governance affect the level of accounting information disclosure of listed companies VN30.

IMPLICATION TO RESEARCH AND PRACTICE

Through data survey in VN30 listed companies on Ho Chi Minh Stock Exchange, the author has identified the following common problems:

For state management agencies

The proposal of the State Securities Commission, the inspection and supervision and give the sanctions, sanctions against non-compliant businesses regulations. Besides, this Commission encourage enterprises to increase the size of the Board of Directors within the framework of the law to increase the objectivity of control.

The State Securities Commission may encourage listed companies to publish on major shareholders of the company clearly and transparently for the users easily recognize.

For listed companies

The issue of corporate governance is very important in the operation of the business. So from the research results, the author has some direction for listed companies to improve the quality of information disclosure, including:

First, the size of Board has variable effects in the same direction with the level of information disclosure so that author suggests the listed companies should increase the attention of member of Board to meet the rules.

Second, the level of concentration of ownership factor affect the way to the disclosure in the

company but this problem has not been the company announced clearly. So the author proposes a listed company should consider the provisions in the adoption of decisions in the company to limit abuse of power issues in the enterprise.

Limitations of the study and future research directions

The issue of the elements of the corporate governance affect the level of information disclosure only in the sample study of VN30. If the sample is carried out on the whole stock market, the accuracy is better, bringing more coverage.

The factors that influence the corporate governance to the extent of disclosure are only the review of author within 5 factors. However, future studies should be added other factors such as the timeliness of disclosure, corporate profits ...

CONCLUSION

Disclosure of information plays an important role in promoting the development of the stock market in particular and the economy in general Vietnam. This has shown to be the role and importance of the work of information disclosure to improve the quality of information to the user. Results of the survey data of VN30 listed companies in the period 2012 -2014 on Ho Chi Minh Stock Exchanges showed there are two factors that affect the level of information disclosure as size of board and level of ownership concentration. Since then, the author gives some suggestions and policy for VN 30 listed companies and state securities commission in increase size of board, reduced concentration of ownership of the shareholders to raise the quality of information disclosure of 30 listed companies on the Vietnam stock market.

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