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DISCUSSION ON THE LEVEL OF ACCOUNTING INFORMATION DISCLOSURE

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Abstract

On November 16, 2020, the Ministry of Finance issued Circular No. 96/2020/TT-BTC, guiding information disclosure on the stock market. This circular takes effect on January 1, 2021. However, the current state of information disclosure by firms in general and listed securities firms in particular still has certain shortcomings. The main purpose of this study is to empirically examine the level of accounting information disclosure at securities firms listed on the Vietnamese stock market in the period 2021–2022. We use a mixed research method to measure the indicator of the level of accounting information disclosure (I). Descriptive statistical analysis and comparison with the support of Stata software were performed to evaluate and measure the level of accounting information disclosure at securities firms listed on the Vietnamese stock market. The results show that the level of accounting information disclosure at securities firms listed on the Vietnam stock market reached 0.5389201, and there is a difference in the level of accounting information disclosure among these enterprises. The difference in the level of accounting information disclosure at securities firms listed on the HNX or HSX with Upcom is statistically significant. Based on the research results, recommendations are presented to improve the level of accounting information disclosure at securities firms listed on the Vietnamese stock market.

Keywords: accounting information, accounting information disclosure (I), accounting, finance, securities firms

JEL Codes: M40, M41, E44, F65

1. INTRODUCTION

After about 20 years of accompanying the development of the stock market, securities firms have developed strongly, becoming important intermediaries in the market, providing almost all services from brokerage to guarantee issuance, consulting, etc. However, in the process of competition and being influenced by many factors such as the monetary policies of developed and domestic countries, interest rates, the COVID-19 epidemic, etc., many securities firms suffering losses and weak potential will be dissolved or merged, and then the market will only be left with securities firms with sufficient capacity, providing services that satisfy customer needs.

Accounting information disclosure is through a company's financial reports, which not only include financial statements but also include managers' analysis and evaluation reports, audit reports, and other reports (Healy & Palepu, 2001).

Securities firms in general and securities firms listed on the stock market in particular play a huge role in promoting economic activities such as: acting as a bridge between supply and demand of securities; determining prices and contributing to stabilizing stock prices on the stock market; implementing liquidity for securities; contributing to creating new products and services on the market; helping market management agencies effectively manage and monitor market activities; contributing to reducing transaction costs; reducing risks; and improving investment efficiency for investors.

Along with previous legal documents, in 2020, the Ministry of Finance issued Circular No. 96/2020/TT-BTC (Ministry of Finance, 2020) guiding information disclosure on the stock market. However, at securities firms, whether there is enough or enough disclosure, lack of information, more or less disclosure, incorrect or delayed information disclosure, etc., has caused damage to investors. and information users and depends on many factors. Besides, there still exists a gap between the content of information that must be disclosed and the regulations on information disclosure of listed firms, and the actual quality of information and information disclosure of firm listings are still limited (Vu, 2013). Therefore, conducting this research is necessary and has both theoretical and practical significance.

2. LITERATURE REVIEW AND THEORETICAL BASIS

Agency Theory by Jensen & Meckling (1976) mentions that disagreements between owners and agents can be limited by disclosing detailed, transparent information about the firm.

Applying signaling theory, Watts & Zimmerman (1986) affirmed that firms voluntarily disclose information and send positive signals to the market. Firms with higher profitability will tend to disclose more information to provide positive signals to investors about growth prospects, thereby having a positive impact on the firm's stock price (Giner, 1997).

Applying cost-of-ownership theory, Darrough (1993) argues that firms limit information disclosure to avoid undermining their competitive position, even though the cost of raising capital may be higher. Small firms are very sensitive; if they disclose information to a greater extent or disclose more information, it will be detrimental and damage the company's competitive advantage in the market (Giner, 1997).

Applying useful information theory refers to the basic task of financial reporting, which is to provide useful and appropriate information for users to make effective decisions. Ijiri & Jaedicke (1966) said that the usefulness of accounting information is made up of many factors, including timeliness, reliability, appropriateness, and necessity of accounting data.

Applying asymmetric information theory (Akerlof, 1970), it is said that asymmetric information manifests in three forms: (i) asymmetry in information time; (ii) asymmetry in information volume; and (iii) asymmetry in information quality. Thus, a situation where the parties participating in the transaction do not have the same information occurs.

Researchers around the world and in the country have divided accounting information disclosure into two types: mandatory information disclosure and voluntary information disclosure. In particular, mandatory information disclosure means that companies must comply with information disclosure requirements according to current laws such as the Securities Law, the Circulars of the Ministry of Finance, and regulatory agencies. Voluntary information disclosure is information voluntarily disclosed by listed firms but is not the basic financial information required to be disclosed according to accepted accounting principles. widely recognized and required by securities regulators (FASB, 2001).

Ta (2012) built an index of voluntary information disclosure according to the following steps: In the first step, based on previous related studies, identify a list of voluntary information disclosures. In the second step, review and compare the information disclosure index in step 1 against the mandatory information disclosure requirements in Vietnam at the time of research; if similar to the information section, mandatory publication will be excluded. Next, the indexes in the information disclosure index are grouped into six categories: general information about the firm, about auditing, financial information, forward-looking information, information about employees, social responsibility, environmental policy, and announcing the board structure. Finally, with the index that has been built, it is sent to experts to ask for opinions, edit the information disclosure index, and form an official index on voluntary information disclosure. used in research with 72 indexes.

Information disclosure is understood as a method to implement a transparent corporate process to ensure that shareholders and the investing public can access information fairly (Dang, 2016).

Albitar (2015) examines the voluntary disclosure of information in the annual reports of Jordanian enterprises listed on the Amman stock exchange (ASE). The results showed that the level of voluntary information disclosure by firms in Jordan is low (an average of 35.7% over three years), although there is still a significant increase over different years.

3. METHODOLOGY

Research data

Based on the data of 36 listed securities firms published on reputable websites such as http://cafef.vn, https://financevietstock.vn, and cophieu68.com.vn, we collect data and calculate the level of accounting information disclosure. Based on a set of secondary data obtained from the data platform of Global Data Services Company, the study collected 72 observations of 36 firms (1 indicator in 2 years). The data collected is unbalanced panel data.

Coding research variables

Inheriting the results of the above studies, based on the results of expert interviews and relevant legal regulations such as Circular No. 96/2020/TT-BTC, we determine that the level of accounting information disclosure (I) at listed securities firms is as follows:

$$Ij = \sum_{i=1}^{nj} \text{dij}/\text{n}j$$

In which: Ij: accounting information disclosure index of firm j; dij = 1 if information item i is published, = 0 otherwise; n: number of information items the firm can publish; and 0 < Ij < 1; Mandatory information disclosure includes 25 indexes; voluntary information disclosure includes 72 indexes.

Research Methods

Qualitative research method: We use techniques of synthesis, analysis, comparison, and contrast to evaluate the level of accounting information disclosure at securities firms listed on the Vietnam stock market. In addition to collecting previous research works, we interviewed experts who are leading lecturers in accounting, finance, and chief accountants at securities firms. Qualitative research methods guide and refine the research results of previous studies. From there, this research inherits and applies.

Quantitative research aims to measure the level of accounting information disclosure by securities firms listed on the Vietnamese stock market. Use STATA 16 software to conduct analysis through descriptive statistical methods, including general descriptive statistics, detailed descriptive statistics, and comparative descriptive statistics.

4. RESULTS

Table 1 shows the level of accounting information disclosure for each securities firm separately in each year in the period 2021–2022. At the time of data collection and calculation, we did not have enough information for the firm with the stock code ART in 2022. There are differences in the level of accounting information disclosure by securities firms during this period (see table 1).

Table 1: The level of accounting information disclosure of securities firms listed on the Vietnamese stock market in the period 2021-2022

Stock code	Year	I	Stock code	Year	I
AAS	2022	0.56	MBS	2022	0.57
AAS	2021	0.56	MBS	2021	0.57
ABW	2022	0.48	ORS	2022	0.56
ABW	2021	0.48	ORS	2021	0.56
AGR	2022	0.53	PHS	2022	0.51
AGR	2021	0.53	PHS	2021	0.51
APG	2022	0.50	PSI	2022	0.60
APG	2021	0.57	PSI	2021	0.60
APS	2022	0.43	SBS	2022	0.47
APS	2021	0.62	SBS	2021	0.47
ART	2022	-	SHS	2022	0.55
ART	2021	0.45	SHS	2021	0.65
BMS	2022	0.45	SSI	2022	0.72

BMS	2021	0.56	SSI	2021	0.72
BSI	2022	0.64	TCI	2022	0.47
BSI	2021	0.63	TCI	2021	0.58
BVS	2022	0.76	TVB	2022	0.49
BVS	2021	0.75	TVB	2021	0.54
CSI	2022	0.51	TVS	2022	0.61
CSI	2021	0.51	TVS	2021	0.61
CTS	2022	0.55	VCI	2022	0.69
CTS	2021	0.64	VCI	2021	0.69
DSC	2022	0.48	VDS	2022	0.51
DSC	2021	0.48	VDS	2021	0.62
EVS	2022	0.54	VFS	2022	0.47
EVS	2021	0.54	VFS	2021	0.47
FTS	2022	0.58	VIG	2022	0.45
FTS	2021	0.57	VIG	2021	0.45
HAC	2022	0.46	VIX	2022	0.47
HAC	2021	0.46	VIX	2021	0.54
HBS	2022	0.48	VND	2022	0.55
HBS	2021	0.48	VND	2021	0.55
HCM	2022	0.68	VUA	2022	0.52
HCM	2021	0.68	VUA	2021	0.52
IVS	2022	0.45	WSS	2022	0.47
IVS	2021	0.45	WSS	2021	0.47

Source: https://finance.vietstock.vn/; http://cafef.vn, a global data services firm, and compiled by the authors

Next are the descriptive statistics results

Table 2 shows: The level of accounting information disclosure is described by 72 observations (obs); basic indicators such as average value (mean), maximum value (max), minimum value (min), and standard deviation (sd) of each index have been determined, and the basic indicators reflect the level of accounting information disclosure by securities firms listed on the Vietnamese stock market.

Table 2: General descriptive statistics and detailed descriptive statistics

General descriptive statistics					
Variable	**Obs**	**Mean**	**Std. Dev.**	**Min**	**Max**
I	72	.5389201	.1029593	0	.7604167
Detailed descriptive statistics					
Stats	**I**				
N	72				
Sum	38.80225				

Range	.7604167
Variance	.0106006
Cv	.1910475
Skewness	-1.497311
Kurtosis	11.97571
p50	.5360825

Source: Compiled by authors and Stata 13 software

The stock exchange is where investors conduct transactions to buy and sell securities available on the stock market. Besides, investors can exchange, donate, and transfer assets, including stocks, bonds, fund certificates, derivatives, and other types of investment assets, on the floor.

The most important role of the stock exchange is to mobilize capital for firms. Companies and firms that want to develop business scale and grow market share need large capital sources. Thanks to the stock exchange, they can mobilize large amounts of capital from individual and small investors. Currently, more and more firms want to go public to raise capital.

Currently, in Vietnam, there are three centralized stock exchanges under the Hanoi and Ho Chi Minh Stock Exchanges. The exchanges all have relatively independent tasks that support and complement each other.

According to financial experts and interviewed experts, in the current Vietnamese stock market, the majority of investors often trade most on the Ho Chi Minh Stock Exchange (HSX) and the Hanoi Stock Exchange (HNX). However, in addition to these two popular types of exchanges, there is also Upcom. The Upcom trading floor is a gathering place for joint stock companies or limited liability companies that have issued securities to the public but have not yet listed. The Upcom floor is where stock transactions take place for stock codes that do not qualify for listing on the HSX and HNX exchanges. Upcom was established in 2009 and is managed by the Hanoi Stock Exchange. The trading volume on Upcom is also very large, and the regulations are also easier. The Upcom floor was built to meet the needs of market development in Vietnam. Joining the Upcom floor is simple and does not have many regulations, so investors operating on the Upcom floor also have many risks. Therefore, we chose to divide the sample by listing the floor.

Next, compare the level of information disclosure of securities firms listed on HNX or HSX with securities firms listed on Upcom.

Listed exchange (SE): The dummy variable is 1 if the enterprise is listed on HNX or HSX, and in the other case (listed on Upcom), it is zero (0).

Table 3 shows that there are 50 securities firms listed on HNX or HSX and 22 securities firms listed on Upcom.

Securities firms listed on Upcom have a lower level of information disclosure than securities firms listed on HNX or HSX. The difference in the level of accounting information disclosure between securities firms listed on HNX or HSX and securities firms listed on Upcom is statistically significant (p-value = 0.0005 < 0, 05, absolute value difference 0.0887482) (Bryman & Cramer, 2001; Kohler & Kreuter, 2005; Torres-Reyna, 2007; Ditzen, 2018).

Table 3: Comparison of information disclosure levels between securities firms listed on HNX or HSX and securities firms listed on Upcom

Ttest I, by (SE)

Two-sample t test with equal variances

Group	Obs	Mean	Std. Err.	Std. Dev.	[95% Conf. Intervall]	
0	22	.4772894	.0241366	.1132109	.4270945	.5274843
1	50	.5660376	.012175	.0860899	.5415711	.5905041
Combined	72	.5389201	.0121339	.1029593	.5147258	.5631144
Diff		-.0887482	.0243157		-.1372443	-.040252
diff = mean (0) – mean (1) t = -3.6498						
Ho: diff = 0 degrees of freedom = 70						
Ha: diff < 0 Ha: diff ! = 0 Ha: diff > 0						
Pr (T < t) = 0.0003 Pr (|T| > |t|) = 0.0005 Pr (T > t) = 0.9997						

Source: Compiled by authors and Stata 13 software

5. DISCUSSION AND IMPLICATIONS

Table 2 results show that the average level of accounting information disclosure of securities enterprises listed on the Vietnamese stock market in the period 2021–2022 is 0.5389201 compared to full disclosure of 1. That is, in Vietnam in the period 2021–2022, the average level of accounting information disclosure of securities industry enterprises only reaches 53.89201%, while about 46.11% of necessary information has not been disclosed. announced. Table 2 also shows that the variance of variable "I" is 0.0106006 and the standard deviation is 0.1029593. Skewness equal to -1.497311 is less than zero (0), so the distribution is skewed to the left. At this point, the average number is larger than the median number, and the median number will be larger than the mode number. The value of kurtosis equal to 11.97571 is greater than 3, indicating that the distribution is concentrated at a normal level.

The maximum disclosure has reached 76.04167%, and the minimum is quite small. There is a gap between these two values, which shows that accounting information disclosure among businesses in the securities industry is uneven and that many firms still disclose incomplete information. This easily confuses information users who are able to identify and analyze data.

Accounting information disclosure by listed firms in general and listed securities firms in particular has an important position in the stock market and has a great influence on other subjects, especially investors. To promote the Vietnamese stock market to develop sustainably, objectively, and easily integrate with regional and world stock markets, listed securities firms should further strengthen related activities to disclose their accounting information to enhance accounting information disclosure.

6. CONCLUSIONS

Securities firms play an important role in the economy and society as a whole. Securities firms not only promote the development of the stock market in particular but also promote the economy in general. Based on the operations of securities firms, stocks and securities are stably circulated from the issuer to the hands of investors who want to own them.

Vietnam's stock market in 2022 and early 2023 will be complicated and under great pressure from international market fluctuations in the face of the trend of tightening monetary policy from major countries to curb inflation and other risks of a global economic downturn. Thus, the opportunities and challenges for this industry in general and for securities firms listed on the Vietnam stock market in particular lean more towards challenges. Integration and competition are inevitable trends that all firms in the industry must implement. Therefore, finding capital to finance business activities, service provision, and stock brokerage is necessary and very important. The stock market is one of the most effective capital mobilization channels for firms, and it is also a channel for firms to promote their image and brand to society and the public in order to improve their value. Therefore, disclosing accounting information plays a huge role in the process of conveying information about firms to the whole society and interested parties.

By the end of December 2022, the market had 757 stocks and fund certificates listed on two stock exchanges and 856 stocks registered for trading on Upcom, with a total listed and registered trading value of 1,983 thousand billion VND, an increase of 14% by the end of 2021, equivalent to 23.4% of GDP. Stock market capitalization by the end of 2022 on all three exchanges (HSX, HNX, and Upcom) reached VND 5,227 trillion, down 32.7% compared to the end of 2021, equivalent to 61.6% of GDP in 2021 and 55% of estimated GDP in 2022 (Ta, 2023). Thus, the scale of the stock market is quite large, so disclosing accounting information about securities firms is not only meaningful for securities enterprises but also for listed enterprises, investors, etc.

Most employees working at securities firms are people who require high expertise and the ability to quickly analyze the stock market. One of their tasks is to monitor and analyze the market, thereby being able to provide accurate advice to customers in times of need and improve profit margins. Therefore, securities firms should build, innovate, and complete training programs and update knowledge for employees so that employees can increasingly improve their skills: customer search skills, communication skills, information exploitation skills, skills to seize investment opportunities, and skills to cope with work pressure; skills to synthesize and analyze information; ability to calculate and manage risks; confidence; and good health. At that time, it will contribute to improving the disclosure of accounting information in securities firms.

The research contributes to the improvement of the theoretical framework of accounting and the stock market.

This study analyzed, evaluated, and measured the level of accounting information disclosure at securities firms listed on the Vietnamese stock market, but in reality, there is much content about accounting, finance, and other economic information in securities firms that also needs to be clarified. In addition, this topic in enterprises in other industries also needs to be researched.

Therefore, future research can expand and add content and firms from other industries to the research and select a larger, more diverse research sample.

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