

# **Factors Influencing Information Disclosure in the Interim Financial Statements of Listed Companies in Philippines and Vietnam: A Quantitative Comparison and Policy Implications**

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## **Abstract**

*This study measures and compares the level of interim financial reporting disclosure of listed companies in the Philippines and Vietnam. The research results reveal that the level of information disclosure in the interim financial statements of listed companies in the Philippines is higher than that of listed companies in Vietnam. Based on the research findings, the study proposes some suggestions to improve the disclosure level in interim financial statements of listed companies in Vietnam.*

**Keywords:** Determinant factors, Interim reporting, IAS 34, Reporting Disclosure, VAS 27.

## Introduction

Complete, timely and reliable information disclosure can minimise asymmetric information between users and managers. The increasing requirements of the capital market for information transparency have led both regulators and businesses to pay more attention to policy and application to improve the level of information disclosure in the annual financial reports and interim financial statements. This requirement leads to the need for research to compare the domestic information disclosure practices and those of other countries with better regulations and control mechanisms for information disclosure by enterprises.

In the Philippines, the requirement that listed companies prepare and disclose quarterly financial reports is similar to the regulations for Vietnam (Nguyen Huu Cuong, 2015a). Notably, to ensure that the listed companies comply with the information disclosure requirements, the Philippine Stock Exchange (SEC) reviews the logged financial reports received from the listed companies. Accordingly, the SEC requires preparers to revise the submission and resubmit the amendment if it has not complied with the information disclosure requirements. As for disclosure practices by Vietnamese listed companies, previous studies identify that many problems still exist. For example, listed companies have not paid much attention to information disclosure; and the level of compliance with information disclosure is still low (Nguyen Huu Cuong, 2015b; Nguyen Huu Cuong, 2016; Nguyen Huu Cuong, 2022).

The information provided to market participants plays an important role, directly affecting investment decisions. The timelier and more accurate the information disclosed to the market, the more confidence market participants will gain; and the more expectations will be satisfied. However, some experts<sup>1</sup> argued that many Vietnamese enterprises still disregard information disclosure. This fact is consistent with the quantitative evidence of several previous studies that have recognized that there is still a significant gap between the information required and the information content disclosed by the listed companies through the financial reports. This limitation significantly affects the objective of information transparency in the Vietnamese stock market.

Interim financial reporting provides financial information about the reporting entity for a period of less than a full financial year or one ending on a date other than the enterprise's financial year-end. Unlike annual financial reports, accounting standards do not prescribe any specific audit requirements for interim financial reporting. However, several stock exchanges impose a review for interim financial statements. Interim reporting disclosure plays a vital role in the financial system in the economy as it meets the crucial informational needs of interested users by providing timely information. However, the reality shows that many businesses still disregard information disclosure. Specifically, the extant research reveals that interim reporting disclosure levels in Vietnam and other countries are still relatively moderate (Nguyen Huu Cuong, 2015a; Nguyen Huu Cuong, 2015b; Nguyen Huu Cuong, 2022).

Vietnam's stock market is gradually becoming more stable and professional, oriented to international practices and making considerable contributions to the country's economic development. However, the research on information disclosure in the interim financial statements in Vietnam and in other countries is still relatively modest. In particular, there is still a lack of studies comparing the practice of the interim financial statements in Vietnam with those of other countries with more developed stock markets to draw lessons that contribute to improving the

information disclosure that better meets the users' requirements. Therefore, the study results of the evaluation and comparison of information disclosure by listed companies in the Philippines and in Vietnam have both theoretical and practical significance. The research results can be served as reference for state management agencies to issue appropriate and adjusted policies to improve regulations on information disclosure to build a healthy and well-developed stock market.

The remainder of this paper is organized as follows. Section 2 discusses the theoretical foundation and research hypotheses. Section 3 introduces research methodology. Section 4 provides results and discussion. The study concludes with Section 5 and provides policy implications.

## 1. Literature review and hypothesis development

### 1.1.1 Hypothesis One – Firm Size

Firm size is one of the most common factors examined in financial reporting disclosure literature and the only influencing factor consistently documented by many prior disclosure studies. Large firms are often under more pressure to information disclosure, therefore, tend to provide more information on financial reports than smaller firms (Ahmed and Courtis, 1999; Nguyen Huu Cuong, 2015a; Nguyen Huu Cuong and Duong Ngoc Nhu Quynh, 2019; Nguyen Huu Cuong and Le Thi Bao Ngoc, 2018; Nguyen Huu Cuong and Vo Hoang Tung, 2018; Nguyen Huu Cuong and Le Thuy Trang, 2019; Nguyen Huu Cuong *et al.*, 2022; Nguyen Huu Cuong, 2022). These studies apply signal theory and theory of information economics to explain the association of firm size and information disclosure level in financial reports. Accordingly, my study predicts that:

*H1. Information disclosure in interim financial statements is higher for larger firms.*

### 1.1.2 Hypothesis One - Operation Time

The longer businesses have been in operation, the more motivation they have to provide more information. Information disclosure may have little effect on the competitive position of enterprises with a long operation history. However, for young firms, fully complying with regulations on information disclosure can be a burden because they have not had many successes or outstanding achievements to announce.

Enterprises with a longer listing age on the stock market can better meet the requirements of information disclosure because they have more favourable conditions for preparing and disclosing information due to the stability of business operations and the development of the accounting information system. These firms may be more successful in communicating with stakeholders to increase their reputation, which is consistent with signal theory (Owusu-Ansah, 1998). However, up to now, the effect of the firm's operating time on the information disclosure level in interim financial statements of has not been directly verified. Moreover, recent studies on information disclosure in Vietnam have not recorded the influence of this factor (Nguyen Huu Cuong and Le Bao Ngoc, 2018; Nguyen Huu Cuong and Le Thuy Trang, 2019; Nguyen Huu Cuong and Trinh Thi Ngoc Mui, 2020). Therefore, this study predicts that:

*H2. There is no association between information disclosure in interim financial statements with firms' operating time.*

### 1.1.3 Hypothesis Three - Field of Business Operation

Manufacturing enterprises have diversified operating characteristics and more complex business organization characteristics. Manufacturers may have information about the production cycle, seasonality or cyclicalities necessary to be updated. Concerning empirical evidence, several previous studies have documented variations in the disclosure levels among firms across different industries (Street and Gray, 2002; Gallery, Cooper and Sweeting, 2008; Omar and Simon, 2011; Nguyen Huu Cuong *et al.*, 2022). However, other recent studies in Vietnam have failed to verify this association (Nguyen Huu Cuong and Le Thuy Trang, 2019; Nguyen Huu Cuong and Trinh Thi Ngoc Mui, 2020). Accordingly, this study predicts that:

*H<sub>3</sub>. There is no association between information disclosure in interim financial statements with firms' field of operation.*

### 1.1.4 Hypothesis Four - Debt Ratio

Firms with high debt ratios tend to have higher levels of disclosure. A firm with an increasing debt ratio will exhibit an increase in the number of creditors and the pressure of creditors on the information disclosure level of the enterprise. The higher the debt ratio, the more asymmetric the interests of creditors, shareholders and managers will be. Creditors will try to protect their interests such as increasing interest rates and thereby increasing the cost to the business. On the contrary, enterprises will try to reduce this cost by increasing information disclosure, especially voluntary information, to improve information transparency and gain higher trust from creditors. This relationship is explained by various theories, such as agency theory and signal theory and has also been verified by previous studies in different countries (Singhvi and Desai, 1971; Gallery, Cooper, and Sweeting, 2008) as well as in Vietnam (Nguyen Huu Cuong and Vo Hoang Tung, 2018; Nguyen Huu Cuong and Trinh Thi Ngoc Mui, 2020). Accordingly, this study predicts that:

*H<sub>4</sub>. Information disclosure in interim financial statements is higher for firms with higher debt ratios.*

### 1.1.5 Hypothesis Five - Profitability

A firm with high profits and good performance tends to disclose more information to create a good impression, increase its reputation, and positively affect its stock price in the capital market. The positive effect of profitability on the level of information disclosure is often explained by signal theory and revealed by studies in other countries (Gallery, Cooper, and Sweeting, 2008) and also in Vietnam (Nguyen Huu Cuong and Trinh Thi Ngoc Mui, 2020). Consistent with prior research and applying signal theory, this study predicts that:

*H<sub>5</sub>. Information disclosure in interim financial statements is higher for firms with higher profitability.*

### 1.1.6 Hypothesis Six - Solvency

A firm with higher solvency may disclose more information in financial statements to demonstrate its good operating status and send a good signal to investors, which is consistent with signal theory. The positive impact of solvency on information disclosure level is evident in the extant literature, especially recent studies in Vietnam, for example, Nguyen Huu Cuong and Le Thi Bao Ngoc (2018), Nguyen Huu Cuong and Duong Ngoc Nhu Quynh (2018), and Nguyen Huu

Cuong and Trinh Tri Ngoc Mui (2020). Following prior research and signal theory, this study predicts that:

*H<sub>6</sub>. Information disclosure in interim financial statements is higher for firms with higher solvency.*

## 2. Research methodology

### 2.1 Research sample and data sources

The sample consists of 100 listed firms in each of the two countries. The random sample includes 100 firms listed on the Philippine Stock Exchange, 50 firms listed on the Hanoi Stock Exchange and 50 firms listed on the Ho Chi Minh Stock Exchange. The 2017 interim financial statements of the sample firms are collected from the relevant stock exchanges. In particular, for the Philippines, this study uses 100 financial reports for the second quarter of 2017 (not required to amend by the stock exchange) and all 18 financial statements for the second quarter of 2017 (requested to amend by the stock exchange). As for Vietnam, this study uses 100 non-assured half-yearly financial statements for the first six of 2017 financial reports) and 100 unreviewed second-quarter financial statements of listed companies.

### 2.2 Research model and variable measurement

#### 2.2.1 Research model

In order to examine the factors influencing mandatory disclosure level in interim financial statements, the six hypotheses are jointly tested using the 2017 financial year data to estimate the Ordinary least square (OLS) regression as specified in the following equation:

$$IRD_j = \beta_0 + \beta_1 SIZE_j + \beta_2 AGE_j + \beta_3 IND_j + \beta_4 LEV_j + \beta_5 PRO_j + \beta_6 LIQ_j + \varepsilon$$

Where: Interim reporting disclosure ( $IRD_j$ ) is the level of mandatory disclosure in the interim financial statements of the company  $j$ ; Independent variables are presented in Table 2,  $\beta_0$  to  $\beta_6$  is the regression coefficient, and  $\varepsilon$  is the random error of the model.

This model will be estimated with corresponding variables for i) Second-quarter (Q2) financial reports, ii) Half-yearly financial reports of listed companies in Vietnam, and iii) Second-quarter (Q2) financial reports of listed companies in the Philippines.

#### 2.2.2 Dependent variable

This study has constructed the disclosure index (see Table 1) to measure the mandatory disclosure level (IRD) by listed firms based on synthesis from requirements for information disclosure in interim financial statements applicable to listed companies. The index consists of 38 disclosure items that are required to publish both by the Vietnamese Accounting Standards No. 27 (VAS 27) and the International Accounting Standards No. 34 (IAS 34) to ensure the application to the Philippines listed companies.

**Table 1: Level of interim reporting disclosure (IRD) checklist**

Item	Requirements for information disclosure	Score
IRD1	General provisions	3
IRD2	Components of the interim report (balance sheet, income statement, statement of changes in equity, statement of cash flows, and notes to the financial reports)	5
IRD3	Headings and subtotals of each item on the financial reports are presented in full	4
IRD4	Comparative information (balance sheet items, income statement items, changes in equity items, cash flows items)	5
IRD5	Present basic earnings per share in income statement	1
IRD6	Presents diluted earnings per share in income statement	1
IRD7	Present events and transactions that are material to understand the changes in financial position and performance from the end of the last annual reporting period	1
IRD8	Disclosure of accounting policy	4
IRD9	Explanation of the seasonality or cyclical nature of business activities during the interim period	1
IRD10	Disclosure of unusual items (in terms of nature, size, level of impact) the impact on financial position, financial performance, and cash flows	1
IRD11	Disclosure of changes in accounting estimates reported in the previous year's interim financial statements or annual financial reports	1
IRD12	Disclosure of issuances, repurchases and repayment of debt securities	1
IRD13	Disclosure of issuances, repurchases and repayment of equity securities	1
IRD14	Disclosure of dividends in the period	3
IRD15	Disclosure of revenues and results by division	4
IRD16	Disclosure of material events occurring after the balance sheet date	1
IRD17	Disclosure of effects of changes in the operating structure of enterprises during the period.	1
<i>Total index of disclosure</i>		38

*Notes:* The checklist is used to measure the IRD level. This checklist is compiled from VAS 27 and IAS 34 and completely consistent with prior studies (Nguyen Huu Cuong, 2015a; and Nguyen Huu Cuong, 2022).

The level of compliance with information disclosure in the financial reports of listed companies is measured based on scoring each item of information corresponding to the fact presented in the financial statements of each listed company. Each disclosure item is given a score of one (1) if the interim financial report provides the information required and zero (0) if it does not. Not applicable (NA) is given if the required information is not disclosed and it is explicitly irrelevant to the firm. Accordingly, the level of mandatory disclosure in the interim financial

statement of the listed company  $j$  ( $IRD_j$ ) is by dividing the items disclosed ( $d_{ij}$ ) by the maximum number of items ( $n_j$ ) that firm  $j$  could calculate as follow.

$$IRD_j = \sum_{i=1}^n d_{ij} / n_j$$

Where:

$IRD_j$  = the score of IRD of the firm  $j$  ( $0 \leq IRD_j \leq 1$ )

$d_{ij}$  = “1” if item  $i$  is disclosed in the interim financial statement of and “0” if item  $i$  is not disclosed, and “NA” if item  $i$  is explicitly irrelevant to firm  $j$

$n_j$  = maximum number of items that could be disclosed in the interim financial statements of firm  $j$  after having removed the items that are obviously irrelevant to the (NA) ( $n_j \leq 38$ )

### 2.2.3 Measurement of independent variable

Table 2 below summarises the six independent variables included in the regression model and how to measure them.

**Table 2: Independent variables and measurement**

Independent variables	Measurement
Company size ( $SIZE_j$ )	The natural logarithm of total assets
Operating time ( $AGE_j$ )	Number of years of operation since the establishment
Field of business operation ( $IND_j$ )	“1” if a firm operates in the manufacturing industry and “0” otherwise
Debt ratio ( $LEV_j$ )	The natural logarithm of the ratio liabilities to equity
Profitability ( $PRO_j$ )	The ratio of profit after tax to equity
Solvency ( $LIQ_j$ )	Logarithm to base 10 of Current Assets/Current Liabilities

## 3. Results and discussion

### 3.1 Disclosure levels in interim financial statements

The results show that the level of compliance with information disclosure in the interim financial statements of listed companies in the Philippines (Table 3) is higher than that in Vietnam (Table 4).

*Disclosure levels in interim financial statements of listed firms not required to amend by the Philippine Stock Exchange.* Table 3 shows that the levels of information disclosure in interim reporting statements of listed companies on the Philippine Stock Exchange are relatively high (with a mean of 0.953) as compared to Nguyen Huu Cuong (2022)’s findings for the top 100 Philippine listed firms in 2012 (with a mean of 0.868). No firms that are not required to revise the second quarter interim reports in the Philippines fully comply with the mandatory disclosure requirements by the accounting standards on interim financial statements.

*Disclosure levels in interim financial statements of listed firms required to amend by the Philippine Stock Exchange.* Table 3 indicates that the mandatory disclosure levels of listed companies on the Philippine Stock Exchange are also high (with a mean of 0.868). These scores are significantly lower than those in financial statements that are not required to amend ( $t= 12.833$ ,  $p < 0,001$ ).

**Table 3: IRD levels in the Philippine listed firms' interim financial statements**

Type of financial statements	N	Min	Max	Mean	Std. Dev.	t- test	
						t-value	p-value
Second-quarter financial statements are not required to be amended	100	0.806	0.974	0.953	0.046	12.833	<0.001
Second-quarter financial statements are required to be amended	18	0.814	1.000	0.868	0.089		

This difference is reasonable because the financial reports that are not required to amend would better comply with the disclosure requirements under the assessment of the Stock Exchange. Therefore, the levels of information disclosure in the amended financial statements are still lower since it depends on the review quality and the revision effort. However, this study has recorded that some reporting entities have fully complied with the interim reporting disclosure requirements after amending their reports. So, a review by the Philippine Stock Exchange right after a firm submits its financial reports could be a valuable lesson for Vietnam to promote listed firms to comply with disclosure requirements and improve disclosure levels.

*Disclosure levels in quarterly financial statements of listed firms in Vietnam.* Table 4 shows that the level of information disclosure of enterprises on stock exchanges in Vietnam (both Hanoi Stock Exchange (HNX) and Ho Chi Minh City Stock Exchange (HOSE)) is relatively low (with a mean of 0.701) but higher than Nguyen Huu Cuong (2015a)'s findings related to 100 Vietnamese listed firms in 2012 (with a mean of 0.629). This study performs a detailed assessment according to 17 groups of information (from IRD1 to IRD17) to provide insights into the limitations of interim reporting disclosure in quarterly statements. The analysis results show that most listed firms tend to disclose more fully general information to meet the mandatory disclosure requirements. In contrast, they do not focus on providing additional information to users or sensitive information that affects stock prices, for example, diluted earnings per share, segmental revenues and results, as emphasized in Nguyen Huu Cuong (2015b)'s study.

*Disclosure levels in half-yearly financial statements of listed firms in Vietnam.* Table 4 also shows that disclosure levels in half-yearly financial statements by listed firms in Vietnam (with a mean of 0.861) are statically significantly higher than the disclosure scores of the second quarter ones in 2017 ( $t= 10.478$ ,  $p < 0.001$ ). The disclosure scores in the 2017 half-yearly financial statements are also higher than that of the 2012 half-yearly ones, as revealed in Nguyen Huu Cuong (2022). The improvement in interim financial reporting disclosure by listed firms in Vietnam could

result from the reporting entities' efforts to enhance transparency by providing more information or other factors, such as regulation enforcement.

**Table 4: IRD levels in listed firms' interim financial statements in Vietnam**

Type of financial statements	N	Min	Max	Mean	Std. Dev.	t- test	
						t-value	p-value
Second-quarter financial statements	100	0.622	0.763	0.701	0.031	10.478	<0.001
Half-yearly financial reports	100	0.711	1.000	0.861	0.054		

### 3.2 Factors affecting the level of mandatory disclosure in the interim financial statements

The untabulated tests indicate that the regression model does not have multicollinearity, autocorrelation, and heteroscedasticity. Accordingly, this study performs OLS regression analysis to examine factors influencing disclosure levels compliant with interim financial reporting requirements in the Philippines (Table 5) and Vietnam (Tables 6 and 7).

Table 5 shows that the combination of six tested factors is statistically significant in explaining the disclosure level in the Philippine listed firms' second-quarter financial statements. These factors explain a 9.7% variation in disclosure levels in the financial reports in the Philippines.

**Table 5: Factors affecting mandatory disclosure levels in the second-quarter financial statements in the Philippines**

Variables	Hypothesis	Expected sign	Coefficients	t-stat	p-value
Intercept			0.885	28.571	0
SIZE	H <sub>1</sub>	+	0.006	2.079	0.040
AGE	H <sub>2</sub>	?	3.8E-05	0.186	0.853
IND	H <sub>3</sub>	?	0.008	0.814	0.418
LEV	H <sub>4</sub>	+	0.007	0.973	0.333
PRO	H <sub>5</sub>	+	0.228	1.213	0.228
LIQ	H <sub>6</sub>	+	2.71E-4	1.017	0.312
Adj. R <sup>2</sup>			0.097		
F-stat			0.865		<0.005

Consistent with H<sub>1</sub> prediction, the SIZE variable coefficient ( $\beta_1 = 0.006, p < 0.05$ ) is positive and statistically significant, indicating that larger firms better comply with requirements for information disclosure in the interim financial statements. This result is consistent with many prior

studies in the financial reporting disclosure literature (Ahmed and Courtis, 1999; Nguyen Huu Cuong, 2015a; Nguyen Huu Cuong *et al.*, 2022; Nguyen Huu Cuong, 2022, *etc.*).  $H_2$  and  $H_3$  posit that interim reporting disclosure is unrelated to operation time (AGE) and field of business operation (IND). Consistent with the predictions, the regression results do not indicate the influence of AGE and IND on IRD. Regarding the three remaining factors, the study predicts the positive impact of debt ratio (LEV), profitability (PRO), and solvency (LIQ) on disclosure levels on interim financial statements of listed companies. However, inconsistent with the predictions, the regression results do not confirm these effects.

**Table 6: Factors affecting mandatory disclosure levels in the second-quarter financial reports in Vietnam**

Variables	Hypothesis	Expected sign	Coefficients	<i>t</i> -stat	<i>p</i> -value
Intercept			0.791	1.330	0
SIZE	$H_1$	+	0.008	1.664	0.099
AGE	$H_2$	?	-0.44E-3	-0.455	0.650
IND	$H_3$	?	0.001	0.193	0.847
LEV	$H_4$	+	1.84E-06	0.037	0.970
PRO	$H_5$	+	-0.002	-0.820	0.415
LIQ	$H_6$	+	1.09E-4	0.118	0.906
Adj. $R^2$			0.042		
<i>F</i> -stat			0.433		<0.005

Table 6 reveals that the regression model is statistically significant in explaining the disclosure level in the Vietnamese listed firms' second-quarter financial statements. The six factors explain a 4.2% variation in disclosure levels in the financial reports in Vietnam. The regression analysis confirms the influence of six predicted factors on disclosure levels in the second-quarter financial statements of listed firms in Vietnam that is quite similar to the findings discussed above for the Philippine firms.

Table 7 suggests that the regression model is statistically significant in explaining the disclosure levels in Vietnamese listed firms' half-yearly financial statements. The six factors explain a 5.5% variation in the disclosure level in the half-yearly reports. Similar to the case of the second-quarter financial statements, the regression analysis does not show evidence of the relationship between mandatory disclosure levels and operation time (AGE) and field of business operation (IND), which is consistent with the predictions of hypotheses  $H_2$  and  $H_3$ . In addition, the results reveal the positive effect of profitability (PRO), consistent with the  $H_5$  prediction. However, the results of the regression analysis do not confirm the impact of the firm size (SIZE), debt ratio (LEV) and solvency (LIQ) as predicted in the hypotheses  $H_1$ ,  $H_4$  and  $H_5$ .

**Table 7: Factors affecting mandatory disclosure levels in the half-yearly financial statements in Vietnam**

Variables	Hypothesis	Expected sign	Coefficients	<i>t</i> -stat	<i>p</i> -value
Intercept			0.977	9.559	0
SIZE	H <sub>1</sub>	+	0.012	1.354	0.179
AGE	H <sub>2</sub>	?	0.001	0.621	0.536
IND	H <sub>3</sub>	?	0.0152	1.257	0.212
LEV	H <sub>4</sub>	+	-0.002	-0.217	0.829
PRO	H <sub>5</sub>	+	0.146	1.990	0.005
LIQ	H <sub>6</sub>	+	-0.001	-0.760	0.449
Adj. <i>R</i> <sup>2</sup>			0.055		
<i>F</i> -stat			0.922		<0.005

## 4. Conclusion and implications

### 4.1 Conclusion

Interim reporting disclosure plays a crucial role in the capital market (Nguyen Huu Cuong, 2022). Compared to annual reports, interim financial statements update timely information on the financial position, financial performance, and cash flows, thereby being very useful to users. This research findings on reporting disclosure practices documenting disclosure levels in interim financial statements and identifying influencing factors will benefit preparers and policymakers.

Consistent with prior research (Nguyen Huu Cuong, 2015a; Nguyen Huu Cuong, 2022), this study shows that disclosure levels on interim financial statements of listed firms in Vietnam are still low and that disclosure scores for the second-quarter ones are statistically less than the scores for half-yearly reports. The results also reveal that disclosure levels in Vietnamese listed firms' interim financial statements are lower than the disclosure scores of the Philippine listed firms. The research results indicate that firm size and profitability positively impact the level of mandatory disclosure in the mid-year financial reports of listed companies.

### 4.2 Policy implications

#### 4.2.1 For Vietnamese listed companies

With the moderate disclosure levels in interim financial statements in conformity with the reporting requirements, firms need to strengthen their sense of responsibility in increasing financial information transparency. Reporting entities need to focus on investing, developing and improving enterprise information systems by advancing management information systems and accounting systems to support better the process and reporting required information. That could be challenging for firms with financial constraints and insufficiencies of other resources. As such, such firms should pay more attention to collating, processing, and preparing information to comply with disclosure requirements by customising accounting software and assigning jobs in the accounting department more appropriately.

In addition, Vietnamese listed firms need to improve the corporate governance systems and change the perception of the importance and responsibility for compliance with information disclosure in general and information disclosure in the interim financial statements in particular. Reporting entities can also refer to disclosure checklists used in this study and other related previous studies (such as Nguyen Huu Cuong, 2016, Nguyen Huu Cuong, 2022) as a basis for assessing the extent of firms' information disclosure. The checklist suggests a direction to adjust to better comply with the information disclosure requirements on the stock market.

#### 4.2.2 For Vietnam's State Securities Commission and Ministry of Finance

To enhance the quality of information disclosure and reduce the burden on costs for enterprises, the Vietnamese Ministry of Finance should review and re-evaluate the necessity and possible adjustments to regulations on mandatory requirements for disclosing both half-yearly and second-quarter financial reports. Further, the Vietnamese State Securities Commission and the Vietnamese Stock Exchanges should strengthen supervision and promote information disclosure activities on the stock markets by systematically establishing legal documents and guiding documents to control and support the disclosure process in the stock markets. The Vietnamese Stock Exchanges may need initially review the submitted financial statements of listed companies. Upon the initial review, the stock exchanges may request listed firms to revise and resubmit the amended financial reports similar to the Philippine listed firms. The Vietnamese Ministry of Finance may preside over the development and issue of the disclosure checklist and require the firms to make a preliminary self-assessment in the form of Table 8 below.

**Table 8: Checklist for a firm's self-assessment of disclosure compliant level**

Required information to present	Disclosed in page(s)	Explanation if not disclosed
General provisions	1 to 5	
Components of the financial reports	6 to 12	
...	...	...
Explanation of seasonality or cycles	N/A	Irrelevant
...		
Information about dividends in the period	N/A	No interim dividend distribution policy
...	...	...

*Notes:* N/A stand for not applicable; and (...): *et cetera*.

The person responsible for information disclosure shall sign the self-assessment and attach it to the firm's financial statements upon publication. This self-assessment is the basis for Vietnamese Stock Exchanges to conduct a preliminary review of disclosure compliance levels in financial statements submitted by the listed firms. At the same time, this self-assessment would benefit auditors when reviewing interim financial statements. In addition, the Vietnamese Ministry of Finance may issue sample financial statements and disclosure handbooks as the references for listed companies to enhance the preparation, presentation and disclosure of financial statements.

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### Article history

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### Notes

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<sup>1</sup>At the seminar titled "Steps to prepare for successful IPO for businesses" organized by the Vietnam's State Securities Commission in collaboration with Mileage media (Singapore) and Bloomberg News on September 23, 2010.