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CAPITAL OWNERSHIP STRUCTURE AND ITS IMPACT ON FINANCIAL REPORTING QUALITY: EVIDENCE FROM COMPANIES ON THE VIETNAM STOCK MARKET

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ABSTRACT

This research will focus on the impact of ownership structure on the quality of financial reporting for firms in Vietnam, considering such moderator variables as industry differences. This study considers ownership characteristics, including state ownership, foreign ownership, managerial ownership, and ownership concentration, to analyse which one of those factors affects the transparency, accuracy, and timeliness of financial reports across the industry. Using a panel data set of 1,664 companies listed in HOSE, HNX, and UPCoM within a continuous period of nine years, the study applies multivariate regression methods with some industrial data analysis to evaluate the impact of ownership structure. The findings of the study show that state ownership may negatively affect financial reporting quality, and foreign ownership is better in terms of transparency. This result is consistent with previous studies. However, the author found that ownership concentration and managerial ownership have no clear relationship with financial reporting quality. Variations across industrial groups are also found to be significant for explaining how ownership structure contributes to a greater understanding of this mechanism. Such evidence may provide policy recommendations for improving the level of transparency and quality of financial information in emerging markets such as Vietnam.

Keywords: ownership structure; financial reporting quality; state ownership; managerial ownership; industry

JEL Classification: M40, M44

INTRODUCTION

Quality of financial reports is an essential part for providing the stakeholders, investors, managers and regulatory authorities with proper information. The quality of financial information is an important factor for listed companies which, to maintain the confidence of investors and promote the sustainable development of the financial market (Fan & Wong, 2002; Gul et al., 2010; Larcker et al., 2007).

Nevertheless, the determinants of the quality of financial reports, especially the structure of capital ownership, have not been studied much in Vietnam; this creates an evident theoretical and practical gap in editorials. Ownership is diverse in Vietnamese firms, comprising state ownership, foreign ownership, and managerial ownership with respective features that can influence the behaviour of management and financial reporting in various ways. Specifically, Dinh et al. (2023) determined that ownership concentration is positively related to investment efficiency, thus reducing over-investment, which can affect the quality of financial reports.

We found that ownership structure matters in improving financial reporting quality mediated by control and managerial efficiency. However, maintaining transparency and timeliness in financial reporting has not been the easiest task for Vietnamese businesses. According to prior literature, state ownership is usually associated with a decline in the quality of financial reporting and also tends to motivate earnings management, while foreign ownership is generally related to more transparency and high-quality accounting information (Dechow & Dichev, 2002). Specifically, (Dechow & Dichev, 2002)

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confirmed that ownership concentration and state ownership were indeed positive predictors of earnings management, as both managerial and foreign ownership may reduce such behaviours.

This raises questions on the role of different ownership types in influencing financial reporting quality. In the context of an emerging market like Vietnam, which is continuously changing its economic and legal environment, it has become one of the most interesting topics to investigate where researchers strongly desire to discover the link between ownership structure and financial reporting quality. We are seeking to bring forth some empirical evidence on the impact of capital organisation ownership structure on financial reporting quality, thus suggesting measures to enhance transparency and quality of financial information.

LITERATURE REVIEW

Theoretical framework

Agency Theory

Agency Theory reflects on the conflict of interest between principals and agents (Jensen & Meckling, 1976). Given the separation of ownership and control, this theory holds that managers may act in their own interest, which is often different from that of owners (Jensen & Meckling, 1976). This is all about information asymmetry because of the nature of humans; managers normally have some edges over owners in terms of knowing more about the financial health of a firm, which can lead to earnings manipulation on their part (Fan & Wong, 2002). In light of these conflicts, monitoring mechanisms like ownership structure assist in curbing managerial activities and, in turn, enhance reporting quality (Gul et al., 2010).

Asymmetric Information Theory

Akerlof's (1970) Asymmetric Information Theory posits that decisions in a given context can be subpar and lopsided when one party has more information about an aspect of the transaction than the other party involved. In a corporate finance sense, managers generally have more information about the financial status of the firm than do shareholders (Healy & Wahlen, 1999). The existence of information asymmetry could lead the managers to pursue their own private benefits instead of the benefit of the firm. Because ownership structures (e.g., foreign and concentrated ownership) are hypothesised to mitigate the effects of information asymmetry through better monitoring, this should result in higher-quality financial reporting (Ferreira & Matos, 2008).

Stewardship Theory

Stewardship Theory is another theory about managers that contrasts significantly with Agency Theory, which assumes managers are not able to be stewards of the firm and that their interests will diverge from those of shareholders (Donaldson & Davis, 1991). This theory believes in the idea of intrinsic motivation among managers because they tend to see their performance as related to the organisation's performance (Davis et al., 1997). Hence, ownership structures associated with a higher proportion of managerial holdings may lead to a stewardship attitude, resulting in more quality financial reporting since managers and shareholders will tend to perceive that they have the same goals (Muth & Donaldson, 1998).

Overview of research in Vietnam and internationally

Table 1. Overview of research.

Serial number	Authors	Research title	Research objectives	Research methods	Research results	Limitations
1	(Dinh et al., 2023)	Ownership concentration, financial reporting quality and investment efficiency: an empirical analysis of Vietnamese listed firms	Exploring the relationship between financial reporting quality, ownership concentration, and investment efficiency of listed companies in Vietnam	A multivariate regression model and the two-step Generalised Method of Moments (GMM) to control for endogeneity	Ownership concentration has a positive impact on investment efficiency and reduces over-investment	Only listed companies are considered, with no factors other than ownership being taken into account

(continued on next page)

Table 1. Continued.

Serial number	Authors	Research title	Research objectives	Research methods	Research results	Limitations
2	(Phuong & Hung, 2020)	Board of Directors and Financial Reporting Quality in Vietnam-Listed Companies	Exploring the impact of the Board of Directors on financial reporting quality in listed companies in Vietnam	The FEM, REM, and GLS regression models were applied to data from 2010 to 2018	The size and independence of the Board of Directors have a positive effect on financial reporting quality	The study focuses only on companies in the energy sector
3	(Nguyen et al., 2021)	Ownership structure and earnings management: Empirical evidence from Vietnam	Investigating the relationship between ownership structure and earnings management in listed companies in Vietnam	A sample of 489 non-financial companies was used, applying REM, FEM, GLS, and GMM methods	Ownership concentration and state ownership significantly affect earnings management, while managerial and foreign ownership reduce earnings management	The study does not account for changes in government policies that could affect the results.
4	(Choi et al., 2020)	Sustainable Corporate Ownership Structures and Earnings Management in the Vietnamese Stock Market	Examining the relationship between sustainable ownership structure and earnings management in the Vietnamese stock market	Linear regression analysis was conducted on a sample of 480 non-financial companies from 2012 to 2017	State and foreign ownership have significant effects on earnings management in listed companies	The study only uses a sample of non-financial companies and does not consider long-term impacts
5	(Laith Fouad Alshouha, 2022)	The Impact of Ownership Structure and Debt on Audit Quality in Non-Financial Companies Listed on ASE	Exploring the impact of ownership structure and debt on audit quality in non-financial listed companies	Panel data from 88 companies listed on the Amman Stock Exchange from 2009-2019, using fixed effects and 2SLS methods	Managerial, family, and foreign ownership structures have a positive impact on audit quality	The study does not consider other internal control factors beyond ownership structure and debt
6	(Skinner, D. J., & Sloan, R. G., 2020)	Does Ownership Structure Improve Financial Reporting Quality? Evidence of Real Earnings Manipulation among Pakistani Firms	Examining whether ownership structure improves financial reporting quality by mitigating real earnings management	A sample of 150 non-financial companies listed on the Pakistan Stock Exchange from 2008-2017 was analysed using FGLS and PCSE methods	Institutional and managerial ownership reduce real earnings management and improve financial reporting quality	The study does not analyse the long-term impact of ownership structure and national policies
7	(Zouari & Dhifi, 2022)	The impact of ownership structure on integrated reporting in European firms	Analysing the relationship between ownership structure and the level of financial and non-financial disclosure in integrated reporting across Europe	Panel data regression was conducted on a sample of 431 European companies from 2012 to 2019	Concentrated, institutional, and managerial ownership structures are positively associated with integrated reporting	The model needs to be expanded to include other internal and external control mechanisms
8	(Çelik et al., 2023)	The Effect of Ownership Structure on Financial Reporting Timeliness: An Implementation on Borsa Istanbul	Investigating the impact of corporate and foreign ownership structure on the timeliness of financial reporting	Multivariate regression was conducted on a sample of 208 companies listed on Borsa Istanbul from 2008 to 2019	Corporate and foreign ownership have a significantly negative impact on the timeliness of financial reporting	The study does not consider other factors beyond ownership structure and reporting timeliness

Research gaps

From the review of previous studies, we have found some significant results in terms of state ownership, foreign ownership, and managerial ownership. Yet, important gaps in research still exist:

1. Focusing on countries other than Vietnam: Previous studies were centred on international markets and lacked an understanding of the characteristics of this particular niche in Vietnam as they only calculated demand with broad figures. Although there has been some domestic investigatory work about the topic matter but comprehensive data regarding companies in Vietnam under changing economic policies and with more updated statistics needs to be researched into.
2. Limited industry focus: Research has been largely limited to some specific sectors, especially non-financial firms or banking, but further extending it across various industries in the economy is still warranted. More widespread insights would also be gained by exploring different sectors.
3. A third limitation is the lack of research investigating ownership interaction, such as between state ownership and foreign ownership, to examine how the different types of ownership jointly influence financial reporting quality. These interactions would provide stronger insights into the role of ownership structure in ensuring transparency through financial statement disclosure.

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AIMS AND OBJECTIVES

Research objectives

This research has two specific aims:

1. To use a larger sample size to analyse the effect of where ownership is on quality financial reporting information.
2. To see if the ownership structure affects financial reporting quality among different industries in Vietnam. In Vietnam and internationally, previous studies have not clarified this issue.

Research questions

The following key questions are addressed in the study:

1. To what extent does both concentrated and dispersed ownership impact the financial reporting quality of companies in Vietnam?
2. What is the effect of different kinds of ownership (state ownership, foreign ownership, managerial ownership) on the quality of financial reporting?
3. Does the effect of ownership structure on financial reporting quality differ between industries?

METHODS

Research design

This research conducts a quantitative research method with data synthesis from the enterprises on Ho Chi Minh Stock Exchange (HOSE), Hanoi Stock Exchange (HNX) and UPCoM. This study examines the association between ownership structure and financial reporting quality using panel data.

Panel data allow us to control for both observable and unobservable characteristics that affect on the quality of financial reporting and cannot be tested with cross-sectional or time-series studies. This method is also adopted in some other papers (Nguyen et al., 2021) with the help of this panel data we can better analyse which type of ownership has an impact on FRQ of different firms (Nguyen et al., 2021).

Data and sample

Data Collection Process We did the data collection process step by step. Particularly, data is taken from Financial Statements and Annual Reports on HOSE, HNX and UPCoM stock exchanges in the years 2015 – 2023. That list contained 1,664 institutions. We then screened and received 1,334 remaining who fully met the entry criteria for data to be analysed. The total number of observations available for analysis was 13,161 in the end. Table 2 below summarises the sample size according to different business sectors.

Table 2. Sample Statistics.

Sector	Quantity	Percentage
Information Technology	27	2.0%
Industry	503	37.7%
Petroleum	11	0.8%
Consumer Services	95	7.1%
Pharmaceuticals and Healthcare	48	3.6%
Consumer Goods	196	14.7%
Banking	25	1.9%
Materials	153	11.5%
Finance	155	11.6%
Utilities	113	8.5%
Telecommunications	8	0.6%
Total	1,334	100%

Multivariate regression model

The multivariate regression model is used to examine the impact of different types of ownership structures on financial reporting quality, based on the research by (Dinh et al., 2023). In this model, the dependent variable is financial reporting quality (FRQ).

The specific regression equation is as follows:

$$FRQ_i = a + \kappa_1 StateOwnership_i + \kappa_2 ForeignOwnership_i + \kappa_3 ManagerialOwnership_i + \kappa_4 OwnershipConcentration_i + \gamma Controls_i + \epsilon_i$$

In which: *FRQ: Financial Reporting Quality. State Ownership: Proportion of state ownership. Foreign Ownership: Proportion of foreign ownership. Managerial Ownership: Proportion of managerial ownership. Ownership Concentration: Ownership concentration. Controls: Firm size, Financial leverage, Profitability, and Industry. ε: Random error*

Table 3 below shows how the variables in the model are measured and the studies related to that measurement.

Table 3. Measurement of variables.

Variable Name	Measurement	Related Studies
FRQ	FRQ in this study is measured using Discretionary Accruals (DA), which are estimated based on the Modified Jones Model. Discretionary accruals represent the portion of total accruals that may be influenced by management discretion, reflecting potential earnings management activities. Higher levels of DA indicate a lower quality of financial reporting, as they suggest manipulation of financial information.	(Dechow et al., 1995); (Nguyen et al., 2021)
State Ownership	Percentage of shares held by the state out of the total shares	(Nguyen et al., 2021)
Foreign Ownership	Percentage of shares held by foreign investors.	(Dinh et al., 2023)
Managerial Ownership	Percentage of shares held by the company's managers.	(Nguyen et al., 2021)
Ownership Concentration	Percentage of shares held by major shareholders (over 5%)	(Wang, 2021)
Firm Size	Logarithm of total assets.	(Francis et al., 2005)
Leverage	Debt-to-total assets ratio	(Jensen & Meckling, 1976)
Profitability	Return on assets (ROA)	(Dechow et al., 1995); (Skinner & Sloan, 2002)
Industry	Information Technology; Industry; Petroleum; Consumer Services; Pharmaceuticals and Healthcare; Consumer Goods; Banking; Materials; Finance; Utilities; Telecommunications	(Ball & Shivakumar, 2005); (Lang & Stice-Lawrence, 2015)

Analysis Method

FRQ in this research is calculated by discretionary accruals (DA), which are estimated using the Modified Jones Model based on the method developed by Dechow et al. (1995). Discretionary Accruals are the component of total accruals that can be affected by management choice representing possible earnings management actions. The higher value of DA demonstrates the low quality of financial statements because it indicates that financial information has been manipulated.

Estimation of Discretionary Accruals

To estimate DA, the total accruals (TA) are first calculated as the difference between the net income and the cash flow from operating activities:

$$TA_{it} = NI_{it} - CFO_{it}$$

Where: TA_{it}: Total Accruals for firm i at time t; NI_{it}: Net Income for firm i at time t; CFO_{it}: Cash Flow from Operating Activities for firm i at time t

Total accruals are then divided into two components: non-discretionary accruals (NDA) and discretionary accruals (DA). To estimate NDA, the Modified Jones Model is applied as follows:

$$NDA_{it} = \beta_1 \left(\frac{1}{A_{i,t-1}}\right) + \beta_2 \left(\frac{\Delta REV_{it} - \Delta REC_{it}}{A_{i,t-1}}\right) + \beta_3 \left(\frac{PPE_{it}}{A_{i,t-1}}\right)$$

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Where: $A_{i,t-1}$: Total assets of firm i at time t−1; ΔREV_{it}: Change in revenue for firm i between t and t−1; ΔREC_{it}: Change in receivables for firm i between t and t−1; PPE_{it}: Gross property, plant, and equipment for firm i at time t; β_1, β_2, β_3: Estimated coefficients.

Non-discretionary accruals (NDA) capture the normal level of accruals based on the firm's operational, revenue, and investment activities. The discretionary accruals (DA) are then derived as the difference between total accruals and non-discretionary accruals:

$DA_{it}=TA_{it}-NDA_{it}$

In this study, the absolute value of $\frac{DA_{it}}{A_{it-1}}$ is used to measure the quality of financial reporting, where higher values indicate greater levels of earnings management and, thus, lower financial reporting quality (Nguyen et al., 2021).

Table 4 below illustrates the results of calculating FRQ using some extracted data except R software.

Table 4. Measurement of FRQ. *(Source: Author synthesis from R software)*

Company ID	Year	Total Accruals	NDA	DA	FRQ
DNM	2015	(5.369.962.368)	12.834.144.978	(18.204.107.346)	(0.1238)
VMD	2015	(72.295.872.438)	(35.353.581.292)	(36.942.291.146)	(0.0063)
CLM	2015	44.323.780.614	(20.692.361.622)	65.016.142.236	0.0832

Data Processing Method

We followed a systematic process to select the right regression analysis model. Research data were collected and processed using R software, following several statistical approaches.

We first performed descriptive statistics and correlation analysis for more in-depth relationships between the variables. We then used various regression analyses (Pooled OLS, FEM, REM and GLS) to determine the model of best fit for our data. Also, we examined multicollinearity, heteroscedasticity, and autocorrelation issues in the models, as well as the validity of the overall model.

Step 1: First-Step GLS Regression

GLS model We first used the general least square GLS model to address potential heteroscedasticity and autocorrelation issues in our panel data (Dechow & Dichev, 2002; Nguyen et al., 2021) Generalised least square: GLS is the best option when the assumptions of homoscedasticity and no autocorrelation do not hold as it corrects for the deviation from these characteristics in both estimated coefficients and their standard errors. We first used a simple GLS (Generalised least squares) regression without any corrections for heteroscedasticity or autocorrelation. This model provided an AIC of 794388.2, which was a reasonable fit, although it had potential improvements.

Step 2: Dealing with heteroscedasticity

In the second step, we discovered that heteroscedasticity existed mainly due to business sizes being varied in our dataset. To resolve this problem, we implemented a GLS Model That specified a firm size–based (log of total assets) fixed weight variance structure called GLS_Model_Het. This change made a substantial difference, bringing the AIC down to 791251.3. The AIC was mitigated by this means, suggesting that it led to a model with greater fit in addition to being more aligned with the relationship between ownership structure and financial reporting quality.

Step 3: The Autocorrelation Problem

Because the data was formatted as a panel, we had repeated measures of firms over several years; thus, autocorrelation may have been an issue. We accounted for that by using an autoregressive AR1 (Autoregressive Model of order 1) correlation structure to allow potential autocorrelation among the errors of repeated observations within a single company. The revised model, called gls_model_ar1, included this AR1 structure with a resulting AIC of 792171.3. This model outperformed the first GLS specification but lagged behind the heteroscedasticity addressing model.

Step 4: Compare the Models and pick the final one

We selected the most parsimonious model based on a comparison of AIC values for the different models tested. The most appropriate-heteroscedasticity adjusted model (GLS_Model_Het) had an AIC = 791251.3. It also successfully controlled

for differences in firm size, leading to improved estimation of the effect of ownership structure on FRQ. This model was chosen due to the characteristics of our data, which contained heteroscedasticity and autocorrelation. Taking care of these issues can improve the consistency and robustness of the performed regression analysis.

The results and model selection process indicate the importance of addressing data problems frequently seen in developing markets (Nguyen et al., 2021). This adjusts for data specific problems so that associations calculated are not biased from underlying conditioned issues, allowing us to draw better conclusions. Table 5 below summarises the AIC indices of each model.

Table 5. Model Comparison. *(Source: Author synthesis from R software)*

Model	Degrees of Freedom (df)	AIC
GLS_model	9	794388.2
GLS_model_het	9	791251.3
GLS_model_ar1	10	792171.3

RESULTS

Descriptive statistics

Descriptive statistics for the variables (mean, standard deviation, minimum, and maximum) are provided in Table 6. The dataset includes a wide range of ownership structures, providing a solid basis to investigate the impact of ownership types on FRQ. There are 13,161 observations (Obs) for FRQ, indicating an adequately large sample size for analysis purposes. The average value of FRQ is -1.2083, reflecting a slight decrease in the quality of financial reporting. The large standard deviation (Std. Dev.) of 123.3473 shows a high level of dispersion for FRQ at the firm level, implying substantial cross-sectional variation in financial reporting practices. The minimum value is -13.226, indicating that some firms have very low quality in financial reporting, while the maximum value of 989.260 suggests that other firms have achieved excellent quality in financial reporting. Overall, the negative mean and high standard deviation indicate a high degree of heterogeneity between firms in terms of financial reporting quality, which may arise from differences in ownership structure, management strategies, industry characteristics, or regulatory environments. Table 6 below is a statistical descriptive data table that we processed on R software and exported.

Table 6. Descriptive statistics of variables. *(Source: Author's calculations from R software)*

Variable	Obs	Mean	Std. Dev.	Min	Max
FRQ	13161	-1.20826567	123.3473453	-13226.95355	989.2595533
State Ownership	13161	0.234181202	0.286021137	0	0.9993
Foreign Ownership	13161	0.054770618	0.117330633	0	0.9939
Managerial Ownership	13161	0.120833303	0.177283876	0	1.2898
Ownership Concentration	13161	0.658415462	0.265346679	0	1.9048
Firm Size	13161	11.81638821	0.786547722	7.262061854	15.36189184
Leverage	13161	0.607877821	1.727701673	0	104.62
ROA	13161	0.038602295	0.157856089	-9.5844	4.5785

Correlation analysis

We can see in Figure 1, from the correlation analysis that the relationships of our variables are relatively weak, which means there is no significant autocorrelation in the model. This itself is crucial to make sure that regression is robust and reliable.

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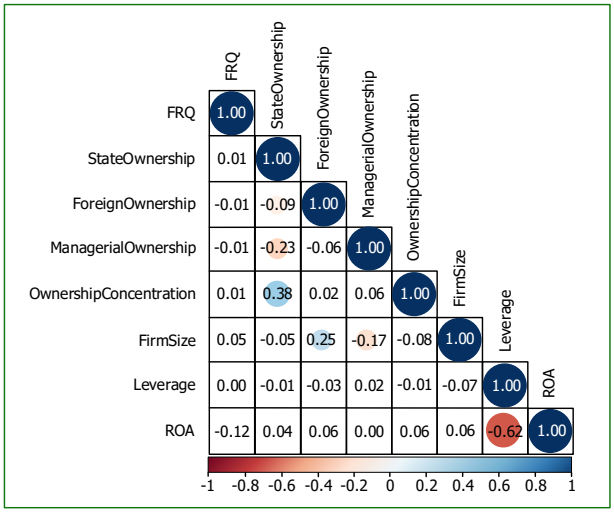

Figure 1. Correlation coefficient analysis.

Regression model results

The regression analysis was conducted using the GLS model, which was selected after comparing different specifications based on the AIC. The final model, referred to as **gls_model_het**, provided the best fit for the data, addressing the issues of heteroscedasticity while maintaining robustness in the estimation of the relationship between ownership structure and financial reporting quality.

Table 7 provides the regression results, including coefficients, standard errors, t-values, and p-values for the ownership and control variables.

Table 7. The regression results. *(Source: Author's calculations from R software)*

Variable	Coefficient	Std. Error	t-value	P-value
(Intercept)	1439.89	400.11	3.60	0.0003
State Ownership (%)	-220.32	96.64	-2.28	0.0226
Foreign Ownership (%)	462.52	219.38	2.11	0.0350
Managerial Ownership (%)	-49.39	143.95	-0.34	0.7315
Ownership Concentration (%)	28.50	100.96	0.28	0.7778
Firm Size (Log of Total Assets)	-121.26	33.12	-3.66	0.0003
Financial Leverage (%)	8.59	16.74	0.51	0.6081
Profitability (ROA)	30.70	186.04	0.17	0.8689

DISCUSSION

Impact of ownership structure on financial reporting quality

The coefficient of the independent variable state ownership is negative and significant. This result suggests that higher state ownership will lead to lower financial reporting quality. This result is consistent with studies such as (Nguyen et al., 2021) and (Dinh et al., 2023).

The coefficient of the independent variable foreign ownership is positive and significant. This proves that increasing foreign ownership increases financial reporting quality. The result is consistent with studies by (Nguyen et al., 2021) and (Choi et al., 2020).

The ratio of management ownership does not show a statistically significant impact on FRQ. This result is contrary to the findings of (Choi et al., 2020), in which management ownership was shown to reduce earnings manipulation. This result may be due to differences in incentives faced by managers in different industries or different corporate governance environments.

The ownership concentration variable is not statistically significant. It shows no strong relationship with FRQ. This result is different from the previous findings of (Dinh et al., 2023). It states that concentrated ownership leads to better financial reporting quality. This difference may be due to industry-specific factors and the unique characteristics of the Vietnamese stock market.

Control variables

Larger firms are found to have lower financial reporting quality, potentially due to their complexity and the increased opportunity for earnings management.

Financial leverage does not have a significant effect on FRQ, implying that debt levels may not directly impact transparency in financial reporting for Vietnamese firms.

ROA also does not have a significant impact on FRQ, which suggests that profitability alone may not be sufficient to influence financial transparency.

Industry effects

The regression analysis also highlights significant differences across industries in their impact on financial reporting quality. Table 8 provides a summary of the effects of industry.

Table 8. Industry effects on FRQ. *(Source: Author's calculations from R software)*

Industry	Coefficient	P-value
Industrial	-1.50×10^{12}	0.001
Information Technology	-1.47×10^{12}	0.001
Pharmaceuticals & Healthcare	-1.56×10^{12}	0.003
Petroleum	-1.81×10^{12}	0.002
Consumer Services	-1.30×10^{12}	0.001

The negative coefficients for these industries indicate that they tend to have higher financial reporting quality compared to other sectors. Notably, industries such as Information Technology, Pharmaceuticals, and Consumer Services exhibit significantly less earnings management compared to the Banking sector, which serves as the reference industry. This finding is a unique contribution of this study, emphasising that the impact of ownership structure on financial reporting quality is not uniform across industries, and industry-specific factors play a critical role in determining reporting practices.

Comparison with previous studies

This is consistent with the findings of (Nguyen et al., 2021) and (Choi et al., 2020) state that the increase in state ownership has a negative effect on FRQ and that the increase in foreign ownership has a positive effect on FRQ. The insignificant effect of managerial ownership and ownership concentration is, however, different from previous studies, which can be due to corporate characteristics in Vietnam or due to differences in industry composition.

What makes this study unique is the fact that it emphasises FRQ as affected by the different industries, and it also found that industries such as IT, Pharmaceuticals, and Consumer Service to be less vulnerable to manipulation in earnings than Banking industry. This indicates that the relationship between ownership structure and financial reporting quality is considerably moderated by industry characteristics, highlighting a new area of research providing insights into the need for situational contextualisation of corporate governance practices.

CONCLUSIONS

Here is strong evidence suggesting that ownership structure becomes a major determinant of the financial reporting quality (FRQ) of Vietnamese firms. In particular, financial reporting quality declines with increased state ownership and improves with higher foreign ownership. Interestingly, FRQ was not affected by managerial ownership or ownership concentration, indicating that internal incentives are contextual in their influence on financial reporting behaviour.

It also shows that the financial info published is different depending on the industry. The voluntary financial reporting quality is higher in the following industries: Information Technology, Pharmaceuticals, and Consumer Services, while lower

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in the Banking sector with less transparency. This unique industry insight highlights that firms within a particular industry share a commonality, which suggests the need for corporate governance and regulatory policies to be sector-specific and that the effect of ownership structure on FRQ is certainly not homogenous across industries.

Research limitations

While these findings provide some perspectives regarding ownership type on the quality of the financial report, this study is limited to the scope of the following:

1. The nature of the data: the study is conducted on the type of financial data of companies of the Vnese stock market, which cannot reflect the features of the whole economy of each field or industry or economy sectors. Hence, these results should not be generalised, since smaller firms or private firms can behave differently regarding governance or reporting.
2. Variable descriptions and scope of ownership: The paper studies some selective ownership types and incorporates state, foreign, and managerial ownership while analysing ownership concentration. It does not explore the interaction effects of joint ownership types, which can add additional multiplexity to understanding their impact on FRQ.
3. It identifies significant industry effects but could do more to explore what is happening within specific industries. Future research might break these contexts by investigating sub-sectors or firm-level characteristics that can help clarify patterns of FRQ and practice context relationships.

Future research directions

There are some limitations of this study pointing out interesting future research opportunities:

1. Similar results for ownership-based FRQs in other firm types? Private companies (listing part of listed firms): Applying this method to the accounts of networks of private and unlisted companies will show how general our ownership-based results on FRQs are to other species of firms —especially smaller firms that may be less exposed to the regulatory or governance forces operating on traded firms.
2. It is also relevant incidentally because of the maturing of the ecological context under which the longer term longitudinal studies that we would benefit from in order to allow the results of the change in ownership structures to play out over time covering different regulatory and legal landscape changes conducted around Vietnam.
3. Higher granularity in Industry Analysis: Future research might offer an even higher granularity in industry-level analyses so as to cover sectors more specifically. For instance, examining whether the relation between the ownership structure and FRQ is moderated by industry characteristics, such as competitiveness or innovativeness at the firm level.

Ultimately, this study sheds light on the critical subtlety of ownership structure —financial reporting risk and quality— that can help to better inform how we govern and regulate across and within unique industries. Our results will help policy-makers, investors, and corporate executives implement financial transparency and corporate governance practices successfully in Vietnam's dynamic business environment.

ADDITIONAL INFORMATION

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CONFLICT OF INTEREST

The Authors declare that there is no conflict of interest.

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СТРУКТУРА ВЛАСНОСТІ КАПІТАЛУ ТА ЇЇ ВПЛИВ НА ЯКІСТЬ ФІНАНСОВОЇ ЗВІТНОСТІ: ДАНІ КОМПАНІЙ НА ФОНДОВОМУ РИНКУ В'ЄТНАМУ

Це дослідження зосереджене на впливі структури власності на якість фінансової звітності для фірм у В'єтнамі з урахуванням таких змінних-модераторів, як галузеві відмінності. Розглянуті характеристики власності, включаючи державну іноземну, управлінську та концентрацію власності, щоб проаналізувати, який із цих факторів упливає на прозорість, точність і своєчасність фінансових звітів у всій галузі. Використовуючи панельний набір даних 1 664 компаній, зареєстрованих у HOSE, HNX і UPCoM протягом дев'яти років поспіль, автор застосував багатовимірні регресійні методи з аналізом промислових даних для оцінки впливу структури власності. З результатів дослідження випливає, що державна власність може негативно впливати на якість фінансової звітності, а іноземна власність є кращою з погляду прозорості. Цей результат узгоджується з попередніми дослідженнями. Однак виявлено, що концентрація власності та управлінська власність не мають чіткого взаємозв'язку з якістю фінансової звітності. Відмінності між промисловими групами також виявляються важливими для пояснення того, як структура власності сприяє кращому розумінню цього механізму. Такі дані можуть надати рекомендації щодо внутрішніх політик, за допомогою яких можна підвищити рівень прозорості та якості фінансової інформації на ринках, що розвиваються, таких як В'єтнам.

Ключові слова: структура власності, якість фінансової звітності, державна власність, управлінська власність, індустрія

JEL Класифікація: M40, M44