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The impact of accounting disclosures on individual investors' decision making in Vietnam Stock Market

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C H R O N I C L E	A B S T R A C T
	This paper presents an empirical investigation on the perceptions of individual investors about the impact of accounting disclosures on their decision makings on the stock exchange market. The study uses some quantitative methods with survey questionnaires sent to investors participating in the Vietnam stock market. By using SPSS 22, the research develops a research model with 11 accounting information groups (factors) which are measured by 82 items. The results indicate that the income information significantly affected investors' decisions on buying, selling and holding securities while the information on assets, the accounting principles and policies had little impact on individuals' investment decisions. The voluntary disclosures, however, show more effects than mandatory disclosures on the investors' decision making.

1. Introduction

The international business environment not only is changing towards the trend of increasing globalization, diminishing the financial regulations and developing technology; but also, is facing with the economic and financial crisis as well as inflations. Therefore, to keep pace with the rapid growth and fierce competition, companies try to correspond to the maximum need of information of external users in which information disclosed are transparent and understandable (Adina & Ion, 2008; Gao, 2007; Laohapolwatana et al., 2005; Omberg, 2012), relevant, reliable and in timely fashion (Omberg, 2012; Scott, 2002). The accounting information looks like a bridge connecting a given company with its external users. It plays an essential role in providing useful information to users in the decision-making process (Adina & Ion, 2008; Cooke, 1989; Chen et al., 2001; Healy & Palepu, 2001). The accounting information has a real impact on the process of decision-making of users, especially investors (Beyer & Guttman, 2010; Gao, 2007; Kanodia, 2006). Adina and Ion (2008) confirmed that information disclosure was an important factor affecting the efficient allocation of social resources and minimizes the distortion of information through companies to external users. Although studies surveyed in developed stock exchanges

and emerging ones have shown various factors affecting on the decisions of users under different ways, these findings evidenced that researchers have still concerned the research on the impact of accounting information disclosure on the decision making of investors, even policy makers and managers in developed and developing countries (Chen et al., 2001; Healy & Palepu, 2001).

Found in 1997, the Vietnam Stock Exchange is still an emerging market in which investors have opportunities and face challenges about providing information by listed companies. According to Nguyen (2009), the information provided by listed companies in Vietnam Stock Market was limited, poverty, and lack of professionalism. He also indicated that it is tough for shareholders or potential investors to find out annual reports or other information of listed companies under different media including on their websites. Recent studies conducted by Ngo (2011), Dang (2011, 2014) have shown that the disclosure of the Vietnamese listed companies' accounting information on Vietnamese stock market did not meet users' fundamental expectations in terms of their decisions. Findings found in these researches illustrate the weaknesses of accounting information supported by many companies surveyed listing in Ho Chi Minh Stock Exchange (HOSE) are late or timeless, inaccurate, and insufficient under relevant rules. At that time, listed companies were prepared their financial statements under the Vietnamese Accounting Standards in enforced that followed the historical cost principle. Since the accounting process affected itself in connection with accounting disclosures, then, this factor could impact on investors' decisions and prevent companies from approaching and taking more money from potential external sources. The significant differences in accounting standards under the application of the historical cost compared to the use of the fair value principle, made investors losing their belief in the companies' financial statements. It led to keep the listed companies away from international investors as well as sturdy financial sources. Researches confirmed that it was challenging for investors to make their decisions effectively, if relevant information, mainly accounting data was insufficient, timeless, hardly comparable, and less integrated into the international reporting standards. These findings exhibit significant accounting features information. There is no doubt about the connection between information and investors' decisions in the Vietnamese stock market. However, there have not been empirical evidence proving the impact and influent mechanism of accounting information prepared by the listed companies on the decisions of investors in the market.

Therefore, the research on the impact of accounting information disclosure on the decision making of investors in the Vietnamese stock market is essential and meaningful in both theory and practice. In our opinion, the study will enrich the theoretical frameworks of the relationship between published information of listed companies and the decision making of investors in the stock market in the emerging and transitional economy like Vietnam. The results of the study expect to enhance the promulgation of accounting standards, financial reporting standards, and auditing standards. It requires listed companies to disclose all information under relevant laws for users. Moreover, investors can also be based on the research results to make effective investment strategy.

2. Research design, data and hypotheses

2.1. Relevant theories

The investing decision in the stock market is a complex decision and it is explained by number of different theories. However, the following theories are the main theories helps explain the relationship between the impact of accounting information disclosure and the decision-making of investors in the stock market.

i) Decision Theory

According to the theory, collecting and evaluating information are two of the most important stages in the decision-making process. Investors are advised based on sufficient and appropriate information collected to make a decision effectively. The more accurate information they get, the better decisions are

made. The theory launched the rules applying for an individual or a group of individuals with the same given features in the decision-making process.

ii) Agency Theory

The conflict of interest always exists concerning the relationship between two different interest groups (principal and agent). A conflict would be explained by considerations of relevant issues such as benefit, cost, the asymmetry of information.   To minimize this asymmetry problem, this research will focus on accounting information interested by investors; thereby helping companies develop appropriate solutions in order to provide the information matching with the needs of investors.

iii) Efficient Market Theory

The theory sets principles of the relationship between the price of securities in a stock exchange market and relevant information. On the efficient market, the price of a stock will be immediately impacted when having new information about that stock. In the study, efficient market theory is applied when developing the research model and hypotheses. Research model based on the assumption that all individual investors in Vietnam stock market can access the accounting information disclosure by listed companies and the companies should disclose all accounting information that affect the decision of the investors through the stock price.

2.2. Research Design and Hypothesis

The research aims at exploring how the accounting information released by listed companies take effects on individual investors' decisions in the Vietnamese Stock Exchange. Generally, all listed companies are required to disclose accounting information as well as other disclosures of their performance within a period. These disclosures are usually business performance indicators and items reflecting their financial position.

According to Cooke (1989), the items disclosed in the annual reports of companies were appropriate and critical to the decision-making process of users who cannot access to necessary information; and if the information were relevant and essential, but they were not published, the decision of the users would not be optimal. The disclosure of information by companies is necessary for an efficient capital market, reduce turbulence information if the information published is accurate and transparent.

Anderson (1981) sent a questionnaire to 300 institutional investors of 15 Australian companies, and results indicated that Income Statement (IS), Balance Sheet (BS), and Notes were the essential reports for selling, buying, and holding decisions. Similarly, IS and BS were the most important statements for 4 user groups in Bangladesh (Nicholls & Ahmed, 1995), for 5 user groups in Jordan (Abu-Nassar & Rutherford, 1996), and for 7 user groups in Iran (Mirshekary & Saudagaran, 2005). All findings showed that accounting disclosures influenced the decisions of investors. Al-Ajmi (2009) surveyed and used data about listed companies in the Bahrain Stock Exchange exhibited that investors in Bahrain ranked the vital degree of financial statements following order: IS is the most critical, BS and statement of cash flow (CFS) stood at number two and three relatively. Research on financial information disclosures in Vietnam also confirmed financial statements significantly impacted on decisions of almost investors (Dang, 2014).

Researchers also tested the essential level of items presented in the financial statements affected the decisions of information users. They found and evidenced the significant effect of profitability information on the decision-making of users (Chen et al., 2001; Al-Ajmi, 2009). The other studies related to this effect found out profit disclosures were limited by the time when it was disclosed (Han et al., 1992). It means that information about profits was useful for the investors' decisions when it published on time. Thus, investors need additional information such as financial position, financial sources, management forecast, investment projects, and financial policies. To gather this information, users could collect them from various sources besides annual reports. From other perspective, researchers found that the current and future profitability, dividend policy, support from the government, stock price and the future growth, the board members, business activities took effects on the decision-making of users (Al-Ajmi, 2009; Al-

Attar & Al-Khater, 2007; Al-Razeen & Karbhari, 2004, 2007; Mirshekary & Saudagaran, 2005). Among different factors affecting users' decision, there were three highest items identified impacted on the decision-making process that included the cost of goods sold, total sales and breakdown, and details of gains or losses (Mirshekary & Saudagaran, 2005).

As the analysis above and relevant theories, the research model is designed for the study as follow (Fig. 1). In the model, there are 11 factors relating to different sources of information summarized and measured by using the database surveyed in the Vietnamese Stock Exchange.
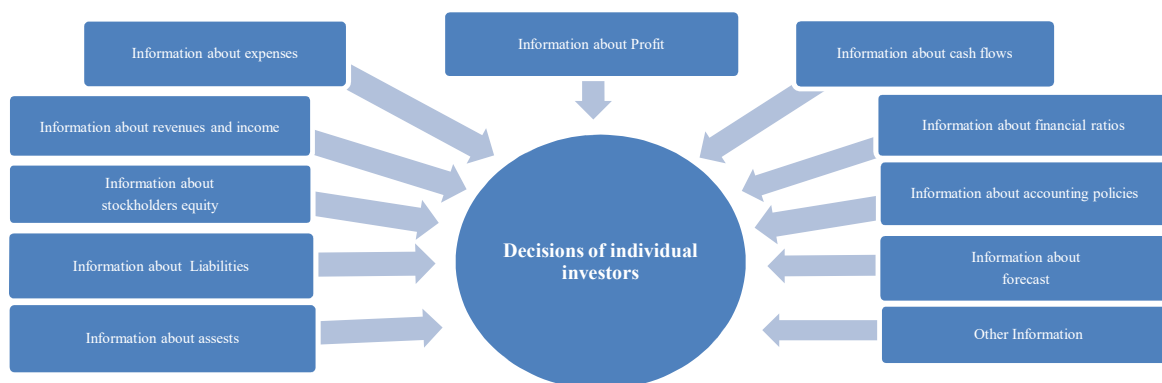

Fig. 1. The research model

There are 11 factors concerning accounting disclosures identified in this model and will be considered to study the effect of them on decisions of individual investors. Each element will be measured by relevant items, including detailed accounting information prepared and publicized by listed companies under concerning laws or requirements. Thus, the first hypothesis is:

H₁: *All of 11 factors listed in the model influence on the decision-making of individual investors in the Vietnam Stock Exchange.*

Some researches previously proved that the information on profitability significantly influenced the decision-making process of users. They also confirmed the level of an effect regarding each factor, especially the knowledge of profit. The information about profits evidenced the most important factor on the users' decisions (Baker & Haslem, 1973; Chen et al., 2001; Mirshekary & Saudagaran, 2005; Al-Ajmi, 2009). In the study, the second hypothesis is:

H₂: *The information about the profit of the listed companies is the most important factor on the decisions of individual investors in the Vietnam Stock Exchange.*

Besides the researches on the influence of the information about the profit individually, some studies confirmed that the Income Statement was the most important compared with other financial statements (Anderson, 1981; Nicholls & Ahmed, 1995; Abu-Nassar & Rutherford, 1996; Mirshekary & Saudagaran, 2005; Al-Ajmi, 2009). The third hypothesis expects to verify the confirmation. So that the third hypothesis is:

H₃: *The information presented in Income Statements of the listed companies hugely influence on the decision-making of individual investors in the Vietnam Stock Exchange.*

Recent studies considered the effect of voluntary disclosures or informal information on the decisions of investors. There were many things related found in these publications, including the type of free factors and how they take effects on these decisions. The Vietnam Stock Exchange differs from other exchange in the world, especially the exchanges of developed countries. This feature may raise relevant issues

about the publications of accounting information to users in the listed companies. Since the study expects to examine these issues in the Vietnam Stock Exchange with the fourth hypothesis is:

H4: *The voluntary disclosures affect the decision-making of individual investors in the Vietnam Stock Exchange more than mandatory disclosures.*

2.3. Data collection

A system of questionnaires collected the data in this study. These questions were built by extracting the review of relevant literature and getting an understanding of accounting and financial regulations in Vietnam. Then, some of them were modified and added more information based on responses of financial and accounting experts before they were in use. These questions were divided into these two parts in which there were eight questions in the first part covering the characteristics of individual investors. The other one expects to receive responses from them concerning the influence of accounting information on their decisions individually. The study used the 5-point Likert scale to measure each item from 1 to 5 in the survey with meanings as *no influence, slightly influence, moderately influence, significant influence,* and *extremely influence*, respectively. There are 11 factors measured by 91 items.

Either the printed-out questionnaire was sent to individual investors directly, or sent to them by using email following email address and the questionnaire stored in docs.google. Investors received the inquiry were selected randomly from a list of individual investors who are taking part in the Vietnamese Stock Market including the Hanoi Stock Exchange (HNX) and Ho Chi Minh Stock Exchange (HOSE). The sample taken covered almost big individual investors holding accounts in stock companies in Hanoi (group 1) and Ho Chi Minh city (group 2). There had been 530 respondents in the survey conducted during the period from April 14, 2015, to May 15, 2015. But there were only 527 of them met with relevant requirements under the model and used for the research.

3. Results and discussion

3.1. The impact of general accounting information disclosures (factors) on the decision-making of individual investors

i) Confirmation of 11 disclosures of accounting information on the decision-making of individual investors in the Vietnamese Stock Exchange

Cronbach's Alpha Test and Exploratory Factor Analysis (EFA) were applied for testing the reliability of all factors and items in the model. Results in the implementation have shown that 11 impact factors measured by 82 items among a total of 91 ones tested were confidential (Appendix A).

The data surveyed put in SPSS 22 to process, and its outputs concerning the descriptive statistical results of the sample tested are exhibits in Table 1

Table 1
Level of influence of accounting disclosures (factors)

Accounting disclosures	Sample		Population	
	Mean	Standard Deviation	Mean (*)	Rank (**)
Information about profit	4.01	.906		1
Information about revenues	3.76	1.003	*Great influence*	2
Information about financial ratios	3.65	.900	3.5 < Mean	3
Other information	3.61	.901	≤ 4.0	3
Information about forecast	3.61	.960		3
Information about stocks and dividends	3.56	.904		3
Information about cash flows	3.46	.973	*Moderately influence*	4
Information about expenses	3.22	.966	3.0 < Mean	5
Information about liabilities	3.12	.933	≤ 3.5	6
Information about assets	2.97	.968	*Slightly influence*	7
Information about accounting policies	2.90	1.078	2.8 < Mean ≤ 3.0	7

Notes: Mean: the weighted average influencing level of accounting disclosures on decision making of individual investors.
*: *According to the results from One-Sample T-Test.*
**: *According to the results from Paired-Sample T-Test (Appendix B).*

The different means of 11 factors evidence various degrees of the influence of the general disclosed accounting information on investors' decisions. It is not difficult to see that there is no difference between the results of the sample and those of the whole population (Table 1). To make the inference of the results for the population of all individual investors who are investing in the Vietnam Stock Exchange, the One-Sample T-Test and Paired-Sample T-Test were used. Separate One-Sample T-Tests were carried out for each factor to gauge the extent of similarity in how individual investors perceived the influence of the items measuring the factor. Moreover, the Paired-Sample T-Test was used to find out the position of each factor when compared with means for other one paired.

As a result, the information on the *profit, revenues, financial ratios, forecast, and other disclosures* have significant impacts on the individual investors' decisions evidenced by their means that are almost higher than 3.5 and lower or equal 4.0 with the significant level at 5%. Means of the profit and revenues also indicate individual investors were incredibly concerned about the profit and revenues in their decisions. It is a typical impact because of having closed relationships between business efficiency and dividends. The remaining items are necessary factors for investors to get an understanding of business performance in the past as well as future forecasts. The disclosed accounting information is beneficial for investors evaluating and making decisions in turn.

It is not like these factors, the group of accounting information about *stocks and dividends, cash flows, expenses, and liabilities* moderately influence on the decision-making of individual investors. The result of the One-Sample T-Test has shown that means of the information were between 3.0 and 3.5 at a significant level of 5%. According to the consulting of experts, the information about stocks and dividends are essential because they are directly related to earnings. Besides, expenses and liabilities also influence on net income, so EPS is affected. Lastly, the ability of dividend payment by cash could be considered from information about cash flows of listed companies.

The results of this examination reveal that respondents ranked the disclosed accounting information about *assets and accounting policies* at the lowest level compared with the other information and below the average level. The data show that means of the information are between 2.8 and 3.0 at the 5% significant level. In the reality, to understand the accounting policies of a company, the users should have specific knowledge about accounting.

ii) The assessment of impact level of 11 accounting disclosures (factors)

This study has tested the affecting level of published accounting information on the investment decisions of investors. The Paired-Samples T-tests were carried out on each pair of the accounting disclosures to compare means of these disclosures (Appendix B). As presented in Table 1, *the information about profits* maintains the highest impact on individual investors concerning their decision-making process on the stock market. Since the hypothesis 2 (H_2) proved, that is right. The following position in connection with the impact level is *the information about revenues*. The results also indicate that the group of information about *financial ratios, other disclosures, forecasts, stocks and dividends* stand at the third level. The impact of the information about *cash flows, expenses, and liabilities* on investors' decisions are in the fourth, the fifth, and the sixth positions, respectively. Lastly, the information about *assets and accounting policies* have maintained the lowest effects on the decision-making compared with others tested. In summary, the general accounting disclosures (factors presented in the questionnaire) influence on the decision-making of individual investors in the Vietnam Stock Exchange (Hypothesis 1) and there is a difference in the influencing degree of these disclosures. Of these disclosures, the information about profit, revenues, and financial ratios are crucial for buying, selling, or holding decisions of the investors. These conclusions re-confirm the findings related to the impact of accounting disclosures on investors conducted by other researchers. The perceptions of the influence extent of published information about total sales and breakdown of sales by product line/customer served, the impact of net income from operations and the basic EPS, and EPS growth rate confirmed that they influence on investors' decisions in other stock exchanges such as in Bahrain (Al-Ajmi, 2009), in Iran (Mirshekary & Saudagaran, 2005), and in

Nigeria (Wallace, 1988). The disclosures of assets including total fixed assets and breakdown, total intangible assets and breakdown, the inventories at cost or market value, and trade securities were at the moderate impact on the decisions of investors in Iran and Nigeria (Mirshekary & Saudagaran, 2005; Wallace, 1988). It had the same trend concerning the information about the application of accounting principles including the foreign currencies translation method, the expenses recognition principle, the inventory valuation methods, and the changes in accounting methods, influences at the moderate impact on the decisions of investors in Iran and Nigeria (Mirshekary & Saudagaran, 2005; Wallace, 1988). However, this information is slightly concerned by investors in Vietnam. Therefore, it seems that the new research environment, the Vietnam Stock Exchange, contributes to this difference.

3.2. The impact of detail accounting information disclosures (items) on the decision-making of individual investors

The above results are the general evaluations on the influencing level of factors in investors' decision making. Each factor in the model covers some items (Appendix A) in which a given item can contribute to the effect of this factor on the decisions differently. The equation reflecting the contribution of all items to the relevant factor is as follow:

$$K_i = \alpha_1 K_{i1} + \alpha_2 K_{i2} + ... + \alpha_n K_{in,}$$

where α_n is the coefficient of item n of factor K_i.

SPSS 22 is used to compute coefficients concerning each item within one factor within the database surveyed. The results from the component score coefficient matrix are given in Appendix A.

The statistical results indicate that the individual information about assets contributes nearly equal influencing degree to the mean score. Although these items, including fixed assets, intangible assets, capitalized expenditures, investment property, and inventory, represent higher coefficients than others, investors also pay attention to more information related to them like the fair value. Contrary to this trend, investors are care less about the comparison of total assets with the weighted average of an industry. In the situation, investors may not consider or ignore the industrial context while they make decisions. Additionally, the accounts receivable having an overdue date proportioning at 10% or more to total accounts receivables is not necessary information under the investors' view. The same situation has occurred with the accounts payable. The results exhibit the others with a higher impact evidenced like the item of income tax payables, details of capital lease debts, and deferred income tax. The results typically explained in the close relationship between the income tax payables, net income, dividends and earnings (Appendix A). Based on the matrix, the item of methods of dividend payment (by cash or stocks) with the highest coefficient illustrate the most significant impact on the information about stocks and dividends (Appendix A). Typically, individual investors prefer cash dividends than stock dividends when the listed companies have the business situation is not very satisfactory such as no growth or slow growth. Otherwise, they like to receive the stock dividend if the companies are on the uptrend of a growth rate. On the opposite side, the information about the number and book value of stocks (common stocks and preferred stocks), treasury stocks (purchase price, market price) and distributed proportion of net income have small amounts of coefficients in the stockholders' information group. Based on the results (Appendix A), the investment decisions of individual investors in Vietnam are affected by the information about total revenues/sales and sales growth rate 5 years rather than the breakdown of sales by product line/ customer served and the important sales contracts. However, the information on total and breakdown of COGS by product line/ customer served has the highest impact among other expenses information. The next ranking is the structure of the manufacturing cost. Current year and plan advertising expenses and R & D expenditures 5 years have maintained the lowest influence on the information about expenses. Another difficult issue to understand is that the income information like net income from operations, income before income tax, income after income tax and income after income tax growth rate five years have the strong influence on the investors' decision while EPS (both basic EPS and diluted EPS) and EPS growth rate five years are not significant.

The data in Appendix A also indicates that investors concern more about two main cash flows from operating and investing activities while having less attention to non-cash transactions influence in cash flows in the future. In the information about financial ratios, dividend rate five years, and total liabilities/shareholders' equity are the most attractive ratios while PB and PE have the lowest effects. For accounting policies, inventory accounting methods have a little impact on the decisions of the investors, while the principle of inventory valuation methods maintains the highest impact. Besides, the recognition principles of revenues, expenses, investments are in the high influence degree in the accounting policies group. Although the information about revenues and profit have significant effects as the above results, the forecast information of revenues, profit in the next year have had the least impacts on the decision making of the individual investors (Appendix A). The investors are only absorbed in the current fact rather than the future one. On the other side, the forecast about R & D expenditures, cash flows, financial risk in the next year have had a high impact level. This result indicates that the investors slightly concern about R & D expenditures in the current year, but they want to know more about this expense in the next year. R & D expenditures can create or boost profit, especially in big companies like Apple or Toyota. Also, the information about events publicized after the Balance sheet date, the information about the projects, and stock option plan evidence at the high influencing level among the group of other disclosures.

3.3. The impact of information in financial statements on the decision-making of individual investors

According to the IAS and the VAS, all listed companies in the Vietnam Stock Exchange are required to disclose their financial statements including Balance Sheet (BS), Income Statement (IS), Statement of Cash Flows (CFS) and Notes to Financial Statements. Under the classification, there are 40 items out of 82 items, divided into the four types of statements. The results of the One-Sample T-Test applied for the data, show that all financial statements had impacts on the decision making of individual investors (Table 2).

Table 2
The influencing degree of financial statements on the decision making of individual investors

Financial Statements	Sample		Population		
	Mean	Standard Deviation	Mean (*)	Rank (**)	Sig. (**)
Income Statement	3.70	.816	3.8	1	.000
Statement of Cash Flows	3.57	1.074	3.6	2	.000
Notes	3.08	.842	3.1	3	.000
Balance Sheet	2.89	.941	2.9	4	.000

Notes: *: According to the results from One-Sample T-Test at $p < 0.05$.
     **: According to the results from Paired-Sample T-Test at $p = 0.000$.

The T-Test compared the influencing degree of each financial report with a specific verification value (One-Sample T-test) and between each pair of financial statements (Paired Sample T-test). The results indicate no difference between the results of the sample testing and the inference for the population. The information in IS has the highest impact on the decision making of investors (Hypothesis 3) with the enormous influence at the value of 3.8 (Table 2). The lower effect is CFS at the rate of 3.6, Notes is the third position at 3.1, and the smallest impact is BS holding the value of 2.9. The finding on the impact of the IS is consistent with the previous studies, and it also supports the conclusion above, confirming the information on profit and revenues take a high effect on the investors' decisions. However, the impact of CFS entirely differs from the findings in the previous studies, although it agrees with them about the second degree of influence on the decision-making of investors. Otherwise, BS is the least using report by investors while the tested results exhibit the statement taking substantial effect compared to this in other reports.

3.4. The impact of voluntary and mandatory disclosures on the decision making of individual investors

Based on the regulations concerning the accounting disclosures of the listed companies in Vietnam, 82 items were classified into two groups, including the group of mandatory disclosures and the group of

voluntary disclosures. The collected data indicates the mean score of voluntary disclosures is higher than that one of mandatory disclosures at the significant level 0.000 (Hypothesis 4). The influencing degree of voluntary disclosures and mandatory disclosures are 3.5 and 3.3, respectively, at the significant 5% level (Table 3).

Table 3
The influencing degree of voluntary and mandatory disclosures on the decision making of individual investors

Accounting disclosures	Samples		Population	
	Mean	Standard deviation	Mean	Rank
Voluntary disclosures	3.53	.753	3.5	1
Mandatory disclosures	3.25	.781	3.3	2

Individual investors evaluate the voluntary disclosures at the excellent influence level covering the following types of information:

❖ The detailed information about the fair value of fixed and intangible assets, investment property, inventory, treasury stocks;
❖ The information about capitalized expenditures, R & D expenditures, the growth rate of sales, the growth rate of income after income tax, the growth rate of EPS, dividend rate in the five years;
❖ The information about financial ratios as ROA, ROE, Earnings margin, PB, PE, Dividend Yield, Total debt/Total assets, Long-term debt/Owners' equity, Total Liabilities/Shareholders' equity, Current assets/Current liabilities, Net sales/Total weighted average assets;
❖ The forecast information in the next year about revenues, profit, outputs, goods sold, financial risk, R & D expenditures, cash flows;
❖ The information about business performance: Important sales contracts are being implemented, information about the projects are and will be implemented, Current year and plan advertising expenses, information on the production and business plans in the next year;
❖ The in-depth analysis of assets, stockholders' equity, revenues, profit;
❖ Other information, e.g. Proportion distribution of net income, Stock option plan, Compare total assets with the weighted average of the industry.

In the reality, companies usually provide mandatory disclosures because they must follow the regulations. However, voluntary disclosures are the extra information disclosed by companies to make a clearer picture of business performance and financial position. That lets more and more investors and researchers concerned about voluntary disclosures in recent years.

4. Conclusion

This study has been set out to investigate the perceptions of individual investors in the Vietnam Stock Exchange with respect to accounting information disclosed in corporate annual reports. It was also set out to measure the degree of influencing of accounting disclosures in the decision making of the investors. The findings are as follows:

• All information in the model (82 items) take effect on the decision-making of individual investors in the Vietnam Stock Exchange.

• Information about the profit of listed companies have the most influence on the decision of individual investors in the Vietnam Stock Exchange.

• Information in Income Statement of listed companies have the most impact on the decision-making of individual investors in the Vietnam Stock Exchange.

• Voluntary disclosures affect the decision making of individual investors in the Vietnam Stock Exchange more than Mandatory disclosures.

The results of this study provide evidence on the perceptions of accounting disclosures investors in a transitional country. As business entities in emerging, capital markets seek to attract investors – both domestic and foreign – the evidence contained herein can help corporate try to publish what investors require the information. Broadly, the research provides conclusions relating to the requirements of accounting disclosures. Since it may help policy-makers and agencies in charge of accounting standard-setting to adjust, amend standards, and launch new requirements. Additionally, findings found in the research can be used for the listed companies and let all accounting disclosures meet with investors' desire in their decision-making process. The research ended suggests some relevant areas studying in the future, especially, the concentration on particular users like bankers, creditors, bondholders.

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Appendix

Appendix A: List of factors, items and the level of influence of detail accounting information disclosures (items)

Table 4
Factors, Items and Component score coefficient (α)

	Accounting disclosures	
	Factors/ Items	|α|
	Information about assets	
1.	Total fixed assets and breakdown at cost.	.100
2.	Total intangible assets and breakdown at cost.	.112
3.	Breakdown of fixed assets at fair value.	.111
4.	Breakdown of intangible assets at fair value.	.111
5.	Detail of capitalized expenditures - 5 years.	.112
6.	Breakdown of annual depreciation and accumulated depreciation.	.108
7.	Detail of capital/financial leases.	.107
8.	Detail of investment property at fair value.	.114
9.	Total of inventories and breakdown at cost.	.114
10.	The market value of inventories.	.103
11.	Ages of accounts receivables that account for 10% or more of total accounts receivables.	.100
12.	Detail of doubtful debt allowances.	.110
13.	Cost and market value of trade securities breakdown.	.110
14.	Cost and market value of investments breakdown.	.105
15.	Compare total assets with the weighted average of the industry.	.094
	Information about liabilities	
1.	Ages of account payables that account for 10% or more of total account payables.	.013
2.	Detail of capital lease debts.	.025
3.	Income tax payables.	.026
4.	Deferred income tax.	.021
	Information about stocks and dividends	
1.	Detail of amount and book value of stocks (common stocks and preferred stocks).	.007
2.	Detail of treasury stocks: purchase price, market price.	.009
3.	Methods of dividend payment (by cash or stocks).	.021
4.	Proportion distribution of net income.	.008
	Information about sales	
1.	Total revenues/sales.	.017
2.	Breakdown of sales by product line/ customer served.	.005
3.	Sales growth rate of 5 years.	.016
4.	Important sales contracts is being implemented.	.006
	Information about expenses	
1.	Total and breakdown of COGS by product line/ customer served.	.041
2.	Structure of manufacturing cost.	.028
3.	Current year and plan advertising expenses.	.005
4.	Income tax expense.	.014
5.	Breakdown of financial expenses.	.013
6.	Extraordinary expenses.	.014
7.	R & D expenditures for 5 years.	.001
	Information about profit	
1.	Net income from operations.	.038
2.	Income before income tax.	.034
3.	Income after income tax.	.036
4.	Income after income tax growth rate 5 years.	.024
5.	Basic EPS	.008
6.	Diluted EPS	.007
7.	EPS growth rate of 5 years.	.016
	Information about cash flows	

1.	Detail of cash flows from operating activities.	.085
2.	Detail of cash flows from investing activities.	.062
3.	Detail of cash flows from financing activities.	.049
4.	Non-cash transactions influence in cash flows in the future (Purchase assets on account, financial leases, etc.,).	.017
5.	Cash restriction.	.035
	Information about financial ratios	
1.	Return on assets – ROA.	.014
2.	Return on equity – ROE.	.042
3.	Earnings margin (Net income/ Net sales).	.025
4.	PB ratio (Price/Book value).	.008
5.	PE ratio (Price/Earnings)	.006
6.	Dividend Yield	.017
7.	Total debt/Total assets.	.026
8.	Long-term debt/Owners' equity.	.053
9.	Total Liabilities/Shareholders' equity.	.073
10.	Current assets/Current liabilities.	.046
11.	Net sales/Total weighted average assets.	.067
12.	Dividend rate of 5 years.	.102
	Information about accounting principles and policies	
1.	Revenue recognition principle.	.042
2.	Foreign currencies translation method.	.017
3.	Expenses recognition principle.	.032
4.	Investment recognition principle.	.023
5.	Method of depreciation.	.011
6.	Inventory valuation methods.	.024
7.	Inventory accounting methods (Perpetual method or Periodical method).	.003
8.	Allowance valuation methods.	.011
9.	Changes in accounting methods.	.014
	Forecast information	
1.	Sales forecast for next year.	.002
2.	Profit forecast for next year.	.026
3.	Outputs forecast for next year.	.050
4.	Goods sold forecast for next year.	.045
5.	Financial risk forecast for next year.	.065
6.	R & D expenditures forecast for next year.	.101
7.	Cash flows forecast for next year.	.067
	Others accounting disclosures	
1.	Information about the projects are and will be implemented.	.035
2.	Information on the production and business plans in the next year.	.015
3.	Events after the Balance sheet date.	.043
4.	Assets analysis.	.015
5.	Stockholders' analysis.	.024
6.	Sales analysis.	.002
7.	Profit analysis.	.002
8.	Stock option plan.	.040

Appendix B: Ranking results of the level of influence of accounting disclosures (factors)

Table 5
Compare means of paired- factors

		Paired Differences							
					95% Confidence Interval of the Difference				Sig. (2-tail-ed)
		Mean	Std. Devi-ation	Std. Error Mean	Lower	Upper	t	df	
Pair 1	Information about profit - Information about revenues	.24888	.78639	.03475	.18061	.31716	7.161	511	.000
Pair 2	Information about revenues – Information about financial ratios	.09412	.80315	.03556	.02425	.16399	2.646	509	.008
Pair 3	Information about financial ratios – Other information	.03781	.79474	.03512	-.03120	.10681	1.076	511	.282
Pair 4	Other information –Information about forecast	.00377	.72604	.03209	-.05927	.06681	.117	511	.907
Pair 5	Information about forecast - Information about stocks and dividends	.05385	.91965	.04072	-.02615	.13386	1.322	509	.187
Pair 6	Information about stocks and dividends - Information about cash flows	.10324	.89395	.03958	.02547	.18101	2.608	509	.009
Pair 7	Information about cash flows - Information about expenses	.24627	.82467	.03652	.17453	.31802	6.744	509	.000
Pair 8	Information about expenses - Information about liabilities	.09853	.85423	.03783	.02422	.17284	2.605	509	.009
Pair 9	Information about liabilities - Information about assets	.15053	.80792	.03574	.08032	.22075	4.212	510	.000
Pair 10	Information about assets - Information about accounting policies	.06013	.83052	.03681	-.01219	.13245	1.633	508	.103

Source: The authors' calculation using SPSS 22.