

## **Effect of Board of Directors on Financial Information Transparency in Vietnam: The Moderating Role of the Audit Committee**

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### **Abstract**

**Background:** Some previous studies have recently demonstrated the relationship between corporate governance (CG) and financial information transparency (FIT). In Vietnam, FIT strongly influences frontier markets and investor behaviour. However, the board of directors (BOD) and Audit Committee (AC) structure is not strong in Vietnam, negatively influencing FIT and corporate operations.

**Objective:** This study examined the effect of the board of director representative components (BOD) on FIT in the Vietnamese frontier market and tested the moderating effect of AC on the relationship between BOD and FIT.

**Methodology:** The study uses a data sample of 233 listed non-financial companies from 2012 to 2023 with 2,796 observations using a multivariate regression model based on panel data technique. The feasible generalised least squares model was used to assess the impact of BOD with the moderating effect of AC on FIT for Earning Smoothing (ES), Earning Aggressive model (EA), and the logistic panel model for loss avoidance (LA).

**Result:** This evidence shows that BOD has a significant effect on FIT, and AC moderates this effect based on the Earning Smoothing (ES) model.

**Conclusion:** BOD influences positively FIT, and there is a moderating effect of AC on the effect of BOD on FIT in Vietnam.

**Unique contributions:** This study has contributed to understanding the significant positive influence of Vietnamese BOD-listed companies on FIT. It has also demonstrated the essential roles of AC in improving FIT and supporting BOD in controlling financial fraud and improving FIT.

**Key recommendation:** Future studies should expand on more research observations and BOD and AC to explore Vietnamese FIT and corporate governance more thoroughly.

**Keywords:** Board of Director (BOD); Audit committee (AC) and Financial information transparency – FIT, Vietnam

### **Introduction**

After the financial scandals that collapsed large corporate firms in developed countries and the Asian financial crisis, financial information transparency (FIT) or disclosure information has been concentrated recently. Besides, lacking information and financial information transparency based on regulations has negative effects on the national economy (Bhimavarapu

et al., 2022). Information disclosure transparency is an important fundamental component and indicator of corporate governance quality (OECD, 2023). According to previous research by Haldar and Raithatha (2017), FIT is an ethical standard for BOD and Audit Committee members to avoid misleading behaviour in publishing financial statements to predict the corporate financial situation.

Recently, several studies (Haldar & Raithatha, 2017; Nair et al., 2019; Qian et al., 2015; Salehi et al., 2022; Zaman et al., 2018) have examined the impact of individual BOD and Audit committee characteristics (board size, independent board members, BOD financial expertise, Audit committee size, Audit committee expertise...) to FIT. However, these studies' results are inconsistent, and the effect of CG characteristics on FIT is different. When examined, the study of Carcello et al. (2006) on the effect of CG representative components on earnings management shows that good corporate governance prevented earnings management behavior. Or Hoang et al. (2018) examined the effect of BOD diversity representative factors on profit quality based on responsible information disclosure. The study showed that functional BOD diversity strongly improved profit quality. The first contribution of this study was to mention the effect of BOD representative components on FIT to provide an overview of the BOD representative composite without considering individual factors.

Secondly, the Audit Committee (AC) plays an essential role in corporate governance, which is expected to improve the BOD supervision activities, financial statement quality, and operational efficiency, reduce information asymmetric problems, independent and objective auditor, improve risk management and financial decision making (Alderman et al, 2011). Therefore, studying the moderated effect of the audit committee on the relationship between BOD and FIT is the second contribution to this evidence. The importance of the Audit committee is its responsibility to supervise management and internal auditors to reduce financial errors and provide accurate information to protect stakeholders (Alajmi & Worthington, 2023). When this study considered the relationship between internal and external auditors and BOD, the Audit committee is essential link to maintain and improve the parity operational efficiency (Alderman et al, 2011).When considering the moderated effect of the AC, the research does not observe the Audit Committees' individual characteristics of approaching AC representative components.

Thirdly, to measure FIT, almost all worldwide previous studies often use the information disclosure transparency index (Bhimavarapu et al., 2022; Zaman et al., 2018). Some other studies in developed countries use indicators to demonstrate transparency by EA, ES and LA (Nair et al., 2019; Qian et al., 2015).This is the first time that our research uses indicators to demonstrate Vietnamese FIT, a developing country and frontier market. This study expects to demonstrate the appropriate use of these proxy scales in emerging and frontier national economies.

## **Research theory**

This study mentioned the impact of BOD representative components on the FIT based on the moderating effect of AC representative components in Vietnamese listed firms, that is, the emerging and frontier markets. Several previous studies have concluded some basic theories to explain these relationships. According to agency theory (Spence & Journal, 1973), the manager's activities would consider management's behaviour in improving accuracy in providing corporate information and corporate parity interests in information disclosure expenses (Bushman et al., 2004). BOD leaders are essential roles in reducing negative behaviours that affect disclosed information and conflicting interests between BOD and AC members to transparent corporate reports (Salehi et al., 2022). Hamrouni et al. (2022) concluded that the conflicted information between company members and investors resulted

in an imbalance in the market. Information disclosure transparency will reduce information asymmetry and create a convenient investor environment.

According to stakeholder theory, increasing FIT is not only a target for business activities but also a means of balancing stakeholder expectations, which is necessary for survival and a successful company. On the other hand, lower interaction between parties exposes additional risky businesses and increases corporate crises. Therefore, developing positive connections with stakeholders can support better business operations, as a result, it can improve FIT to satisfy shareholder needs (Nair et al., 2019).

For signalling theory, it provides signals related to a business's profits and financial indicators that are demonstrated accurately and exactly to improve FIT (Bhimavarapu et al, 2022). The financial market signals need to be accurate and transparent to avoid investor bias and protect investors' interests when broadcasting information related to the company's finances (Salehi et al, 2022).

### **Theoretical background and hypotheses development**

Fama and Jensen (1983) concluded that effective BOD depended on board size and financial expertise, and independent board members are an advantage for BOD to reduce board conflicts and improve financial information transparency (FIT) (Mathuva et al, 2019). Haldar and Raithatha (2017) demonstrated that BOD independence, BOD duality, and BOD financial expertise were significant positive on financial information disclosure. Other evidence of Zaman et al. (2018) argued that independent directors are risk-averse and hold information to protect their reputation. Therefore, they have a negative relationship with FIT. The evidence of Salehi et al. (2022) concluded a positive relationship between BOD expertise and FIT.

Salehi et al. (2022) concluded that there is no significant relationship between BOD women members and FIT. Besides, according to Salehi et al. (2022) found a negative relationship between BOD stability and FIT. Based on these problems, this study will combine BOD individual characteristics as BOD representing composite factor, which included individual variables: BOD size, BOD independent members, BOD financial expertise, BOD female members, BOD duality, and BOD stability. Based on the research overview and perception, the hypothesis H1 is conducted:

**H1:** BOD representative components have a significant positive impact on FIT.

Previous studies concluded that effective AC performance depends on the individual characteristics that are conducted as an AC organisation. Haldar and Raithatha (2017) concluded that AC independence has a positive effect on information disclosure transparency. Research by Zaman et al. (2018) concluded that AC independence has a positive relationship with information disclosure transparency. Persons (2009) concludes that a larger AC size can benefit ethical disclosure requirements. Research by Salehi et al. (2022) demonstrated that some AC factors are correlated with FIT. To summarise, there is no consistency in the research outcome of AC individual characteristics and FIT. Therefore, this study will combine AC characteristics as an AC representative composite, including individual variables: AC size, AC independence, and AC expertise.

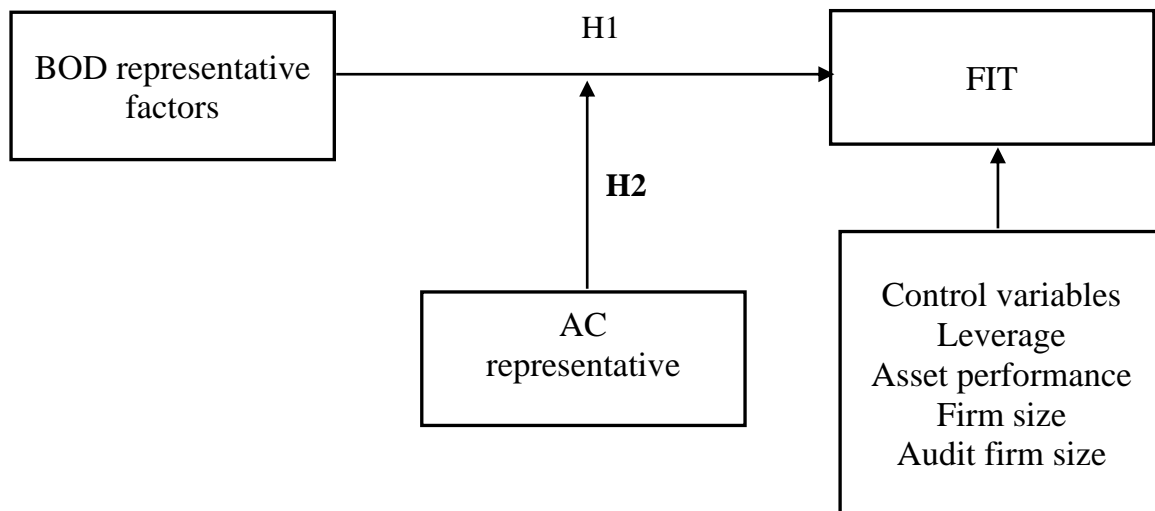
The AC has essential roles in corporate governance and is expected to improve BOD supervision activities, enhance financial reporting quality and operational efficiency, and reduce issues related to information asymmetry and independent auditor objectivity, improving risk management and financial decision-making (Alderman et al., 2011). AC is important because it is responsible for supervising management and internal auditors to reduce financial errors and provide accurate information to protect stakeholders (Alajmi & Worthington, 2023).

The AC supports BOD in providing accurate, relevant, timely, and complete information; therefore, financial statement users have effective opinions and decisions.

Based on other views, if there is enough for organisational BOD but limited management honest financial statements and internal AC or accurate evaluation for AC auditing process, it is challenging for the corporations to maintain information disclosure transparency that improves FIT (Othman et al, 2014). This evidence shows that AC was extended and maintained effectively so that BOD could have a higher FIT. Therefore, the hypothesis is conducted:

**H2:** Audit committee’s representative components have a positive moderated relationship between BOD representative components and FIT.

To conclude, based on previous evidence and hypothesis development, the research model is conducted based on Figure 1:



**Figure 1: Proposed research model**

## Methodology

### Research sample and data

The author collects information on all companies listed on Ho Chi Minh City Stock Exchange (HOSE) and Hanoi Stock Exchange (HNX) from 2012 to 2023, totalling 732 companies. The author chose 2012 because the year beginning this research was 2012, and there was stable Vietnamese macroeconomics and reduced inflation that had been the lowest for 10 years (since 2003). However, there are only 233 listed non-financial companies in Vietnamese markets, including 141 HOSE-listed firms and 92 HNX-listed firms. Companies were excluded from this evidence because of two reasons: Firstly, they were listed after 2012 or had incomplete financial data published during this period. Secondly, the company data sample must be non-financial listed firms. These conditions are applied to maintain a robust, balanced and relevant research data sample. There are a total of 233 listed firms (2,796 observations), including 13 industries.

The distribution of data points across industries is depicted with 233 firms in the sample with 2,796 observations, covering 13 industries with a relatively reasonable proportion of firm-year observations in each sector. Most observations belong to the Construction and Real Estate industry (912 observations, accounting for 36.62%), followed by the manufacturing industry (900 observations, accounting for 32.19%). The lowest number of observations belongs to the Arts, entertainment and recreation sector (12 observations, accounting for 0.43%).

**Research Model**

To achieve the goal of assessing the impact of BOD on the FIT as well as evaluating the AC to moderate the impact of BOD on the FINTPY, the following research models are proposed:

Model 1:  $FIT_{it} = \beta_0 + \beta_1 * BODR_{it} + \beta_2 * FSIZ_{it} + \beta_3 * LEV_{it} + \beta_4 * TAT_{it} + \beta_5 * FAU_{it} + \epsilon_{it}$

Model 2:  $FIT_{it} = \beta_0 + \beta_1 * BODR_{it} + \beta_2 * ACRB_{it} + \beta_3 * FSIZ_{it} + \beta_4 * LEV_{it} + \beta_5 * TAT_{it} + \beta_6 * FAU_{it} + \epsilon_{it}$

In these models, FIT is represented by EA, ES, and LA. Based on previous evidence of Bhattacharya et al. (2003), Nair et al. (2019), used EA, ES, and LA to measure financial inequality. Based on Qian et al. (2015), financial disclosure is opposite with financial inequality. Therefore, companies that have higher EA, ES, and LA demonstrated higher financial inequality and lower financial disclosure transparency.

**Table 1- Variables definitions and measurements**

Code	Variables	Formula	Reference
<b>Dependent variables</b>			
FIT <sub>i</sub>	<i>Financial information transparency</i>		
EA	Earnings Aggressiveness	It demonstrated the level of income overstatement. When EA is higher, the FIT is lower and otherwise, FIT is higher: $EA = (\Delta TA_{it} - \Delta CL_{it} - \Delta CASH_{it} + \Delta STD_{it} - DEP_{it} + TP_{it}) / TA_{(it-1)}$ Where: $\Delta A_{i,t}$ : Change in total asset of firm i from year t to year t-1. $\Delta CL_{it}$ : Change in current liabilities of firm i from year t to year t-1. $\Delta STD_{it}$ : Change in short-term debt of firm i from year t to year t-1. $\Delta CASH_{it}$ : Change in cash and cash equivalent of firm i from year t to year t-1. $DEP_{it}$ : Depreciation of firm i year t. $TP_{it}$ : Tax expenses of firm i year t. $A_{it-1}$ : Total asset of firm i year t-1.	Bhattacharya et al. (2003), Leuz et al. (2003), Nair et al. (2019)
ES	Earnings Smoothing	IT demonstrated adjustment level. When ES is higher, the FIT is lower and otherwise, FIT is higher. $ES = \frac{\sigma(\frac{NI_{it}}{A_{i,t-1}})}{\sigma(\frac{CFO_{it}}{A_{i,t-1}})}$ Where: $NI_{it}$ : Standard deviation of net income $CFO_{it}$ : Standard deviation of cash flow operation	Bhattacharya et al. (2003), Leuz et al. (2003), Nair et al. (2019)
LA	Loss Avoidance	When LA is higher, the FIT is lower and otherwise, FIT is higher	Bhattacharya et al. (2003), Leuz et al. (2003), Nair et al. (2019)

		LA is dummy variable that D=1 if return on asset (ROA) is in range 0-2%, otherwise D=0	
<b>Independent variables</b>			
BODR	BOD representative components	BODR is the representative component based on detailed BOD factors that influenced FIT: $BODR = BSIZ + BIND + BEXP + BWO + BSG + CDU$	
BSIZ	BOD size	BSIZ is dummy variable that reflected BOD sizes, D=1 when firm BOD size is lower than average observation, otherwise D=0.	Meftah et al. (2023),
BIND	BOD independence	BIND is dummy variable that reflected BOD independence level, D=1 when BOD independence percentage is higher than 60% in BOD, otherwise D=0.	Meftah et al. (2023)
BEXP	Financial expertise BOD members	BEXP is dummy variable that reflected BOD financial expertise, D=1 when BOD have at least one member that have financial expertise, otherwise D=0.	Salehi et al. (2022)
BWO	BOD women members	BWO is dummy variable that reflected presenting BOD women members, D=1 when BOD have at least one women member, otherwise D=0.	Salehi et al. (2022)
BSG	BOD stability	BSG is dummy variable that reflected BOD stability, D=1 when there is no change in BOD role for one year, otherwise D=0.	Salehi et al. (2022)
CDU	BOD chairman duality	CDU is dummy variable that reflected the BOD chairman duality and CEO, D=1 when the BOD chairman and CEO is the same member, otherwise D=0.	Meftah et al. (2023)
<b>Moderated variable</b>			
ACRB	Moderated variable of AC and BOD components. It is conducted based on this formula: $ACRB = ACR * BORD$		
ACR	AC representative components		
ACS	AC size	ACS is dummy variable based on numbers of AC members. ACS=1 when the ratio of AC and BOD members is higher than median observation, otherwise, ACS=0	Carcello et al. (2006), Othman et al. (2014)
ACI	Audit Committee independence	ACI is dummy variable demonstrated level of stable AC. ACI=1 if the AC members are 100% independence, otherwise, ACI=0	Carcello et al. (2006), Othman et al. (2014)
ACE	AC financial expertise	ACE is dummy variable demonstrated level of AC financial expertise. ACE=1 when there is at least one AC members have financial expertise, otherwise, ACE=0	Salehi et al. (2022)

<b>Control variables</b>			
FSIZ	Firm size	Logarithm (Total asset)	Meftah et al. (2023)
LEV	Financial leverage	$\frac{\text{Total liabilities}}{\text{Total asset}}$	Mefta et al. (2023)
TAT	Asset performance	$\frac{\text{Net revenue}}{\text{Total asset}}$	Salehi et al. (2022)
FAU	Audit firm size	It is dummy variable that D=1 if corporate firms are audited by Big4 audit firms, otherwise D=0.	Mathuva et al. (2019),

*Source: Authors own compilation.*

## Empirical result and discussions

### Descriptive statistic

**Table 2- Descriptive statistics**

Variable	Obs	Mean	Std. Dev.	Min	Max
EA	2.796	0.012	0.216	-0.912	1.72
ES	2.796	0.814	1.742	0.001	48.391
LA	2.796	0.271	0.445	0	1
BORD	2.796	1.829	0.987	0	5
ACRB	2.796	1.143	1.543	0	10
FSIZ	2.796	27.586	1.623	23.322	34.135
TAT	2.796	0.712	0.459	-0.126	1.998
LEV	2.796	0.466	0.226	0.001	0.992
FAU	2.796	0.173	0.378	0	1

*Source: Research database from Stata 16*

Table 2 demonstrates variable descriptive statistics in this model.

Firstly, with FIT as the dependent variable, there are three components to examine this factor: EA, ES, and LA. Because of the negative relationship between FIT and these three components, when EA, ES, and LA are higher, the FIT is lower. For EA, almost all Vietnamese firms have an aggressive earning rate of nearly 1.2%; however, there are differences in the EA value between Vietnamese listed firms (0.216>0.012).

For ES, almost all Vietnamese firms have adjusted accounts in financial statements or earning smoothing, which is nearly 81.4%, and there are differences in ES value between Vietnamese listed firms (1.742>0.814). For LA, because of the nearly 0.271 average value, almost all Vietnamese firms have loss avoidance, while only 27.1% of Vietnamese listed firms do not.

This factor is conducted based on different BOD components for BOD representative components. With nearly 1.829 for average value, almost all Vietnamese firms completed two components for the BOD factor, and there are no differences between Vietnamese listed firms for BOD components (0.987<1.829). Finally, for the moderated effect of AC, the average value for this factor is nearly 1.143, and there are differences for AC as a moderated effect.

**Correlation analysis and VIF value**  
**Table 3- Pearson correlations and VIF value**

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	VIF
(1) EA	1.000									
(2) ES	-0.160***	1.000								
(3) LA	-0.036*	-0.043**	1.000							
(4) BORD	0.031*	0.007	0.004	1.000						1.223
(5) ACRB	0.025	-0.049***	0.027	0.504***	1.000					
(6) FSIZ	0.097***	0.027	0.049***	-0.008	0.093***	1.000				1.115
(7) TAT	-0.081***	-0.056***	-0.197***	-0.027	-0.040**	-0.196***	1.000			1.045
(8) LEV	-0.021	-0.056***	0.351***	-0.053***	-0.044**	0.293***	0.004	1.000		1.103
(9) FAU	-0.006	0.039**	0.021	0.421***	0.107***	-0.095***	0.014	-0.016	1.000	1.23

\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

*Source: Research findings from Stata 16*

Table 3 shows the results of the correlation and multicollinearity tests, with the correlation coefficient and if value less than 0.5 and less than 2, respectively (except for the correlation between BOD and ACRB, which is quite large but still less than 0.8). These results prove that the variables in the research model do not have a strong correlation, nor does multicollinearity exist.

**Model selection testing**  
**Table 4- Model selection Tests**

Kinds of examination	Model 1			Model 2		
	EA model	ES model	LA model	EA model	ES model	LA model
Hausman	160.97***	58.39***	62.38***	161.95***	56.25***	71.08***
F-test	2.02***	2.32***		2.02***	2.3***	
Heteroskedasticity	22119.67***	1.9e+06***	6.4e+06***	21200***	1.8e+06***	6.7e+06***
Wooldridge	44.599***	20.704***	28.775***	44.225***	20.709***	28.782***
LM test for LA model			343.86***			338.83***

*Source: Research findings from Stata 16*

The research uses panel data, so to ensure enough reliability for the assessment, the authors performed F-tests, LM and Hausman tests to select the most appropriate model among the three Pooled OLS models, the FEM model and the REM model. The test results shown in Table 5 confirm that the most suitable model is the FEM model. After that, the study continued to test heteroscedasticity and autocorrelation with the result that the P- value was less than 5%. This means that the model suffers from heteroskedasticity and autocorrelation. Therefore, to overcome this limitation, the authors used the generalised least squares model (GLS) and the regression estimation results are presented in Table 5.



**Regression results**

**Table 5- Estimating regression using GLS**

Independent variables	EA model		ES model		LA model	
	Model 1	Model 2	Model 1	Model 2	Model 1	Model 2
BORD	0.002	0.0055	-0.03**	-0.014	0.031	0.12
ACRB		-0.0038		-0.016*		0.019
FSIZ	0.01***	0.011***	0.034***	0.035***	-0.11*	-0.11**
TAT	-0.009	-0.009	-0.046	-0.048	-1.46***	-1.46***
LEV	-0.05***	-0.054***	-0.41**	-0.414***	3.18***	3.18***
FAU	-0.021**	-0.023**	0.17***	0.163***	-0.135	-0.122
Constant	-0.27***	-0.286***	-0.113	-0.154	1.34	1.42
Model information						
F-test/Chi-square	39.8	42.28	49.56	53.29	112.62	112.65
p-value	<0.001	<0.001	<0.001	<0.001	<0.001	<0.001
Observations	2.796	2.796	2.796	2.796	2.796	2.796

*Source: Research findings from Stata 16*

Firstly, for the model of the EA and LA, BOD representative components do not influence FIT, and AC representative factors do not have a moderate effect with BOD representative component and FIT according to the fluctuation of EA and LA with  $p\text{-value} > 0.1$  for EA and LA model. Therefore, BOD representative components do not influence the aggressing revenue information and hide net loss income in corporate financial reports. Besides, based on AC as the moderated effect, because there is no relationship between BOD representative components and FIT based on aggressing earning and loss avoidance, there is no moderated effect of AC representative components on the relationship between BOD and FIT. This result also proves that there is no fluctuation for AC of Vietnamese listed firms. Therefore, there is no moderated effect with BOD representative components and FIT. The result for EA and LA models is not consistent with H1 and H2, and some evidence of Haldar and Raithatha (2017) demonstrated the important roles of BOD in maintaining corporate FIT, and evidence of Alderman et al (2011) concluded the essential roles of AC in controlling BOD activities and corporate financial reporting.

Secondly, for the model of the ES, BOD representative components will increase FIT based on reducing earning smoothing according to ES model and is recognised at  $p\text{-value} = 0.05$  with  $\beta < 0$  and  $p\text{-value} < 0.05$ . To explain, financial statements are essential information and signals for managers and investors to understand the corporate situation and reduce bias for investors and managers when they make a decision to invest in corporate firms (Salehi et al, 2022). Therefore, BOD has more expectations for controlling financial information to maintain an accurate company's financial situation or improve the FIT by reducing adjusted accounts in the financial statements. Besides, when BOD can improve abilities to control FIT, the conflicted advantages between insiders and outsiders are reduced, and it also decreases the information asymmetry in corporate financial statements that makes conflicted interests between parties

when financial statement information is transparent and accurate according to information asymmetry and agency theory. (Mathuva et al, 2019). Besides, the stewardship theory is also consistent with this outcome, which explains that BOD has an essential role in controlling firm operations, especially in controlling FIT based on reducing earning smoothing in the financial statements (Nair et al., 2019). The signalling theory is also consistent with this result, which can explore the essential roles of financial statements on BOD members to understand and have more effective decision-making in company situations (Bhimavarapu et al., 2022). This result is consistent with the evidence of Salehi et al. (2022) when they demonstrated the positive impact of BOD representative components on corporate FIT; it is also consistent with assumption H1 in this evidence.

Finally, the AC representative components have a moderated effect of increasing the impact of BOD on reducing earning smoothing or improving FIT and are recognised at  $p$ -value = 0.1 with  $\beta > 0$  and  $p$ -value < 0.1. To explain, when BOD have more behaviours to improve FIT by reducing adjusted accounts in the financial statements, AC has an essential role in supporting BOD members to maintain investor and shareholder advantages when companies publish corporate financial statements that are transparent and accurate. Besides, a financial statement is an important signal that affects investment decisions or increases organisation or shareholder capital. (Salehi et al (2022), therefore, AC expected to help BOD control financial information and maintain shareholder interests and corporate purposes based on controlling accurate and exact financial statements (Alajmi & Worthington, 2023). This result is consistent with agency theory and information asymmetry that AC members have essential roles in reducing individual behaviours from insiders and maintaining advantages for company members and shareholders based on controlling financial statements to reduce earning smoothing (Salehi et al., 2022). It is consistent with hypothesis H2 and some previous evidence from Alderman et al. (2011) and Haldar and Raithatha (2017) to demonstrate the essential roles of AC in controlling corporate information and corporate BOD behaviour.

## **Conclusion**

Nowadays, corporate governance problems, especially for BOD and AC, are also serious corporate problems, and corporate governance, especially for AC and BOD, have essential roles in company operations, especially for corporate information disclosure. Therefore, the research objective of this evidence is to conclude the effect of BOD representative components on FIT and the moderated effect of AC representative components on the relationship between BOD representative components and FIT based on the EA, ES, and LA models.

BOD representative components have only a significant positive impact on FIT, and AC representative components have a moderated effect of increasing the positive impact of the BOD representative component on FIT based on the ES model. This result demonstrates the essential roles of the AC in supporting BOD operations and reducing untransparent corporate financial statements when BOD decides to publish corporate report information.

This evidence's contribution is that it first demonstrated the positive side effects of BOD based on representative components of controlling corporate information and improving financial information. Secondly, this evidence also demonstrated the essential roles of AC in improving FIT and supporting BOD in controlling financial information. For theory contribution, this outcome also explains for agency theory that BOD and AC have essential roles in improving accurate financial information and the roles of AC in controlling corporate financial reporting to reduce conflicted company advantages. Besides, this outcome also supports the signalling theory that financial statements are important company information for understanding accurately business processes and company performance from insiders and outsiders.

However, this evidence's limitation is the research data sample. Because it only collects data from Vietnamese listed firms, the research outcome is not more detailed with all Vietnamese corporate firms. Besides, although some factors can influence FIT, this evidence does not explore them. To further validate these findings, future research should consider expanding the company samples and exploring the generalizability of these representative solutions for BOD and AC across diverse contexts.

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