# The Effect of Accounting Information on Corporate Governance and Performance of Companies Listed on Vietnam's Stock Market

**[1]Vu Thanh Long, [2]Phan Ngoc Toan**

[1]*Vanhien University, Vietnam, long.vt@vhu.edu.vn*
[2]*University Of Economics Ho Chi Minh City, Vietnam, toanpn@ueh.edu.vn*

## Abstract

This study builds and tests a research model for the mediating role of corporate governance in the relationship between accounting information and the performance of the company. The results of data analysis obtained from 336 survey samples in listed companies in Vietnam using Smart PLS software show that accounting information directly affects corporate governance and firm performance. In particular, the research findings have proven that corporate governance partly plays a mediating role in the relationship between accounting information and firm performance. This study also brings theoretical implications as well as managerial implications for listed companies in Vietnam in the process of promoting the use of accounting information in corporate governance in order to increase the firm performance.

**Keywords**: Accounting information; corporate governance; decision making; operational efficiency.

## INTRODUCTION

Research around the world have also studied the effect of accounting information on corporate governance such as the study of William J. Bruns, Jr. (1968) showing how important accounting information is to the companies' decisions. Friederike Wall et al. (2011) argue that accounting information may influence the decision making of executives in two ways: directly as input to decisions or indirectly on the behavior of executives. Tatiana Dânescua et al. (2015) argue that financial accounting and managerial accounting have a decisive role in how executives use this information when making decisions. Dr. Harendra Kariyawasam (2016) shows that accounting information is directly proportional to strategic decision making related to markets and production. Orla Feeney and Bernard Pierce (2016) show the role of accounting information in new product development at the company. Sang-Min Choa and Sun-A Kangb (2017) show that executives of companies with higher quality of accounting information make capital investments more efficiently and executives' decision making better. SP Kothari (2019) shows the governance role of accounting information.

In addition, accounting information affects the performance of the company through studies such as Josep M. Argilks et al. (2003) proving that there is a relationship between the use of financial statements and financial performance. Smt. Bhavna P. Patel (2015) demonstrates how accounting information relates to corporate profits. Peter Cleary (2016) explores and shows that management accounting affects the performance of the company. Michael J. Turnera et al. (2017) show the mediating effect of strategic management accounting and hotel performance.

Corporate governance from the perspective of strategic decision making is a key factor and

has a great effect on the performance of the company. Decision making is an indispensable element of a manager in any type of organization, Nooraie (2012). It is a centralized management activity in all types of business organizations; large and small, private or public, profit or non-profit, Elbanna and Child (2007). Strategic decisions, when acted upon correctly, are an opportunity to reposition and rearrange the organization to be more "fit", Harrison (1996). Accordingly, successful strategic decision-making enables an organization to maintain a competitive position, align its internal operations with the external environment, and survive threats and challenges, meanwile, vice versa, due to their indispensable element in the company, a single, ineffective strategic decision can lead to the downfall of an organization and corporate embarrassment, huge economic loss for stakeholders or even bankruptcy, Mueller et al. (2007). The participation of managers in decision-making aims to create a working environment that looks in the same direction, in which both management and employees voluntarily contribute to improve the performance of the organization, (Noah, 2008). To achieve high business performance, it is essential that business owners provide good and effective strategic business decisions, Rehman, Khalid & Khan (2012).This study helps to supplement a systematic assessment of the effect of accounting information in both aspects of financial accounting information and management accounting information on making strategic decisions related to the market. Market and firm performance including financial and non-financial performance in the context of listed companies in Vietnam that have not been found by the author. From the above analysis, it is shown that the effect of accounting information on corporate governance and performance needs to be studied and clarified so that listed companies in Vietnam have a better perception of accounting, pay more attention to accounting work in order to provide quick, timely and accurate information for executives to make strategic decisions on market segmentation, sales commission strategy, and incentives and strategies to create new products and markets that help improve the firm performance.

## Research Methods

Survey sample information

The list of survey respondents was gathered from two sources: (1) buying addresses of listed companies from Vietstock company; (2) From acquaintances working at securities companies, auditing companies, listed companies. The author removed 2 observed variables and completed the survey from the published preliminary quantitative research, the completed survey was sent directly by the author or sent by acquaintances to the research subjects, the author sent to 500 addresses in total. Every 2 months, the author directly calls or asks acquaintances to remind those who have not answered, 2 times of reminding is done by the author. After the survey period, 362 responses were received by the author (72.4%). 26 invalid answer sheets after review were eliminated, specifically: middle-level managers who worked for less than 3 years with 12 answer sheets, because according to the author with less than 3 years of working experience, the manager is not reliable enough for the survey and the answer sheet coincide with the subjects of 14 answer sheets. Therefore, there were 336 valid answer sheets used for data analysis.

Table 1: *Descriptive statistics (n=336)*

| Criteria | Amount | Ratio |
|---|---|---|
| **Number of years of service** | **336** | |
| 3 -> 5 years | 23 | 6.85% |
| 6 -> 10 years | 81 | 24.11% |
| 11 -> 15 years | 114 | 33.93% |
| Over 15 years | 118 | 35.12% |
| **Working position at the** | **336** | |

| company | | |
|---|---|---|
| senior manager | 118 | 35.12% |
| middle manager | 218 | 64.88% |
| **Number of employees** | **336** | |
| Less than 50 people | 5 | 1.49% |
| From 50 to less than 100 people | 10 | 2.98% |
| From 100 to less than 200 people | 43 | 12.80% |
| From 200 to less than 300 people | 57 | 16.96% |
| Over 300 people | 221 | 65.77% |
| **Capital of the company** | **336** | |
| Under VND 20 billion | 6 | 1.79% |
| From VND 20 billion to less than VND 50 billion | 31 | 9.23% |
| From VND 50 billion to VND 100 billion | 58 | 17.26% |
| Over VND 100 billion | 241 | 71.73% |

According to table 1 number of years of service of respondents in public sectors mainly focus on the group of 11 to 15 years and the group of over 15 years (accounting for 33.93% and 35.12% respectively) which ensures that the respondents can answer the survey questionnaire as they have sufficient experience and practical knowledge. Regarding working positions at the company, there are 118 senior managers (accounting for 35.12%), 218 middle managers including chief/deputy in charge of accounting, heads/deputies of departments and divisions (accounting for 64.88%). Regarding the number of employees at the company, there are 221 companies with over 300 employees (accounting for 65.77%), 57 companies with employees from 200 to less than 300 people (accounting for 16.96%), 43 companies with employees from 200 to under 300 people.

Companies with the number of employees from 100 to less than 200 people (accounting for 12.8%), 10 companies with the number of employees from 50 to less than 100 people (accounting for 2.98%), the remaining 5 companies with the number of employees under 50 employees (accounting for 1.49%). Regarding the company's capital, 241 companies have capital of over VND 100 billion (accounting for 71.73%), 58 companies have capital from VND 50 billion to 100 billion (accounting for 17.26%), 31 companies have capital from VND 20 billion to less than VND 50 billion (accounting for 9.23%), 6 companies have capital from VND 20 to less than VND 50 billion (accounting for 2.98%), the remaining 5 companies with capital of less than VND 20 billion (accounting for 1.79%).

Check the reliability of the measurement

To measure financial accounting information, the author inherits the measurement factor of Ferdy van Beest (2009). Measurement of management accounting information. The author considers the measurement as the useful level of awareness about management accounting information on 4 characteristics (wide range, comprehensive, timely, and synchronous), This measurement was developed by Chenhall & Morris (1986), Adebayo Agbejule (2005). This measurement is used by Vietnamese researchers such as Nguyen Phong Nguyen et al (2016); Tran Thi Yen et al (2019); Le Mong Huyen et al (2020). Measurement of corporate governance from the perspective of decision-making behavior is inherited from Kariyawasam, H (2016) by the author. The author Kariyawasam, H (2016) in his study also inherits the study of Sekaran,u (2006) in which accounting information is the independent variable and the dependent variable is strategic decision making. To measure the performance of many studies using different measurement methods, in this study the author inherits the performance measurement factors of Zahirul Hoque (2011), Zahirul Hoque (2011) based on the performance measurement method developed by Govindarajan (1984), then this measurement method has been used by a number of studies (Abernethy & Stoelwinder (1991); Chenhall

and Langfield-Smith (1998); Govindarajan and Fisher (1990); Hoque and James (2000).

In this study, the author used SmartPLS 3.2.1 software to evaluate measurement models and test hypotheses about direct effects. At the same time, SPSS 20.0 software was used to perform descriptive statistics and preliminary testing of the measurement.

Table 2 presents the results of the evaluation of the measurement for the variables. Accordingly, the combined reliability (CR) of the variables are all higher than 0.70 (from

0.901 to 0.929) and the Cronbach's Alpha (CA) coefficient is both greater than 0.70 (from 0.851 to 0.904), showing that the measurement has a high reliability (Hair et al., 2017). Besides, the measure for the variables in the model also achieves the convergent value because the analysis results show that the load coefficients of all the observed variables are in the range from 0.784 to 0.891, which is larger than the threshold of 0.50 (Hulland, 1999). The average extracted variance (AVE) was higher than the minimum threshold of 0.50 (from 0.6458 to 0.770) (Hair et al., 2017).

Table 2. *Result of evaluating the measurement*

| Measurement | Observed variables | Outer loading | AVE | CR | CA |
|---|---|---|---|---|---|
| Synchronized | Full information on costs and selling prices is provided from departments within the company. | 0.866 | 0.748 | 0.922 | 0.888 |
| | Information of goals is precise for each activity carried out in all divisions within the company | 0.866 | | | |
| | Information regarding the impact of your decisions on the performance of other departments. | 0.863 | | | |
| | Information about the impact of your decisions on your department and the impact of other individuals' decisions on your area of responsibility. | 0.865 | | | |
| Easy to understand | The company's accounting information is presented in a way that is easy to understand. | 0.844 | 0.728 | 0.915 | 0.876 |
| | The company uses graphs and tables to clarify the presented accounting information. | 0.856 | | | |
| | The company's accounting information uses language and accounting terms that are easy to understand. | 0.856 | | | |
| | The company's accounting information includes a full glossary of terms. | 0.857 | | | |
| Timely | Information is provided immediately upon request by the managers. | 0.849 | 0.741 | 0.92 | 0.884 |
| | Information is provided automatically to the managers when it is entered into the information system or immediately after the processing is complete. | 0.856 | | | |
| | There is no delay between an event occurring and related information being reported to the managers. | 0.873 | | | |
| | Reports are provided systematically, regularly, e.g. daily report, weekly report. | 0.865 | | | |
| Fit | Does accounting information show users the company's future expectations and projections? | 0.835 | 0.712 | 0.908 | 0.865 |
| | Does the company's accounting information provide information about the company's business | 0.843 | | | |

| | | | | | |
|---|---|---|---|---|---|
| | opportunities and risks? | | | | |
| | Does the company use fair value instead of cost? (items whose value fluctuates frequently with market prices) | 0.850 | | | |
| | Does accounting information provide users with market volatility and significant transactions affecting the company? | 0.846 | | | |
| Non-financial | New product development | 0.803 | | | |
| | Market development | 0.822 | | | |
| | Research and development | 0.797 | 0.667 | 0.909 | 0.875 |
| | Cost reduction | 0.823 | | | |
| | Employee Development | 0.839 | | | |
| Wide scope | Forward-looking information (if historical information is most useful to you, please tick the small number, for example #1) | 0.857 | | | |
| | Non-financial information related to production and market information, such as market share growth rate, etc. (If you find that there is a need for the company to use only financial information, please tick a small number) | 0.814 | 0.715 | 0.91 | 0.867 |
| | Non-financial information, such as consumer preferences, relationships, government attitudes and consumer associations, competitive threats. | 0.851 | | | |
| | Information about macro factors, such as economic conditions, *population* growth, technological development, etc. | 0.861 | | | |
| Company manager | Accounting information is used to develop marketing strategies | 0.790 | | | |
| | Accounting information is used in the development of advertising and promotional strategies | 0.784 | | | |
| | Accounting information is used in decisions regarding market segmentation, market targeting and positioning. | 0.810 | 0.645 | 0.901 | 0.863 |
| | Accounting information is used in decisions regarding sales commissions and incentives | 0.807 | | | |
| | Accounting information is used in decisions regarding new product development and markets | 0.826 | | | |
| Comparison | Accounting information that discloses the change in accounting policy and explains the significance of the change. | 0.846 | | | |
| | Accounting information with a note about the modification in the accounting estimate and an explanation of the meaning of the modification. | 0.853 | | | |
| | The company provides a table comparing the results of the current accounting period with previous accounting periods. | 0.845 | 0.723 | 0.929 | 0.904 |
| | Accounting information in a company's financial statements is easily compared with information provided by other companies in the same industry. | 0.848 | | | |
| | The company has presented many financial indicators in its annual reports, making it easy to compare with previous periods. | 0.859 | | | |

| Finance | Profit | 0.817 | 0.668 | 0.909 | 0.875 |
|---|---|---|---|---|---|
| | Market share | 0.826 | | | |
| | ROI | 0.849 | | | |
| | Revenue growth rate | 0.804 | | | |
| | Cash flow from operations | 0.788 | | | |
| Integratio n | Information in the forms, allowing managers to conduct analysis if needed. | 0.872 | 0.770 | 0.909 | 0.851 |
| | Information on the effects of events over specific time periods (e.g. monthly/quarterly/annual summaries, trends, comparisons, etc.) | 0.891 | | | |
| | Information in the forms is suitable for decision-makers (such as: a discounted cash flow analysis or an analysis of cost increase in an option) | 0.869 | | | |
| Fairness | Does the company's accounting information explain and clarify accounting assumptions and estimates? | 0.849 | 0.719 | 0.928 | 0.903 |
| | Does the company's accounting information clearly explain the choice of accounting principles? | 0.856 | | | |
| | Does the company's accounting information provide sufficient information about positive as well as negative events? | 0.850 | | | |
| | Are the company's annual audit conclusions clear? | 0.851 | | | |
| | Accounting information provides complete information on corporate governance matters. | 0.834 | | | |

**Testing the discriminant validity of the measurement**

To test the discriminant validity of previous studies, the square root (AVE) of Fornell and Larcker (1981). Henseler et al. (2015) developed the HTMT that was developed for better discriminant validity assessment.

Firstly, the bold numbers at the top of each column of Table 3 (AVE) range from 0.803 to 0.878 and are all greater in the same column in the range from 0.160 to 0.566 (correlation coefficients of latent variables). Therefore, the Fornell-Lacker criteria were satisfied, ensuring the discriminant validity of the measurement.

Secondly, for the next cross loading, it shows that the factor loading factors are all > 0.5 (range from 0.784 to 0.891) all of which are greater than the cross loading factor. Thus, all variables in the model have discriminant validity.

Thirdly, the coefficient of HTMT (the italic section in table 3) is used last, Garson (2016) said that HTMT < 1 then two latent variables ensure discriminant validity. However, Henseler et al (2015) suggest that this index should be less than the threshold of 0.90. Table 3 shows that there are discriminant values in the scale of variables in the survey model. It is because the HTMT coefficients are all less than 0.9 and range from 0.185 to 0.646.

Table 3: *Correlation matrix to evaluate the discriminant validity of the scale*

| | DB | DH | KT | PH | PTC | PVR | QTCT | SS | TC | TH | TT |
|---|---|---|---|---|---|---|---|---|---|---|---|
| DB | **0.865** | | | | | | | | | | |
| | | | | | | | | | | | |
| DH | 0.535 | **0.853** | | | | | | | | | |
| | *0,608* | | | | | | | | | | |
| KT | 0.467 | 0.538 | **0.861** | | | | | | | | |

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | *0,526* | *0,610* | | | | | | | | | |
| PH | 0.508 | 0.531 | 0.422 | **0.844** | | | | | | | |
| | *0,579* | *0,611* | *0,482* | | | | | | | | |
| PTC | 0.291 | 0.302 | 0.273 | 0.321 | **0.817** | | | | | | |
| | *0,330* | *0,346* | *0,312* | *0,369* | | | | | | | |
| PVR | 0.503 | 0.541 | 0.458 | 0.473 | 0.31 | **0.846** | | | | | |
| | *0,573* | *0,620* | *0,523* | *0,546* | *0,355* | | | | | | |
| QTCT | 0.394 | 0.324 | 0.313 | 0.342 | 0.482 | 0.36 | **0.803** | | | | |
| | *0,449* | *0,374* | *0,360* | *0,395* | *0,551* | *0,415* | | | | | |
| SS | 0.482 | 0.503 | 0.444 | 0.433 | 0.284 | 0.486 | 0.372 | **0.85** | | | |
| | *0,537* | *0,565* | *0,496* | *0,489* | *0,319* | *0,547* | *0,421* | | | | |
| TC | 0.212 | 0.164 | 0.24 | 0.268 | 0.566 | 0.22 | 0.401 | 0.209 | **0.817** | | |
| | *0,240* | *0,187* | *0,273* | *0,309* | *0,646* | *0,254* | *0,458* | *0,235* | | | |
| TH | 0.524 | 0.492 | 0.509 | 0.471 | 0.283 | 0.475 | 0.306 | 0.535 | 0.16 | **0.878** | |
| | *0,602* | *0,571* | *0,587* | *0,548* | *0,328* | *0,552* | *0,358* | *0,609* | *0,185* | | |
| TT | 0.469 | 0.514 | 0.482 | 0.432 | 0.292 | 0.439 | 0.362 | 0.509 | 0.19 | 0.469 | **0.848** |
| | *0,522* | *0,575* | *0,538* | *0,488* | *0,329* | *0,495* | *0,411* | *0,563* | *0,212* | *0,535* | |

(DB: synchronous; DH: easy to understand; KT: timely, PH: relevant; PTC: non-financial; PVR: wide-ranging; QTCT: corporate governance; SS: comparative; TC: financial; TH: integrated; TT: Fair)

In summary, the collected data can be well applied to test the research hypothesis. Because of the reliability, the convergent value as well as the discriminant validity of the scales are proven and guaranteed.

Evaluation on the fit of the model

According to Hair et al. (2019), multicollinearity will not appear if VIF<3. Table 4 shows that the independent variables do not suffer from multicollinearity problem and the model is suitable. Because the VIF value in the largest model is 1.283 (all less than 3). Besides, the R2 values (bold numbers in table 4) are all greater than 0.1 and in the range froom 0.221 to 0.278, Hair et al (2019). It shows that the research model is consistent with data collected from companies listed on the Vietnamese stock market.

Table 4: VIF and R2

| | Dependent variable | |
|---|---|---|
| **Independent variables** | **Performance** | **Corporate governance** |
| Corporate governance | 1.283 | |
| Accounting information | 1.283 | 1.000 |
| **R $^2$** | **0.278** | **0.221** |

**Results of testing the research hypotheses**

Results of testing hypotheses about direct effects

To look at the direct relationship, the author used Bootstrapping with a sample size of 5,000.

The corresponding composition of the dependent variable on performance is tested, with the hypothesis H1 that corporate governance is directly affected by accounting information. This hypothesis is accepted from the research results because $\beta = 0.470$, T Values = 9.802 >1.96; P Values = 0.000 < 0.05.

The model of the corresponding component of the dependent variable on performance is tested with the hypothesis H2 that the performance is directly affected by accounting information ($\beta = 0.191$, T Values = 3.945>1.96, P Values = 0.000 < 0.05) and the hypothesis H3 that the direct effect of corporate governance on performance ($\beta = 0.410$, T Values = 9,520 > 1.96; P Values = 0.000 < 0.05). From Table 5, it is shown that both hypotheses are accepted and it shows that accounting information has the strongest effect on corporate governance, followed by the effect of corporate governance on performance and finally on corporate governance. The effect of accounting information on performance (Normalized Impact Factor).

Table 5: Test results on direct effects.

| Hypothesis | Relationship | Original Sample (O) | Standard Deviation (STDEV) | T Values | P Values | Result |
|---|---|---|---|---|---|---|
| H1 | Accounting information -> Corporate Governance | 0.470 | 0.048 | 9.802 | 0.000 | Accepted |
| H2 | Accounting information -> performance | 0.191 | 0.08 | 3.945 | 0.000 | Accepted |
| H3 | Corporate Governance -> Performance | 0.410 | 0.043 | 9.520 | 0.000 | Accepted |

The results of testing the hypothesis on indirect effects

Testing indirect effects

The author used the four-step process proposed by Baron and Kenny (1986) to test for mediated effects.

In step 1, the author tests the effect of the independent variable on the dependent variable. Table 4.30 shows that accounting information (independent variable) has a positive effect on performance (dependent variable) because there is a effect coefficient of $\beta = 0.191$ and the P Values < 0.05.

In step 2, the author tests that the intermediate variable is influenced by the independent variable, Table 4.31 shows that the independent variable of accounting information has a positive effect on the variable of corporate governance, we see that the effect coefficient is $\beta = 0.470$ and the P Values < 0.05.

In step 3, the author tests that the dependent variable is influenced by the intermediate variable, Table 4.32 shows that the intermediary variable corporate governance has a positive effect on the dependent variable of performance because it has an effect coefficient of $\beta = 0.410$ and P Values < 0.05.

- In step 4, the author firstly examines the specific indirect effects: consider the indirect influence from accounting information on the performance through the intermediary variable of corporate governance. The results in Table 4.33 show that the separate indirect effect has a P Value of less than 0.05. Thus, corporate governance plays an intermediary role in the effect of accounting information on performance, with the regression coefficient of the indirect effect of accounting information -> corporate governance -> performance of 0.193.

- Next, the author examines the total indirect effects: in general, the indirect effects of

accounting information on the performance of the intermediate variable. The combined indirect effects will be equal to the sum of all the separate indirect effects. The research model has only one intermediate variable, so the total indirect effects is the same as the separate indirect effect. In Table 4.34, it shows that the combined indirect effect from accounting information → performance has P Value equal to 0.000 < 0.05. Thus, there exists an indirect effect from accounting information on performance.

Table 6: *Test results*

| Effects | Original Sample (O) | Standard Deviation (STDEV) | T Values | P Values |
|---|---|---|---|---|
| Accounting information -> Performance | 0.191 | 0.048 | 3.945 | 0.000 |
| Accounting information -> Corporate Governance | 0.470 | 0.048 | 9.802 | 0.000 |
| Corporate Governance -> Performance | 0.410 | 0.043 | 9.520 | 0.000 |
| **Specific Indirect Effects** | | | | |
| Accounting information -> Corporate Governance -> Performance | 0.193 | 0.194 | 0.029 | 6.702 |
| **Total Indirect Effects** | | | | |
| Accounting Information -> Performance | 0.193 | 0.194 | 0.029 | 6.702 |

Additional test for indirect effects

Using the Bootstrapping method with a sample size of 5,000, the Confidence interval (CI) and Variance accounting for (VAF) were calculated to confirm the intermediate effects confirmed in the previous steps. The results of Bootstrapping with a sample size of 5,000 were compiled by the author (table 7).

Table 7: *Results of additional test for indirect effects*

| Independent- intermediary-dependent variable | Original Sample (O) | CI | VAF |
|---|---|---|---|
| Accounting Information -> Corporate Governance -> Performance | 0.193 | 0.141 -0.254 | 0.5039 |

CI is from 0.141 to 0.254, so the CI interval does not include zero (table 7), from which the author concludes again that there exists an indirect effect of accounting information on the performance, Hair & et al (2016). The VAF (variance accounted for) determines the value of an indirect effect relative to the total effects (that is, direct effects + indirect effects), Hair et al (2016). VAF = 50.39% ranging from 20% to 80% indicates a partial mediating effect of corporate governance in the effect of accounting information on performance. This also shows that accounting information has an indirect and direct effect on performance.

**Discussion of research findings**

Effect of accounting information on corporate governance

The results of hypothesis testing H1 are accepted, showing that the intermediate variable of corporate governance has a positive effect on the independent variable of accounting information, because it has an effect coefficient of $\beta = 0.470$ and P Values < 0.05, this contributes to the fact that accounting information is an essential reference information for specific corporate governance in terms of implementing decisions of managers. The research results are consistent with the research of Friederike Wall, Dorothea Greiling (2011; Dima, FC (2020) ORU, SS

(2020) studies that suggest that accounting effectively distributes information for all levels of management to perform. Accounting information can influence managers' decision making in two ways: directly as input to decisions or indirectly by influencing the behavior of managers. Compared with the research William J. Bruns, Jr. (1968); Robert M. Bushman, Abbie J. Smith (2003); Will Seal (2006); Gardi, B. (2021) only study about financial or management accounting information that affects management decisions, strengthens input for CEOs to establish better business strategies. Compared with these studies, the author's research has measured accounting information more clearly, the measured accounting information includes financial accounting information and management accounting information. Realistic, understandable, comparable, wide-ranging, timely, integrated, and uniform accounting information are the real essentials of decision-making by managers. These factors are important and closely related characteristics in the decision making of the managers. Research suggests that accounting information is most important to inform executives, and the information provided is useful if it is easy to understand for users.

The analysis shows the important characteristics of accounting information to help managers in companies make strategic decisions. Accordingly, managers at companies on the Vietnam's stock market can use both financial accounting information and management accounting information to get full effective and strategic accounting information. Therefore, accounting information is considered an essential and indispensable tool for all managers at companies, helping companies survive and develop in a competitive and volatile business environment nowadays.

Effect of accounting information to performance

Test results of hypothesis H2 which is the effect of accounting information on performance (with β = 0.191, T Values = 3.945>1.96, P Values = 0.000 < 0.05),

hypothetical results H2 is statistically significant, showing that accounting information has a positive effect on performance. This study and the study of Smt. Bhavna P. Patel (2015) is quite similar, the study has evaluated the effectiveness of accounting information in making decisions from many different aspects such as better decision managers, quality of financial statements. The main and effective internal control are improved, implementation measures are strengthened, financial transaction processes are facilitated, and the organization's profits are enhanced. Also the study of Lokman Mia, Brian Clarkef (1999); Josep M. Argilks, E. John Slop (2003); Peter Cleary (2016); Deliana, D., Siregar, DA, & Rahman, A. (2020) also show that accounting information (studies that only consider financial accounting information or management accounting information) enhance financial performance or improve corporate performance, this finding is partially compatible with the author's study. Because the author considers accounting information both in terms of financial accounting information and management accounting information in addition to previous studies looking at financial performance, the study of the author also considers non-financial performance aspects.

The effect of corporate governance on performance

The test results of Hypothesis H3 which is the effect of corporate governance on performance (β = 0.410, T Values = 9.520 > 1.96; P Values = 0.000 < 0.05), Hypothesis H3 is accepted from the given results. This confirms that corporate governance in terms of strategic decision-making by executives has a positive effect on firm performance, which is consistent with the study of Abubakar, AM, Elrehail, H. et al. (2019); Hamzeh M. Alhawamdeh et al. (2019) argue that rational decision making is an indispensable factor for the company, strategic decision making plays an important role in the effective operation of the organization. The results achieved by executives when making strategic decisions will be greatly influenced by surrounding factors. Therefore, the executives need to have support from the company system,

especially the accounting department, to help convey timely information to the executives to make reasonable decisions, increasing performance. Therefore, organizational performance must be in line with the making of strategic decisions.

The mediating effect of corporate governance in the indirect effects of accounting information on performance

Corporate governance acts as a partial mediator for the indirect effect of accounting information on the firm performance. This result is a new point for domestic and foreign studies that the author has access to.

In addition, this result is also supported by Smt. Bhavna P. Patel (2015). According to the author, accounting information is effective in decision making from many different perspectives such as better decision managers, improved financial reporting quality, and enhanced measures, facilitating financial transaction processes and helping to improve organizational profitability. Along with that, Tu Thanh Hoai et al. (2022) explained the role of management accounting information and accounting capacity to enhance the contribution of accountants in making strategic decisions to enhance business performance.

## Conclusion

The purpose of the study is to build and test a research model that affects the corporate governance and performance of listed companies, in addition, the study also considers the effect of corporate governance on performance and the intermediary role of corporate governance of companies listed on the stock market in Vietnam. Thereby the author contributes implications for executives at these companies. Accordingly, the study considered and dealt with four specific research objectives as follows: (1) verifying and quantifying the intensity of the direct effects of accounting information on corporate governance (aspect of decision-making) (2) validating and quantifying the direct effects of accounting information on the firm

performance. (3) validating and quantifying the intensity of the direct effects of corporate governance (aspect of decision-making) on firm performance. (4) validating and quantifying indirect effects of accounting information on firm performance through corporate governance. Specific research objectives are expressed through four questions. From the questions, the author has developed four hypotheses based on the foundation theories and overview to form the model considered in the research. A mixed research method (quantitative and qualitative) is used by the author to solve the set objectives. The qualitative method was conducted first to clarify the appropriateness of each proposed relationship in the research model when associated with practice and the appropriateness of the scale of the variables in the model when associated with the situation of listed companies in Vietnam. ¬The study gives evidence that (1) accounting information has a direct and positive effect on corporate governance; (2) accounting information has a direct and positive effect on performance; (3) corporate governance has a direct and positive effect on performance. Verification of the indirect relationship hypothesis reveals a partial mediating effect of corporate governance on the effect of accounting information on performance. This also shows that accounting information has both direct and indirect effects on performance.With the research results achieved, the study has made theoretical and practical contributions to listed companies in Vietnam. In addition, some implications for management in listed companies in Vietnam are provided from the research results.

## References

[1] Osman Gürbüz', Aslı Aybars, Özlem Kutlu (2010). Corporate Governance and Financial Performance with a Perspective on Institutional Ownership: Empirical Evidence from Turkey. The international journal of business in society, Vol.12 Iss 4, pp. 388 - 400.

[2] Benjamin E. Hermalin, Michael S. Weisbach (2007) . Transparency and

Corporate Governance. National bureau of economic research, January 2007.

[3] Bruns, W. J. (1968). Accounting information and decision-making: some behavioral hypotheses. The Accounting Review, 43(3), 469-480.

[4] Chenhall, R. H., & Morris, D. (1986). The impact of structure, environment, and interdependence on the perceived usefulness of management accounting systems. Accounting Review, 61(1), 16-35

[5] Cleary, P. (2015). An empirical investigation of the impact of management accounting on structural capital and business performance. Journal of Intellectual Capital.

[6] Dr. A. A. Azeez (2015) . Corporate Governance and Firm Performance: Evidence from Sri Lanka. Journal of Finance and Bank Management, June 2015, Vol. 3, No. 1, pp. 180-189.

[7] Dr. Daw Hla, Susan Peter Teru (2015). Efficiency of Accounting Information System and Performance Measures – Literature Review. International Journal of Multidisciplinary and Current Research, Vol.3, Sept/Oct 2015.

[8] Elbanna, S., Child, J. (2007), Influences on strategic decision effectiveness: Development and test of an integrative model. Strategic Management Journal, 28, 431-453

[9] Feeney, O., & Pierce, B. (2016). Strong structuration theory and accounting information: an empirical study. Accounting, auditing & accountability journal.

[10] Ferdy van Beest, Geert Braam and Suzanne Boelens (2009). Quality of financial reporting: measuring qualitative characteristics. Nice working paper 09 – 108.

[11] Ferdy van Beest, Geert Braam (2013). Conceptually-Based Financial Reporting Quality Assessment. An Empirical Analysis on Quality Differences Between UK Annual Reports and US 10-K Reports. Nice working paper 13 – 106.

[12] Gacheru, F. A. I. T. H. (2017). Effect of Financial Accounting Information Quality on Decision Making: a Survey of Public Benefit Organizations in Nairobi County.

[13] Hair, J. F., Risher, J. J., Sarstedt, M., et al., (2019). When to use and how to report the results of PLS-SEM. European Business Review, 31(1), 2–24.

[14] Hair, J., Sarstedt, M., Hopkins, L., & Kuppelwieser, V. (2014). Partial least squares structural equation modeling (PLS-SEM): An emerging tool in business research. European Business Review, 26(2), 106–121.

[15] Harrison, F. (1996), A process perspective on strategic decision-making. Management Decision, 34(1), 46-53.

[16] Humera Khatab, Maryam Masood, Khalid Zaman, Sundas Saleem, Bilal Saeed (2010). Corporate Governance and Firm Performance: A Case study of Karachi Stock Market. International Journal of Trade, Economics and Finance, Vol.2, No.1, February, 2011 2010-023X.

[17] James A. Hall (2011). Accounting Information Syatem. South- Western.

[18] Jennifer L. Wang, Vivian Jeng, Jin Lung Peng (2007). The impact of corporate governance structure on the efficiency performance of insurance companies in Taiwan. The International Association for the Study of Insurance Economics, 1018-5895/07

[19] Kariyawasam, H. (2016). Relationship between Accounting Information and Decision Making in the Sri Lankan Manufacturing Sector.

[20] Nazli Anum Mohd Ghazali (2010). Ownership structure, corporate governance and corporate performance in Malaysia. International Journal of Commerce and Management, Vol. 20 Iss 2, pp. 109 - 119.

[21] Nooraie, M. (2012), Factors influencing strategic decision making processes. International Journal of Academic Research in Business and Social Sciences, 2(7), 405-429.

[22] Rehman, R.R. Khalid, A. & Khan, M. (2012) Impact of Employee Decision Making Styles on Organizational Performance: In the Moderating Role of Emotional Intelligence; World Applied Sciences Journal, 17(10): pp. 1308-1315

[23] Santos, J. B., & Brito, L. A. L. (2012). Toward a subjective measurement model for firm performance. BAR-Brazilian Administration Review, 9(SPE), 95-117.

[24] Seal, W. (2006). Management accounting and corporate governance: An institutional interpretation of the agency problem.

Management Accounting Research, 17(4), 389-408.

[25] Smt. Bhavna P. Patel (2015). Effects of accounting information system on Organizational Profitability. International Journal of Research and Analytical Reviews, volume 2, issue 1, jan.- march 2015.