

## Review of Doctoral Thesis

Title of doctoral thesis:

### **Influence of Concentration Ownership Structure on Accounting Conservatism Adoption: Case of Vietnam**

Author: **Le Tuan Bach**

Supervisor: **prof. Dr. Ing. Drahomíra Pavelková**

#### **Topic relevancy**

Author clearly explains the relevancy of the chosen research topic, the conservatism adoption. The author points out, among other arguments, these important drivers, which influenced him to choose the research topic

- Investors' doubts about the quality of financial information in Vietnam
- Mixed evidence for the impact of state ownership on accounting conservatism
- Research gap, as previous studies concerned solely economies with dispersed ownership

The author clearly presents the current state of knowledge into the relationship between concentration ownership and accounting conservatism adoption and brings new finding based on his research.

#### **Thesis aims**

The author correctly identifies the research gap in the relevant literature and, based on these findings, proceeds to set up appropriate aims of his work. The main objectives of the research thesis are listed in two places. To quote: *to investigate "the relationship between accounting conservatism and concentration ownership in a transition country"* (pp. 12) and *to examine "the aspect of the relationship between corporate governance mechanism and financial information quality"* (pp. 38). Despite the fact, the author uses different wording in each place, I consider the research aim to be identical. This is further evidenced in the formulation of research questions (4 main research questions), six partial goals, and eight hypotheses.

I highly appreciate the author's effort to lay appropriate and deep theoretical foundations in order to formulate the research questions and partial goals.

#### **Research methodology**

Author applies both the quantitative and qualitative methods to conduct the study. Among the quantitative methods are descriptive statistic methods, correlational and regression analysis. Qualitative part of the research is conducted using an expert consultation method. The author studies the data of publicly traded companies listed on the Vietnamese stock exchanges within the period of 2005-2015. The cleaned, final data sample consists of 2,583 companies observations spanning over eleven years.

Author tests the hypotheses using a number of created statistical models. The author should clearly explain the origin of variables used. Specifically, **distinguish between novel variables invented by the author and those adopted from previous research.**

The final part of the research methodology contains the conceptual framework of presented doctoral research, where the author explains the procedure for conducting the research.

The research methodology (explained in section four) is coherent and serves as solid foundations for the author to test his hypotheses and answer the research questions.

### **Scientific contribution of the research and applicability of the results**

The conducted research definitely has scientific merit and contributes to understanding of the research topic. Main findings of the thesis are:

- Compilation of previous findings in the research area (types of accounting conservatism, conservatism measures, relationship of concentration ownership and accounting conservatism adoption, benefits of accounting conservatism adoption to investors and other users of financial statement)
- The finding that Vietnamese firms adopt accounting conservatism in their financial reporting, especially over the post-credit crunch period
- Additional support for the significant impact of the financial information disclosure on accounting conservatism adoption
- The finding negative association of the accounting conservatism adoption with both state and foreign ownership.

The research results may serve as a base for further deeply research, especially in studying the relationship of concentrated foreign ownership and accounting conservatism adoption.

The results of the thesis may also be useful for Vietnamese authorities involved in making regulation changes for corporate governance and quality of financial information.

### **Formal aspects of the thesis**

The thesis follows required structure of a doctoral thesis. The writing style is satisfactory. The literature overview is extensive (145 references) and well researched. The number of figures and tables is adequate.

The author also discusses limitations of the results.

### **Author's publication activity**

The list of the author's publications consist of eight titles; two of them in journals incorporated in the WoS database. The most frequent topic of his publications is the accounting conservatism.

I confirm that the author's publication activity is relevant to the study and meets requirements of a doctoral study programme.

### Questions to be answered:

1. As you mentioned, the previous research studies found out that foreign ownership is positively associated with accounting conservatism. The results of your research of the Vietnamese economy do not corroborate these findings. As an explanation of this discrepancy you state, quote: *Foreign ownership is not large enough to influence the management of firms* (p. 93).

In your opinion, at what point do you deem the foreign ownership to be “large enough” in order to lead foreign investors to monitor/lead managers to the adoption of accounting conservatism?

2. According to the previous finding, quote “*the firms with accounting conservatism-adopted financial reporting tend to have higher future probability*” [sic] (p. 69). You claim that many Vietnamese firms have adopted accounting conservatism, especially over the post-credit crunch period. Had the profitability of Vietnamese firms changed during the analysed period? Are there any significant differences, across various sectors, in profitability and in the level of accounting conservatism adoption?

### Conclusion

The presented doctoral thesis confirms to the standards expected at a PhD level study. The results of the thesis may be useful for the Vietnamese authorities and may also be developed in further research. Based on the presented results I can confirm that the author fulfilled his research objectives.

For the reasons stated above, I fully recommend the thesis to be defended by the author. After the successful defense, **I recommend awarding the author with the degree of Doctor of Philosophy (PhD).**

Brno, 28 November 2018



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