“Financial reporting quality, financial constraints, and firm value: Evidence from Vietnam”

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ARTICLE INFO	Tran Thi Thu Huyen and Dang Ngoc Hung (2026). Financial reporting quality, financial constraints, and firm value: Evidence from Vietnam. *Accounting and Financial Control*, *7*(1), 104-115. doi:10.21511/afc.07(1).2026.09
DOI	http://dx.doi.org/10.21511/afc.07(1).2026.09
RELEASED ON	Tuesday, 16 June 2026
RECEIVED ON	Thursday, 19 February 2026
ACCEPTED ON	Thursday, 04 June 2026

JOURNAL	"Accounting and Financial Control"
ISSN PRINT	2543-5485
ISSN ONLINE	2544-1450
PUBLISHER	LLC “Consulting Publishing Company “Business Perspectives”
FOUNDER	Sp. z o.o. Kozmenko Science Publishing

NUMBER OF REFERENCES	NUMBER OF FIGURES	NUMBER OF TABLES
41	0	4

BUSINESS PERSPECTIVES

LLC "CPC "Business Perspectives"
Hryhorii Skovoroda lane, 10,
Sumy, 40022, Ukraine

www.businessperspectives.org

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FINANCIAL REPORTING QUALITY, FINANCIAL CONSTRAINTS, AND FIRM VALUE: EVIDENCE FROM VIETNAM

Abstract

This study examines the impact of financial reporting quality on firm value in the emerging market of Vietnam and tests the moderating role of financial constraints. Using a panel dataset of 5,654 firm-year observations from non-financial companies listed on the Vietnam Stock Exchange over the period 2016–2024 (excluding firms in the financial, banking, and insurance sectors, as well as observations with missing data or extreme outliers), and applying accrual-based measurement models, the empirical results reveal a finding that contrasts with traditional theory of the direct relationship: financial reporting quality negatively affects firm value, implying that greater transparency eliminates overly optimistic market valuations. However, the core contribution of the study lies in demonstrating the conditional nature of this relationship through signaling theory, whereby financial constraints act as a positive moderator that reverses the effect of financial reporting quality. Specifically, for firms facing substantial financial frictions, improving information quality becomes an important mechanism for reducing the cost of capital and enhancing valuation. Accordingly, the study resolves the theoretical gap concerning inconsistent prior evidence and confirms that the value of transparency is concentrated primarily among firms with limited access to external financing.

Keywords financial reporting quality, financial constraints, firm value, signaling theory, Vietnam

JEL Classification M41, G32, D82

Type of the article: Research Article

Received on: 19th of February, 2026
Accepted on: 4th of June, 2026
Published on: 16th of June, 2026

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Conflict of interest statement:
Author(s) reported no conflict of interest

INTRODUCTION

In the context of a modern market economy, financial reporting quality (FRQ) functions as a crucial governance mechanism to mitigate information asymmetry between managers and shareholders (Jensen & Meckling, 1976; Healy & Wahlen, 1999). Traditionally, higher FRQ is theorized to reduce information risk and uniformly enhance firm value (Bushman & Smith, 2001; Francis et al., 2004; Gaio & Raposo, 2011). However, the applicability of this traditional paradigm in emerging and transitional markets presents a persistent scientific problem. Empirical observations from these economies reveal profound anomalies, often exhibiting negative or fragmented associations between transparency and firm valuation rather than the expected linear growth (Hutagaol-Martowidjojo et al., 2019; Garanina, 2024). This theoretical inconsistency suggests that the valuation role of FRQ is not universally unconditional but rather a complex mechanism governed by specific institutional and financial frictions, particularly in bank-dependent economies where informational transparency is constrained (Leuz et al., 2003).

The urgency of addressing this theoretical conflict is particularly pronounced in emerging markets like Vietnam, where enterprises fre-

http://dx.doi.org/10.21511/afc.07(1).2026.09

quently confront severe financial constraints and systemic barriers to external financing (Khan & Shoaib, 2024; Thanh Dong et al., 2025). Although the direct implications of FRQ have been documented in the literature (Dang & Tran, 2020; Dang et al., 2020a), the fundamental scientific problem remains unresolved: there is a critical lack of understanding regarding how severe financial frictions fundamentally alter market behaviors and dictate the signaling efficacy of accounting information. Therefore, the core scientific problem formulated herein is the necessity to reconcile the stark divergence between traditional information risk models and actual valuation mechanisms in imperfect capital markets. Specifically, the prevailing problem is evaluating how strict financial constraints act as a boundary condition that governs the transmission between financial reporting transparency and corporate valuation.

1. LITERATURE REVIEW AND HYPOTHESES

1.1. Theoretical foundations: Agency, information asymmetry, and signaling theories

The theoretical framework governing the relationship between FRQ and corporate valuation is inherently grounded in agency theory and information asymmetry theory. According to Jensen and Meckling (1976), the separation of ownership and control inherently generates agency conflicts, where managers may prioritize opportunistic behaviors over shareholder wealth maximization. This moral hazard is exacerbated by information asymmetry (Akerlof, 1970), which creates an environment where external investors cannot perfectly observe managerial actions or the true economic condition of the firm. To mitigate these frictions, high-quality financial reporting serves as a critical monitoring mechanism that constrains opportunistic earnings management and enhances contractual efficiency (Healy & Wahlen, 1999; Dechow et al., 2010). Furthermore, signaling theory (Spence, 1973; Connelly et al., 2011) provides a complementary perspective on how firms actively navigate information asymmetry. Under this paradigm, high-quality firms have a strategic incentive to differentiate themselves from "lemons" by issuing credible signals to the market. In the context of capital markets, transparent and high-quality accounting information functions as a costly, observable signal that reduces investor uncertainty, thereby fundamentally altering the firm's cost of capital and valuation dynamics (Lambert et al., 2007).

1.2. The direct impact of FRQ on firm value: Traditional paradigm vs. emerging market anomalies

Within developed economies, the literature predominantly supports a traditional, linear paradigm: higher FRQ reduces information risk, lowers the cost of equity and debt capital, and ultimately maximizes firm value (Bushman & Smith, 2001; Francis et al., 2004, 2005; Gaio & Raposo, 2011). Extensive international evidence confirms this positive direct relationship, positing that transparent disclosures uniformly benefit corporate valuation across various market structures (Gaio & Raposo, 2011). However, when transposed to transitional and emerging markets, empirical findings become profoundly fragmented and controversial. The institutional architecture in these economies is typically characterized by weak investor protection, concentrated ownership, and bank-dependent financial systems (Leuz et al., 2003). In Vietnam and similar developing nations, while some studies continue to find a positive association where earnings quality enhances sustainable performance and firm value (Dang & Pham, 2022; Dang et al., 2021; Dang et al., 2020a; Latif et al., 2017), a growing body of literature reports contrary or mixed evidence. For instance, Hutagaol-Martowidjojo et al. (2019) document a negative association between earnings quality and market value in Indonesia, arguing that in opaque environments, investors might actually interpret aggressive earnings management as a positive signal of managerial confidence and future growth rather than a severe risk factor. Similarly, Garanina (2024) demonstrates that in the Russian market, the negative impact of earnings management on firm value is highly complex and conditional. These persistent inconsistencies rigorously challenge the universal applicability of the traditional linear accounting paradigm.

1.3. The concept and nature of financial constraints

To reconcile these empirical anomalies, it is imperative to investigate the structural frictions inherent in emerging markets, most notably financial constraints. Financial constraints are fundamentally conceptualized as the friction that creates a wedge between the internal and external cost of funds, reflecting the difficulty and premium firms face when raising external capital to finance investment opportunities (Fazzari et al., 1988; Kaplan & Zingales, 1997). In perfectly frictionless markets, external financing acts as a seamless substitute for internal cash flows. However, in reality, due to information asymmetry and agency costs, external capital is often rationed or excessively costly. This argument is acutely relevant in emerging markets like Vietnam, where enterprises frequently suffer from chronic capital barriers and rely heavily on credit from commercial banks rather than equity markets (Thanh Dong et al., 2025; Hung & Van, 2020; Dang, 2026; Hung, 2026). Therefore, a firm's level of financial constraint dictates its operational flexibility and its strategic dependency on external stakeholders.

1.4. The moderating role of financial constraints in the FRQ-valuation nexus

The theoretical inconsistency surrounding the direct FRQ-valuation relationship highlights a critical gap: the failure to account for boundary conditions. Synthesizing signaling theory (Connelly et al., 2011) with the literature on capital market frictions (Kaplan & Zingales, 1997), this study posits that the value relevance of FRQ strongly depends on a firm's specific financial constraints. In environments characterized by high information asymmetry, financially constrained firms possess a significantly stronger incentive to signal their underlying quality through highly transparent financial reporting in order to alleviate external financing costs, attract investors, and secure bank loans (Khan & Shoaib, 2024). For these firms, accounting transparency acts as a crucial substitute for financial collateral. Conversely, for unconstrained firms with abundant internal resources or established access to capital, the marginal valuation benefit derived from improving accounting information quality may be negligible. While traditional information risk models predominantly evaluate the direct, unconditional impact of FRQ, the literature currently lacks a profound conditional analysis of how severe financial frictions act as a core moderating mechanism (Van Linh et al., 2022). By evaluating financial constraints not merely as a control variable but as the primary moderator governing the transmission between reporting quality and market valuation, this study directly addresses the fragmented anomalies prevalent in emerging market literature.

The primary objective of this study is to comprehensively examine the impact of FRQ on firm value in Vietnam's emerging market (Dang et al., 2020b), while systematically investigating the moderating role of financial constraints in this fundamental relationship (Khan & Shoaib, 2024). Traditional literature frequently posits a direct positive effect of transparency on valuation due to reduced information risk (Bushman & Smith, 2001; Francis et al., 2005). However, empirical anomalies in transitional economies warrant a deeper conditional analysis (Hutagaol-Martowidjojo et al., 2019). Grounded in the synthesis of information asymmetry theory (Akerlof, 1970) and signaling theory (Connelly et al., 2011; Spence, 1973), and recognizing the persistent capital barriers faced by enterprises (Kaplan & Zingales, 1997), the research hypotheses are formulated as follows:

H1: *Financial reporting quality affects firm value.*

H2: *Financial constraints negatively affect firm value.*

H3: *Financial constraints strengthen the positive impact of financial reporting quality on firm value.*

Following these formulated hypotheses, the conceptual framework of this research establishes a conditional valuation framework. In this model, FRQ functions as the primary independent predictor exerting an effect on the dependent variable, firm value. Crucially, financial constraints are conceptualized as the core moderating mechanism that interacts with FRQ. Rather than a simple linear transmission, the model posits that the signaling efficacy of high-quality financial reports

http://dx.doi.org/10.21511/afc.07(1).2026.09

is fundamentally amplified when a firm faces severe external financing barriers (Lambert et al., 2007). Consequently, this conceptual paradigm theoretically captures how firm-specific financial frictions dictate the marginal utility of accounting transparency, bridging the gap between standard information risk models and the practical realities of imperfect capital markets.

2. RESEARCH METHODOLOGY

2.1. Empirical models

To test the hypotheses, this study employs panel data regression with firm–clustered standard errors to control for autocorrelation and heteroskedasticity (Wooldridge, 2010).

Baseline model:

$$FV_{it} = \beta_0 + \beta_1 FRQ_{it} + \beta Controls_{it} + \varepsilon_{it}. \quad (1)$$

Moderation model:

$$FV_{it} = \beta_0 + \beta_1 FRQit + \beta_2 FCit + \beta_3 \left(FRQ_{it} \cdot FC_{it}\right) + \beta Controls_{it} + \varepsilon_{it}, \quad (2)$$

where *FV* represents TOBINQ or LogPRICE. Following the moderating variable testing approach, a positive and statistically significant coefficient β_3 indicates that financial constraints strengthen the impact of FRQ on firm value (Baron & Kenny, 1986). The regression results reported in the empirical tables show that the interaction term *FRQ* × *FC* is positive and significant, consistent with theoretical expectations.

2.2. Variable measurement

Dependent variable: Firm value is measured using two indicators: Tobin's Q (TOBINQ): the ratio of market value to book value of assets, reflecting growth expectations (Tobin, 1969); Logarithm of stock price (LogPRICE): representing firm-level market valuation (Ohlson, 1995). Using two proxies allows robustness testing of the results.

Independent variable: FRQ is measured using widely adopted accrual-based models in accounting research: Discretionary accruals model (Jones, 1991); Accrual estimation error model (Dechow et al., 1995); Performance-matched accrual model (Kothari et al., 2005). All measures are multiplied by (–1) so that higher values indicate higher reporting quality (Dechow et al., 2010). In addition, a composite FRQ index is constructed by standardizing and averaging measures to reduce measurement error.

Moderating variable: Financial constraints are measured using the Kaplan-Zingales (KZ) index, reflecting dependence on internal cash flow and external financing costs (Kaplan & Zingales, 1997). A higher index indicates greater financial constraint.

Control variables: Based on prior studies, the model includes control variables affecting firm value: firm size (SIZE), leverage (LEV), liquidity (LIQ), board size (BSIZE), board independence (BDIND), and Big4 auditor (BIG4). These variables have been shown to influence market valuation and cost of capital (Francis et al., 2005; Bushman & Smith, 2001; Hung et al., 2020; Van Khanh & Hung, 2020; Dang & Pham, 2022; Phuong et al., 2020; Ha et al., 2023; Hung et al., 2023).

2.3. Data and sample

The study uses panel data of 642 listed companies on the Vietnam Stock Exchange over the period 2016–2024. The sample is collected from audited financial statements and stock market trading data. Firms in the financial, banking, and insurance sectors are excluded due to their distinct financial structure and specific accounting regulations. Additionally, observations with missing data or extreme outliers are removed to ensure estimation reliability. After data processing, the final dataset consists of approximately 5,654 firm-year observations, consistent with the requirements of panel regression analysis in corporate finance research (Wooldridge, 2010).

3. RESULTS AND DISCUSSION

Table 1 reports the descriptive statistics for a dataset consisting of 5,654 firm-year observations, indicating a sufficiently large sample for panel re-

gression analysis. Firm value measured by Tobin's Q has a mean of 1.146, exceeding one, suggesting that listed firms in Vietnam are generally valued by the market above their book value. However, the relatively large standard deviation (0.574) and wide range (0.19-5.06) reflect substantial heterogeneity in growth expectations across firms. Similarly, Log(Price) has a mean of 9.738 with considerable dispersion, implying heterogeneity in firm size and stock valuation.

The financial reporting quality measures (FRQ1, FRQ2, FRQ3) all exhibit negative mean values and relatively large standard deviations. Because the variables are multiplied by (–1), higher values indicate higher reporting quality; therefore, the substantial dispersion suggests notable differences in transparency across firms. This is consistent with characteristics of emerging markets, where disclosure quality remains uneven.

The financial constraints variable (FC) has a mean of 0.627, indicating that a large proportion of firms face financing constraints, consistent with a bank-dependent capital market structure. Regarding control variables, average leverage is 47%, reflecting relatively high debt usage, while the proportion of Big4 auditors is only about 27%, implying limited external monitoring. The average board size is approximately 5-6 members, and the proportion of independent directors is low (18.6%), suggesting that corporate governance mechanisms in Vietnam are still developing.

Overall, the descriptive statistics show appropriate variation in the data, capturing real differences across firms and providing a suitable foundation for testing the moderating role of financial constraints in the relationship between financial reporting quality and firm value.

Appendix A presents the correlation matrix, showing that the linear relationships among variables in the model are generally low to moderate, implying that multicollinearity is not a serious concern. Firm value (TOBINQ) is positively correlated with LogPRICE (0.6088), indicating consistency between the market-based valuation measures. In contrast, TOBINQ exhibits only very weak correlations with the financial reporting quality measures (FRQ1, FRQ2, FRQ3), ranging from 0.006 to 0.0334, suggesting that the impact of FRQ on firm value may not be direct but operates through the moderating mechanism of financial constraints (FC).

Notably, the correlation coefficient between FRQ2 and FRQ3 reaches 0.9933, indicating that the two measures are nearly informationally identical, consistent with their shared foundation in adjusted accrual models. This justifies the construction of a composite index to reduce measurement error. FC shows a relatively strong positive correlation with SIZE (0.7607) and LEV (0.3488), supporting the theoretical argument that firms with different sizes and leverage levels face different degrees of financial constraints.

The remaining control variables exhibit correlations below 0.5, suggesting that the subsequent regression models can be estimated reliably.

The baseline regression results (Appendix B) indicate that financial reporting quality (FRQ) has a statistically significant impact on firm value; how-

Table 1. Descriptive statistics

Variable	Obs	Mean	Std. dev.	Min	Max
TOBINQ	5,654	1.145569	0.573764	0.190442	5.063342
LogPRICE	5,654	9.738469	0.894633	6.55108	12.76597
FRQ1	5,654	–0.11246	0.636343	–46.5208	–6.42E–06
FRQ2	5,654	–0.10559	0.153516	–3.96607	–0.0000105
FRQ3	5,654	–0.10493	0.15283	–3.96563	–0.0000105
BDIND	5,645	0.185685	0.164907	0	0.8
BSIZE	5,645	5.356599	1.352817	2	11
BiG4	5,654	0.273965	0.446031	0	1
LEV	5,654	0.470818	0.225747	0.000622	1.601187
SIZE	5,654	27.6909	1.672666	23.34193	34.36037
LIQ	5,654	2.803356	5.211621	0.033829	146.9157
FC	5,654	0.626636	0.48374	0	1

http://dx.doi.org/10.21511/afc.07(1).2026.09

ever, the coefficients consistently exhibit negative signs across all measures. Specifically, when TOBINQ is used as the dependent variable, the proxies FRQ1 (−0.0134; $p < 0.01$), FRQ2 (−0.0852; $p < 0.1$), FRQ3 (−0.0881; $p < 0.05$), and the composite FRQ index (−0.0436; $p < 0.01$) all display negative coefficients. Similar results are observed using LogPRICE, with even higher statistical significance, particularly for FRQ2 and FRQ3 at the 1% level. This implies that in the Vietnamese market context, firms with lower discretionary accruals (i.e., higher FRQ) are not necessarily valued more highly by the market in the short run. In other words, investors may react more strongly to earnings signals than to earnings quality.

The control variables yield results consistent with theoretical expectations. Big4 auditing has a positive and statistically significant effect on both TOBINQ and LogPRICE, highlighting the certification role of high-quality auditing. Financial leverage (LEV) has a significantly positive effect on TOBINQ but is insignificant for LogPRICE, suggesting investors interpret leverage more as a growth signal than a short-term valuation signal. Firm size (SIZE) is negatively associated with TOBINQ but positively related to LogPRICE, implying growth saturation effects for large firms while their stock prices remain relatively stable. Liquidity (LIQ) and board independence (BDIND) are not statistically significant.

The R^2 values of approximately 9-10% for TOBINQ and 22–23% for LogPRICE indicate that the model explains short-term market price variation better than long-term valuation indicators. Overall, the findings provide preliminary evidence that the relationship between FRQ and firm value in Vietnam may be indirect, supporting the potential moderating role of financial constraints in subsequent analyses.

Appendix C reports the regression results with interaction terms, showing that financial constraints (FC) play a significant moderate role in the relationship between financial reporting quality (FRQ) and firm value. First, the coefficients of FRQ1, FRQ2, FRQ3, and the composite FRQ remain negative and statistically significant for both TOBINQ and LogPRICE ($p < 0.05$ or better), confirming that under normal conditions, firms with higher reporting quality are not immediately valued more highly by the market.

However, after introducing the interaction term FRQ×FC, the interaction coefficients are positive and mostly statistically significant. Specifically, for TOBINQ, FRQ1_FC (0.166), FRQ2_FC (0.207), FRQ3_FC (0.220), and FRQ_FC (0.198) are significant at the 5%-10% levels. This indicates that among firms facing higher financial constraints, the negative impact of FRQ on firm value is substantially mitigated and even tends to reverse. In other words, the market values transparent accounting information more highly when external financing costs and information asymmetry are high.

For LogPRICE, the moderating effect persists but is weaker: FRQ1_FC and FRQ_FC are marginally significant, whereas FRQ2_FC and FRQ3_FC are no longer statistically significant. This suggests that financial constraints play a more pronounced role for long-term valuation (Tobin's Q) than for short-term price reactions.

Overall, the results provide strong empirical evidence that financial reporting quality becomes value-relevant primarily when firms experience financial difficulty. This finding is consistent with information asymmetry theory: the benefits of transparency increase when investors lack alternative signaling sources.

Based on the empirical analyses, the hypotheses testing results are summarized as follows:

H1 (Financial reporting quality affects firm value) is supported**.** The baseline regression results (Appendix B) demonstrate that FRQ has a statistically significant, albeit negative, direct impact on firm value.

H2 (Financial constraints negatively affect firm value) is rejected**.** The regression results (Appendix C) do not indicate a negative effect; instead, the coefficient for financial constraints (FC) is statistically positive.

H3 (*Financial constraints strengthen the positive impact of financial reporting quality on firm value*) is supported regarding its moderating nature**.** Although the baseline impact of FRQ is nega-

tive, the interaction term (FRQ × FC) is positive and statistically significant (Appendix C). This confirms the core proposition that financial constraints act as a positive moderator, successfully mitigating and reversing the negative direct effect of FRQ on firm value.

The empirical results of this study reveal two primary findings regarding the relationship between FRQ and firm value in Vietnam. First, our baseline regression demonstrates that FRQ negatively affects firm value in a direct relationship. We interpret this result as a "risk-revelation" mechanism: In an emerging market, higher transparency restricts managers from hiding unfavorable news, thereby eliminating investors' over-optimistic valuations and bringing stock prices closer to their fundamental values.

When comparing this finding with prior literature, our result directly contradicts the traditional assumption that transparency uniformly increases valuation, as suggested by Bushman and Smith (2001), Gaio and Raposo (2011). Conversely, our finding is highly consistent with Hutagaol-Martowidjojo et al. (2019), confirming that in institutional environments with high information asymmetry, the market often misinterprets earnings management as a positive growth signal rather than a risk factor.

Second, and more importantly, our moderation analysis reveals a positive and significant interaction effect between FRQ and financial constraints. This indicates that for highly constrained firms, FRQ acts as a vital signaling tool to attract capital, thereby enhancing firm value. Compared to previous domestic studies, particularly Dang et al. (2020), Latif et al. (2017), and Dang and Tran (2019), which documented a simple positive direct impact of FRQ, our findings provide a deeper explanatory mechanism. We demonstrate that the positive valuation effect observed in those prior studies is not universal but is strictly concentrated among the subset of firms facing severe capital barriers. This comparison highlights our core contribution: it empirically extends the theoretical propositions of Lambert et al. (2007), Van Linh et al. (2022), and Khan and Shoaib (2024) by proving that in bank-dependent economies, accounting transparency serves primarily as a substitute for financial collateral rather than a general driver of market value.

CONCLUSION, LIMITATIONS AND FUTURE RESEARCH

This study aims to examine the direct impact of financial reporting quality on firm value and investigate the moderating role of financial constraints in the emerging market of Vietnam. Regarding the empirical results, the baseline analysis indicates that financial reporting quality negatively affects firm value in a direct relationship, suggesting that higher transparency restricts overly optimistic market valuations. However, the moderation analysis reveals a significantly positive interaction effect, demonstrating that for firms facing severe capital barriers, improved information quality acts as a vital mechanism to reduce the cost of capital and enhance valuation. From these results, it can be concluded that the valuation role of financial reporting quality in emerging markets is not universally positive but is highly conditional upon a firm's financial frictions. Consequently, for financially constrained firms, enhancing accounting transparency is a strategic imperative to substitute for financial collateral and attract external financing, which means investors and regulators must evaluate corporate transparency through the lens of firm-specific financial conditions rather than applying a uniform valuation approach.

The study has several limitations. First, FRQ is primarily measured using accrual-based models and therefore does not fully capture other dimensions of information quality, such as timeliness, predictive ability, or disclosure quality. Second, financial constraints are proxied by the KZ index, which may not comprehensively reflect financial frictions in emerging markets. Third, the study relies on listed firms, limiting the generalizability of the findings to unlisted firms.

Future research may be extended in three directions. First, additional FRQ measures could be employed, such as earnings quality, earnings persistence, or cash flow quality. Second, alternative financial con-

http://dx.doi.org/10.21511/afc.07(1).2026.09

straint indices (SA, WW index) could be used to test the robustness of the results. Third, future studies may incorporate corporate governance, ownership structure, or institutional environment factors to better clarify the transmission mechanism between information transparency and firm value in emerging economies.

DECLARATION OF GENERATIVE AI AND AI-ASSISTED TECHNOLOGIES IN THE WRITING PROCESS

During the preparation of this work, the author(s) used Grammarly to enhance the writing by only paraphrasing certain pieces of writing. After using this tool/service, the author(s) reviewed and edited the content as needed and take(s) full responsibility for the content of the publication.

DATA AVAILABILITY STATEMENT

This study is a scoping review based on publicly available literature. Therefore, there was no new data that was generated or analyzed.

AUTHOR CONTRIBUTIONS

Conceptualization: Tran Thi Thu Huyen, Dang Ngoc Hung.
Data curation: Dang Ngoc Hung.
Formal analysis: Dang Ngoc Hung.
Funding acquisition: Tran Thi Thu Huyen.
Investigation: Tran Thi Thu Huyen.
Methodology: Dang Ngoc Hung.
Project administration: Tran Thi Thu Huyen.
Resources: Tran Thi Thu Huyen.
Software: Tran Thi Thu Huyen.
Supervision: Tran Thi Thu Huyen.
Validation: Tran Thi Thu Huyen.
Visualization: Tran Thi Thu Huyen.
Writing – original draft: Tran Thi Thu Huyen.
Writing – review & editing: Dang Ngoc Hung.

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APPENDIX A

Table A1. Correlation matrix

Variable	TOBINQ	LogPRICE	FRQ1	FRQ2	FRQ3	BDIND	BSIZE	BiG4	LEV	SIZE	LIQ	FC
TOBINQ	1											
LogPRICE	0.6088	1										
FRQ1	0.006	0.0123	1									
FRQ2	0.0334	0.0036	0.3778	1								
FRQ3	0.0323	0.0019	0.3777	0.9933	1							
BDIND	0.02	0.0123	0.0193	0.0187	0.0183	1						
BSIZE	0.1604	0.2521	0.0297	0.1128	0.1101	0.0669	1					
BiG4	0.1638	0.2716	0.0218	0.0597	0.0607	0.1001	0.1814	1				
LEV	0.0927	0.031	0.0089	0.023	0.0213	0.0048	0.0482	0.0581	1			
SIZE	0.0709	0.2308	0.0081	0.079	0.079	0.2622	0.3194	0.4492	0.3669	1		
LIQ	0.0168	0.0503	0.0087	0.0357	0.0383	0.0258	0.0834	0.0828	0.4378	0.1845	1	
FC	0.0254	0.139	0.0037	0.0547	0.054	0.2405	0.2265	0.3191	0.3488	0.7607	0.1689	1

APPENDIX B

Table B1. Baseline regression results

Variable	TOBINQ	TOBINQ	TOBINQ	TOBINQ	LogPRICE	LogPRICE	LogPRICE	LogPRICE
FRQ1	−0.0134***				−0.0257**			
	[−3.48]				[−2.38]			
FRQ2		−0.0852*				−0.237***		
		[−1.92]				[−5.73]		
FRQ3			−0.0881**				−0.241***	
			[−1.97]				[−5.75]	
FRQ				−0.0436***				−0.0979**
				[−2.64]				[−2.30]
BDIND	0.0385	0.0397	0.0399	0.0389	0.0819	0.0851	0.0855	0.0827
	[0.56]	[0.58]	[0.58]	[0.57]	[0.94]	[0.97]	[0.98]	[0.95]
BSIZE	0.0126	0.0128	0.0128	0.0126	0.0320*	0.0324*	0.0322*	0.0319*
	[0.99]	[1.01]	[1.00]	[0.99]	[1.77]	[1.79]	[1.78]	[1.76]
BiG4	0.0656***	0.0659***	0.0659***	0.0664***	0.160***	0.162***	0.162***	0.162***
	[2.64]	[2.66]	[2.65]	[2.67]	[3.22]	[3.28]	[3.28]	[3.27]
LEV	0.368***	0.357***	0.357***	0.364***	−0.0693	−0.0977	−0.0981	−0.0769
	[4.21]	[4.11]	[4.10]	[4.17]	[−0.54]	[−0.76]	[−0.76]	[−0.60]
SIZE	−0.174***	−0.172***	−0.172***	−0.174***	0.0720**	0.0749**	0.0749**	0.0693*
	[−7.07]	[−7.07]	[−7.06]	[−7.05]	[1.98]	[2.10]	[2.10]	[1.91]
LIQ	−0.00128	−0.00136	−0.00136	−0.00129	0.000762	0.000593	0.000585	0.000769
	[−0.92]	[−0.97]	[−0.97]	[−0.92]	[0.29]	[0.22]	[0.21]	[0.29]
_cons	5.681***	5.620***	5.621***	5.698***	7.571***	7.481***	7.482***	7.640***
	[8.73]	[8.74]	[8.73]	[8.69]	[7.71]	[7.77]	[7.76]	[7.78]
N	5645	5645	5645	5645	5645	5645	5645	5645
R-sq	0.096	0.097	0.097	0.097	0.227	0.231	0.231	0.229

Note: t statistics in brackets; * p < 0.1, ** p < 0.05, *** p < 0.01.

http://dx.doi.org/10.21511/afc.07(1).2026.09

APPENDIX C

Table C1. Regression results with the moderating variable of financial constraints

Variable	TOBINQ	TOBINQ	TOBINQ	TOBINQ	LogPRICE	LogPRICE	LogPRICE	LogPRICE
FRQ1	−0.176**				−0.188**			
	[−2.12]				[−2.27]			
FRQ1_FC	0.166**				0.161*			
	[2.00]				[1.93]			
FRQ2		−0.217**				−0.263***		
		[−2.18]				[−3.25]		
FRQ2_FC		0.207*				0.0129		
		[1.95]				[0.14]		
FRQ3			−0.229**				−0.273***	
			[−2.30]				[−3.31]	
FRQ3_FC			0.220**				0.0248	
			[2.07]				[0.27]	
FRQ				−0.220**				−0.247***
				[−2.36]				[−2.89]
FRQ_FC				0.198**				0.152*
				[2.10]				[1.65]
FC	0.827***	0.832***	0.831***	0.830***	2.900***	2.899***	2.897***	2.902***
	[4.79]	[4.82]	[4.81]	[4.81]	[9.12]	[9.22]	[9.22]	[9.16]
BDIND	0.0207	0.0215	0.0216	0.0215	0.0259	0.0322	0.0325	0.028
	[0.30]	[0.31]	[0.31]	[0.31]	[0.32]	[0.39]	[0.40]	[0.34]
BSIZE	0.00754	0.00763	0.00751	0.00756	0.0293*	0.0291*	0.0289*	0.0292*
	[0.58]	[0.59]	[0.58]	[0.59]	[1.71]	[1.70]	[1.70]	[1.71]
BiG4	0.0563**	0.0548**	0.0548**	0.0564**	0.134***	0.134***	0.134***	0.136***
	[2.19]	[2.14]	[2.14]	[2.20]	[2.93]	[2.97]	[2.97]	[2.99]
LEV	0.453***	0.449***	0.448***	0.449***	0.343***	0.317***	0.317***	0.335***
	[4.96]	[4.94]	[4.93]	[4.93]	[2.86]	[2.65]	[2.65]	[2.80]
SIZE	−0.174***	−0.171***	−0.171***	−0.172***	0.0794**	0.0767**	0.0771**	0.0800**
	[−6.24]	[−6.17]	[−6.17]	[−6.23]	[2.41]	[2.34]	[2.35]	[2.44]
LIQ	−0.0023	−0.00243*	−0.00244*	−0.00240*	0.0000148	−0.000283	−0.000296	−0.000139
	[−1.59]	[−1.71]	[−1.72]	[−1.67]	[0.01]	[−0.18]	[−0.19]	[−0.09]
_cons	5.636***	5.550***	5.546***	5.580***	6.917***	6.990***	6.980***	6.896***
	[7.51]	[7.45]	[7.45]	[7.51]	[7.71]	[7.84]	[7.82]	[7.73]
N	4906	4906	4906	4906	4906	4906	4906	4906
R-sq	0.122	0.123	0.124	0.123	0.35	0.353	0.353	0.352

Note: * p < 0.1, ** p < 0.05, *** p < 0.01.