“Effects of financial statements information on firms’ value: evidence from Vietnamese listed firms”

AUTHORS	Dang Ngoc Hung https://orcid.org/0000-0002-6666-4905 Pham Duc Cuong https://orcid.org/0000-0003-0336-3256 Vu Thi Bich Ha http://orcid.org/0000-0002-5713-9770

ARTICLE INFO	Dang Ngoc Hung, Pham Duc Cuong and Vu Thi Bich Ha (2018). Effects of financial statements information on firms’ value: evidence from Vietnamese listed firms. *Investment Management and Financial Innovations*, *15*(4), 210-218. doi:10.21511/imfi.15(4).2018.17
DOI	http://dx.doi.org/10.21511/imfi.15(4).2018.17
RELEASED ON	Tuesday, 27 November 2018
RECEIVED ON	Friday, 25 May 2018
ACCEPTED ON	Tuesday, 20 November 2018
LICENSE	This work is licensed under a Creative Commons Attribution 4.0 International License
JOURNAL	"Investment Management and Financial Innovations"
ISSN PRINT	1810-4967
ISSN ONLINE	1812-9358
PUBLISHER	LLC “Consulting Publishing Company “Business Perspectives”
FOUNDER	LLC “Consulting Publishing Company “Business Perspectives”

Investment Management and Financial Innovations, Volume 15, Issue 4, 2018

BUSINESS PERSPECTIVES

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

www.businessperspectives.org

Dang Ngoc Hung (Vietnam), **Pham Duc Cuong** (Vietnam), **Vu Thi Bich Ha** (Vietnam)

EFFECTS OF FINANCIAL STATEMENTS INFORMATION ON FIRMS' VALUE: EVIDENCE FROM VIETNAMESE LISTED FIRMS

Abstract

The paper studies the effects of information reporting in financial statements on values of Vietnamese firms. The study uses panel data with 1,070 observations from 214 firms, which are listed in the stock market of Vietnam in the period from 2012 to 2016. Multiple regression results show that the growth, firm size, profitability, auditing quality and timeliness are positively related to firm values, whereas the capital structure, auditing explanation negatively affect that indicator. The paper also indicates the inconsistency in measuring firms' value by different measures including EV, Tobin's Q or share price. Moreover, the research results reflect that measuring firms' value by EV is more appropriate. The results of empirical research are instructive for enterprises to improve the usefulness of information in financial statements, thereby enhancing enterprises' values.

Received on: 25th of May, 2018
Accepted on: 20th of November, 2018

Keywords enterprise value, financial statements, Vietnam listed firms

JEL Classification G32, G30, M40

Dang Ngoc Hung, Dr., Associate Professor, Hanoi University of Industry, Vietnam.

Pham Duc Cuong, Dr., Associate Professor, National Economics University, Vietnam.

Vu Thi Bich Ha, MBA, Hanoi University of Industry, Vietnam.

INTRODUCTION

Up to date, there have been numerous studies about the ultimate goal of business and it is all agreed that the maximization of shareholder wealth is the main goal of business. And the more profitable one firm has, the higher value that firm achieves.

We agree with the view that maximizing a business value is to increase the value of its owner's assets in a sustainable way. Accordingly, maximizing firm value is maximizing market value. The value of assets of the corporation's owner is determined by the market through the share price. Thus, the value of shareholders' assets is equivalent to maximizing stock market prices. The formula for determining the value of an enterprise is determined by the market capitalization of the business outstanding shares in the market.

Corporate value is a topic of great interest for business executives and researchers. The very first issue is what measures should be used to evaluate the firms' value. Another issue is what factors affect the corporate value. For the first one, the measures that are frequently used to evaluate business values are different, encompassing ROA, ROE, EPS, Tobin's Q, EV, stock price, etc. Although different viewpoints exist, this paper uses EV, Tobin's Q and share price as representative measures. For the later issue, there have been a number of studies conducted by Varaiya, Kerin, and Weeks (1987), Liow (2010), Hermuningshil (2014), Kodongo, Mokoaleli, and Maina (2015), Mule, Mukras, and

http://dx.doi.org/10.21511/imfi.15(4).2018.17

Nzioka (2015), Sucuahi and Cambarihan (2016), Puwohandoko (2017), etc. about the effect of information reported in financial statements on firms' value. However, the results of those studies have many similarities and differences.

For Vietnam context, from our understanding there are no comprehensive studies on the relationship and impact of financial statements information on Vietnamese firms' value.

Upon the above gap, the purpose of this study is to examine the impact of qualitative and quantitative information, which is reported in the financial statements, on enterprises' value. Upon the results, the paper aims to propose recommendations for quality improvement of financial statements information, and consequently higher firms' value.

1. LITERATURE REVIEW AND RESEARCH HYPOTHESES

Up to date, there have been various studies about the factors drawn from financial statements affecting the firms' value. Some previous papers are often cited, including the relationship between growth, profitability and firms' value by Varaiya et al. (1987), growth, profitability, and financial leverage by Liow (2010), the effects of profitability, growth opportunities, and capital structure on corporate value by Hermuningsih (2014), the interaction between capital structure, profitability and corporate value by Kodongo et al. (2015), or the investigation by Sucuahi and Cambarihan (2016) to determine the effect of industry, business activity and profitability on firms' value using Tobin's Q model and many others. Upon these, the following hypotheses are built in the paper.

Growth and firms' value

Research conducted by Myers (1977) suggests that revenue growth is an important factor affecting the firms' value. The impact of sales has become a concern for many researchers with evidence that the sale growth affecting the firms' value in not only steady and growth period, but also in crisis timeframe. Studies by Hermuningsih (2014), Kodongo et al. (2015) all concluded that revenue growth is positively correlated with enterprise value, while Varaiya et al. (1987) argue that growth has positive relationship with enterprise value. Based on the differences in viewpoints, we have the following hypothesis:

H1: Growth has a positive impact on firms' value.

Firm size

There is evidence that large firms are more likely to adopt more risky management approach than small firms (Colquitt, Hoyt, & Lee, 1999; Liebenberg & Hoyt, 2003; Liow, 2010). Studies by Lang and Stulz (1994), Allayannis and Weston (2001) show the opposite relationship between firms' size and value. Meanwhile, the study by Mule et al. (2015) shows that there is no significant impact of firm's size on enterprise value. The second hypothesis is set as follows:

H2: Firm size impacts positively on firms' value.

Capital structure

Some studies of capital structure theories, such as Durand's classic theory (1952), show that the cost of debt capital is often cheaper than the cost of equity, so businesses often use more debt to increase the value of the business. In addition, according to Modigliani and Miller (1958, 1963), the debt ratio is positively correlated with enterprise value. High financial leverage, however, will cause financial distress and reduce the value of the business, even leading to bankruptcy. Therefore, when businesses use high debt level, both creditors and shareholders will require businesses applying approach to manage the risk better. The authors Hoyt and Liebenberg (2011) agree that there is a positive relationship between debt and corporate value. The third hypothesis is set as follows:

H3: Capital structure affects oppositely the firms' value.

Profitability

A profitable business is usually traded at better prices (Allayannis & Weston, 2001). Moreover, if the business is highly profitable, it will easily attract more investment. Research by Mohamad and Saad (2010) for 172 firms listed in Malaysia also came to the same conclusion. Therefore, ROA is also considered as an important factor affecting the value of enterprises. The next hypothesis is as follows:

H4: The profitability of the business has a positive impact on the firms' value.

Audit quality

From the point of view of the information users, researchers such as Campbell (1985) suggest that auditing is a means of delivering credibility to the financial statements, based on the assumption that financial reporting is more useful for various groups of users, especially when they are audited by the independent auditors. Hence, the quality of the audit will affect the value of the business. The hypothesis is stated as follows:

H5: Quality of audit impacts positively on the value of enterprises.

Timeliness of financial statements

Timeliness means getting information available to the decision makers before it loses value and the ability to influence those decisions. Having the right and timely information can increase its impact on decisions, and delays will lose their potential benefits. According to Akle (2011), timeliness of financial statements is interpreted as the financial statement that must be disclosed to the users as soon as they need it to make a decision, because the information will lose its usefulness if it is unavailable. Financial reports meeting the requirements will make investors confident in financial position and business results of the company. The hypothesis is as follows:

H6: The timeliness of the financial statements is counteractive to the firms' value.

Audit explanation

Financial statements that are subject to have post-auditing explanations from the auditor's opinion are the ones which contain material discrepancies after and before an audit. Kinney and Martin (1994) examined many studies on the difference between auditors' data and firms' data to demonstrate that auditors contributed significantly to the detection of errors and fraud. For businesses which disclose audit result explanation will reduce the trust of investors and stakeholders. Thus, the seven hypothesis is set as follows:

H7: Audit explanation has a negative impact on firms' value.

2. RESEARCH METHODOLOGY

Based on related reviews and above hypotheses, the research model is constructed as follows (Figure 1):

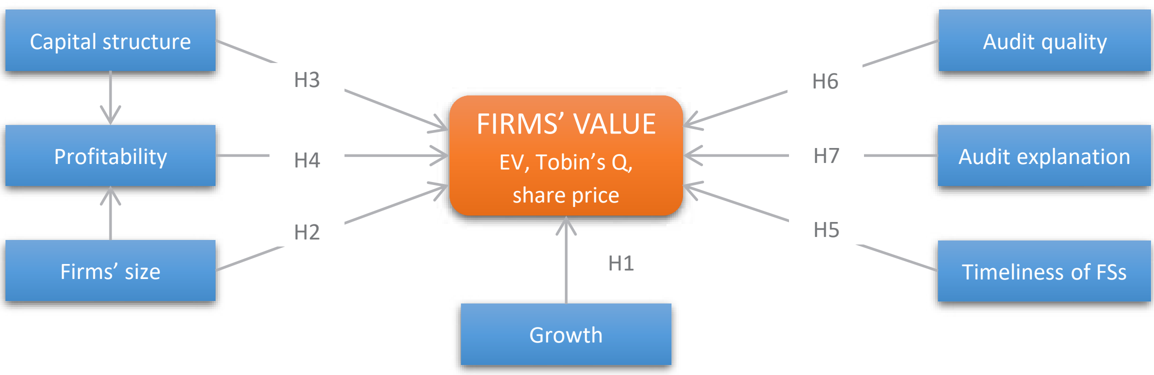

Figure 1. Research model of factors affecting the firms' value

http://dx.doi.org/10.21511/imfi.15(4).2018.17

Table 1. Variables in the research model

Variables	Code	Measures	Expected relationship
Firms' value	EV	EV = Ln (Market capitalization + Interest bearing long-term loan – Cash and cash equivalent)	
	Tobin's Q	Tobin's Q = (Market capitalization + Total liabilities)/Total assets	
	Price	Price = Firm's share price at year end t	
Sale growth	Growt	(Sales at year (t) – Sales at year (t – 1))/Sales at year (t – 1)	+
Firm size	Size	Size of firm calculated by total sales Ln (Net sales)	+
Capital structure	LV	Total liabilities/Total assets	–
Firm profitability	ROE	ROE = Net income/Owner's equity	+
Audit quality	Audit	Firms audited by the Big 4 will receive a value of 1, otherwise the value will be 0	+
Timeliness of financial statements	Timeless	Firms which disclose audited financial statements after 30 days will have value of 1, otherwise the value will be 0	–
Audit explanation	Exp	Firms which have to explain after an audit will receive value of 1, otherwise this variable value will be 0	–

Research data

The secondary data are from the financial statements of enterprises listed on the Vietnam stock market in the period 2012–2016. Of 308 non-financial enterprises listed in Ho Chi Minh Stock Exchange, the author has collected 214 firms with firms' information disclosed for a five-year period. The total of research observations is 1,070 (214 firms, period – 5 years). Variables in the research model are shown in Table 1.

3. ANALYSIS FINDINGS AND DISCUSSIONS

3.1. Research results

Statistical data (Table 2) show the average logarithm value of enterprises' value (EV) is 20.372, average Tobin's Q value is 1.108 and standard deviation is 1.032. The mean value of share price is VND 17,238,000 of which the highest share price was VND 182,500,000 and the lowest share price was VND1,160,000. Growth rate (Growt) is 25.6% / year, debt ratio is 46.9%. And the return on equity (ROE) is 9.1%.

The financial statements audited by one of the Big 4 account for 35.3%, the timeliness of financial statements indicates that 28.1% of audited financial reports are not published in time (i.e. over 90 days). In addition, there are 30.5% enterprises which have to explain for the audited financial statements due to data differences between two time points: before and after an auditing.

The following Table 3 shows the correlation coefficients between variables. The purpose is to examine whether there is close correlation between independent variables and dependent variables to

Table 2. Statistics description for the five-year averages, from 2012 to 2016

Variables	N	Mean	Standard deviation	Min	Max
EV	1,070	20.372	1.297	16.848	25.136
Tobin's Q	1,070	1.108	1.032	0.166	30.204
Price	1,070	17.238	19.150	1.160	182.500
Growt	1,070	0.256	1.542	–0.983	29.555
Size	1,070	13.491	1.503	7.885	17.885
LV	1,070	0.469	0.215	0.002	0.977
ROE	1,070	0.091	0.325	–7.836	0.982
Audit	1,070	0.353	0.478	0	1
Timeless	1,070	0.281	0.450	0	1
Exp	1,070	0.305	0.460	0	1

Table 3. Correlation matrix

Variables	Tobin's Q	Price	Growt	Size	LV	ROE	Audit	Timeless	Exp
EV	1	–	–	–	–	–	–	–	–
Tobin's Q	0.038	1	–	–	–	–	–	–	–
Price	0.226	0.313	1	–	–	–	–	–	–
Growt	0.101	–0.025	–0.020	1	–	–	–	–	–
Size	0.573	0.106	0.323	–0.007	1	–	–	–	–
LV	0.092	–0.116	–0.196	–0.007	0.348	1	–	–	–
ROE	0.160	0.078	0.214	0.008	0.153	–0.173	1	–	–
Audit	0.449	0.088	0.227	0.064	0.306	–0.061	0.036	1	–
Timeless	0.040	–0.006	–0.118	0.017	–0.098	0.049	–0.093	–0.041	1
Exp	–0.052	–0.113	–0.212	0.011	–0.123	0.080	–0.080	–0.030	0.146

Table 4. Multivariate regression results with dependent variable EV

Hypotheses	Structural	Coef.	Std. Err.	Z	P-value
H1	EV < –GROWT	0.0700652	0.0193215	3.63	0.000
H2	EV < –SIZE	0.4390129	0.0235247	18.66	0.000
H3	EV < –LV	–0.3692345	0.1567152	–2.36	0.018
H4	EV < –ROE	0.2834468	0.0958574	2.96	0.003
H5	EV < –AUDIT	0.7751846	0.0667708	11.61	0.000
H6	EV < –TIMELESS	0.3094329	0.067289	4.6	0.000
H7	EV < –EXP	0.0380433	0.0661727	0.57	0.565
_cons		14.20631	0.2912218	48.78	0.000
ROE < –SIZE		0.0524972	0.0067508	7.78	0.000
ROE < –LV		–0.3901961	0.0472558	–8.26	0.000
_cons		–0.4340036	0.0864359	–5.02	0.000

exclude variable that may lead to multi-collinearity. This is necessary step before running the regression. The results show that the correlation coefficient between any pair independent variables in the model is no less than 0.8 and therefore multicollinearity is unlikely to occur.

When measuring enterprise value by EV (Table 4), six out of seven factors affect significantly the EV (confidence interval of 99%). The test results of the model (Table 8) satisfy the modeling criteria and are good, the explanation index for model measured by EV is 46.8%.

Based on the results represented in Table 5, only three of the seven factors have a significant (statistical level of 1%) impact on firms' value. They are firm size, capital structure, and audit explanations. However, the explanatory level R2 of the model is only 12%.

Table 5. Multivariate regression result with dependent variable Tobin's Q

Hypotheses	Structural	Coef.	Std. Err.	Z	P-value
H1	TOBIN'S Q < –GROWT	–0.0181191	0.0200217	–0.9	0.365
H2	TOBIN'S Q < –SIZE	0.0939578	0.0243771	3.85	0.000
H3	TOBIN'S Q < –LV	–0.731685	0.162394	–4.51	0.000
H4	TOBIN'S Q < –ROE	0.0807806	0.0993395	0.81	0.416
H5	TOBIN'S Q < –AUDIT	0.0780095	0.0691903	1.13	0.26
H6	TOBIN'S Q < –TIMELESS	0.0730369	0.0697273	1.05	0.295
H7	TOBIN'S Q < –EXP	–0.1915158	0.0685706	–2.79	0.005
_cons		0.1914688	0.3017746	0.63	0.526
H1a	ROE < –SIZE	0.0524972	0.0067508	7.78	0.000
H2a	ROE < –LV	–0.3901961	0.0472558	–8.26	0.000
_cons		–0.4340036	0.0864359	–5.02	0.000

http://dx.doi.org/10.21511/imfi.15(4).2018.17

Table 6. Multivariate regression with dependent variable of stock price

Hypotheses	Structural	Coef.	Std. Err.	Z	*P*-value
H1	PRICE < –GROWT	–0.302276	0.3305442	–0.91	0.36
H2	PRICE < –SIZE	4.604408	0.4024493	11.44	0.000
H3	PRICE < –LV	–25.74456	2.681013	–9.6	0.000
H4	PRICE < –ROE	5.394865	1.640027	3.29	0.001
H5	PRICE < –AUDIT	3.658021	1.142284	3.2	0.001
H6	PRICE < –TIMELESS	–1.574924	1.15115	–1.37	0.171
H7	PRICE < –EXP	–5.377503	1.132053	–4.75	0.000
_cons		–32.43253	4.982092	–6.51	0.000
H1a	ROE < –SIZE	0.0524972	0.0067508	7.78	0.000
H2a	ROE < –LV	–0.3901961	0.0472558	–8.26	0.000
_cons		–0.4340036	0.0864359	–5.02	0.000

Using share price as dependent variable, the multivariate regression shows the results (represented in Table 6) that five out of seven factors have a significant impact on business value. Two factors which have no impact are the growth and timeliness of audited financial statements.

In the model using ROE as the moderating variable, two factors – the firm size and the capital structure – affect the firms' value. While the scale is positively correlated with the profitability of the enterprise, capital structure has a negative impact on the profitability of the enterprise.

3.2. Discussion

From the results of the study, we give some discussion.

Growth factor

The results show that growth has a positive effect on firms' value measured by EV (at statistical level of 1%). However, the magnitude of the effect of this factor on firms' value is very small (0.070). This result is consistent with the hypothesis 1 (H1) and in line with the research

Table 7. Summary of multivariate regression results

Variables	EV model	Tobin's Q model	Share price model
GROWT	0.0700652***	–0.0181191	–0.302276
SIZE	0.4390129***	0.0939578***	4.604408***
LV	–0.3692345***	–0.731685***	–25.74456***
ROE	0.2834468***	0.0807806	5.394865***
AUDIT	0.7751846***	0.0780095	3.658021***
TIMELESS	0.3094329***	0.0730369	–1.574924
EXP	0.0380433	–0.1915158***	–5.377503***
_cons	14.20631***	0.1914688	–32.43253***
N	1070	1070	1070
R-sq (CD)	0.4680	0.1200	0.28

Note: T-statistics in brackets * $p < 0.1$, ** $p < 0.05$, *** $p < 0.01$.

Table 8. Results of statistical test for model indicators

Fit Indexes	Standard	Model		
		EV	TOBIN'S Q	PRICE
X2 (df) (Prob > Chi2)	> 0.05	0.0805	0.0805	0.0805
RMSEA	< 0.05	0.0320	0.0320	0.03
CFI	> 0.90	0.9940	0.9690	0.99
TLI	> 0.90	0.9800	0.8990	0.96
SRMR	< 0.05	0.0130	0.0130	0.01
CD	–	0.4680	0.1200	0.28

results conducted by Hermuningsih (2014) and Kodongo et al. (2015). At the same time, the growth rate has the opposite effect on firms' value when measured by Tobin's Q or share price, but at insignificant level (Table 7). Thus, growth has a negative impact on corporate value, and the usage of different variable for firms' value does not lead to the same results.

Firm size factor

The size of the business positively and significantly impacts on firms' value when measured by EV, Tobin's Q and share price in all models constructed. The results of this study are in line with the original hypothesis H2 and consistent with the results of the studies done by Colquitt et al. (1999), Liebenberg and Hoyt (2003), but contrary to the study by Lang and Stulz (1994), Allayannis and Weston (2001).

Capital structure factor (LV)

The inherent capital structure is inversely related to enterprise value and statistically significant in all models when measuring enterprise value by EV, Tobin's Q, or share price. The results of this study are consistent with the original hypothesis H3 and in the same line with Durand (1952), Modigliani and Miller (1958). However, this result is not the same as the findings by Hoyt and Liebenberg (2011).

Profitability factor (ROE)

The results show that profitability is positively and significantly related to firms' value when measured by either EV or share price. However, this factor does not affect significantly the enterprise value when measured by Tobin's Q. The results of this study are consistent with the findings published by Allayannis and Weston (2001), Mohamad and Saad (2010).

Auditing quality

Auditing quality positively and significantly affects the corporates' value when measured by EV, or Share Price but this does not affect to the firms' value measured by Tobin's Q. This findings are consistent with the hypothesis 5 (H5) and it is in line with Campbell's (1985) study, suggesting that auditing is a means of providing credibility to financial statements.

Timeliness element

The results show that the timeliness of the financial statements is positive and significant at the 1% level of the firms' value when measured by EV. This result does not support H6. It may be the case that for large market capitalization firms, due to being highly structured, the auditors take longer time to finish an audit of financial statements. However, the findings indicate that the timeliness of the financial statements does not affect the firms' value when measured by Tobin's Q or share price (Table 7).

Audit explanation

The regression result shows that the audit explanations are reversed (significant at 1% level) to the firms' value as measured by Tobin's Q, price, but it does not impact significantly on corporate value when measured by EV. This result is support the original hypothesis *H7*, meaning that it is consistent with the research results disclosed by Kinney and Martin (1994).

When assessing the appropriateness for model, it can be seen that using EV as dependent variable for firms' value would be more appropriate, because 6 out of 7 factors indicate the significant effects on corporate value and the model has the highest fitness index (CD = 0.468). The next variable is share price based on five of the seven factors affecting the enterprise value and fitness index is 0.28, and finally the variable Tobin's Q is the one which has the lowest fitness index (CD = 0.12).

CONCLUSION

The study examines the effect of information disclosed in financial statements on firms' value. The results show that the growth, scale, profitability, audit quality and timeliness of the financial statements are factors that have a positive impact on the value of enterprises. In contrast, the capital structure, au-

http://dx.doi.org/10.21511/imfi.15(4).2018.17

dit explanations inversely impact on the firms' value. However, when using different measure of firms' value – EV, Tobin's Q or price, the results are not exactly the same. The research results also found that the measurement of firms' value by the EV model will be more appropriate compared to the share price model or the Tobin's Q one. These empirical results can be seen as instructive indicators helping businesses improve their firms' value. Based on the study findings, the authors suggest the following.

Firstly, the capital structure has the opposite effect on the profitability of the business. This means that the more debt a business has, the lower the return on equity, and the capital structure will also affect the value of the business. For Vietnamese firms, it is appropriate to suggest that businesses need to be very careful to use debts as main capital source. Firms should use more equity to fund their assets.

Second, there is a positive correlation between profitability and market capitalization of firms (although the results are inconsistent when using different models of enterprise value). This shows a consensus over the theories set forth above. Thus, Vietnamese firms need to improve their profitability by saving money, efficiently using existing tangible assets. At the same time, the firms need to expand the scale, maintain the growth rate. By doing these, firms' profitability will be higher and as a result the firms' value will be enhanced.

Thirdly, Vietnamese enterprises should expand their joint ventures with domestic and foreign partners aiming to acquire more assets, modern technology, advanced management, and widened markets, etc. Also, Vietnamese businesses need to find more efficient approach to save selling, distribution, and administrative expenses. Firms also need to improve their management of account receivables. These will lead to enhancement of firms' value.

Fourthly, enterprises need to be aware of the importance of quality of information disclosed in financial statements (in terms of quantitative and qualitative aspects), so that statement will be prepared, disclosed and published in more fair manner. Improving the quality of financial statements will help investors to make more appropriate investment decisions.

Fifthly, for investors, the research findings documented 7 factors affecting the firms' value. They encompass growth, firm size, profitability, leverage, audit quality, timeliness, and post-audit explanation. To make any decision to buy, hold or sell, the investors should rely on these indicators provided by firms.

Last but not least, state agencies need to set up management mechanism, putting pressure on businesses in relation to preparation, presentation and disclosure information in financial reports in true and fair manner. Procedures should be strictly controlled; sanctions should be set to deal with infringing enterprises and protect the investors' interests. Vietnamese government should focus on building a healthy, sustainable stock market approaching to international standards.

REFERENCES

1. Akle, Y. H. (2011). Financial reporting timeliness in Egypt: A study of the legal framework and accounting standards. *Internal Auditing & Risk Management, 6*(1), 81-91. Retrieved from https://ideas.repec.org/a/ath/journl/tome21y2011(vi)i6(21)p81-91.html
2. Allayannis, G., & Weston, J. P. (2001). The use of foreign currency derivatives and firm market value. *The review of financial studies, 14*(1), 243-276. https://doi.org/10.1093/rfs/14.1.243
3. Campbell, L. G. (1985). *International auditing*. London: Macmillan Publishers Ltd.
4. Colquitt, L. L., Hoyt, R. E., & Lee, R. B. (1999). Integrated risk management and the role of the risk manager. *Risk Management and Insurance Review, 2*(3), 43-61. https://doi.org/10.1111/j.1540-6296.1999.tb00003.x
5. Durand, D. (1952). Costs of debt and equity funds for business: trends and problems of measurement. Paper presented at *the Conference on research in business finance. NBER* (pp. 215-261). Retrieved from http://www.nber.org/chapters/c4790.pdf

6. Hermuningsih, S. (2014). Profitability, Growth Opportunity, Capital Structure and the Firm Value. *Bulletin of Monetary Economics and Banking (Buletin Ekonomi Moneter dan Perbankan), 16*(2), 115-136. https://doi.org/10.21098/bemp.v16i2.440

7. Hoyt, R. E., & Liebenberg, A. P. (2011). The value of enterprise risk management. *Journal of risk and insurance, 78*(4), 795-822. https://doi.org/10.1111/j.1539-6975.2011.01413.x

8. Kinney, J. W. R., & Martin, R. D. (1994). Does auditing reduce bias in financial reporting? A review of audit-related adjustment studies. *Auditing, 13*(1), 149-156. Retrieved from https://www.researchgate.net/publication/266136992_Does_Auditing_Reduce_Bias_in_Financial_Reporting_A_Review_of_Audit_Adjustment_Studies

9. Kodongo, O., Mokoaleli-Mokoteli, T., & Maina, L. N. (2015). Capital structure, profitability and firm value: panel evidence of listed firms in Kenya. *African Finance Journal, 17*(1), 1-20. Retrieved from https://mpra.ub.uni-muenchen.de/57116/1/MPRA_paper_57116.pdf

10. Lang, L. H., & Stulz, R. M. (1994). Tobin's q, corporate diversification, and firm performance. *Journal of political economy, 102*(6), 1248-1280. Retrieved from https://www.journals.uchicago.edu/doi/abs/10.1086/261970

11. Liebenberg, A. P., & Hoyt, R. E. (2003). The determinants of enterprise risk management: Evidence from the appointment of chief risk officers. *Risk Management and Insurance Review, 6*(1), 37-52. https://doi.org/10.1111/1098-1616.00019

12. Liow, K. H. (2010). Firm value, growth, profitability and capital structure of listed real estate companies: an international perspective. *Journal of Property Research, 27*(2), 119-146. https://doi.org/10.1080/09599916.2010.500459

13. Modigliani, F., & Miller, M. H. (1958). The cost of capital, corporation finance and the theory of investment. *The American economic review, 48*(3), 261-297. Retrieved from https://www.jstor.org/stable/1809766

14. Modigliani, F., & Miller, M. H. (1963). Corporate income taxes and the cost of capital: a correction. *The American economic review,* 433-443. Retrieved from https://www.jstor.org/stable/pdf/1809167.pdf

15. Mohamad, N. E. A. B., & Saad, N. B. M. (2010). Working capital management: The effect of market valuation and profitability in Malaysia. *International Journal of Business and Management, 5*(11), 140-147. https://doi.org/10.5539/ijbm.v5n11p140

16. Mule, R. K., Mukras, M. S., & Nzioka, O. M. (2015). Corporate size, profitability and market value: An econometric panel analysis of listed firms in Kenya. *European Scientific Journal, ESJ, 11*(13). Retrieved from http://eu-journal.org/index.php/esj/article/view/5659

17. Myers, S. C. (1977). Determinants of corporate borrowing. *Journal of Financial Economics, 5*(2), 147-175. https://doi.org/10.1016/0304-405X(77)90015-0

18. Sucuahi, W., & Cambarihan, J. M. (2016). Influence of Profitability to the Firm Value of Diversified Companies in the Philippines. *Accounting and Finance Research, 5*(2), 149. https://doi.org/10.5430/afr.v5n2p149

http://dx.doi.org/10.21511/imfi.15(4).2018.17