“The value relevance of earnings and book value at Vietnamese listed enterprises”

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THE VALUE RELEVANCE OF EARNINGS AND BOOK VALUE AT VIETNAMESE LISTED ENTERPRISES

Abstract

Relevant value is important for information users to make business decisions, and stock prices have an essential relationship to the value relevance about enterprises. The paper aims to investigate the earnings and book value influences on the value relevance of 144 Vietnamese listed enterprises. Selected data are non-financial enterprises with a wide range of industries to ensure representativeness on the Vietnamese stock market. The research implements stakeholder and signaling theory to explain the hypotheses of the model related to earnings per share and book value per share. Time series data are analyzed for three years from 2018 to 2020. The quantitative method is applied to test hypotheses. The results determine that the fixed effects model is suitable. The results also show that the earnings per share positively affect the stock price, but book value per share has a negative impact on the stock price. The paper provides some policy suggestions for investors to make reasonable decisions using relevant information about listed enterprises in Vietnam.

Keywords book value, earnings, information quality, disclosure, financial report

JEL Classification G14, G18, M41

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INTRODUCTION

The relevance of information is to assist stakeholders in making business decisions. One of the information users are interested in is the value relevance of enterprises. Value relevance represents the appropriateness and completeness of information to give a reasonable statement of an enterprise. Value relevance supports investors having the confidence to control right decisions. Value relevance also improves the information quality of the enterprises on the stock market. Transparency of the value relevance is considered an important issue to test the stability of the financial market and is fundamental to the protection of investors (Barth et al., 2021). Value relevance also displays information related to stock prices, as well as earnings and book value on the stock market. It also represents firm value and market capitalization. The relationship between the relevant value of information through stock prices and earnings, the book value, is shown by the level of capitalization of the enterprise on the stock market. The enterprises that provide relevant valuable information will ensure authenticity and reliability for stakeholders (Thijssen & Iatridis, 2016; Maigoshi et al., 2018).

Value relevance is a matter of concern for Vietnam in the context of economic integration. Value relevance is also associated with stock prices and market capitalization of Vietnamese listed enterprises. To integrate the international economy, the relevant value must become

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reliable to be useful information for investors. However, the knowledge of the financial market for stakeholders in Vietnam is not high, which leads to obstacles in improving value relevance. It is a challenge for Vietnamese listed enterprises to enhance the value relevance (Nguyen, 2018; Tran, 2020). The issue of information quality related to value relevance is decisive for investment in Vietnam. The assessment of the value relevance of the earnings and book value is the basis for improving information quality in the Vietnamese stock market.

1. LITERATURE REVIEW

Value relevance is one of the essential problems for assessing the quality of financial reports. It supports information users for reasonable decisions. Information is only really useful if it is associated with a suitable and effective economic decision. Information with value relevance when it includes both confirmed and predicted values, or both (IASB, 2018). Value relevance is the baseline standard when it comes to information quality. It demonstrates the reliability and transparency of information when assessing information quality. Information is deemed appropriate when it is useful to current and future stakeholders (FASB, 2021).

Value relevance is useful information to help inform users to check and make effective decisions (Collins et al., 1997). Based on the information of the business, interested parties can assess the financial situation, and business capacity to take timely actions and adjust the target based on current information. Camodeca et al. (2014) argue value relevance is expressed by the value of stocks and market capitalization. Value relevance is the link between stock price and earnings (Prihatni et al., 2016). It shows how much influence information has on stock prices in the market. The clearer and more reliable the information, the more useful the relevance of the information. Besides, Thijssen and Iatridis (2016) also consider value relevance shown in financial reports as the ability to capture and generalize the value of enterprises. In addition, Al-Ani and Tawfik (2021) show that value relevance is measured by earnings and book value. Value relevance is recognized in some ways, but in general, from the point of view of the paper, it is a factor to improve the quality of financial reports, helping information users make appropriate and timely decisions, as well as ensuring the reliability and transparency of information.

The overall goal of the information is to provide useful information to those interested in making effective decisions. At the same time, information is relevant when there are predictive and confirmatory values. The predictive value of information for predicting future outcomes and the information having confirmatory value as it reflects on previous assessments. The relevance of information is very important in accounting. Information is considered appropriate when it ensures its complete presentation, does not omit information, and ensures its materiality. In addition, relevant information is important for making various decisions. It allows interested parties to view past and present data to predict future outcomes to adjust goals and expectations. The relevance of information is based on predictive value and response value. The information is really useful to users when it comes to showing the financial position of an enterprise. Relevant information needs to be timely so information users can evaluate and make quick and appropriate decisions (IASB, 2018).

The appropriateness of the information presented across the items is evaluated based on its truthfulness, timeliness, substance, and comparability. The information must be available promptly to help interested people make right decisions, and the information should be presented truthfully in nature, ensuring that income and assets items are not inflated or inflated to conceal information about liabilities. In addition, value relevance helps users make a difference in decisions by predicting outcomes from past, present, and future information. It is also reflected in the complete presentation of information, the omission of information that can cause misunderstanding or misrepresentation, and the need to adhere to the principle of materiality (FASB, 2021).

Stakeholder theory is inherited from agency theory. Agency theory is formed by Ross (1973), and then further developed by Jensen and Meckling (1976). The theory refers to the connection between the board of directors and the executive through covenants expressing specific rights and obligations in the contract. To limit conflicts of benefit between the parties, the agency costs help to resolve the conflict. From the basis of agency theory, stakeholder theory is developed by Freeman (1984). The theory not only recognizes the relationship between the proxy and the representative, but also identifies the link between enterprises and other economic sectors, including shareholders, customers, creditors, employees, and other economic entities. The theory is that for enterprises to exist and develop in harmony between interests and related parties. It can be stated the success of enterprises is not only reflected in ensuring earnings for shareholders but also in bringing other benefits to stakeholders. The theory not only refers to the relationship between stakeholders in the economic sector but also to the factors affecting value relevance. If the factors have a positive effect, then value relevance is enhanced, from which information brings usefulness and reliability to users, and vice versa (Tsalavoutas et al., 2012). The theory also is an explanation of the interest among stakeholders in providing information and how it influences the decisions of information users.

The signaling theory is formulated by Spence (1973). This theory deals with the disclosure of information by an enterprise to stakeholders. Connelly et al. (2011) also believe enterprises transmit positive information to differentiate from other enterprises, as well as create an image and development prospects of an enterprise. Therefore, enterprises often create emphasis on their operational ability through information disclosure to affirm the position of enterprises. Since then, the subjects will realize the differences in activities between enterprises. It can be considered the level of information disclosure depends heavily on the development of an enterprise, in particular, the growth rate, size of enterprises, and business results. In this study, financial ratios recorded by book value per share, and earnings per share help users compare and evaluate the difference between enterprises and other enterprises.

Although value relevance is not a new issue, it is still interesting for many papers to expand research. Previous studies around the world have paid much attention to value relevance in certain aspects. Typically, there are several studies to determine the factors affecting value relevance, studies to test the change of value relevance, and some studies to investigate the influence of the application of reports on value relevance. Typically, Collins et al. (1997) test how changes in earnings and book value affect value relevance over time. The paper is made from 1953 to 1993 in the United States, along with the collection of data from 115,154 enterprises. The results explore how earnings and book value have a positive impact on stock prices. At the same time, earnings and book value have positively influenced value relevance over time. Abiodun (2012) investigates the influence of value relevance in 40 companies of different sectors in Nigeria between 1999 and 2009. Through the use of logarithmic regression model, hypotheses were tested. The result points earnings have a more positive impact on value relevance than book value. Chandrapala (2013) determines the influence of enterprises' size, earnings, and book value on value relevance. The paper collects data on 882 listed companies in Sri Lanka from 2005 to 2009. The paper finds earnings and book value had a little impact on value relevance, while large firms had a greater impact on value relevance than small firms. Camodeca et al. (2014) conduct a value relevance regarding two different stock markets between the United Kingdom and Italy. The study period is from 2011 to 2013, with a sample of 50 companies listed in Italy, and 50 companies listed in London. Using the quantitative research method and six different regression models, the study elicits that cash flow has a larger impact than income in the United Kingdom, while it is the opposite in Italy. Pervan and Bartulovic (2014) analyze the influence of factors on value relevance based on data collection from 97 enterprises listed in some countries of Europe from 2005 to 2010. The results demonstrate that both variables, including book value and earnings, have a positive impact on the stock market's value relevance, in which, book value has more impact on value relevance than earnings. Batistella et al. (2021) analyzed the effect of cultural differences on value relevance. The paper uses 15,902 enterprises from 30 countries between 2015 and 2017, with the countries with the highest gross domestic product. To test hypotheses, the paper uses linear regression to check the model. The results show that value relevance is enhanced in companies in countries with collectivist cultural characteristics. At the same

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time, it affirms that cultural factors have a positive influence on value relevance. Suhendra et al (2022) consider 91 non-monetary firms in Indonesia and Thailand between 2013 and 2017. The paper explores the effect of derivatives transactions in earnings management and how it affects value relevance. By quantitative research method, the results show that income management negatively affects value relevance.

Studies check how value relevance changes through the ages. Typically, Lam et al. (2013) investigate changes in value relevance among firms in China over two decades. The paper gathers data on stock prices and earnings of 11,199 companies in the Chinese stock market from 1994 to 2008. By quantitative method and through four models, the paper measures the influence of value relevance such as earnings, book value, earnings, accounts payable, and cash flow. The result finds that earnings information has an impact on stock prices. Barth et al. (2021) check the impact of value relevance due to the shift from industry to services and technology. The paper is made from 1962 to 2014 with 323 listed enterprises in the United States using the classification and regression tree approach, along with combining multiple information such as earnings, book value of equity, industry index, dividend, capital, cost price, costs, and total assets. The study verifies that value relevance is not impaired, and also finds the connection between stock prices and information reflects the value of equity in the new economy.

Some studies examine the influence of financial statements on value relevance. For example, Kargin (2013) determine the influence of the application of international financial reporting standards to value relevance with 1,954 listed enterprises in Istanbul of Turkey from 1998 to 2011. The paper shows value relevance is improved by the application of international financial reporting standards when considering book value. Baboukardos and Rimmel (2016) check value relevance using integrated reports with data from 954 companies in Africa in two time periods from 2008 to 2010 and from 2011 to 2013. By quantitative research method, a linear price model is constructed and combined market value with book value and earnings. The results point out that earnings positively affect value relevance when applying integrated reports, while the value of net assets oppositely affects value relevance. Prihatni et al. (2016) examine the impact of earnings, book value, and cash flow on the stock market during the convergence of international financial reporting standards from 2008 to 2014. The subjects of the study are Indonesian enterprises in the publicly listed manufacturing and financial services sectors. Using the quantitative research method, the results verify that information such as earnings per share, book value per share, and cash flow per share is related to value relevance due to the adoption of international financial reporting standards from 2008 to 2014. Gan et al. (2016) examine the effects of financial instrument adoption (FRS139) on the value relevance of financial reports in Malaysia. The paper collects data based on the market capitalization of 100 listed non-financial enterprises on the Malaysian Stock Exchange. Using regression analysis, the study elicits that the book value of equity and net earnings after tax impact market value. In addition, the book value of equity has a larger impact than the role of net earnings on market value when a financial instrument is required. Thijssen and Iatridis (2016) check the connection between value relevance and conservatism in compliance with general accounting principles and the difference between generally accepted accounting principles of the United States and international financial reporting standards. They take data from 20,930 listed companies in Europe and North America from 2009 to 2015. The paper implements a quantitative research method and built some research models. The research elicits that there is a positive connection between conservatism and value relevance. Elbakry et al. (2017) check value relevance changes before and after applying international financial reporting standards. The paper is carried out from 2002 to 2007 with 133 companies listed in the United Kingdom and 96 companies in Germany. The paper uses a quantitative research method. The results demonstrate that market value per share and book value increase when complying with international financial reporting standards. Alade et al. (2017) test the effect of international financial reporting standards on value relevance in Nigeria. Data is collected on 69 listed companies from 2012 to 2015. The study verifies that compliance with international financial reporting standards affects the stock prices of listed enterprises. Maigoshi et al. (2018) test the value relevance of transaction information with related parties and reviewed the changes in value relevance after applying international financial reporting standards of listed enterprises in Malaysia. The sample includes 369 listed enterprises in Malaysia from 2009 to 2015. The results show that transaction information with related parties positively affects stock prices. Garefalakis et al (2015) tests the connection between the return on assets and value relevance. The study was conducted between 2004 and 2005. The sample of the research is drawn from the data of listed banks in Italy, Greece, Spain, France, Malta, and Cyprus. The paper uses the quantitative research method to test models. The results affirm return on assets has a relation to value relevance when listed banks apply international financial reporting standards.

Researches on value relevance in Vietnam are quite modest, only studying a few aspects of value relevance such as determining the extent of information influence on stock prices (Truong & Nguyen, 2016), determining the extent disclose risk information to value relevance (Nguyen, 2018), propose some recommendations to help improve the information quality on financial statements and the accountant's prudence on information quality (Tran, 2020). Currently, there has been no research on the influence of stock prices on the value relevance of listed enterprises in recent times.

Through the review of previous studies, there are some studies associated with value relevance in the world in many different aspects. However, the difference between legal, political, cultural, the economic factors can lead to differences in the perception and assessment of factors affecting value relevance. The paper aims to determine the earnings and book value influences the value relevance of Vietnamese listed enterprises.

Based on the results of previous studies along with the inheritance of the research model and the underlying theories, the paper develops the following research hypotheses:

H1: The book value per share influences the value relevance of Vietnamese listed enterprises.

H2: Earnings per share affect the value relevance of Vietnamese listed enterprises.

2. METHODOLOGY

The research sample is taken by the Vietnamese listed enterprises. The data include 144 Vietnamese listed enterprises. Time series data covers three years from 2018 to 2020, corresponding to 432 samples to ensure statistical significance. The paper selects non-financial enterprises operating in many fields to ensure representativeness. Some samples selected by the paper match the criterion of satisfaction (Rogerson, 2011).

The samples are collected from the website of the State Securities Commission of Vietnam (https://www.ssc.gov.vn). The data is processed from the indicators of financial reports of these enterprises.

The paper uses a combination of ordinary least squares, fixed effects model, and random effects model to check the regression model. The paper uses Eviews 10 to support data analysis.

A model is inherited by Barth et al. (2008) and combines a survey of opinions of some Vietnamese experts. The paper establishes the research model, including book value per share and earnings per share. The research model is designed as follows:

$$P = \beta_0 + \beta_1 \cdot BVPS_{it} + \beta_2 \cdot EPS_{it} + e_{it}, \qquad (1)$$

where the stock price is denoted by *P*; the book value per share is denoted by *BVPS*; and earnings per share is denoted by *EPS*.

Stock price (P) is determined on December 31st of the year of data collection.

Book value per share (BVPS) is calculated by dividing equity by the number of shares outstanding.

Earnings per share (EPS) is calculated that the annual net earnings of an enterprise divided by the number of shares outstanding.

3. RESULTS

Table 1 shows that the average stock price is 4.3098, the maximum is 5.4273 and the minimum is 2.8325. The standard deviation of stock prices is not significant. This indicates there is not much

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difference in stock prices between Vietnamese listed enterprises. The standard deviation of the independent variables is relative. The mean book value per share is 4.2424, where the maximum is 7.3349 and the minimum is 2.8109. The standard deviation of the book value per share is 0.2704, which shows that the index has no difference between Vietnamese listed enterprises. Earnings per share have an average of 3.2369, as well as the maximum is 6.2702 and the minimum is 0.9542.

Table 1. Descriptive statistics

Source: Data from EViews 10.

Variables	P	BVPS	EPS
Mean	4.309862	4.242464	3.236968
Maximum	5.427324	7.334981	6.270217
Minimum	2.832509	2.810945	0.954243
Std.Dev.	0.363888	0.270400	0.556070
Observations	432	432	432

The results of Table 2 affirm the correlation coefficient between the variables is less than 0.8. This means multicollinearity does not occur in the model (Rogerson, 2011). The correlation coefficient of book value per share and earnings per share has a positive relationship with stock prices. Besides, there is a correlation between the two variables earnings per share and book value per share. The significance level of the variables ensures the appropriate level of the data.

Table 2. Matrix of correlation

Source: Data from EViews 10.

Correlation/ Probability	P	BVPS	EPS
P	1.000000		
	–		
BVPS	0.297441	1.000000	
	0.0000	–	
EPS	0.608450	0.566659	1.000000
	0.0000	0.0000	–

The regression results of ordinary least squares in Table 3 indicate earnings per share positively affect stock prices, but book value per share has no statistical significance. The adjusted R-squared coefficient is 0.6704, which states 67.04% of the change in stock prices is explained by the independent variables of the model. The Prob (F-Statistic) of the regression function is 0.0000 and less than 0.01, so it is appropriate for the data. From there, the regression model is determined as follows:

$$P = 3.3354 + 0.4240 \cdot EPS. \tag{2}$$

The regression results by the fixed effects model presented in Table 4 show that earnings per share positively affect stock prices, and book value per share negatively affects stock prices. The R-squared coefficient adjusted is 0.8834, which elicits that stock prices are explained by 88.34%. Prob (F-Statistic) is 0.000 and less than 0.01, so the regression model is appropriate for the data. The results of the regression of the fixed effects model are as follows:

$$P = 4.3906 - 0.1058 \cdot BVPS + \\ +0.1137 \cdot EPS. \tag{3}$$

The F-test aims to compare the choice between the ordinary least squares and the fixed effects model. The result is suitable to choose a fixed effects model when Prob is less than 0.05 (Hair et al., 2010). According to Table 5, Prob is 0.0000 and less than 0.05. Thus, the fixed effects model is consistent with the actual collected data.

The random effects model in Table 6 finds the independent variables are statistically significant. It

Table 3. Ordinary Least Squares (OLS) regression results

Source: Data from EViews 10.

Variables	Coefficent	Std.Error	t-Statistics	Prob.
C	3.335440	0.230381	14.47795	0.0000
BVPS	–0.093844	0.064001	–1.466291	0.1433
EPS	0.424023	0.031122	13.62474	0.0000
R-squared	0.673513	Mean dependent var		4.309862
Adjusted R-squared	0.670442	S.D dependent var		0.363888
S.E of regression	0.288726	Akaike info criterion		0.360594
Sum squared resid	34.01192	Schwarz criterion		0.389926
Log likelihood	71.10197	Hannan–Quinn criter.		0.372197
F-statistic	121.6252	Durbin–Watson Stat		1.580046
Prob(F-Statistic)	0.000000			

Table 4. Fixed effects model (FEM) regression results

Source: Data from EViews 10.

Variables	Coefficent	Std.Error	t-Statistics	Prob.
C	4.390604	0.170505	25.75056	0.0000
BVPS	–0.105839	0.050442	–2.098233	0.0368
EPS	0.113772	0.028708	3.964024	0.0001
R-squared	0.924666	Mean dependent var		4.309862
Adjusted R-squared	0.883445	S.D dependent var		0.363888
S.E of regression	0.124232	Akaike info criterion		1.061739
Sum squared resid	4.089877	Schwarz criterion		0.365790
Log likelihood	364.1874	Hannan-Quinn criter		–0.497026
F-statistic	22.43219	Durbin-Watson Stat		2.709107
Prob(F-Statistic)	0.000000			

Table 5. F-test results

Source: Data from EViews 10.

Effects Test	Statistic	d.f.	Prob
Cross-section F	13.557852	(143.265)	0.0000
Cross-section Chi square	870.578669	143	0.0000

can be stated earnings per share positively affect stock prices, but book value per share negatively impacts stock prices. The adjusted R-squared coefficient of 0.7536 represents 75.36% of the effect of the factors on the change in stock prices. The model fits the actual data when the Prob (F-statistic) is 0.000 and less than 0.01. The regression equation of the random effects model is determined as follows:

$$P = 4.1951 - 0.1477 \cdot BVPS + \\ +0.2243 \cdot EPS. \quad (4)$$

Hausman test aims to compare the selection between the random effects model and the fixed effects model, and when Prob. is less than 0.05, the fixed effects model is more suitable (Hair et al., 2010). The results of Table 7 affirm the Prob. is 0.0000 and less than 0.05. With this result, the model is selected as a fixed effects model.

The study shows two significant hypotheses in which the earnings per share has the same effect, while the book value per share is the opposite, specifically as shown in Table 8.

Table 6. Regression results by random effects model (REM)

Source: Data from EViews 10.

Variables	Coefficent	Std.Error	t-Statistic	Prob.
C	4.195101	0.158739	26.42761	0.0000
BVPS	–0.147794	0.045600	-3.241077	0.0013
EPS	0.224398	0.024556	9.138065	0.0000
R-squared	0.157746	Mean dependent var		1.246385
Adjusted R-squared	0.753618	S.D. dependent var		0.150353
S.E of regression	0.736878	Sum squared resid		7.644119
F-statistic	38.20735	Durbin-Watson Stat		1.551691
Prob(F-statistic)	0.000000			

Table 7. Hausman test results

Source: Data from EViews 10.

Test Summary	Chi Sq.Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	81.272913	2	0.0000

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Table 8. Hypothesis testing results

Source: Authors' elaboration.

Hypotheses	Results
H1 (The book value per share influences the value relevance of Vietnam listed enterprises)	Supported (negative)
H2 (Earnings per share affect the value relevance of Vietnam listed enterprises)	Supported (positive)

4. DISCUSSION AND POLICY RECOMMENDATIONS

The results find that the fixed effects model is the most suitable in choosing the research model. The results demonstrate that the independent variables are significant including earnings per share positively affecting stock prices, but book value per share negatively impacts stock prices. The study is similar to some previous works of Chandrapala (2013), Camodeca et al. (2014), Elbakry et al. (2017), Onali et al. (2017), Maigoshi et al. (2018), and Barth et al. (2021).

Firstly, earnings per share positively affect stock prices, and it is similar to the results of Chandrapala (2013), Camodeca et al. (2014), Elbakry et al. (2017), Onali et al. (2017), and Barth et al. (2021). Earnings per share is a measure of performance and profitability of a business as it represents business profits on a per-share basis. This index's continuous growth will help assess business prospects. It also shows that the basic issue to help listed enterprises improve earnings per share is the need to increase net profit. Understandably, to increase net profit, listed enterprises should increase revenue and cut costs by expanding domestic and foreign markets to further develop their current scale. The expansion of business products to attract more potential customers. Listed enterprises should grasp market trends, constantly improve, innovate, and develop product quality to improve. It supports enterprises achieve more efficiency in business.

In addition, to enhance revenue to increase earnings per share, listed enterprises should consider incurred costs to minimize costs to help bring high profits to businesses. To achieve that, listed enterprises should focus on looking at cost items, for those costs that are not necessary to actively cut. Listed enterprises should have an internal control system to recognize and evaluate existing processes that have overlaps so that there are solutions to limit the costs arising from those processes. In particular, listed enterprises should have quarterly and annual budget plans to monitor and make appropriate adjustments to their business operations.

Secondly, book value per share negatively affects stock prices and is similar to Maigoshi et al. (2018). Business capital is a prerequisite material in the production and business process of an enterprise to maintain continuous production activities. When enterprises lack business capital, this will lead to production stagnation and an inability to secure money to pay suppliers, thereby leading to a loss of credibility and increasing difficulties. This requires listed enterprises to always ensure business capital for the operation and business expansion. Understanding the importance of capital to support listed enterprises raise equity, businesses need to maintain and increase capital by calling for capital from many different sources.

Moreover, listed enterprises should attract foreign investment through their future business plans. To effectively mobilize capital, listed enterprises must demonstrate their value and position in the market, thereby having more advantages in the process of attracting investment capital. In addition, listed enterprises should have a specific plan to use capital, through strict management of capital to help businesses control and avoid ineffective investment plans. At the same time, listed enterprises can evaluate business efficiency and have timely solutions to create stability for the enterprise's capital in the future.

In the context of Vietnam's integration with the world economy, information quality requirements are an issue that needs to be focused on in the process of integration and investment attraction. At the same time, value relevance matters to information users. According to the stakeholder theory, information providers must raise responsibility and awareness to ensure the information quality of enterprises to users. This verifies the importance of raising the awareness of listed enterprises' leaders about value relevance, helping to bring about the reliability and usefulness of the information. Value relevance also helps users evaluate the performance of listed enterprises and make appropriate decisions. The value relevance can be seen as a guideline for listed enterprises seeking transparency, attracting investment and developing resources in the process of economic integration.

From the benefits of value relevance, it can be stated enhancing value relevance builds the image, reputation, and brand of enterprises. According to signaling theory, growth affects value relevance and resolves signals to information. By sending positive signals to enterprises, it helps to attract external resources and increasingly improve their image. It helps bring advantages to listed enterprises in the process of attracting capital because investors have assessments and perceptions based on the value of the information, from which to make their investment decisions. Therefore, value relevance is a tool for listed enterprises to transmit their positive signals to relevant stakeholders. Building enterprises' brands through value relevance is a way to help listed enterprises develop more and more sustainably and gain the trust of interested parties.

CONCLUSION

Value relevance contributes to increased market transparency and helps investors in making timely decisions. The paper aims to examine the influence of the earnings and book value on the value relevance of Vietnamese listed enterprises. The paper determines that the fixed effects model is the most suitable for the regression model. The results also affirm that the hypotheses of the research model are accepted. The results confirm that earnings per share positively affect stock prices, but book value per share negatively impacts stock prices. The influence of earnings per share on the relevant value is larger than that of book value per share. Accordingly, investors should pay more attention to the relevant value through the stock price of listed enterprises. Furthermore, investors should note earnings per share and book value per share because these are two important criteria to determine the value relevance to make informed business decisions. It is the basis for investors to decide to determine the value relevance by stock prices on the stock market. Future research may look at some aspects of market capitalization or firm value to examine their impact on the value relevance of listed enterprises.

AUTHOR CONTRIBUTIONS

Conceptualization: Tran Quoc Thinh, Tran Khanh Lam.
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Formal analysis: Tran Quoc Thinh, Nguyen Thi Phung, Tran Khanh Lam.
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Software: Nguyen Thi Phung, Tran Khanh Lam.
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