FACTORS AFFECTING THE FRAUDULENT FINANCIAL STATEMENTS OF LISTED COMPANIES

Tran Huu Ai
Dinh Nguyet Bich

Van Hien University, Ho Chi Minh, Vietnam

The study of factors affecting financial statement fraud will serve as a basis for managers to improve corporate governance, and efficiency, and at the same time help policy makers to issue policies to control fraudulent financial statements in order to prevent fraudulent financial statements of companies listed on the Vietnamese stock market in the most effective way, contributing to improving the effectiveness of corporate governance authority of the State. There have been many studies on financial reporting fraud done in the world, with the greatest concentration in countries with developed economies such as the US, UK, and Australia, where the users of financial statements are aware of the role of truthfulness and accuracy of the information in financial statements. However, according to the author's research, up to this point in Vietnam, empirical studies related to the search and identification of factors affecting the fraudulent behavior of financial statements of listed companies listing are limited.

Keywords: fraudulent financial statements; listed companies; stock market; Vietnam

Introduction

Several financial crises have affected the hospitality industry worldwide over the past couple of decades, such as the 2008 economic and financial crisis. Due to the effects of the recent financial crisis, businesses have had to adapt to new rules and regulations.

Ai Tran Huu

Ph.D. Lecturer of Faculty of Economics, Van Hien University, Ho Chi Minh City, Vietnam
Research interests: agricultural products, SMEs functioning and government support, organic food markets, ecological economics, environmental issues of economic development, and corporate social responsibility
Publish more than 90 papers in international journals (22 papers indexed in Scopus database), reviewer, and member of the editorial board of international journals
E-mail: aith@vhu.edu.vn

Dinh Nguyet Bich

Van Hien University, Ho Chi Minh City, Vietnam
Research interests: financial markets, finance instruments, investment
E-mail: aith@vhu.edu.vn
FACTORS AFFECTING THE FRAUDULENT FINANCIAL

Recently, financial statement fraud (FFT) has become an increasingly serious problem for the Government, listed companies, and investors, threatening to destroy the confidence of the financial markets' business leaders. That has posed an urgent need to strengthen the management and control of fraudulent financial statements of companies listed on Vietnam's stock market.

Currently, countries are assessing how the COVID-19 pandemic will affect the world economy. Although there are many different views, all agree that the global economy after the pandemic will be very different from before. Indian experts commented that: "The world that we once understood and are familiar with, will most likely become historical memory".

The state of the US economy alone is a huge issue. The US economy accounts for about a quarter of global GDP. Americans are losing their jobs, which means their spending is falling, imports into the US are dropping and investments in manufacturing in other regions are plummeting. In the US, imports have fallen more than 13% in the first five months of the year, or $176 billion, compared with the same period last year. In Germany, exports to the US fell by 36% year-on-year. At the same time, car exports fell by 24%. Analysts expect this grim situation to continue. The IMF predicts that US GDP will contract by 6.6% this year.

So far, China has outperformed other major economies due to its successful epidemic control. Although the economic contraction in the first quarter of 2020 is higher than in the European Union (EU) and the US (-6.8% compared to -3.5% and -4.8%), China is forecast to recover somewhat in the second quarter, while the US will be worse during this period. Overall, the International Monetary Fund (IMF) forecasts the global economy will shrink by about 3% in 2020, the most severe recession since the Great Depression of the 1930s.

The EU's top three economies are forecast to contract by -7.5%, US purchases by -5.9% and China by 1.2%. China's GDP was $14 trillion last year, or two-thirds of the US's ($21 billion), and the gap is set to narrow even further. If this economic trend continues, both economies will reach the same size over the next decade, much sooner than previously predicted. But that is a huge "If". The post-COVID-19 world is full of uncertainties and challenges for China, perhaps on a scale the country has not seen since its opening to global capitalism in the 1970s. COVID-19, along with economic and trade competition between the United States and China, has come at the slowest period of China's economic growth.

Regarding the prediction of financial reporting fraud, previous studies have used financial ratios as a measure. The representative criteria for these factors include gross profit ratio, and asset growth rate (Beasley, 1996; Beneish, 1999; Skousen & Wright, 2006), the difference between operating profit and cash flow, revenue receivable ratio, revenue to total assets ratio, and revenue to total assets ratio (Persons, 1995; Skousen & Wright, 2006).

The ratio of gross margin (gross sales margin) or COGS to sales is a ratio that has been found to be effective in many studies such as Kinney (1987). In particular, Blocher et al. (1988) argue that this is the best ratio to detect fraud in financial statements. Other recommended rates of return are net return on assets and return on assets (Kneutzenfeldt et al., 1986; Person, 1995). Inventory turnover (cost of goods sold relative to inventory) and receivables turnover ratio (sales in receivables) are highly valued in studies by Kinney (1987), Blocher et al. (1988), Beneish (1999).

Person (1995) tested and found that total asset turnover (return on assets) is a useful ratio for detecting fraudulent financial statements. This has created an urgent need to
strengthen the management and control of fraudulent financial statements of companies listed on the Vietnamese stock exchange.

In general, the results of research in the world show that the group of factors in the attitude of managers that have the greatest influence on fraudulent financial reporting includes: the integrity of the Board of Directors, violations of securities laws or relevant laws committed by the Board of Directors in the past; management's professional attitude: intentionally limiting the scope of the audit, monopolizing and controlling the company's internal controls, restricting access to employees and company information, e.g. (Albrecht & Romney, 1986; Heiman et al., 1996).

Next, the second group that affects financial reporting fraud is a group of motivation/pressure factors: including financial stability, pressure from a third party, and pressure to achieve financial goals. (Sales, profit target, etc.) because most of the income of the Board of Directors depends on the share price, and business results, which is the result of the research of Albrecht & Romney (1986), Bell & Carcello (2000).

Finally, the opportunity factor group is the group of factors that have the least impact on fraudulent financial reporting, including poor internal control quality, financial reporting and industry characteristics, board characteristics, independent audit at Bell & Carcello (2000).

In addition, there are also several studies that also show a range of pressures, opportunities and attitudes that affect financial reporting fraud, including stability of financial decisions, third party pressure, financial objectives, investor and capital pressure (Tan, 2014).

Theoretical basis

Fraud concept

In the world, the American criminologist Sutherland (1994) was the one who coined the term "white-collar crime" to refer to the fraudulent activities carried out by the top management of a company set up to deceive the public. In subsequent studies, the term has been used to replace the commonly accepted term "fraud".

Fraud is an intentional act committed by one or more persons on the Board of Directors, employees or third parties through deceit for the purpose of obtaining an unfair or illegal benefit.

The concept of fraudulent financial statements

Based on Sutherland's (1940) term "white-collar crime", financial reporting fraud is fraud often perpetrated by managers. The concept of financial reporting fraud is mentioned by many researchers.

Financial reporting fraud is a fraudulent act that deliberately falsifies economic and financial information in order to correct the performance of one or more members of the Board of Directors and affects the financial statements (Elliot & Willingham, 1980, Well, 2013).

Financial reporting fraud is intentional fraud committed by management to the detriment of investors and creditors by materially misrepresenting information in financial statements (Elliot & Willingham, 1980).

Thus, the common features in the concept of fraudulent financial reporting are as follows: fraudulent financial reporting is a deliberate act of management aimed at falsifying
FACTORS AFFECTING THE FRAUDULENT FINANCIAL

financial reporting information that is detrimental to investors and creditors. Errors and fraud in the financial statements are both potential errors in the financial statements of each enterprise that affect the results of the financial statements and misrepresent the actual business situation of the enterprise. The difference between error and fraud in financial reporting is shown in the Tab. 1.

Table 1 - Distinguishing between errors and frauds in financial statements (compiled by the authors)

<table>
<thead>
<tr>
<th>Comparison criteria</th>
<th>Fraudulent financial statements</th>
<th>Errors in financial statements</th>
</tr>
</thead>
<tbody>
<tr>
<td>In essence</td>
<td>An intentional, calculated, self-seeking act</td>
<td>Unintentional behavior, sometimes just an unintentional omission or due to limited capacity, recklessness in work, causing mistakes.</td>
</tr>
<tr>
<td>In terms of form of expression</td>
<td>Symptoms of fraud are: + Misrepresenting, modifying, forging documents, intentionally miscalculating numbers + Embezzlement of property Deliberately concealing information, making false records about economic transactions</td>
<td>Manifestations of errors: + Omission or incorrect recording of accounting transactions. Applying accounting standards, methods, principles, and regimes incorrectly but unintentionally + Wrong arithmetic calculation or wrong recording</td>
</tr>
<tr>
<td>About the level of sophistication</td>
<td>As an intentional act, the performer is often carefully prepared, so the level of sophistication is high, difficult to detect.</td>
<td>The level of sophistication is low, it is easy to detect because it often causes errors by accident</td>
</tr>
<tr>
<td>In terms of materiality</td>
<td>Always considered a material misdemeanor</td>
<td>Depends on the size and severity of the error</td>
</tr>
</tbody>
</table>

Providing incomplete and dishonest information

One of the principles of fraud is always the concealment of fraud. Fraud in businesses always finds ways to hide the breach on the ledgers. Another form of concealment is the concealment of information disclosed in the financial statements. Failure to disclose information about debts, important events, related party transactions, insider trading, etc. can be a way to hide fraud. Inappropriate, incomplete disclosure can be a way to hide evidence of fraud.

Research overview of factors affecting financial reporting fraud in listed companies

In addition to reviewing the research papers on the topic of financial reporting fraud, the study focuses on summarizing relevant research on the factors influencing financial reporting fraud, which are considered from many different perspectives.

Accordingly, the groups of factors include:
- Group of factors on motivation/pressure (GFM): Financial stability (FS); Financial goals (FG)
- Group of factors of opportunity (GFO): Characteristics of financial statements and operating lines of listed companies (CFSO); Size of listed company (SLC); Regulatory environment (RE); Macroeconomic environment (ME); Independent audit (IA).
- Group of factor attitude (GFA): Professional qualifications of the management board (PQM); Attitude and professionalism of the leadership (APL).

Research Methods

**Qualitative research methods**
Qualitative methods are used to discover, adjust, and supplement variables used to measure the factors and criteria used in the research, ensuring that the scale of theory building and concretization with reality. Firstly, this method is implemented by studying the literature and reviewing previous domestic and foreign studies.

Thus, groups of factors influencing financial reporting fraud have been identified. Further, qualitative research was conducted through in-depth interviews with experienced experts in the fields of securities - finance - accounting.

**Quantitative research methods**
Through the results of interviews with leading experts, the author uses these results as a basis for a quantitative research method. In quantitative research, the author uses a survey method to compile descriptive statistics on fraudulent financial statements and test the research hypothesis. Based on theory, reality, situational analysis results, and consultation with experts, the author inherits the fraudulent triangle research model and the fraudulent balance sheet model, to develop an exploratory research model. Based on the research model, the hypothesis is formulated as follows:

H: Group of factors on motivation/pressure (GFM), Group of factors of opportunity (GFO), Group of factor attitude (GFA) management's influence on fraud in the preparation of financial statements of companies listed on the stock market of Vietnam. The factors selected for the survey include 9 factors (2 factors of pressure/motivation, 5 factors of opportunity, and 2 factors of the manager's attitude).

These factors are assessed to be common and important through the results of research reviews in the world and in Vietnam, and the results of in-depth interviews with experts in the field of securities - finance - accounting experience in Vietnam.

The study sample (selected survey subjects) for sending the survey questionnaires to is independent auditors.

**Data collection**
The total number of survey questionnaires that the author distributed is 540, in two forms: sending the survey by email and sending the survey directly to the survey subjects. The total number of poll questionnaires was 418 valid votes (accounting for 77.41%). The answer sheet is highly reliable and shows that the surveyed are interested in the subject as well as they have a deep understanding of the questions in the survey. Then, the data is declared and sent to SPSS 23.0 software. The reliability of the scale for the factor variables is tested by using the Cronbach Alpha index.
EFA exploratory factor analysis is used to remove observation criteria that did not meet the criteria.

Correlation analysis shows whether the research variables in the model are related or not. Multivariate regression analysis shows the degree of influence of each factor on the fraudulent financial statements of companies listed on the Vietnamese stock market through regression coefficients.

The multivariate regression equation of the research model has the form:

\[ \text{Financial fraud} = \alpha + \beta_1 \text{FS} + \beta_2 \text{FG} + \beta_3 \text{CFS} + \beta_4 \text{SLC} + \beta_5 \text{RE} + \beta_6 \text{ME} + \beta_7 \text{IA} + \beta_8 \text{PQM} + \beta_9 \text{APL} + e_i \]

**Results**

*Results of demographic information about survey subjects*

On average, the number of survey subjects with more than five years of work experience accounts for more than 90%. The number of technicians with experience in fraud detection is 76.7%, the survey of these technicians to judge the impact of factors affecting fraudulent financial reporting in companies listed on the Vietnamese stock market is reliable for the results of the study.
Research results on fraudulent financial reporting of companies listed on Vietnam's stock market

Descriptive statistics results

For the fraudulent financial reporting form, the false profit/assets declaration form has the highest average score of 2.91 compared to the other two fraudulent financial reporting forms, in which the profit/assets reconciliation form scores 2.85 points, and a less common form of fraud in the preparation of financial statements is the declaration of a decrease in profits/assets (2.74 points).

Regarding the factor of fraudulent financial reporting of companies listed on the Vietnamese stock market evaluation criteria, the survey results show that the criteria used to evaluate the fraudulent financial reporting of listed companies are often based on sophisticated implementation criteria, difficult to detect, which is general (4.48 points), followed by the scale of financial fraud (score 4.71) and finally the frequency of fraud (score 4.17).

Evaluate the reliability of the scales

According to the results of testing the reliability of the scale, the Cronbach's Alpha indexes are all greater than 0.8, which indicates that the scales provide reliability in measuring the popularity of simple forms, methods and objects, fraud in the preparation of financial statements, factors affecting the fraudulent financial reporting of companies in the Vietnamese stock market.

Research results on factors influencing the fraudulent financial reporting of companies listed on the stock market in Vietnam.

Descriptive statistics results

Findings of a study of the factors influencing the fraudulent financial reporting of companies listed on the stock market in Vietnam.

Based on the results of the analysis carried out in the SPSS software, it appears that the mean and standard deviation (SD) of the factors have high values, which shows that factors with a high value have a large influence on the fraudulent financial reporting of companies listed on the stock market in Vietnam.

Checking the reliability of the scale of factors in the research model

The results after testing the reliability of the 9-factor scale in a research model to assess the influence of factors on fraudulent behavior on the financial statements of companies listed on the Vietnamese stock market, the author relies on the Cronbach’s Alpha coefficient, all of which are satisfactory.

EFA factor detection analysis results

Using the method of exploratory factor analysis will help the author summarize many of the observed variables into the main latent components that represent all data. Exploratory factor analysis does not distinguish between independent and dependent variables (Hair et al., 1998).

Therefore, the author conducted an exploratory factor analysis simultaneously with independent variables, and the dependent variables in the model were analyzed separately according to the following criteria: factor loading > 0.5; 0.5 < KMO < 1; Bartlett test has Sig
FACTORS AFFECTING THE FRAUDULENT FINANCIAL

< 0.05; explanatory variance > 50%. The explanation for this can be seen in the fact that each part of the toolkit is evaluated by a problem, so right from the basic content it is divided into different groups. This represents a fairly high level of tool stability.

**Correlation analysis results**

The purpose of performing correlation analysis is to determine whether there is a linear relationship between the dependent variable, which is fraudulent financial reporting, and the independent variable, which is the 15 factors mentioned above. The results of this analysis form the basis for the regression analysis.

**Results of multivariate regression analysis**

The regression analysis is aimed at assessing the influence of factors on the fraudulent financial statements of companies listed on the Vietnamese stock market. Multicollinearity is a phenomenon in which the independent variables have an almost linear relationship. Ignoring multicollinearity causes the standard errors to be usually higher, the statistical value is reduced, and may not be significant. To test this phenomenon, we use the measure of variability Inflation Factor (VIF) to test the phenomenon of correlation between independent variables. The condition is VIF < 2 to not have multicollinearity (Tho, 2013; Ho, 2014).

Research results show that the VIF of the variables included in the model is very low, all are less than 2. Therefore, multicollinearity does not occur between these variables.

Table 2 – Results of statistic analyze - 1
(compiled by the authors)

<table>
<thead>
<tr>
<th>Model</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>Durbin-Watson</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>R Square Change</td>
<td>F Change</td>
<td>df1</td>
<td>df2</td>
<td>Sig. F Change</td>
</tr>
<tr>
<td>1</td>
<td>0.710</td>
<td>0.25680</td>
<td>0.719</td>
<td>80.792</td>
<td>9</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), APL, PQM, SLC, RE, FS, FG, IA, ME, CFSO
b. Dependent Variable: FEF

Adjusted R2 value (Adjusted R2) = 0.710. The adjusted R-squared parameter indicates the degree (%) of the variation in the dependent variable that is explained by the independent variable. In this case, it can be said that the volatility of the dependent variable (fraud in financial reporting) due to the influence of the independent variables is 56%.

In addition, the Durbin–Watson coefficient = 1.148 < 2 shows no autocorrelation.

**Model fit**

The objective of this test is to see whether there is a linear relationship between the independent variables and the dependent variable. The model is considered unsuitable when all regression coefficients are zero, and the model is considered suitable when at least one regression coefficient is non-zero.

Analysis of Variance (ANOVA) was used to test the fit of the model. If the significance level has a confidence level of at least 95% (Sig. < 0.05), the model is considered appropriate (Tho, 2013; Ho, 2014).
Table 3 – Results of statistic analyze - 2
(compiled by the authors)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>47.953</td>
<td>9</td>
<td>5.328</td>
<td>80.792</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>18.729</td>
<td>284</td>
<td>.066</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>66.683</td>
<td>293</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

a Dependent Variable: FEF
b Predictors: (Constant), APL, PQM, SLC, RE, FS, FG, IA, ME, CFSO

ANOVA analysis showed that parameter F has Sig. = 0.000, demonstrating that the regression model is suitable for the collected data set, and the included variables are statistically significant at the 5% level of significance.

Results of a regression analysis of the influence of factors on the fraudulent financial statements of companies listed on the Vietnamese stock market

Table 4 – Results of statistic analyze - 2
(compiled by the authors)

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
<th>Correlations</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Zero-order</td>
<td>Partial</td>
</tr>
<tr>
<td>(Constant)</td>
<td>-0.399</td>
<td>0.179</td>
<td>-2.226</td>
<td>0.027</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FS</td>
<td>0.136</td>
<td>0.031</td>
<td>0.158</td>
<td>4.414</td>
<td>0.450</td>
<td>0.253</td>
</tr>
<tr>
<td>FG</td>
<td>0.080</td>
<td>0.026</td>
<td>0.116</td>
<td>3.115</td>
<td>0.477</td>
<td>0.182</td>
</tr>
<tr>
<td>CFSO</td>
<td>0.313</td>
<td>0.034</td>
<td>0.363</td>
<td>9.103</td>
<td>0.689</td>
<td>0.475</td>
</tr>
<tr>
<td>SLC</td>
<td>0.195</td>
<td>0.035</td>
<td>0.233</td>
<td>5.586</td>
<td>0.605</td>
<td>0.315</td>
</tr>
<tr>
<td>RE</td>
<td>0.079</td>
<td>0.025</td>
<td>0.103</td>
<td>3.110</td>
<td>0.159</td>
<td>0.181</td>
</tr>
<tr>
<td>ME</td>
<td>0.118</td>
<td>0.035</td>
<td>0.134</td>
<td>3.411</td>
<td>0.542</td>
<td>0.198</td>
</tr>
<tr>
<td>IA</td>
<td>0.145</td>
<td>0.033</td>
<td>0.166</td>
<td>4.355</td>
<td>0.556</td>
<td>0.250</td>
</tr>
<tr>
<td>PQM</td>
<td>0.047</td>
<td>0.019</td>
<td>0.080</td>
<td>2.397</td>
<td>0.177</td>
<td>0.187</td>
</tr>
<tr>
<td>APL</td>
<td>0.034</td>
<td>0.016</td>
<td>0.072</td>
<td>2.152</td>
<td>0.073</td>
<td>0.127</td>
</tr>
</tbody>
</table>

aDependent Variable: FEF

The coefficients in the regression model and the p-value significance are the most important parameters for us to draw conclusions about the relationship between variables in the multivariable regression model. Regression equation:

\[ \text{FEF} = -0.682 + 0.136\text{FS} + 0.080\text{FG} + 0.313\text{CFSO} + 0.195\text{SLC} - 0.079\text{RE} + 0.118\text{ME} + 0.145\text{IA} + 0.047\text{PQM} - 0.034\text{APL} + \epsilon \]

The author conducts a test to evaluate the factors affecting the fraudulent financial statements of companies listed on the Vietnamese stock market by assessing the significance of the regression coefficient. \( \beta_i \) with a pair of assumptions:

\[ \text{H}_0: \beta_i = 0 \]
\[ \text{H}_1: \beta_i = 0 \]
The test results show that there are significant regression coefficients of these 3 groups of factors, so it is possible to reject the H0 hypothesis, and accept the H1 hypothesis, i.e. the factors refer to the groups of factors on motivation/pressure and opportunities, this attitude really has an impact on fraudulent financial statements of companies listed on the Vietnamese stock market. As follows:

Based on Figure1, we can see that there are 9 variables with statistical significance that affect the fraudulent financial statements of companies listed on the Vietnamese stock market. These are both factors of the group of motivation/pressure group: financial stability, pressure from third parties, and financial goals, beta coefficients of these factors show that this pressure comes from other factors.

The higher this factor is, the greater the possibility of fraudulent financial statements of companies listed on the Vietnamese stock market is.

Next, two factors belonging to the group of attitude factors also have a positive relationship with fraudulent financial statements and are statistically significant, showing that the higher the violation of the attitude of the Board of Directors, the more likely it is to fraud in the financial statements of companies listed on the Vietnamese stock market.

Finally, two factors belonging to the group of opportunity factors also have a positive relationship with fraudulent financial statements: characteristics of the financial statements and operating industries of listed companies, legal environment, etc., physical.

Fraudulent financial statements of companies listed on Vietnamese stock market are rare. The characteristics of the Board of Directors and the competence of the Board of Directors are also negatively correlated with fraud in financial statements, indicating that the greater the influence of these factors, the more fraud in the company's financial statements of companies listed on the Vietnamese stock market is limited.

Discussion

The group of factors on Motivation/pressure is a group of factors with all variables having a positive impact on fraudulent financial statements of companies listed on the Vietnamese stock market where the pressure on the Board of Directors to achieve the financial targets set by the Board of Directors; pressure from the completion of the listing procedures in the stock market; losses from economic activities that threaten the possibility of bankruptcy or delisting in the stock market; third-party profitability ratios or expectations, management is overly optimistic about the information in the annual report, creating an incentive for listed companies to commit financial reporting fraud.

This is explained by the characteristics of Vietnamese stock market, a market with many inadequacies, and risks and still young, investors who mainly make short-term investments interested only in listed companies.

Listings have fast profitability and do not have market organizations.

Moreover, many Vietnamese investors, when participating in the market, lack the necessary basic understanding, analysis, and forecasting. They often invest in psychological factors and are influenced by emotions.
Conclusion

Based on the discussion of the results in the study, some recommendations were made for listed companies to minimize the factors that are likely to be present in the unit, and an anti-fraud program in the listing of companies should be developed, for auditing firms and technicians, such as an approach to auditing fraud in accordance with the risk of fraud, exchange of experience in the analysis of cases of fraud with financial statements in the world and in Vietnam; for investors who prudently analyze information in financial statements based on fraudulent practices; for public authorities, such as professional associations, the Ministry of Finance and the Securities Commission.

It is necessary to strengthen sanctions against listed companies when they violate the law when preparing financial statements, and take measures to handle the audit company when there is a mistake in the audit of financial statements, creating control departments to improve the quality of the audit of financial statements in order to limit the practice of fraudulent presentation of financial statements of companies listed on the Vietnamese stock market.

References:


FACTORS AFFECTING THE FRAUDULENT FINANCIAL


---

*Paper submitted* 18 August 2022  
*Paper accepted for publishing* 03 October 2022  
*Paper published online* 30 March 2023