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THE IMPACT OF EARNINGS MANAGEMENT ON STOCK RETURNS OF REAL ESTATE COMPANIES LISTED ON THE VIETNAMESE STOCK MARKET

Thi Thu Hang Nguyen, Hong Ngan Nguyen, Hien Thao Bui
, Ha Minh Tran and Thuy Linh Mai

¹Master in Faculty of Finance and Banking, Thuongmai University, Hanoi, Vietnam

²³⁴⁵Student in Faculty of Finance and Banking, Thuongmai University, Hanoi, Vietnam

¹Orcid: <https://orcid.org/0009-0006-3253-5474>

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ABSTRACT

The objective of this study is to examine the impact of earnings management on the stock return rate of real estate companies listed on the Vietnamese stock market. The research is conducted by collecting information and survey results from 60 real estate companies listed on the Ho Chi Minh City Stock Exchange (HOSE) and the Hanoi Stock Exchange (HNX) from 2018 to 2023. The panel data analysis method is applied, using OLS, FEM, and REM models. Among these, the FEM model is identified as the most suitable for explaining the research model. These findings provide practical policy implications for investors, the government, auditing firms and real estate companies.

KEYWORDS: - Earnings management, stock return rate, stock exchange, real estate sector.

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I. INTRODUCTION

Profit plays a crucial role in the survival and development of enterprises. To achieve high, stable profitability and remain competitive, businesses must continuously monitor their financial performance. Financial statements serve as essential tools in corporate management, providing indispensable insights into financial conditions. Through financial reports, managers can identify strengths and weaknesses, formulate long-term development strategies, and implement measures to stabilize and enhance operational efficiency. To make informed investment decisions, investors pay close attention to financial disclosures provided by listed companies. Analyzing the impact of earnings management on stock return rates enables investors to gain a more accurate understanding

of corporate profitability indicators, thereby making better stock investment choices. This is also the reason why the research team selected the topic: "The impact of earnings management on stock returns of real estate companies listed on vietnam's stock exchanges ". This study focuses on the real estate sector for several reasons. Firstly, the real estate industry is highly sensitive to economic fluctuations and is significantly affected by macroeconomic factors such as interest rates, inflation, and GDP growth. This creates an opportunity to study the impact of earnings management in a highly volatile sector. Secondly, real estate stocks have a high listing and trading ratio, representing a substantial proportion of the Vietnamese stock market, which facilitates data analysis and the investigation of the relationship between earnings management and stock return rates. Thirdly, real estate stocks exhibit high return potential and risk, with significant price volatility, which clearly reflects the influence of earnings management on stock returns. This provides a more comprehensive perspective on the effects of earnings management compared to other industries.

II. LITERATURE REVIEW

2.1. Earnings Management Behavior

Earnings management has been extensively studied worldwide, with various definitions proposed. It refers to managerial actions that influence a company's financial performance as presented in financial statements, creating an impression of higher revenue or lower expenses.

Healy and Wahlen (1999) define earnings management as managers using their discretion in preparing and disclosing financial statements and executing transactions to alter financial reports in ways that mislead stakeholders or affect contractual outcomes tied to accounting figures.

The foundation of earnings management lies in accrual accounting (Duong Nguyen Hung, 2013). The key difference between accrual and cash accounting is the timing of revenue and expense recognition. Accrual accounting records transactions related to assets, liabilities, equity, revenue, and expenses at the time of occurrence, regardless of cash flow timing (Vietnamese Accounting Standards VAS No. 01).

Total accruals (TA) are calculated as net accounting profit after tax minus operating cash flow. However, TA alone cannot serve as adjusted earnings metric due to normal business-related accruals such as credit sales, provisions for bad debts, inventory write-downs, and accrued expenses. Therefore, TA is divided into two components; Non-Discretionary Accruals (NDA): Accruals determined by accounting standards and regulations. Discretionary Accruals (DA): Also known as abnormal accruals, these are accruals adjusted by management to manipulate earnings within a given period.

2.2. Stock Return Rate

The stock return rate represents the profit or loss from investing in a stock portfolio (Jones, 2000). It is calculated as the change in stock value over a given period divided by the stock price at the beginning of that period. Alternatively, it measures the return obtained from investing in a common stock, accounting for the initial and final stock price and dividends received.

The rate of return on a stock represents the profit or loss incurred when investing in a portfolio of securities. The rate of return on a stock is simply the change in the stock's value over the period under consideration divided by the stock's value at the beginning of the period. In other words, the rate of return is calculated by considering the return on investment in a common stock, based on the stock's value between the beginning and end of the period, and the income that the owner derives from that stock.

2.3. Research on the relationship between Earnings Management and Stock Return Rate

Oduma (2015) research proposes a model to study the impact of earnings management on stock returns through a model including independent variables such as adjusted variables, firm size and the ratio of market value and book value of the company. The author identifies earnings management behavior using the modified Jones model (Dechow et al., 1995) and gives the results that earnings management has a similar and significant impact on stock returns.

Cotten (2005) points out that there is evidence of increased profitability due to earnings management and the author argues that earnings management behavior contributes to surprises and weakens market efficiency. The author explains the conclusion through a research model that studies the impact of the adjusted DA, the size of the owner's equity, and the ratio between the book value and the market value of the company on the annual return on the company's shares.

In particular, with the above studies, Nuryaman (2013) has proposed a model of the impact of profit (represented by the DA variable) on the return on shares and considered the role of the moderator variable, which is the quality of control, on the above relationship. The author discusses that earnings management has a negative impact on the return on shares. The results also show that the quality of control has a positive impact on this relationship.

Similar pattern is also found in the study of Birjandi, Mohammad & Mohammad (2015), which shows that there is a vertical relationship between stock returns and earnings management, and also shows that audit quality has a significant impact on the relationship between stock returns and earnings management. The study of Amadi & Amadi Research (2014) also shows similar results.

2.4. Research on the impact of other factors on the Stock Return Rate

As mentioned above, the profit from business operations includes accrued earnings and the realized cash profit, which is calculated by the net cash flow from operating activities (CFO). Accrued earnings in profit include discretionary accruals (DA) and non-manipulated accruals (NDA), which are accruals made in accordance with the regulations and principles of accounting standards. A concern is raised as to how, among the three components of profit, the impact of discretionary accruals (DA) on stock performance compares to the influence of the remaining two components (NDA and CFO). If the discretionary accruals (DA) on stock return (SR) is stronger than the two non-manipulated profit components, this would be a very worrying issue as it demonstrates that the market has been excessively influenced by the earnings manipulation behavior of business managers. Previous studies have not addressed this comparison.

Research findings by Banz (1981), Basu (1983), Halliwell, Heaney and Sawicki (1999), Gaunt (2004), Gharghori, Chan and Faff (2006, 2007) have shown that firm size (SIZE) and stock returns are inversely related. That is, stocks of smaller firms tend to generate higher returns than stocks of larger firms.

The research findings of Brennan and Subrahmanyam (1996), Datar et al. (1998), and Chordia et al. (2005) also demonstrate an inverse relationship between stock returns and share turnover (TURN). According to Pandey (1981), Kumar and Hundal (1986), the debt ratio is one of the factors affecting stock prices and stock returns. Studies by Korteweg (2004), Nissim and Penman (2003), Artikis and Nifora (2011) show an inverse relationship between stock returns and debt ratios. By 2015, research by Birjandi, Kaveh and Kharrami (2015) on stocks in Tehran also yielded similar results. That is, the higher the debt ratio, the higher the risk. In that case, investors will be very cautious, so expectations for the stock value of these companies are usually not high. At that time, the amount of capital invested in the stocks will be limited, leading to a decrease in the stock return. Therefore, the debt-to-total-assets ratio (LEV) has an inverse effect on stock returns.

The book-to-market ratio (BM) compares the book value of a stock to its market value. The book-to-market ratio is widely used after the research of Fama & French (1995). The study has shown that the book-to-market ratio of a stock can explain stock returns over the years, this ratio will indicate whether the stock is being overvalued or undervalued. A low ratio predicts low stock returns and vice versa.

Previous empirical studies have shown that dividend yield can predict stock returns. According to Hodrick (1992), dividend yield can predict stock returns in 36 research markets. The research results of many previous studies in the US have the same conclusion.

Stefano (2015) concluded that the current ratio has a negative impact on stock returns. A high current ratio indicates that the business holds more current assets (cash, inventory, receivables) than current liabilities. An excessively high ratio often reflects inefficient financial management, reducing the profitability of capital.

III. RESEARCH METHODS AND HYPOTHESES

3.1. Research hypotheses

This study explores the impact of earnings management through two primary hypotheses and six control variables:

H1: Adjusted discretionary accruals (DA) have a positive effect on stock return rates.

H2: The impact of DA is weaker than that of non-discretionary accruals (NDA) and operating cash flows.

H3: Firm size negatively affects stock return rates.

H4: Stock turnover negatively affects stock return rates.

H5: Debt-to-asset ratio negatively affects stock return rates.

H6: Book-to-market ratio negatively affects stock return rates.

H7: Dividend yield positively affects stock return rates.

H8: Current ratio negatively affects stock return rates.

3.2 Research data

The study collects data from 66 out of 70 real estate companies listed on the Ho Chi Minh City Stock Exchange (HOSE) and the Hanoi Stock Exchange (HNX) during the period 2018–2023.

3.3. Research Model Framework

The findings of multiple researchers have demonstrated that the Modified Jones Model (1991) is the most appropriate model for identifying earnings management behaviors of companies in Vietnam. Therefore, in this study, we employ the Modified Jones Model (1991) to measure discretionary accruals (DA) in examining the impact of earnings management behavior on stock returns in Vietnam.

Calculation of Discretionary Accruals

First, non-discretionary accruals (NDA) are calculated using the following formula

$$\frac{NDA_t}{A_{t-1}} = \frac{\alpha_1}{A_{t-1}} + \alpha_2 \frac{\Delta REV_t - \Delta REC_t}{A_{t-1}} + \alpha_3 \frac{PPE_t}{A_{t-1}} + \alpha_4 ROA_{t-1} \quad (2)$$

$\frac{NDA_t}{A_{t-1}}$ Represents the non-discretionary accruals of the firm under study with earnings management in year t; A_{t-1} : represents total assets in year t-1; ΔREV_t : represents the change in revenue from year t-1 to t; ΔREC_t : represents the change in net receivables from year t-1 to t; PPE_t : represents total fixed assets; ROA_{t-1} : represents return on assets in year t-1.

$\alpha_1, \alpha_2, \alpha_3, \alpha_4$ are parameters estimated using OLS for $\varphi_1, \varphi_2, \varphi_3, \varphi_4$ in the following model:

$$\frac{TA_t}{A_{t-1}} = \frac{\varphi_1}{A_{t-1}} + \varphi_2 \frac{\Delta REV_t}{A_{t-1}} + \varphi_3 \frac{PPE_t}{A_{t-1}} + \varphi_4 ROA_{t-1} + \varepsilon(3)$$

This study utilizes the model developed by Kothari, Leone & Wasley (2005), which is considered to fundamentally address the limitations of the Jones Model and the Modified Jones Model in estimating discretionary accruals (DA). The total accruals in this study are consistently defined in accordance with the research by Healy (1985), Jones (1991), and Jeter & Shivakumar (1999) as follows:

$$TA_t = \Delta CA - \Delta CASH - \Delta CL + \Delta DCL - DEP \quad (4).$$

ΔCA : Change in current assets from year t-1 to t; $\Delta CASH$: Change in cash holdings from year t-1 to t; ΔCL : Change in current liabilities from year t-1 to t.; Change in short-term debt from year t-1 to t; DEP : Depreciation of fixed assets in year t.

After estimating non-discretionary accruals (NDA), discretionary accruals (DA) are determined as the residual component of total accruals:

$$DA_t = TA_t - NDA_t \quad (5)$$

Thus

$$\frac{DA_t}{A_{t-1}} = \frac{TA_t}{A_{t-1}} - \frac{NDA_t}{A_{t-1}}$$

Table 1: Description of Relationships between Variables in the Model

Variable	Description	Measurement	Expectation	Studies
SR	Dependent Variable Stock Return Rate	$SR = \frac{D + (P_t - P_{t-1})}{P_{t-1}}$ D is the dividend yield in the year $P_{t,t-1}$: Stock price at time t, t-1		
DA	Independent Variable Discretionary Accruals	Estimated using the model by Kothari, Leone & Wasley (2005)	+	Cotten (2005); Ali & Bansal (2021); Chen & Liu (2021); Amadi & Amadi (2014); Oduma (2015)
NDA	Independent Variable Non-Discretionary Accruals	Estimated using the model by Kothari, Leone & Wasley (2005)		Cotten (2005); Mohammad and Sarrchah (2015).
SIZE	Independent Variable Firm Size	SIZE = Ln (Total assets)	-	Banz (1981), Basu (1983), Halliwell, Heaney and Sawicki (1999)
TURN	Independent Variable Stock Turnover Ratio	TURN = $\frac{\text{Volume of Shares Traded}}{\text{Outstanding Shares}}$	-	Brennan, Subrahmanyam (1996), Datar et al. (1998), and Chordia et al. (2005)
LEV	Independent Variable Debt Ratio to Total Assets	LEV = $\frac{\text{Total Liabilities}}{\text{Total Assets}}$	-	Korteweg (2004), Nissim and Penman (2003), Artikis and Nifora (2011), Birjandi, Kaveh and Kharrami (2015)
BM	Independent Variable Book-to-Market Ratio	BM = (Total Assets - Total Liabilities) / (Market Price per Share * Number of Outstanding Shares)	-	Fama & French (1995)
DY	Independent Variable Dividend Yield	DY = $\frac{\text{EPS}}{\text{Market Price per Share}}$	+	Hodrick (1992), Hodrick (1992), Y. Wang, and A.D. Iorio (2007), R. Deaves, P. Miu, and C. B. White (2008) & Canada và S.

				W. Chen, and C. H. Shen (2009)
CR	Independent Variable Current Ratio	$CR = \frac{\text{Current Assets}}{\text{Current Liabilities}}$	-	Stefano (2015)

(Source: results of the author group)

The specific model is as follows:

$$SR = \beta_0 + \beta_1 \cdot DA + \beta_2 \cdot NDA + \beta_3 \cdot SIZE + \beta_4 \cdot TURN + \beta_5 \cdot LEV + \beta_6 \cdot BM + \beta_7 \cdot DY + \beta_8 \cdot CR + \varepsilon_i \quad (1)$$

IV. EMPIRICAL RESULTS

4.1. Statistical Description of Variables in the Model

The results of the statistical description of the variables in the research model, with the support of STATA 17 software, are shown in Table 2.

Table 2: Descriptive Statistical Analysis of Research Variables

Variable	Obs	Mean	Median	Std. dev.	Min	Max
SR	360	0.3081017	0.1432425	0.8892102	-1	6.025641
DA	360	0.034111	0.0158631	0.1965605	-0.6206243	1.171255
NDA	360	-0.008367	-0.0003858	0.0583438	-0.3107623	0.2086917
SIZE	360	15.19771	15.01698	1.558248	12.14229	20.31928
TURN	360	1.421426	0.8939031	1.639103	0	9.474285
LEV	360	0.5170713	0.5356518	0.1961631	0.0044	1
CR	360	2.672538	1.888462	4.449835	0.2268231	73.74622
BM	360	1.473082	1.10192	1.242013	0	9.377553
DY	360	0.1229711	0.0781044	0.1718526	-0.297153	1.362791

(Source: results of the author group)

The results indicate that the mean value of the return on equity (ROE) variable is 0.3081017, representing a relatively high rate of return. This suggests that the stocks of these companies are of considerable interest to investors, who actively select them for trading on the market.

The standard deviation of the ROE variable is 0.8892102, revealing a non-uniform distribution of return on equity values among the companies, with disparities between them. The ROE variable has a maximum value of 6.025641 and a minimum value of -1, further highlighting the substantial differences between the companies.

The value of the discretionary accruals (DA) variable, which can be adjusted, indicates whether a company engages in earnings management. This value is typically volatile and influenced by the subjective decisions of managers. The basis for identifying earnings manipulation behavior is the estimation of the adjusted portion of the accrual value. Descriptive statistics show that the mean value of the DA variable is 0.034111 and the median value is 0.0158631. This suggests that the prevailing trend among the companies in the study is to manipulate earnings on financial reports in

an upward direction. It can be observed that 206 out of 360 observations in the study have positive values for the discretionary accruals variable.

The non-discretionary accruals (NDA) variable has a negative mean value of -0.008367. This reflects a characteristic of real estate industry businesses. Companies in this industry have a short working capital turnover cycle, with a rapid conversion of current assets into cash. In the context of companies generating profit growth, this reflect.

4.2. Correlation Between Variables

Table 3 presents the correlation relationships between the variables in the model. To measure the degree of relationship between the dependent variable and the independent variables, and between the independent variables themselves within the model, the study employs Pearson's correlation coefficient (r).

Table 3: Correlation Coefficients Between Variables in the Study

	SR	DA	NDA	SIZE _t	TURN _t	LEV _t	CR _t	BM _t	DY
SR	1.0000								
DA	0.0146	1.0000							
	0.7825								
NDA	-0.0073	-0.3561	1.0000						
	0.8902	0.0000							
SIZE	-0.0577	0.0803	-0.0372	1.0000					
	0.2745	0.1284	0.4814						
TURN	0.2799	0.0003	-0.0398	0.0958	1.0000				
	0.0000	0.9950	0.4519	0.0693					
LEV	0.0382	-0.0825	-0.0085	0.1804	-0.0272	1.0000			
	0.4696	0.1183	0.8730	0.0006	0.6069				
CR	-0.0387	0.1569	-0.0217	-0.1130	-0.0517	-0.3334	1.0000		
	0.4643	0.0028	0.6821	0.0321	0.3279	0.0000			
BM	-0.2832	-0.0961	0.0086	-0.2172	0.0128	-0.325	0.0645	1.0000	
	0.0000	0.0686	0.8711	0.0000	0.8084	0.0000	0.2220		
DY	-0.1033	-0.0902	0.1818	-0.1627	-0.1101	-0.0700	0.0036	0.3793	1.0000
	0.0502	0.0875	0.0005	0.0019	0.0368	0.1851	0.9461	0.0000	

(Source: results of the author group)

Correlation Relationship between the dependent variable SR and the independent variable DA. The correlation coefficient between SR and the independent variable DA is $r_{DA,SR} = 0.0146$. This value indicates that there is a correlation between the two variables, but it is not particularly strong. The positive sign of the correlation coefficient indicates a positive correlation between the two variables. This result aligns with the initial hypothesis of the study.

It can be observed that the correlation coefficients between the dependent variable SR and the independent variables all have absolute values greater than 0. Thus, all independent variables are correlated with the dependent variable. This demonstrates that the factors included in the model all have a certain impact on the stock trading spread (SR) of the stock.

The results in Table 3 show that all correlation coefficients between the independent variables are very small. Therefore, it can be concluded that there is no multicollinearity phenomenon. This indicates that the research model has statistical significance with a certain scientific basis.

4.3. Regression analysis of research models

Using panel data, the author conducted regressions using Pooled Ordinary Least Squares (OLS), the Fixed Effects Model (FEM), and the Random Effects Model (REM) to select the appropriate regression model. The regression results from these models, generated using STATA software, are presented in the following tables:

Table 4: Regression Results of the Research Model using Pooled OLS

SR	Coefficient	Std.err.	t	P>t	[95% conf. interval]	
DA	-0.1814249	0.2390269	-0.76	0.448	-0.65153	0.2886802
NDA	-0.2993927	0.8006709	-0.37	0.709	-1.874109	1.275323
SIZE	-0.0846702	0.0287352	-2.95	0.003	-0.1411849	-0.0281554
TURN	0.1620943	0.0264742	6.12	0.000	0.1100263	0.2141623
LEV	-0.2340271	0.2472485	-0.95	0.345	-0.720302	0.2522478
CR	-0.0057587	0.0103501	-0.56	0.578	-0.0261146	0.0145972
BM	-0.251378	0.0401373	-6.26	0.000	-0.3303178	-0.1724382
DY	0.181363	0.2776269	0.65	0.514	-0.3646585	0.7273845
_cons	1.852569	0.4653344	3.98	0.000	0.9373751	2.767764

(Source: results of the author group)

Subsequently, we will proceed to examine the heteroscedasticity and autocorrelation within the model.

Table 5: Test for Heteroscedasticity

chi2(44) = 74.77

Prob > chi2 = 0.0026

Source	chi2	df	P
Heteroskedasticity	74.77	44	0.0026
Skewness	16.22	8	0.0393
Kurtosis	2.73	1	0.0983
Total	93.73	53	0.0005

(Source: results of the author group)

The results in Table 5 show that the $P_value = 0.0026 < 0.05$ rejecting H_0 , accepting H_1 . Therefore, the model exhibits heteroscedasticity. Since the model has heteroscedasticity, it is necessary to address this issue.

Table 6: Autocorrelation Test

F(1,59) =	2.609
Prob > F =	0.1116

(Source: results of the author group)

The results in Table 6 show that the $P_value = 0.1116 > \alpha = 0.05 \Rightarrow$ Thus we accept the null hypothesis H_0 , and reject the alternative hypothesis H_1 . This indicates that the model does not exhibit autocorrelation.

Table 7: Regression Results of the Research Model using the REM Model

SR	Coefficient	Std.err.	z	P>z	[95% conf. interval]	
DA	-0.1814249	0.2390269	-0.76	0.448	-0.649909	0.2870592
NDA	-0.2993927	0.8006709	-0.37	0.708	-1.868679	1.269893
SIZE	-0.0846702	0.0287352	-2.95	0.003	-0.14099	-0.0283503
TURN	0.1620943	0.0264742	6.12	0.000	0.1102058	0.2139828
LEV	-0.2340271	0.2472485	-0.95	0.344	-0.7186253	0.2505711
CR	-0.0057587	0.0103501	-0.56	0.578	-0.0260444	0.014527
BM	-0.251378	0.0401373	-6.26	0.000	-0.3300456	-0.1727104
DY	0.181363	0.2776269	0.65	0.514	-0.3627757	0.7255017
_cons	1.852569	0.4653344	3.98	0.000	0.9405308	2.764608

(Source: results of the author group)

Table 8: Regression Results of the Research Model using the FEM Model

SR	Coefficient	Std.err.	t	P>t	[95% conf. interval]	
DA	-0.1556872	0.2676345	-0.58	0.561	-0.6824244	0.37105
NDA	0.3710166	0.9381623	0.40	0.693	-1.475401	2.217434
SIZE	-0.140388	0.1526107	-0.92	0.358	-0.4407443	0.1599683
TURN	0.1065606	0.0395664	2.69	0.007	0.0286892	0.1844321
LEV	0.3736059	0.6439785	0.58	0.562	-0.893822	1.641034
CR	0.0008557	0.0118725	0.07	0.943	-0.0225107	0.0242222
BM	-0.4650309	0.058507	-7.95	0.000	-0.5801797	-0.3498821
DY	0.7239265	0.3750531	1.93	0.055	-0.0142235	1.462077
_cons	2.699163	2.25843	1.20	0.233	-1.745701	7.144027

(Source: results of the author group)

To determine which method is most appropriate, the Hausman test is used to eliminate unsuitable models.

Table 9: Hausman Test Results

Correlated Random Effects - Hausman Test		
Equation: Untitled		
Test cross-section random effects		
Test Summary	chi2(8)	Prob > chi2
Cross-section random	35.70	0.0000

(Source: results of the author group)

The model with $\text{Prob} > F = 0.0000 < \alpha = 5\%$ rejects H_0 , so the study using the FEM model is more significant.

We will rerun the FEM model. The results of the regression model after running descriptive statistics, regression, multicollinearity, testing for autocorrelation and heteroscedasticity, show that the model has heteroscedasticity. Therefore, the group proceeds to correct the model through FGLS estimation.

Table 10: Results after correcting the model through FGLS estimation

SR	Coefficient	Std.err.	T	Prob	[95% conf. interval]	
DA	0.2910415	0.1366305	-2.13	0.033**	-0.5588324	-0.0232506
NDA	-0.3545888	0.5011891	0.71	0.479	-0.6277239	1.336901
SIZE	-0.058811	0.014222	-4.14	0.000***	-0.0866856	-0.0309363
TURN	0.1570807	0.0207756	7.56	0.000***	0.1163613	0.1978002
LEV	-0.1018855	0.1635113	-0.62	0.533	-0.4223618	0.2185908
CR	0.000673	0.0073105	0.09	0.927	-0.0136553	0.0150013
BM	-0.2385321	0.0327663	-7.28	0.000***	-0.3027529	-0.1743114
DY	0.3140514	0.2050289	1.53	0.126	-0.0877979	0.7159006
_cons	1.264558	0.2483037	5.09	0.000	0.7778913	1.751224

Note: ***, ** correspond to significance levels of 1%, 5%
(Source: results of the author group)

The complete research model is formulated as follows:

$$\text{SR} = 0.2910415.\text{DA} - 0.3545888.\text{NDA} - 0.058811.\text{SIZE} + 0.1570807.\text{TURN} - 0.1018855.\text{LEV} + 0.000673.\text{CR} - 0.2385321.\text{BM} + 0.3140514.\text{DY} + 1.264558$$

The coefficient signs are positive (+), consistent with the correlation analysis between the two variables. This indicates that discretionary accruals (DA) are positively correlated with the dependent variable, stock return rate (SR). The results of this study are in contrast to those of previous international studies, such as those conducted by Ali & Bansal (2021) and Chen & Liu (2021). However, this is consistent with the findings of Pham Thi Bich Van (2015) and Phan Thi Do Quyen (2018), which demonstrate a positive correlation. That is, when a company increases earnings management, stock return rates also rise and vice versa. Increased profits create a positive perception of the company's growth potential, leading to higher stock prices and returns. However, such inflated earnings can mislead investors, resulting in increased stock inflows, which, at a certain threshold, could pose investment risks once the company's actual financial performance is accurately assessed.

The firm size variable (SIZE) has a coefficient of -0.058811, indicating a statistically significant negative correlation (1% significance level) with stock return rates. This implies that larger firms tend to have lower stock returns. Firm size shows a negative impact on stock returns of listed food processing companies. This result is consistent with previous studies such as Banz (1981) and Basu (1983).

The stock turnover variable (TURN) has a coefficient of 0.1570807 with a 1% significance level. The coefficient sign contradicts the initial research hypothesis, suggesting that stock turnover is positively correlated with stock return rates in listed real estate firms. The results of this study, which indicate a positive relationship between stock turnover ratio and stock returns, are consistent with those of Brennan & Subrahmanyam (1996) and Chordia et al. (2005).

The book-to-market ratio (BM) has a coefficient of -0.2385321 with a 1% significance level. This result aligns with the initial research hypothesis, indicating a negative correlation between BM and stock returns. The results of this study, which indicate a negative relationship between the book-to-market ratio (BM) and stock returns, are inconsistent with those of Fama & French (1995). This discrepancy may be attributed to other factors not considered in either this study or that of Fama & French (1995). It is also possible that the research period of this study differs from that of Fama & French (1995).

Other independent variables, including non-discretionary accruals (NDA), leverage ratio (LEV), current ratio (CR), and dividend yield (DY), were found to be statistically insignificant in the model. These variables do not directly impact stock return rates of real estate firms. This may be due to technical factors such as small sample size, limited observations, or a lack of significant differences among the surveyed companies, affecting the statistical significance of these variables.

V. CONCLUSION AND RECOMMENDATION

For investors, it is essential to collect and thoroughly analyze a company's financial data over multiple years. Investors should have a solid understanding of financial statements, carefully assess key financial indicators, and evaluate corporate events to gain a more accurate perspective on profitability. More importantly, investors must develop a comprehensive understanding of earnings management practices in financial reporting and the motivations of management in specific cases.

For auditing firms, there is a need to enhance the monitoring and supervision of earnings management practices. Auditors should focus on assessing corporate earnings management, particularly in the real estate sector, where asset valuations and revenues can be manipulated to inflate profits. Auditors must evaluate the transparency of financial disclosures in real estate companies. Strengthening these assessments not only increases investor confidence but also enables early detection of improper earnings management behaviors, thereby safeguarding shareholder interests.

For real estate companies, establishing sustainable business strategies is crucial for long-term development planning. Employee training is a key factor in enhancing competitiveness and ensuring sustainable corporate growth.

For regulatory agencies, authorities must create a healthy investment environment for investors and continuously improve the quality of financial disclosures to enhance the effectiveness of financial information. Additionally, regulators should research, refine, and implement audit standards, legal frameworks, and stringent enforcement mechanisms to deter fraudulent financial reporting practices. Regulatory bodies should also increase inspections of companies suspected of financial misrepresentation and impose appropriate penalties on those violating financial disclosure regulations.

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