

EDITOR IN CHIEF

DINH VAN SON

DEPUTY EDITOR IN CHIEF

SECRETARY OF EDITORIAL OFFICE

PHAM MINH DAT

EDITOR IN ENGLISH

NGUYEN THI LAN PHUONG

EDITORIAL SCIENTIFIC COUNCIL

Dinh Van SON - Thuong mai University, Vietnam - President

Pham Vu LUAN - Thuong mai University, Vietnam - Vice President

Nguyen Bach KHOA - Thuong mai University, Vietnam - Deputy President

THE MEMBERS

Vu Thanh Tu ANH - Fulbright University in Vietnam, USA

Le Xuan BA - Centural Institute for Economic Managerment, Vietnam

Hervé B. BOISMERY - University of La Reunion, France

H. Eric BOUTIN - Toulon Var University, France

Nguyen Thi DOAN - Vietnam Learning Promotion Association, Vietnam

Haasis HANS - Dietrich - Institute of Shipping Economics and Logistics (isl) Bremen - Germany

Le Quoc HOI - National Economic University, Vietnam

Nguyen Thi Bich LOAN - Thuong mai University, Vietnam

Nguyen Hoang LONG - Thuong mai University, Vietnam

Nguyen MAI - Vietnam Economist Association, Vietnam

Duong Thi Binh MINH - University of Economics HoChiMinh City, Vietnam

Hee Cheon MOON - Korean Trade Research Association, South Korea

Bui Xuan NHAN - Thuong mai University, Vietnam

Luong Xuan QUY - Vietnam Economicst Association, Vietnam

Nguyen Van Song - Vietnam National University of Agriculture

Nguyen TAM - California State University, USA

Truong Ba THANH - University of Danang, Vietnam

Dinh Van THANH - Institute for Trade Research, Vietnam

Do Minh THANH - Thuong mai University, Vietnam

Le Dinh THANG - University of Québec à Trois Rivières, Canada

Tran Dinh THIEN - Vietnam Institute of Economics, Vietnam

Nguyen Quang THUAN - Vietnam Academy of Social Sciences, Vietnam

Le Nhu TUYEN - Grenoble École de Managment, France

Washio TOMOHARU - Kwansei Gakuin University, Japan

Zhang YUJIE - Tsinghua University, China

Journal of Trade Science

ISSN 1859-3666

Volume 9

Number 3

September 2021

CONTENTS

Page

1. **Trung, N. D. and Anh, L. H. and Anh, D. T. P.** - Forecasting Economic Growth and inflation in Vietnam: A comparison between the var model, the lasso model, and the multi – layer perceptron model 3
2. **Tran, N. M. anh Yen, T. T. B. and Nhung, L. T. N.** - Effect of multiple directorships on financial performance of listed companies: The case of the Vietnamese stock market 15
3. **Nhan, N. T. M. and Ha, P. T. T.** - Study on factors influencing total reward at bank for investment and development of Vietnam 28
4. **Nguyet, D. T. M. and Thanh, N. T. and Tinh, D. T. and Thao, T. T. H.** - Factors Affecting E-wallet Use by Students of Economics at Universities in Ha Noi 45
5. **Nguyet, N. T. M, and Viet, N. H. and Duong, V. T.** - Business environmental factors affecting the efficiency of foreign direct investment enterprises in agriculture in VietNam 57
6. **Giang, N. P. and Phuong, N. T. L.** - Evaluation of the pre-adoption period IFRS in Vietnam - Difficulties and factors affecting the application of IFRS 73
7. **Dat, P. M. and Hang, N. T. and Linh, D. H.** - A study on satisfaction of learners about training quality standard at universities in the context of digital transformation 91
8. **Duong, L. T. T. and Duong, V. T.** - The Impact of Service Quality on the Competitiveness of Retail Banking Service in Vietnam 116

EVALUATION OF THE PRE-ADOPTION PERIOD IFRS IN VIETNAM - DIFFICULTIES AND FACTORS AFFECTING THE APPLICATION OF IFRS

Nguyen Phu Giang

Thuongmai University

Email: nguyenphugiang1@gmail.com

Nguyen Thi Lan Phuong

Thuongmai University

Email: phuongntl@tmu.edu.vn

Tran Ngoc Mai,

University Laval, Canada

Email: ngocmaitran1704@gmail.com

Received: 16th July 2021

Revised: 23th August 2021

Accepted: 25th August 2021

 The purpose of this study is to investigate whether the application of International Financial Reporting Standard (IFRS) increases the transparency of information in the financial statements of listed companies in Vietnam. The study also seeks to identify firms' motivations for voluntarily adopting IFRS in the pre-adoption period and provides recommendations and solutions on the roadmap for IFRS application in Vietnam.

The study utilises logistic and linear regressions to test the hypothetical relations set up in the study. The study was conducted as follows: (1) First, we researched 322 listed companies to grasp the application of IFRS; assessing enterprises' motivation and readiness to apply IFRS in the pre-adoption period. (2) We continued to investigate 195/322 enterprises surveyed above, divided into 2 groups: already applied IFRS and not yet applied IFRS, using the structural equation modeling (SEM) method with AMOS - SPSS to check whether the application of IFRS increases the level of transparency of information in financial statements, and identify and measure the factors affecting the application of IFRS in Vietnam.

Keywords: International Financial Reporting Standard (IFRS), Vietnamese Accounting Standards (VAS), Conceptual Framework, Financial Statements.

JEL Classifications: H83

1. Introduction

In Vietnam, besides accounting standards, accounting activities are also subject to financial mechanisms and tax policies. The absence of a clearly defined scope of application for each group of policies leads to challenges and difficulties for

businesses. Therefore, the application of International Financial Reporting Standards (IFRS) in Vietnam requires analyzing the fundamental differences between IFRS and Vietnamese Accounting Standards (VAS), thereby proposing solutions to these challenges and differences. We have conduct-

ed IFRS research, collected current legal documents related to accounting in Vietnamese enterprises, especially financial mechanism, tax policy, analyzed and evaluated the differences in policy before offering solutions.

Statistics from the International Accounting Standards Board (IASB) shows that 131 out of 143 countries and territories worldwide have officially announced the application of IFRS in various forms. Vietnam's participation in regional and international trade agreements such as the ASEAN Economic Community and the EU-Vietnam Free Trade Agreements increases the need for high-quality financial statements, requiring Vietnam to harmonize regulations to apply best practices in accounting. In addition, improved corporate accountability and financial reporting quality will contribute to boosting and raising the rating of Vietnam's stock market. It is therefore essential that the Government of Vietnam make a decision on accounting reform in Vietnam in the coming period.

By collecting data from the questionnaire, analyzing data from AMOS software, the article is carried out with the following contents: (1) assessing the actual situation of applying IFRS in enterprises in Vietnam, and assessing the difficulties and challenges when applying IFRS, (2) defining and measuring the factors affecting the application of IFRS in Vietnam, (3) testing the differences in the level of information transparency in financial statements between two groups of enterprises: having applied IFRS and not yet applying IFRS

2. Literature review

The development and implementation of global accounting standards initiated by the IASB have gained widespread support from numerous national accounting bodies and international organisations.

The literature on global implementation of IFRS highlighted the reasons for IFRS adoption, experience effects, diversity in practice and implementation challenges (Barth et al., 2012; Samuel Mongrut, Diego Winkelried, 2019). Ghio & Verona. (2014) argued that although a range of dimensions on the subject of global accounting harmonisation is covered in the existing literature, implementation challenges such as the cost of implementation, awareness, training and IT also need attention. Hakim, Ben Othman & Anas, Kossentini (2015) observed that stakeholders, including preparers, users and others, are faced with challenges during implementation such as training of employees, realignment of processes as well for future in regard to various changes in curriculum to align the graduates' capabilities with changes in accounting practices. El-Gazzar, S.M., (2017) observed challenges on the lack of guidance during the implementation of IFRS for Belgian publicly traded companies exposing the risk of multiples interpretations during the initial IFRS reporting. Al-Basteki H, (2005) identified practical implementation challenges experienced by regulators, preparers and report users in regard to training and other technicalities. He documented challenges experienced during IFRS implementation with respect to costs of training and information system alteration. Vera Palea, 2018 conducted a survey-based study in 2017 aimed at understanding the preparatory efforts by companies trading in the EU towards the adoption of IFRS. This was the first group of countries to adopt IFRS; thus, they had no past experience of implementation on which they could draw. Jurisdictions that opted for single-step IFRS adoption reported the IFRS implementation process as costly, complex and burdensome for EU-listed companies. In their questionnaire, finance

directors of listed Romanian companies showed their interests in some matters such as training, alterations to information systems and implementation consultancy-related costs. Samuel Mongrut, Diego Winkelried, 2019 documented perceptions of professionals with IFRS implementation experience, identifying challenges such as training and the capturing of data which took precedence over specific IFRS implications. Training future accountants has been considered as a major challenge during and after implementation of IFRS.

During the 2001 - 2005 period, Vietnam researched, developed and issued 26 accounting standards on the basis of international accounting standards at that time. In fact, it is undeniable that VAS has made a great contribution to improving the transparency and honesty of financial statements in order to provide high quality information to report users. However, after 20 years of the publication without any amendments and supplements, VAS has revealed some limitations with some contents not suitable for transactions in the market economy in the current period, especially in a dynamically developing capital market with the emergence of complex financial instruments. Therefore, although the Government has made efforts to enhance the transparency of financial information, the quality of financial reporting of enterprises in general and public utilities in Vietnam has not yet met the requirements of the market. Due to the low awareness of legal compliance among corporate directors, some financial statements are prepared with a specific motive for a particular purpose. Besides, in addition to accounting standards and tax policy, Vietnam also applies financial mechanisms issued by regulatory agencies in each of the fields such as securities, banking and insurance. The main objective of this

mechanism is to serve the management and supervision of state agencies in each field or to serve the management and supervision of the owners of SOEs. In fact, the scope of application of the financial mechanism in some cases is unclear or inconsistent with accounting regulations even though it has been specified in accounting standards. In other cases, some SOEs have been approved by their owners to apply their own financial mechanism, but the regulations are inconsistent or even conflicting with accounting standards, but these regulations are applied to prepare and present financial statements, causing difficulties for accounting activities at enterprises.

3. Overview of the pre-adoption period of IFRS in Vietnam

3.1. Context of IFRS application in Vietnam

On March 16, 2020, Ministry of Finance of Vietnam issued Decision No 345/QĐ-BTC on Project of application of International financial reporting standards (IFRS) in Vietnam. Under Decision No. 345/QĐ-BTC, the application of IFRS is optional for businesses for the period from 2022 to 2025 but it will be mandatory from late 2025. In that context, it is assumed that the businesses will more or less care about this decision whether they are subject to mandatory adjustment application of the IFRS of the decision. Grasping that need, we conducted a survey to assess the readiness for adoption IFRS of enterprises in Vietnam. The survey began with a period for planning and design from April 2020 to July 2020. Then, from August 2020 to October 2020, it was the period of doing surveys, collecting results, filtering data, analyzing and evaluating the results. The questionnaire was designed to facilitate the participation of businesses in the survey. Through the survey results, we saw that

businesses have had judgments and practical actions to ensure compliance as required by regulations. Besides assessment of the readiness to apply IFRS of businesses in Vietnam, we also aimed to find out challenges that businesses which have applied IFRS faced when applying, preparing IFRS reports for the first time, and at the same time, listen to the sharing about the difficulties of businesses where IFRS has not been applied. With the results obtained, we can give valuable information to the regulatory agencies in issuing regulations, guiding the application of IFRS, contributing to supporting businesses to make the transition in the most favorable way. This survey project was designed with the target audience at the management level and senior accounting personnel of businesses in Vietnam.

3.2. Existing difficulties in IFRS adoption in Vietnam

Regimes and policies related to preparation and presentation of financial statements

According to the World Bank (2020) and Asian Development Bank (2021), in most countries worldwide, there are usually two textual systems: accounting standards and tax policies. However, in addition to accounting standards and tax policies, Vietnam has financial regimes issued by the State administration agencies in various fields such as securities, banking, insurance, etc. These regimes primarily serve the management and supervision of government agencies in each sector or the administration and management of State-owned enterprises (SOEs). However, as the scope of application is unclear, financial regimes still sometimes dominate the accounting at enterprises though the issues have been guided by accounting standards. This is more serious for specific financial regime for SOEs since this particular regime is sometimes inconsistent,

even in conflict with accounting standards, causing difficulties for accounting at enterprises.

Currently, the preparation and presentation of financial statements of credit institutions and foreign bank in Vietnam are based on two legal regulations: Vietnamese Accounting Standards (VAS) and regulations issued by the State Bank of Vietnam. In addition, the Ministry of Finance in charge of management and supervision of credit institutions also issues other legal regulations, requiring them to apply. In some cases, these regulations affect the preparation and presentation of the financial statements of credit institutions and cause difficulties for them.

In Vietnam, state-owned enterprises are considered to have an important role, so in addition to complying with the law like other enterprises, state-owned enterprises also have special financial regimes. Similar to credit institutions and insurance companies, because the scope of application of financial regimes is not clear, some financial regimes have differences or even conflicts with accounting standards. .

The capital market and financial market

According to the World Bank (2020), IFRS aims at presenting items of financial statements at fair value, in accordance with the market economy at the time of reporting (Mark To Market). In order to meet IFRS requirements, there is a need for a functioning market to provide reliable financial figures when performing certain techniques like determination of fair value, effective interests, property losses, etc. In addition, because IFRS aims to reflect transactions of developed economies with a variety of complex financial instruments (which are not yet common in Vietnam), IFRS adoption to a transitional economy like Vietnam can face some certain

shortcomings in the short term, especially for the banks, securities, insurance, etc. because in these organisations, the group of assets and liabilities, which should be accounted for at fair value, is of relatively big proportion. The lack of information to determine the fair value of these assets and liabilities may cause information errors in enterprises' financial statements or fail to accurately reflect the actual financial position of the entities.

Human resources

According to Asian Development Bank (2021), basically, accountants working for Vietnamese enterprises, especially SOEs, are not well-trained in IFRS, while IFRS is a "principle-based" system. The application of fair value, valuation of asset losses, etc. when the operating market does not provide sufficient and reliable financial parameters requires the estimates and accounting judgments, especially some sophisticated financial instruments which are not yet available in Vietnam. Thus, at the initial stage of IFRS adoption, enterprises need the support from assessors, certified practicing accountants and auditors. However, in Vietnam, nowadays this team is generally weak and in shortage. In addition, the code of professional ethics of accounting is sometimes not well adhered to, being one of the major difficulties for enterprises. Due to the limited active market, the implementation of pricing models is necessary. Enterprises can hire experts, although this may increase the business cost. A team of professional experts operating professionally and with appropriate qualifications is also an obstacle to accounting and auditing.

Investment cost of information technology systems

To implement IFRS, it is necessary to invest in software systems for gathering information required

by IFRS. These software systems are often of great value, even up to tens of millions of dollars, especially those applicable to credit institutions, insurance companies, etc. Thus, in the short term, many enterprises might have difficulties in investing IT infrastructure to serve the implementation of IFRS.

Criteria for evaluating the financial position and performance results of enterprises

According to Deloitte Vietnam (2020), one of IFRS's greatest benefits is the enhancement of information transparency of financial statements. When applying IFRS, the financial information of a business will be more realistic and cautious but might not be as positive as it used to be when applying VAS. If the board of management does not have a good sense of law and ethics, and is not willing to publicize the financial position, it will be difficult to apply IFRS. Some companies, especially listed companies, are afraid of disclosure of their financial health with ineffective operation that can affect their listing position as well as their reputation on the stock market. Similarly, some SOEs are also reluctant to disclose their financial information transparently as this might affect their ranking and classification.

4. Research methods and results

4.1. Data and methodology

The study was conducted with the following contents: (1) First, we researched 322 enterprises via online questionnaires to grasp the situation of applying IFRS in Vietnam, find out the level of readiness of enterprises to apply IFRS, identify challenges and difficulties that businesses face in applying IFRS and provide appropriate solutions and orientations for businesses (2) We continued to investigate 195 out of 322 enterprises in (1) to identify and measure the factors affecting the application

IFRS in Vietnam today by using AMOS data analysis software.

(1) The investigation was conducted in the period from March 20, 2020 to August 15, 2020 through the websites of the Ministry of Finance, Ho Chi Minh City Securities Commission, Vietnam Association of Certified Public Accountants (VACPA), Association of Chartered Certified Accountants (ACCA). We screened 322 valid responses for implementation. Each response was considered as a representative of a business in Vietnam. After synthesizing the response results, we proceeded to use in-depth data analysis tools to select each information in order to give objective results and the most accurate reflection of the opinions businesses. This information is presented in Section 4.2.

(2) We continued to select samples by non-probability sampling method, to collect data from 195 enterprises out of 322 enterprises who completed the online questionnaires in part (1). The survey subjects are representatives of the board of directors in charge of finance and accounting of the entities. The period of survey and data collection was from September 2020 to April 2021. The main data analysis method used for this study was the structural equation modeling (SEM) method with AMOS - SPSS. To obtain a reliable estimate for this method, according to Tauchen (1986), the sample should usually be larger than 200 ($n > 200$). Based on the empirical rule of Hair et al. (2010), for one estimate variable, the minimum sample size needed for this study was $n > 8 \times \text{number of variables} = 8 \times 24 = 192$. Combining from the above principles, the sample size, we chose $n = 195$. This information is presented in Section 4.3.

4.2. The situation and orientation of applying IFRS in Vietnam

To assess the current situation and application of IFRS in Vietnam, with the help of Deloitte Vietnam, Vietnam's Ministry of Finance, we conducted a survey of 322 enterprises of the following types: foreign-invested enterprises, enterprises listed on the stock market, unlisted enterprises. These businesses are in the fields of household goods, petroleum and mining, transportation - hotel - tourism, construction, automobile, information technology, etc.

Level of IFRS application of enterprises in Vietnam

The survey results show a positive signal that after nearly 6 months of issuing Decision No. 345/QD-BTC of Vietnam on the roadmap to apply IFRS, more than 50% of surveyed enterprises said they have applied or are preparing to convert under IFRS. This shows the consensus on the importance of applying IFRS in Vietnamese business today. According to experts, the rate of voluntary adoption of IFRS will continue to increase in the following years.

Motivation to IFRS application

According to a survey on the motivation to apply IFRS of enterprises: 76% want to attract foreign direct investment capital, 16% want to increase the transparency of information on financial statements, 6 % apply due to mandatory regulations of the State, 2% apply due to competitive pressure.

Form of IFRS application

Among the businesses currently applying IFRS, 30% of businesses have fully applied IFRS (all accounting transactions recognized under IFRS from the beginning) and the remaining 70% have just made the conversion when preparing and pre-

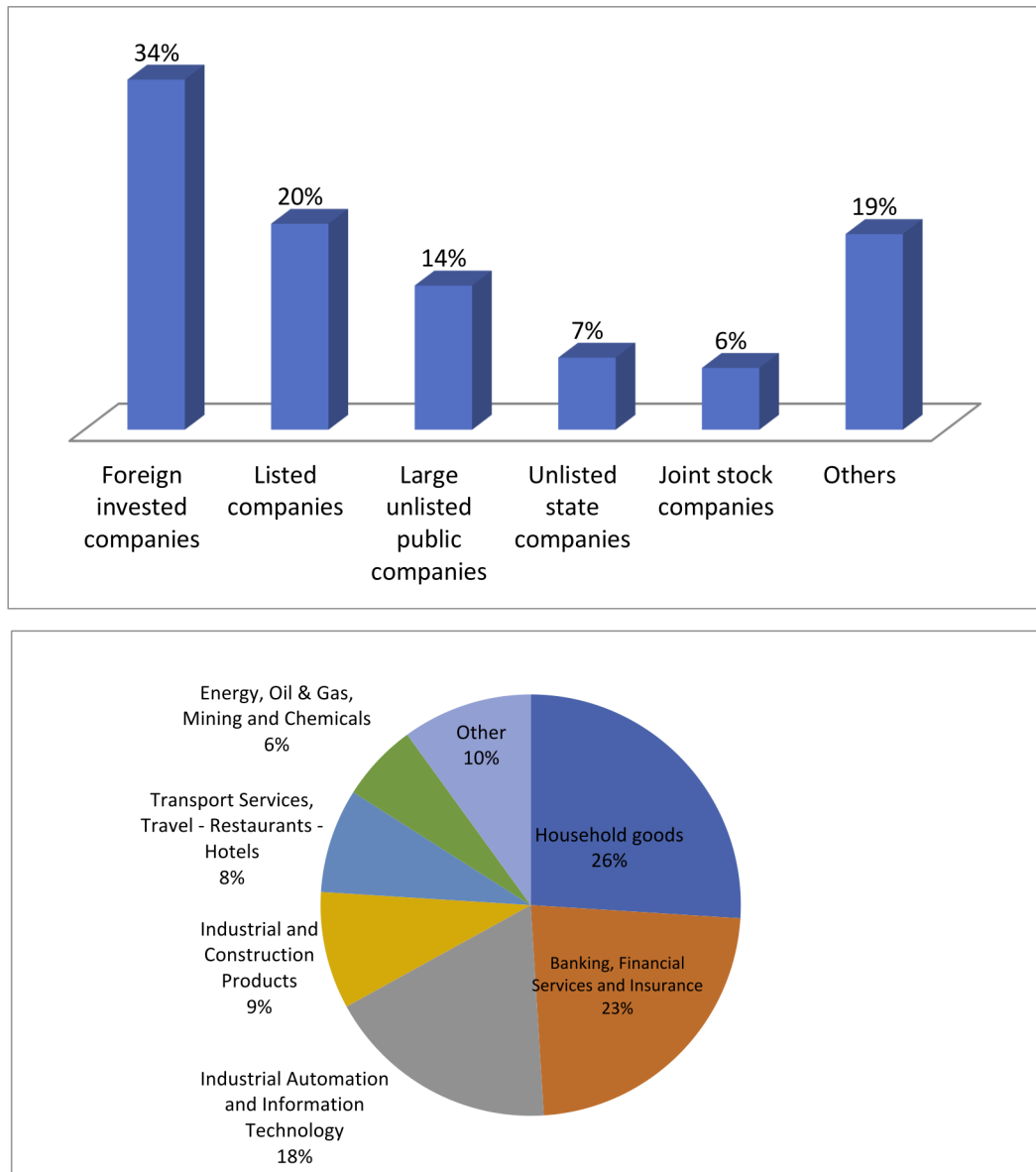


Figure 1: *Proportion of enterprises participating in the survey*

senting financial statements. Most businesses choose the form of report conversion from VAS to IFRS by entry adjusted for different reasons such as:

* Companies in Vietnam make IFRS reports which are mainly sent to the overseas parent company or foreign investors;

* Report conversion form from VAS to IFRS with entries final conversion will help save money and time than fully applying IFRS;

* The accounting team is not qualified, enterprises must use accounting consulting services to support the conversion and release of reports under IFRS

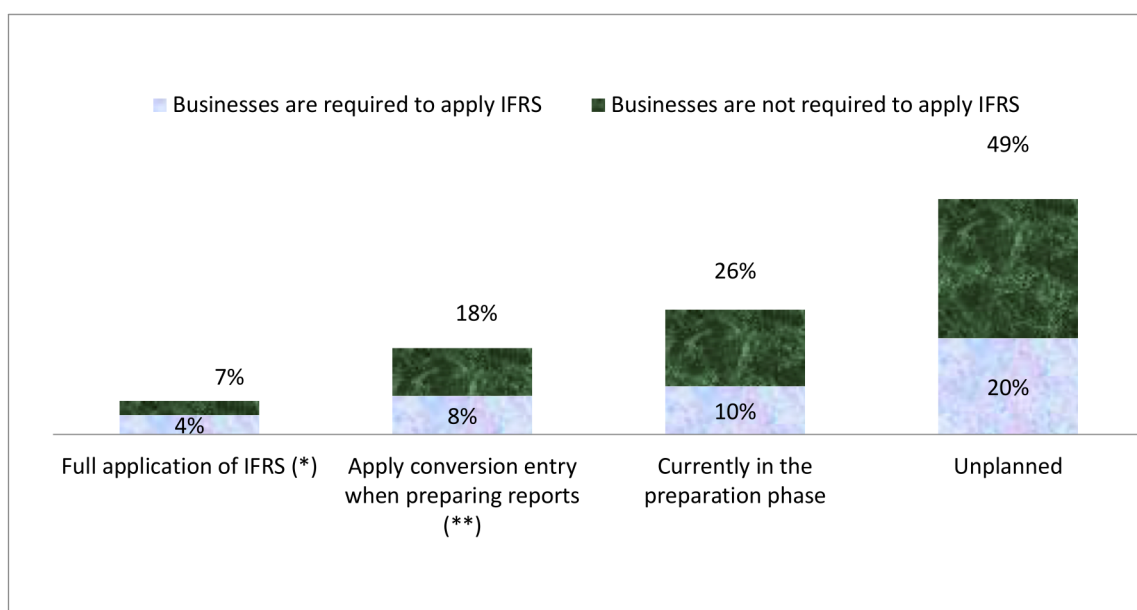


Figure 2: Status of IFRS application of enterprises in Vietnam

Quality of IFRS reporting

In the business group already applying IFRS, 30% answered that their IFRS reports are audited by an independent auditing organization. This shows that businesses preparing financial statements according to IFRS not only follow Decision No. 345/QD-BTC but also want to do it right and methodically from the beginning with the support of audit services. Although this rate is relatively low, we think it will continue to increase in the future and become the trend of integration and internationalization of Vietnamese enterprises. In the future, the number of financial statements according to IFRS that need to be audited is increasing. In addition, 25% of businesses said they must provide the IFRS report for third parties, thereby speaking up the importance of financial statements according to IFRS. To continue to grow and expand to the world market, medium enterprises need to be met the request from outside timely, transparently and at the same time, to perfect the

presentation of financial statements to manage the risks and business activities.

4.3. Identifying and measuring factors affecting the application of IFRS in enterprises

4.3.1. Theoretical framework

The objective of financial statements is to “provide information about the financial position, performance and changes in the financial position of an entity that is useful to a wide range of users in making economic decisions” (IASB, 1989). These statements are an important medium of information for internal and external users. However, the quality of information disclosed in these statements is their major concern. Managers, who are typically the agents of the firm have more private information than shareholders and are expected to use this information for their self-interest. Although, there is no single theory that explains the rationale behind managers’ such behavior, however, agency theory, information asymmetry and positive accounting theory

(PAT) are considered to be likely explanations. According to Jensen and Meckling (1976), a conflict of interest between managers and shareholders exists when managers seek to maximize their utility in a way that is not in the best interest of shareholders. Managers, being the insiders and closer monitor of the firm's activities have more information than shareholders. This information asymmetry creates opportunities for managers to manipulate accounting numbers for their self-interest. Besides opportunities, managers have sufficient incentives to manipulate earnings. These incentives can be explained through PAT that focuses on firms' internal contractual incentives while using different accounting choices. PAT was developed by Watts and Zimmerman (1978). There are three hypotheses under PAT, namely, the bonus plan hypothesis, debt hypothesis and political cost hypothesis that explains the incentive behind earnings management. Healy and Wahlen (1999) defined earnings management as a practice under which managers manipulate accounting numbers either to mislead some stakeholders or to fulfill their contractual obligations that depend upon reported earnings. According to the bonus plan hypothesis, managers are incentivized to report inflated earnings to increase their compensation. The debt hypothesis predicts that firms with higher debt are more likely to engage in earnings management to avoid violation of debt covenants. The political costs hypothesis assumes managers are likely to report lower income to avoid the political cost and political risk.

From the systematization and inheritance of the above studies, we have come up with a model of

research variables in the later part of the article.

4.3.2. Research sample and variables

In this section, we evaluate and measure the factors affecting the application of IFRS in Vietnam. We surveyed 195 businesses via questionnaires, using AMOS software to evaluate and measure.

Statistics of the surveyed firms by industry sectors is as follows:

Table 1: *Structure of enterprises in the sample*

No.	Scope of activity	Number of firms	Proportion
1	Rubber processing	21	10.8%
2	Mineral	42	21.5%
3	Plastic packaging	32	16.4%
4	Fertilizer	19	9.7%
5	Steel manufacturing	26	13.3%
6	Food processing	55	28.3%
Total		195	100%

Globalization has increased the need for harmonized accounting standards around the world. International regulators promote the adoption of IFRS to increase harmonization. Eierle and Haller, 2009; Otchere and Agbeibor, 2012; Ali et al., 2016; Yiğit, 2014 argued that the characteristics of enterprises have a strong influence on the application of IFRS. Ali et al., (2016) asserted that the application of IFRS in countries is complicated due to differences with national accounting standards. Even professional accountants find it difficult to apply IFRS. Therefore, training by a professional or government agency should be organized to introduce and ensure that IFRS is properly understood and applied (Cătălin et al., 2011). Many studies have shown that accountants' low qualifications, knowledge and awareness, complexity and requirements of IFRS

are barriers to IFRS adoption (Alp and Ustundag, 2009; Albu, 2012; Ghio and Verona, 2014; Saudagaran and Diga (2003). Lee and Fargher (2010) said that the factors of foreign investment and pressure from the parent company, the tendency to apply IFRS of countries in the region also significantly affect the application of IFRS of a country. In addition, the application of IFRS also contributes to providing more transparent information to users.

Based on the research variables in the model, we conduct a trial study to create more accurate variables for the official investigation. Our survey uses a 5-point Likert scale, in order from 1-5 including:

Strongly disagree, Disagree, Neutral, Agree, Strongly agree The hypotheses of the model:

H1: The regulatory environment affects the adoption of IFRS

H2: The requirements of IFRS affect the adoption of IFRS

H3: The qualifications of human resources affect the adoption of IFRS

H4: The pressure to use IFRS affects the adoption of IFRS

H5: The characteristics of enterprises affect the adoption of IFRS

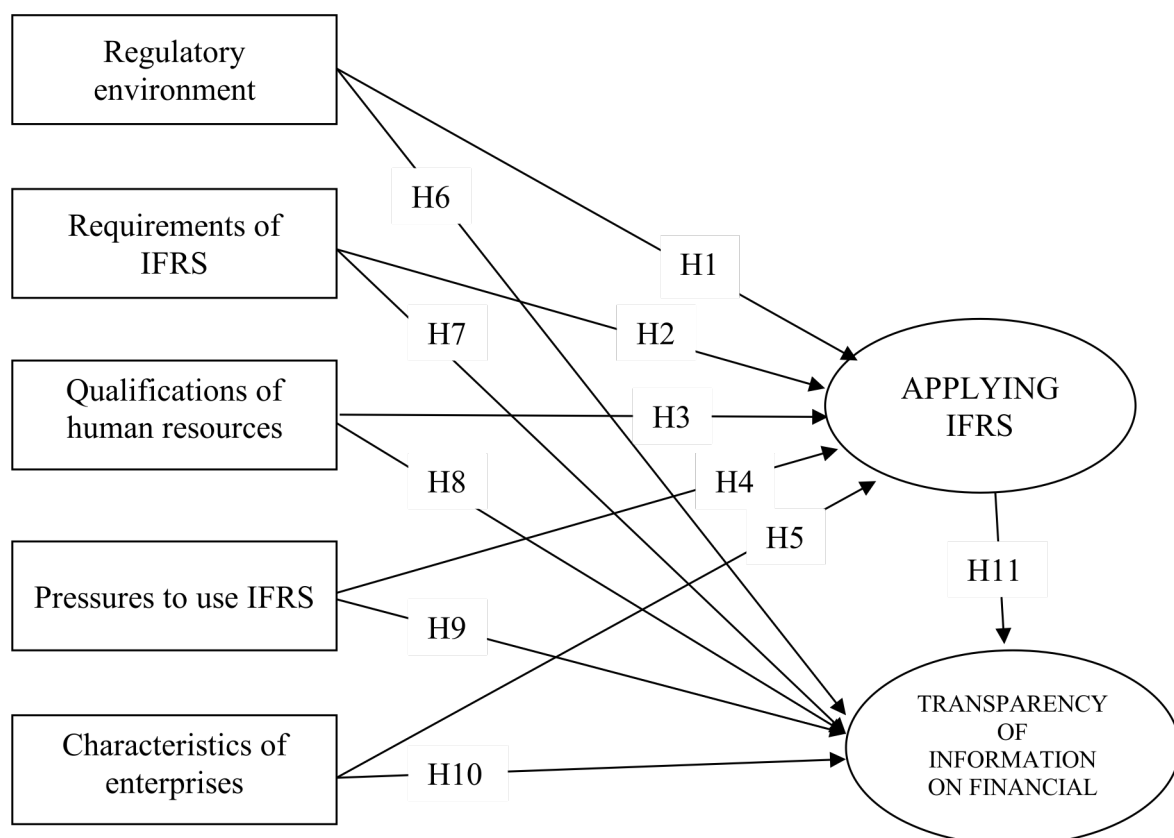


Figure 3: Model of research variables

Table 2: *Variables affecting the application of IFRS and the level of transparency of information on financial statements*

	Regulatory environment (EN)
1	Culture of the country (EN1)
2	Economic growth (EN2)
3	Capital markets (EN3)
	Requirements of IFRS (RE)
4	Complexity of IFRS (RE1)
5	Information requirements for the market (RE2)
6	Requirements for quality of information provided (RE3)
7	Requirements for absolute compliance with IFRS (RE4)
	Qualifications of human resources (QU)
8	Qualifications of accountants (QU1)
9	Qualifications of other personnel in the enterprise (QU2)
10	Qualifications of experts in IFRS (QU3)
11	Qualifications of lecturers in universities (QU4)
	Pressure to use IFRS (PR)
12	Pressure to provide information from partners, parent companies, branches (PR1)
13	Trend of IFRS application of countries in the region (PR2)
14	Pressure to compliance with standards of Ministry of Finance (PR3)
15	Obligatory regulations of government (PR4)
	Characteristics of the enterprises (CHA)
16	Information technology level (CHA1)
17	Financial ability (CHA2)
18	Foreign factors (having a branch in a foreign country, having a parent company in a foreign country...) (CHA3)
	Applying IFRS in business (IFRS)
19	Transactions recording on the basis of market (IFRS1)
20	Consistent with principles at the international level (IFRS2)
21	Transactions recording on the basis of dynamic accounting (IFRS3)
	The transparency of information on financial statements (TR)
22	Indicators on FS are more reliable and accurate (TR1)
23	Indicators on FS are close to market prices (TR2)
24	Indicators on FS are more complete (TR3)

H6: The regulatory environment affects the transparency of information on financial statements

H7: The requirements of IFRS affect the transparency of information on financial statements

H8: The qualifications of human resources affect the transparency of information on financial statements

H9: The pressure to use IFRS affects the transparency of information on financial statements

H10: The application of IFRS affects the transparency of information on financial statements

4.3.3. *Factors affecting the application of IFRS and transparency of information on financial statements*

After running the rotation matrix, the coefficient $KMO = 0.875 > 0.5$, $sig = 0.000 < 0.05$, so the model is satisfactory, there are 7 groups of factors that converge and have cumulative loadings at $66.54\% > 50\%$, which shows that the independent variables explain 66.54% of the dependent variable.

Extraction Method: Principal Axis Factoring.

Pattern Matrix rotation matrix is used for an analysis of factor confirmatory in AMOS software, to see whether the factors are convergent and discriminant.

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.	.875
Df	276
Sig.	.000

Table 3: *Pattern Matrixa*

	Factor						
	1	2	3	4	5	6	7
EN1					.805		
EN2					.844		
EN3					.704		
QU1			.792				
QU2			.854				
QU3			.632				
QU4			.558				
RE1	.828						
RE2	.861						
RE3	.778						
RE4	.803						
PR1		.756					
PR2		.713					
PR3		.795					
PR4		.924					
CHA1							.935
CHA2							.617
CHA3							.716
IFRS1				.796			
IFRS2				.850			
IFRS3				.851			
TR1						.714	
TR2						.852	
TR3						.812	

*Rotation Method: Promax with Kaiser Normalization.
a. Rotation converged in 7 iterations.*

Table 4: *Regression Weights*

			Estimate	S.E.	C.R.	P	Label
IFRS	<---	RE	.477	.126	3.773	***	
IFRS	<---	CHA	.541	.115	2.390	.017	
IFRS	<---	EN	.274	.114	4.048	***	
IFRS	<---	QU	-.145	.165	-.878	.380	
IFRS	<---	PR	-.036	.123	-.292	.770	
TR	<---	IFRS	.278	.069	4.017	***	
TR	<---	RE	.245	.105	2.330	.020	
TR	<---	QU	.273	.127	-2.157	.031	
TR	<---	CHA	-.016	.092	-.170	.865	
TR	<---	PR	.365	.097	3.762	***	
RE1	<---	RE	1.000				
RE2	<---	RE	1.110	.077	14.476	***	
RE3	<---	RE	1.088	.077	14.093	***	
RE4	<---	RE	1.078	.081	13.300	***	
PR1	<---	PR	1.000				
PR2	<---	PR	.987	.076	13.034	***	
PR3	<---	PR	.895	.076	11.838	***	
PR4	<---	PR	1.065	.077	13.768	***	
QU1	<---	QU	1.000				
QU2	<---	QU	1.080	.101	10.696	***	
QU3	<---	QU	.900	.096	9.407	***	
QU4	<---	QU	.889	.096	9.306	***	
IFRS1	<---	IFRS	1.000				
IFRS2	<---	IFRS	.817	.057	14.426	***	
IFRS3	<---	IFRS	.776	.057	13.557	***	
EN1	<---	EN	1.000				
EN2	<---	EN	.852	.074	11.556	***	
EN3	<---	EN	.906	.080	11.271	***	
TR1	<---	TR	1.000				
TR2	<---	TR	.983	.088	11.126	***	
TR3	<---	TR	1.080	.097	11.135	***	
CHA1	<---	CHA	1.000				
CHA2	<---	CHA	.783	.085	9.234	***	
CHA3	<---	CHA	.809	.077	10.453	***	

Regression Weights results (Table 4) show that: independent variables RE, CHA, EN have an impact on IFRS ($\text{sig} < 0.05$). Hypotheses H1, H2, H5 are accepted. The independent variables QU, PR have no effect on IFRS ($\text{sig} > 0.05$). Hypotheses H3, H4 are rejected. Similarly, variables RE, QU, PR, IFRS have an impact on the dependent variable TR ($\text{sig} < 0.05$). Hypotheses H7, H8, H9, H11 are accepted. The independent variable CHA has no effect on TR ($\text{sig} > 0.05$). Hypothesis H10 is rejected.

Standardized Regression Weights results (Table 5) show that:

Impact on IFRS: The independent variable CHA has the strongest impact with 0.54, followed by RE (0.338), EN (0.23); QU and PR have no impact.

Impact on TR: The intermediate variable RE has the strongest effect with 0.39, followed by IFRS (0.37), QU (0.233), PR (0.232); CHA has no impact.

4.3.4. Differences in transparency of information when applying IFRS

Table 5: Standardized Regression Weights

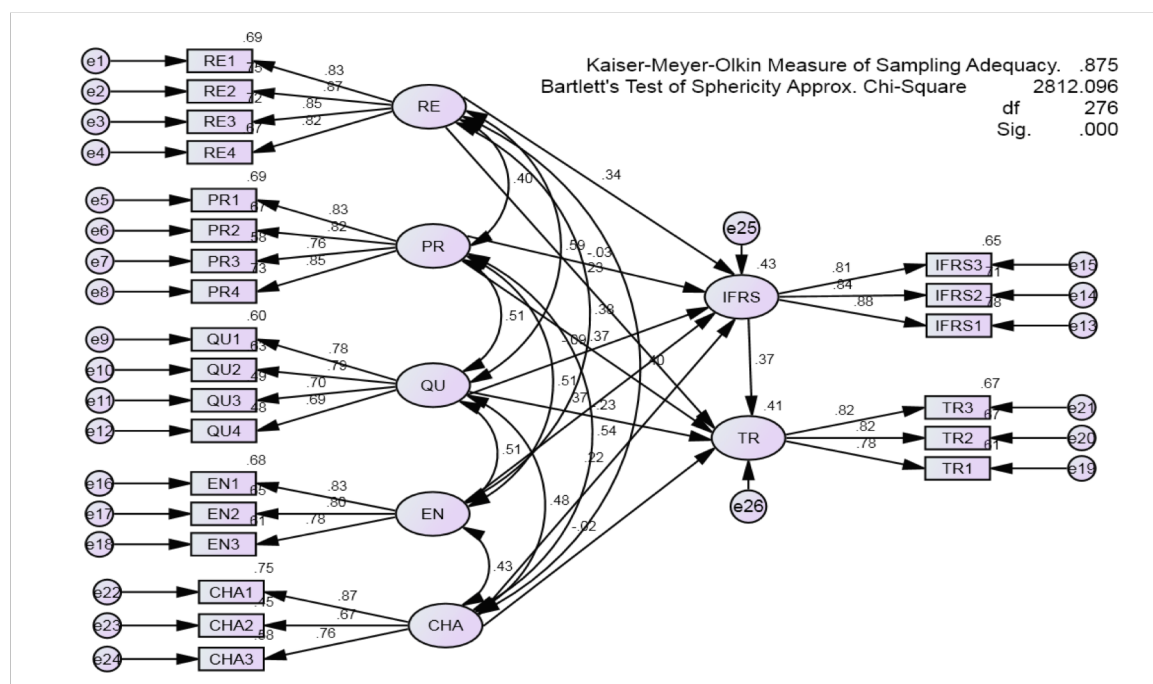
Estimate				Estimate			
IFRS	<---	RE	.338	PR4	<---	PR	.854
IFRS	<---	CHA	.541	QU1	<---	QU	.776
IFRS	<---	EN	.231	QU2	<---	QU	.794
IFRS	<---	QU	-.092	QU3	<---	QU	.697
IFRS	<---	PR	-.027	QU4	<---	QU	.690
TR	<---	IFRS	.370	IFRS1	<---	IFRS	.884
TR	<---	RE	.386	IFRS2	<---	IFRS	.845
TR	<---	QU	.233	IFRS3	<---	IFRS	.807
TR	<---	CHA	-.017	EN1	<---	EN	.825
TR	<---	PR	.232	EN2	<---	EN	.805
RE1	<---	RE	.831	EN3	<---	EN	.783
RE2	<---	RE	.867	TR1	<---	TR	.784
RE3	<---	RE	.850	TR2	<---	TR	.816
RE4	<---	RE	.817	TR3	<---	TR	.816
PR1	<---	PR	.829	CHA1	<---	CHA	.865
PR2	<---	PR	.819	CHA2	<---	CHA	.669
PR3	<---	PR	.763	CHA3	<---	CHA	.763

Table 6: Group Statistics

	Application	N	Mean	Std. Deviation	Std. Error Mean
TR	1	58	4.21	.298	.039
	0	137	2.637	.665	.0568

Table 7: Independent Samples Test

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
TR	Equal variances assumed	51.048	.000	17.240	193	.000	1.57	.0910	1.39	1.749
	Equal variances not assumed			22.747	192.326	.000	1.569	.069	1.433	1.706

**Figure 4:** The influences of factors on the application of IFRS and the transparency of information on financial statements

Out of 195 enterprises surveyed, 58 have applied IFRS. Testing the difference in the level of transparency information between the two groups of having applied IFRS and having not applied IFRS through Independent-Samples T-Test, it shows that:

The summary results of the influences of factors on the application of IFRS and the transparency of information on financial statements are as follows:

Since sig Levene's Test is less than 0.05, the variance between the two groups is different, we will use the sig T-Test value in the Equal variances not assumed row. The value of sig T-Test < 0.05, we conclude: There is a statistically significant difference in the level of transparency information between the two groups of enterprises that have applied IFRS and have not applied IFRS. Specifically, the group which has applied IFRS had an average level of transparency of information on financial statements at 4.21, the group that have not applied IFRS had a lower level of transparency of information at 2.637.

5. Conclusion

The way to IFRS is indispensable for Vietnam. Recognizing the difficulties and challenges will help relevant agencies to find effective solutions to soon bring IFRS into application in Vietnam. With the joining of financial institutions, agencies, departments, such as the Ministry of Finance, professional accounting and auditing associations, universities, the Ministry of Finance can basically bring Vietnamese accounting standards closer and sooner to international accounting standards. Although there are still many obstacles and challenges in the process of progressing to IFRS, given the great benefits that IFRS offers, Vietnam must overcome those obstacles to make full of these benefits.

The study was carried out with the following contents: (1) assessing the actual situation of applying IFRS in enterprises in Vietnam, assessing the difficulties and challenges when applying IFRS, (3) defining and measuring the factors affecting the application of IFRS in Vietnam.

The results of AMOS software show that: independent variables RE (requirements of IFRS), CHA (characteristics of the enterprises), EN (regulatory environment) have an impact on IFRS (sig < 0.05). The independent variables QU (qualifications of human resources), PR (pressure to use IFRS) have no effect on IFRS (sig > 0.05). Similarly, variables RE, QU, PR, IFRS have an impact on the dependent variable TR (transparency of informations on financial statements) (sig < 0.05). The independent variable CHA has no effect on TR (sig > 0.05).

Impact on IFRS: The independent variable CHA has the strongest impact with 0.54, followed by RE (0.338), EN (0.23); QU and PR have no impact.

Research results shown that: Impact on TR: The intermediate variable RE has the strongest effect with 0.39, followed by IFRS (0.37), QU (0.233), PR (0.232); CHA has no impact.

There is a statistically significant difference in the level of information transparency on financial statements between the two groups of enterprises applying IFRS and not applying IFRS. Specifically, the group applying IFRS has a higher average level of information transparency on financial statements than the group not applying IFRS

The article has proposed solutions to apply IFRS in Vietnam and a roadmap for applying IFRS for the voluntary and mandatory phases.

When applying IFRS, businesses need to ensure some principles as follows: Enterprise must specifically present and explain in the financial statements

the difference between accounting profit and taxable income (if any); declare and pay tax according to the policy of tax; applying IFRS must simultaneously apply all valid IFRSs as described by the International Accounting Standards Committee. When the International Accounting Standards Board makes an amendment, supplement or replacement to the IFRS, it must be applied no later than one year after the effective date of the amendment, supplement or replacement of the IFRS. The enterprises apply IFRS voluntarily or compulsorily on a consistent basis throughout the financial year. The Ministry of Finance publishes the list of enterprises that voluntarily or compulsorily apply IFRS to prepare consolidated financial statements or separate financial statements on the website of the Ministry of Finance.

Reference:

1. Albu, N., C.N. Albu, S. Bunea, D.A. Calu & M.M. Girbina. (2011), *A story about IFRS implementation in Romania*, Journal of Accounting in Emerging Economies, 76-100.
2. Ali, Khan Shuja & Maliha, Baig. (2016), *Impact of IFRS on Earnings Management: Comparison of Pre-Post IFRS Era in Pakistan*, Procedia - Social and Behavioral Sciences, 230, 343 - 350.
3. Alp, A. & S. Ustundag. (2009), *Financial Reporting Transformation: The Experience of Turkey*, Critical Perspectives on Accounting, 20(5), 680-699.
4. Cătălina, Florentina Pricope. (2016), *The Role of Institutional Pressures in Developing Countries Implication for IFRS*, Theoretical and Applied Economics, 607(2), 27-40.
5. Eierle, B. & Haller, A. (2009), *Does Size Influence the Suitability of the IFRS for Small and Medium-Sized Entities?—Empirical Evidence from Germany*, Accounting in Europe, 6, 195-230.
6. Ghio & Verona. (2014), *Accounting Harmonization in the BRIC countries: A Common Path?* Accounting Forum, 39, 121-139.
7. Ioannis Tsalavoutas a, *, Paul André b, Lisa Evans a,1, 2012, *The Transition to IFRS and the Value Relevance of Financial Statements in Greeceq*, The British Accounting Review 44 (2012), 16-19.
8. Lee, G., & Fargher, N. L. (2010), *Did the Adoption of IFRS Encourage Cross-border Investment?* 12-14.
9. Otchere, F. & Agbeibor, J. (2012), *The International Financial Reporting Standard for Small and Medium-sized Entities (IFRS for SMEs): Suitability for Small Businesses in Ghana*, Journal of Financial Reporting and Accounting, 10 (2), 190 - 214.
10. Samuel Mongrut, Diego Winkelried, 2019, *Unintended effects of IFRS Adoption on Earnings Management: The case of Latin America*, Emerging Markets Review 38, 2019, 14-16.
11. Saudagaran, M. S. & Diga, G. J. (2003), *Economic Integration and Accounting Harmonization Options in Emerging Markets: Adopting the IASC/IASB Model in ASEAN*, Research in Accounting in Emerging Economies, 5, 239 – 266.
12. Stephen A. Zeff, 2017, *IFRS in a Global World, International and Critical Perspectives on Accounting*, Springer, 234-237.
13. Yiğit, Bora Şenyiğit. (2014), *Determinants of Voluntary IFRS Adoption in an Emerging Market: Evidence from Turkey*, Accounting and Management Information Systems, 13(3), 449-465.

14. Vera Palea, 2018, *Financial Reporting for Sustainable Development: Critical Insights into IFRS Implementation in the European Union*, Accounting Forum, 42, 2018, 14-15.

15. W. Churchill Sq., Prague, 2015, *The Development of Capital Markets of New EU Countries in the IFRS Era*, ScienceDirect, 25, 2015.

Summary

Mục đích của nghiên cứu này là tìm hiểu xem việc áp dụng Chuẩn mực Báo cáo Tài chính Quốc tế (IFRS) có làm tăng tính minh bạch của thông tin trong báo cáo tài chính của các công ty niêm yết tại Việt Nam hay không. Nghiên cứu cũng nghiên cứu để xác định động cơ của các doanh nghiệp trong việc tự nguyện áp dụng IFRS trong giai đoạn trước

khi áp dụng và đưa ra các khuyến nghị và giải pháp về lộ trình áp dụng IFRS tại Việt Nam.

Nghiên cứu sử dụng hồi quy logistic và tuyến tính để kiểm tra các mối quan hệ giả định được thiết lập trong nghiên cứu. Nghiên cứu được thực hiện như sau: (1) Đầu tiên, chúng tôi nghiên cứu 322 công ty niêm yết để nắm bắt việc áp dụng IFRS; đánh giá động lực và sự sẵn sàng áp dụng IFRS của doanh nghiệp trong giai đoạn trước khi áp dụng; (2) Chúng tôi tiếp tục điều tra 195/322 doanh nghiệp được khảo sát ở trên, chia thành 2 nhóm: đã áp dụng IFRS và chưa áp dụng IFRS, sử dụng phương pháp mô hình phương trình cấu trúc (SEM) với AMOS - SPSS để kiểm tra xem việc áp dụng IFRS có làm tăng mức độ minh bạch của thông tin trong báo cáo tài chính, đồng thời xác định và đo lường các yếu tố ảnh hưởng đến việc áp dụng IFRS tại Việt Nam.

NGUYEN PHU GIANG

1. Personal Profile:

- Name: Nguyen Phu Giang
- Date of birth: 13rd May, 1970
- Title: Assoc. Prof., PhD
- Workplace: Thuongmai University
- Position: Lecturer

2. Major research directions:

- Research on sustainability accounting, management accounting, financial accounting.
- Main teaching expertise is auditing in all types: Independent audit, audit of financial statements, internal audit

3. Publications the author has published his works:

Publications Journals

- Academy of Accounting and Financial Studies Journal (Scopus).
- Journal of Trade Science.