Estimation of Benefits and Difficulties When Applying IFRS in Vietnam: From Business Perspective

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Abstract

While many countries around the world have adopted IFRS at different levels, Vietnam is in the process of IFRS adoption by 2022. The study was conducted through the survey of 119 directors and accountants to estimate the benefits and difficulties of applying IFRS in Vietnam. The forecast content include (i) Business benefits; (ii) Benefits for investors; (iii) Benefits to policy makers; (iv) Benefits for state management agencies; (v) Challenges of applying IFRS. By regression analysis, the forecast results showed that all factors have a significantly affect on the IFRS adoption in Vietnam and they explain 54.5% of the reasons for the application. The group of benefits has a positive impact on IFRS application in Vietnam, of which, the strongest impact is the business benefits, while the challenge factor has a negative impact on IFRS adoption in Viet Nam. This result suggests policy implications for the application of IFRS in Vietnam.

Keywords: adoption of IFRS, benefits, challenges, influential factors, IFRS, Vietnam

1. Introduction

The International Accounting Standards Board (IASB) issued a new accounting principle named International Financial Reporting Standards (IFRS) in 2001, with the purpose of increasing transparency and comparability of information on the financial statements. Research proved that the IFRS application reduces the cost of preparing financial statements for companies attract domestic and foreign investment (Odia and Ogiedu, 2013). Many countries have chosen IFRS adoption instead of establishing their own accounting standards such as Australia, Hong Kong, European countries (Merve et al., 2014). Up to now, IFRS system has been accepted and adopted by many countries. By 2016, there were 117 countries adopting IFRS. Currently, Vietnam has issued 26 accounting standards based on International Accounting Standards (IAS) that known as Vietnamese Accounting Standards (VAS). However, this system has revealed many limitations that have been not suitable with the market economy system. Particularly, it has not adopted fair value accounting and has not issued financial instruments. The difference between VAS and IFRS has reduced the trust of foreign investors (Tu Oanh et al., 2019; Downes et al., 2018). The Vietnamese Ministry of Finance and relevant agencies have been taking the necessary steps for the IFRS application roadmap up to 2022. Therefore, many studies in Vietnam were conducted to assess the difference between VAS and IFRS, feasibility, benefits, challenges when applying IFRS, thereby, implementing the use of IFRS in financial statements.

This study investigated factors affecting the adoption of IFRS in Vietnam through collecting opinions of managers and accountants on the benefits and difficulties when applying IFRS in Vietnam, thereby proposing potential solutions for the effective adoption of IFRS in Vietnam.

2. Literature Review

IFRS application is an interesting topic that attracts many researchers in developed countries such as the US, UK, Australia and other countries. Studies shows that the IFRS application has many benefits for enterprises and their stakeholders such as investors, policy makers, regulators, banks (Sannino et al., 2015; Ramanna and Sletten, 2014; Girbina et al., 2012). Particularly, the benefits of IFRS include increasing transparency and comparability of financial statements, improving relevance and reliability of financial information (Bui Thi Ngoc et al., 2019). Thus, research concluded that benefits of IFRS outweigh the costs and difficulties.

2.1 Benefits of IFRS

The adoption of IFRS brings benefits for enterprises, investors, policy makers, and authorities.

Benefits for enterprises: Many studies proved that the benefits of IFRS for enterprises include improving the quality of financial statements; attracting investment; improving efficiency of cost control; improving competiveness.

Improving the quality of financial statements

The applications of IFRS promise many benefits such as reducing capital costs, improving the quality of reports, providing bases for managers to make decisions. Presenting financial statements under IFRS requires the Board of Directors to be more responsible in disclosing information, attaching importance to the nature of economic transactions, ensuring the prudence and comparability of information (Downes et al., 2018; Merve et al., 2014). Many others findings indicated that IFRS benefits include reducing capital costs, improving the financial statements quality and better access to global capital markets (Uyar and Güngörmüş, 2013; DeFond et al., 2011; Bhattacharjee, 2010; Joshi et al., 2016; Madawaki, 2014; Lasmin, 2012; Choi et al., 2011).

Attracting domestic and foreign investment

The adoption of IFRS helps partners, investors, especially foreign investors to understand, compare and evaluate financial information in the same international standards to make appropriate decisions. Furthermore, the application of IFRS brings "equality" to new or small foreign investors since they do not need to pay extra costs to "convert data". John (2018), Siriyama et al., (2017) proved that the implementing IFRS had changed the investment environment of Nigeria and Saudi Arabia and had allowed these countries to diversify their economy, attract foreign investment and create more employment opportunities for young people. Joshi et al., (2016), Lasmin (2012), Choi et al., (2011) conducted studies in Singapore, Malaysia and Indonesia; Alkhtani (2012) conducted a study in Saudi Arabia. These studies confirmed that the applications of IFRS facilitate easier access to the domestic and international capital markets and listing on the foreign stock markets.

Improving efficiency of cost control

The applications of IFRS provide a more reliable and truthful picture about the current financial situation, performance operations, and fair value of enterprises. Studies conducted in Bangladesh, Turkey and India from Joanne et al., (2016), Merve et al., (2014), Kapoor and Ruhela (2013) proved that the implementation of IFRS facilitates better control systems since the sources of reported information were more reliable. Ocansey and Enahoro (2014), Boateng et al., (2014), Okpala (2012) conducted studies in Ghana and Nigeria and found that the applications of IRFS help companies to improve the efficiency of the internal audit and facilitate better risks control, thus, the cost of auditing reduces more than 7.6%. Furthermore, Alkhtani (2012) conducted a study in Saudi Arabia, Dimitropoulos et al., (2013), Ballas et al., (2010) carried out studies in Greece, Chand et al., (2010) conducted a study in in Fiji, Joshi et al., (2016), Madawaki (2014), Lasmin (2012), Choi et al., (2011) conducted studies in Southeast Asian countries such as Singapore, Malaysia and Indonesia. The results proved that IFRS helps to reduce capital costs and improve stock prices.

Improving competiveness

Ocansey and Enahoro (2014), Boateng et al., (2014), and Okpala (2012) investigated companies in Ghana and Nigeria and found that IFRS help to improve companies' competitiveness. Girbina et al., (2012) and Mihai et al., (2012) conducted studies in Romania and provided that the applications of IFRS enables a healthy investing environment which attracts investment from foreign companies and reduces political pressure on multinational companies. Joanne et al., (2016), Bunea et al., (2012), Bohušová and Blašková (2011) conducted studies on small and medium-sized enterprises and found that IFRS is very useful in guiding the applications in local environment for multinational companies. IFRS also allows professional accountants to work efficiently in different countries, especially countries in the region. Some studies in developing countries demonstrated that IFRS benefits were easier for accountants to prepare reports basing on common standards, and provide more transparent and understandable information (Joshi et al., 2016; Madawaki, 2014).

Benefits for investors

The applications of IFRS provide favorable conditions and reliable basis for investors. The reason is that when financial statements prepared under IFRS provide comprehensive, relevant, and timely information, investors can access to useful and reliable information about the capital markets. When financial statements are used in the same regulation, the information provided can ensure equivalence, helping investors facilitate analysis and reduce the cost of information processing. In addition, high quality and transparent information can reduce risks for investors. Boateng et al., (2014) got the similar results when conducting in-depth interviews with 18 accountants of listed companies in Ghana. Many other studies provide the same conclusions that IFRS provides better, reliable information for investors to make decisions (Joshi et al., 2016; Lasmin, 2012; Choi et al., 2011; Cirkveni, 2011;

Chen et al., 2010; John, 2018; Siriyama et al., 2017; Alkhtani, 2012; Dimitropoulos et al., 2013).

Benefits for policy makers

For policymakers, the IFRS adoption helps industry authorities to improve regulatory supervision and enforcement, provide higher standards for financial disclosure, provide better information for market participants, attracting and monitoring the list of foreign companies better (John, 2018; Siriyama et al., 2017; Joshi et al., 2016; Kapoor and Ruhela, 2013; Lasmin, 2012; Choi et al., 2011).

Promoting the development of the stock market

Katta (2014) investigated countries which have applied IFRS and found that listed companies benefit from economic integration such as accessing domestic and foreign capitals, maintaining competitiveness and sustainable development. A study investigated the impact of IFRS in Europe, Asia and Africa and proved that capital cost of European companies is estimated to improve by 1%. Although this figure is relatively small, the absolute number is very large because it is calculated by the amount of money/total market value of all shares of these companies. In Asia, Joshi et al., (2016), Lasmin (2012), Choi et al., (2011) conducted studies in developing countries such as Singapore, Malaysia and Indonesia and investigated the relationship between financial statements and stock prices. The studies found that stock prices increased significantly after these companies applied IFRS.

Attracting and developing foreign investment

The adoption of IFRS in each country demonstrates the strong commitment of the government in protecting investors and creating a healthy business environment for the purpose of sustainable development. IFRS helps companies to attract resources from abroad and raise capital at low costs on the international market. John (2018), Siriyama et al., (2017), Alkhtani (2012), Dimitropoulos et al., (2013), Ballas et al., (2010) in Nigeria, Saudi Arabia and Greece conducted studies and proved that foreign investment increases 15.3% indicating that investors have increased confidence, creating positive signals for economic development.

Creating opportunities for enterprises to access international capital at a reasonable cost

IFRS is the global language which is widely accepted by international investors. Foreign investors are more cautious with financial statements that prepared according to each country's accounting standards because of the lack of uniformity and transparency. Therefore, attracting investment capital will be more difficult in this case. This conclusion was proved by the research of Boateng et al., (2014), Okpala (2012) on the ability to attract loans from businesses in Ghana and Nigeria; Girbina et al., (2012), Mihai et al., (2012) presents opportunities for low-cost loans to Romanian companies from international markets.

Strengthening the support from IASB

The adoption of IFRS helps to reduce the costs of setting national accounting standards and enables countries to receive support from IASB in exchanging information, updating on-going projects and impact of such projects on companies. Furthermore, countries can contribute to the revision of the IFRS (Joanne et al., 2016).

Benefits for authorities

One of the most obvious benefits of IFRS for the government is providing useful information for management decisions, administration, risks control, and decisions related to inspection, examination and supervision of the authorities. IFRS requires companies to increase accountability, improve transparency of financial statements and comparability among companies. In addition, it requires financial transactions to objectively and truthfully reflect the actual situation and performance of companies according to financial disclosure requirements. Therefore, information on performance of companies is relatively reliable and useful for the market participants (Downes et al., 2018, DeFond et al., 2011, Bhattacharjee, 2010). Furthermore, IFRS helps to improve the monitoring and enforcement of regulations (John, 2018; Siriyama et al., 2017) and attract foreign investment (Kapoor, 2013; Chand et al., 2010).

2.2 Challenges of the Implementation of IFRS

IFRS has been applied in many countries as an important tool to standardize international accounting principles and financial statements in both developed and developing countries since IFRS brings substantial benefits. However, during the application of IFRS, many countries face many difficulties such as costs, human resources, market, legal, and technical issues.

Cost issues: Cost is a topic which has received much attention from developing countries when implementing IFRS. Samaha and Khlif (2016), ATU et al., (2016) conducted studies in developing countries, and Abd (2014) conducted studies in Middle Eastern countries. These studies provided that the first difficulty related to cost issues is translating standards into national languages. Other costs include training human resources, investment in infrastructure and

changing software system, testing, and implementation. Downes et al., 2018, Xinyun et al., (2017), Young & Zeng (2015), Katta (2014), Jones & Finley (2011), Ballas et al., (2010) investigated difficulties in applying IFRS including costs, time, complexity required for the changes.

Human resources issues:

The training of accounting resources plays an important role in providing information, therefore, the training of accountants to present financial statements according to IFRS has received much attention from researchers. John (2018) showed that accountants in Nigerian businesses could not present their financial statements under IFRS because they were not equipped with knowledge of IFRS. On the other hand, it is necessary to raise the awareness of managers on IFRS to support accountants. The results of Samaha and Khlif (2016), ATU et al., (2016) studied in developing countries, Abd (2014) investigated Middle Eastern countries, Mohamed (2014) conducted a study in Libya that pointed out the main barriers to IFRS implementation was the ability to understand and apply IFRS of the current accounting team.

Legal issues: The accounting systems of many countries are affected by tax regulations and financial laws. The implementation of IFRS can create vast differences between accounting and tax regulations (Samaha and Khlif, 2016, ATU et al., 2016). Studies suggested that it is necessary to modify the current legal system to create a facilitating environment for IFRS (Mohamed, 2014). Xinyun et al., (2017), Young and Zeng (2015) investigated difficulties when IFRS are regularly changed and updated annually.

Market issues: Raoudha (2016), Jones and Finley, 2011, Ballas et al., 2010 proved that since IFRS requires the measurement of the assets and liabilities of enterprises at market value at the reporting time, the market needs to be relatively developed be able to provide reliable information. Samaha and Khlif (2016) and ATU et al., (2016) conducted studies in undeveloped and developing countries and found that the capital markets, financial markets were developing, and certain financial instruments such as convertible bonds, derivatives, preferred stocks have not been widely traded in the market. Therefore, most companies had not had experience in recording transactions in such contexts. Furthermore, the determination of fair value of markets varies widely, and the applications of IFRS among countries are also different (some countries fully or partially applied), making it difficult to compare different financial statements.

2.3 Adoption of IFRS

There are two methods for applying IFRS: (i) Approving the entire IFRS as a national standard and (ii) Approving separately each IFRS standard. Accounting standards are applied natively and without modifications in both methods. On the scope of application, all updates and changes in the IFRS will be effective simultaneously for the country applying the IFRS in the first method and all changes to the IFRS will be considered for partial application in the second one. According to compliance, the first allows for the highest level of compliance with IFRS and minimizes risks of inconsistencies while the second has more flexibility, allowing the country to choose at the appropriate level. However, the first method may reduce the comparability of financial statements or fail to catch up with the rapid changes of market economic transactions. The second method is also considered a transitional solution after which the country will move to apply the first one.

Assessing the orientation of adoption IFRS in Vietnam, this study inherited the results of the authors: (1) The study of Adejoh & Hasnah (2014) on the application of IFRS in Nigeria; (2) ATU et al., (2016) researched in developing countries; (3) Bhattacharjee and Hossain (2010) studied in Bangladesh; (4) Chand et al., (2010) operated in Fiji; (5) Choi et al., (2011) conducted research in developing countries such as Singapore, Malaysia and Indonesia; (6) Dimitropoulos (2013) did in Greece; (7) Gaston et al., (2010) surveyed in Spain; (8) Merve et al., (2014) investigated in Turkey; (9) Mihai et al., (2012) carried out in Romania; (10) Mohamed (2014) implemented in Libya; (11) Alkhtani (2012) accomplished in Saudi Arabia. These are mostly countries that have adopted IFRS, with the exception of Saudi Arabia and Indonesia. IFRS roadmap of applying each country differs in terms of plan, time, content, scope, subject, method, field and purpose. The authors have conducted research, analysis and review of IFRS roadmap in Vietnam in 3 aspects:

Period of IFRS application: From the experience of applying IFRS in countries, the time needed for transition from national standards to IFRS is considered at the following points: (i) under 3 years, (ii) 3-5 years; (iii) 5-10 years

Business of IFRS application: A common trend of countries around the world is to apply IFRS in advance to public companies, followed by encouraging businesses to apply, and finally force enterprises to apply.

Scope of IFRS application: Partial application of IFRS through selection of appropriate standards and application of the whole IFRS.

3. Methodology

This study uses the scales of previous studies John (2018), Siriyama et al., (2017), Joshi et al., (2016), Lasmin (2012), Choi et al., (2011), Alkhtani (2012), Downes et al., (2018); Merve et al., (2014), Uyar and Güngörmüş (2013), DeFond et al., (2011), Bhattacharjee (2010), Joshi et al., (2016), Madawaki (2014), Lasmin (2012), Choi et al., (2011) and investigates 5 factors: (i) The benefits for enterprises; (ii) The benefits for investors; (iii) The benefits for policy makers; (iv) The benefits for authorities; and (v) The challenges in applying IFRS.

Table 1. Measurement scales

Factor	Cod	Scale (Variable)	Sources
Benefits for enterprises (BEN)	BEN1	Improving the quality of financial statements and corporate management	Downes et al., 2018; Merve et al., 2014, Uyar & Güngörmüş (2013), DeFond et al., (2011), Bhattacharjee (2010), Joshi et al., (2016), Madawaki (2014), Lasmin (2012), Choi et al., (2011)
	BEN2	Attracting domestic and foreign investment	John (2018), Siriyama et al., (2017), Joshi et al., (2016), Lasmin (2012), Choi et al., (2011), Alkhtani (2012)
	BEN3	Improving the effectiveness of control and stock prices	Joanne et al., (2016), Merve et al., (2014), Kapoor & Ruhela (2013), Ocansey & Enahoro (2014), Boateng et al., (2014), Okpala (2012)
	BEN4	Improving competitiveness and facilitating easier accounting work	Ocansey & Enahoro (2014), Boateng et al., (2014), Okpala (2012), Girbina et al., (2012). Mihai et al., (2012), Joanne et al., (2016), Bunea et al., (2012), Bohušová and Blašková (2011), Joshi et al., (2016), Madawaki (2014), John (2018), Adejoh (2014), Odia (2013)
Benefits for investors (BIN)	BIN1	Providing reliable a basis for decision making	Boateng et al., (2014)
	BIN2	Enhancing investors' confidence	Mahesh et al., (2016), Lasmin (2012), Choi et al., (2011)
	BIN3	Reducing risks for investors	Chen et al., (2010) v à Gaston et al., (2010)
	BIN4	Providing a basis for comparison and evaluation to select better investment opportunities	John (2018), Siriyama et al., (2017), Alkhtani (2012)
Benefits for policy makers (BPO)	BPO1	Promoting the development of the stock market	Katta (2014), Mahesh et al., (2016), Lasmin (2012), Choi et al., (2011)
	BPO2	Attracting foreign investment	John (2018), Siriyama et al., (2017), Alkhtani (2012), Dimitropoulos et al., (2013), Ballas et al., (2010)
	BPO3	Creating many opportunities for enterprises to access international capital at reasonable costs	Boateng et al., (2014), Okpala (2012, Girbina et al., (2012). Mihai et al., (2012)
	BPO4	Strengthening the support of IASB	Joanne et al., (2016)
Benefits for authorities (BAU)	BAU1	Raising standards of financial disclosure	DeFond et al., (2011), Bhattacharjee (2010)
	BAU2	Providing better information for market participants	DeFond et al.,(2011), Bhattacharjee (2010)
	BAU3	Improving enforcement of the law	Ballas et al., 2010), Chand et al., 2010
	BAU4	Attracting foreign investment for the domestic market	Kapoor, (2013), Dimitropoulos et al., (2013), Ballas et al., (2010), Chand et al., (2010)
Challenges of the	CHA1	Cost issues (Infrastructure investment, human resource	Samaha and Khlif (2016), ATU et al., (2016), Abd (2014), Xinyun et al., (2017), Young and Zeng (2015),

Factor	Cod	Scale (Variable)	Sources
implementation of IFRS (CHA)		training, data conversion)	Katta (2014), Jones & Finley (2011)
	CHA2	Human resources issues (the capacity of accountants, the assistance of experts)	Ballas et al., (2010), Jones and Finley (2011), John (2018), Mohamed (2014), Owolabi (2012), Siaga (2012), Samaha & Khlif (2016), ATU et al., (2016)
	CHA3	Legal issues (amending legal documents, updating annual IFRS)	Samaha and Khlif (2016), ATU et al., (2016), Mohamed (2014), Owolabi (2012), Siaga (2012), Siam & Rahahleh (2010)
	CHA4	Market issues (capital market, financial market, commodity market were underdeveloped)	Samaha & Khlif (2016), ATU et al., (2016), Raoudha (2016), Jones and Finley (2011)
	IFRS1	Period of applying	John (2018), Siriyama et al., (2017), Joshi et al., (2016), Lasmin (2012), Choi et al.,. (2011), Alkhtani (2012)
Adoption of IFRS	IFRS2	Types of Business	John (2018), Siriyama et al., (2017), Joshi et al., (2016), Lasmin (2012)
	IFRS3	Scope of applying	John (2018), Siriyama et al., (2017), Lasmin (2012), Choi et al., (2011), Alkhtani (2012)

Source: Compiled by the authors based on research results.

The data was collected by questionnaires that were sent by email to accountants and managers in Vietnamese enterprises in 2019. The role of the accountants is preparing the financial statements of the enterprise and managers are responsible for the information disclosure.

The official questionnaire includes multiple choice questions, open-ended questions, and questions using 5-point Likert scale (1-Strongly disagree; 5- Strongly agree). The questionnaire is included: (i) The benefits of IFRS, (ii) The challenges in implementing IFRS and (iii) respondents and enterprises information.

The total questionnaires distributed was 200, included the North and the South of Vietnam with diverse types of businesses. The number of answers received was 156 (78%). The data is cleaned with valid answers was 119 and put into analysis on SPSS software. The sample size appropriates for the study according to Tabachnick and Fidell (1996), for the multiregression analysis, the minimum needed sample size is calculated by the formula: $n = 50 + 8 * m$ (In which, m: number of independent variables). In this study, there are 5 independent variables, so the minimum sample size is: $n = 50 + 8 * 5 = 90$.
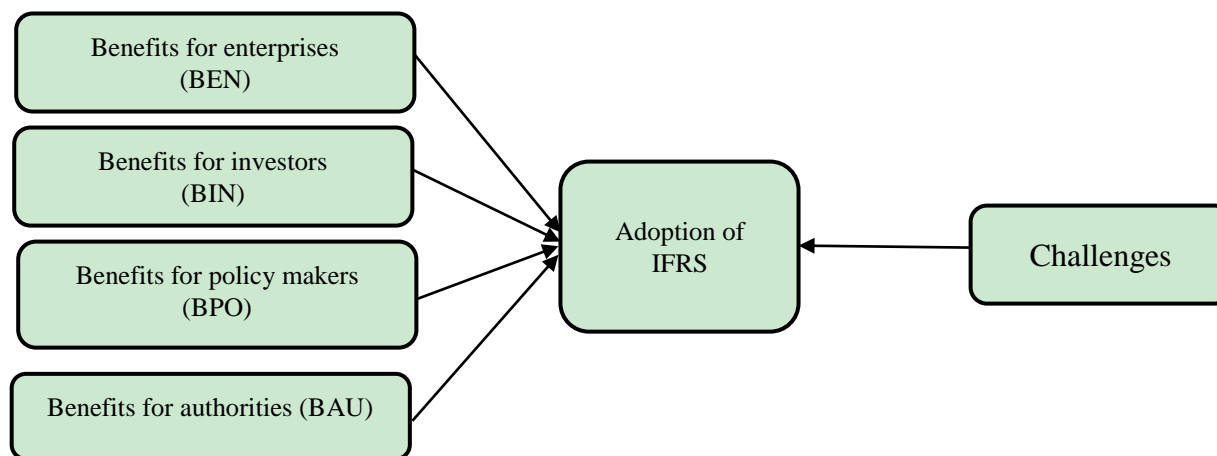
Conceptual framework and hypotheses

Figure 1. Conceptual framework

Research hypotheses

H1. The benefits for enterprises have positive impacts on the adoption of IFRS in Vietnam.

H2. The benefits for investors have positive impacts on the adoption of IFRS in Vietnam.

H3. The benefits for policy makers have positive impacts on the adoption of IFRS in Vietnam.

H4. The benefits for authorities have positive impacts on the adoption of IFRS in Vietnam.

H5. Challenges of implementing IFRS have negative impacts on the adoption of IFRS in Vietnam

Regression equation

Based on the research hypotheses, the regression equation which reflects the correlation between influential factors and the adoption of IFRS as follows:

Adoption of IFRS $= \alpha + \beta_1 BEN_i + \beta_2 BIN_i + \beta_3 BPO_i + \beta_4 BAU_i + \beta_5 CHA_i + \varepsilon_i$

In which:

- α: constant
- β_i: regression coefficient
- ε_i: residual

Independent variables: The benefits for enterprises (BEN); The benefits for investors (BIN); The benefits for policy makers (BPO); The benefits for authorities (BAU); Challenges of implementing IFRS (CHA).

Dependent variables: Adoption of IFRS

Adoption of IFRS is considered in the following aspects:

Scope of application: In section 2.3, we have mentioned 2 adoption of IFRS methods: (i) Approving the entire IFRS and (ii) Approving separately IFRS standard. Vietnam has chosen the second method by developing 26 VAS. In fact, Vietnam has faced challenges in the drafting process and led to inconsistencies compared to the general principles set out in the framework of preparing and presenting the financial statements of IFRS. Therefore, the general trend in Vietnam will be to use the method of recognizing IFRS as a national standard.

The object of application: IFRS is designed for profit-driven and oriented towards capital markets. Therefore, the standards is required to be applied by entities of public interest, including listed and financial institutions.

The application period: As the experience of applying IFRS in countries, the necessary time for transition from national standards to IFRS is considered at the following points: (i) under 3 years, (ii) 3-5 years; (iii) 5-10 years.

Sample characteristics

Regarding to demographic statistics, the majority of 119 respondents were female (89, 74.8%). Most of them over 45 (56; 47.1%) and had a bachelor's degree (63; 52.9%). The majority of respondents were accountants (91; 76.5%). The information of respondents are typical for accountants in Vietnam with the majority of women and the age of chief accountants are often more than 45 years old.

Regarding to enterprises, most of them are at the age more than 20 years (47; 39.5%) and 10-20 years (42; 35.3%). The majority of enterprises are in the North (88; 73.95%). According to the type of enterprises, most of them are joint stock enterprises (40; 33.6%), the limited and foreign-invested enterprises were quite similar (27.7% and 24.4%). This is also suitable with Vietnamese enterprises in general in which most of them are joint stock companies and there are less private enterprises.

4. Research Results and Discussion

4.1 Cronbach's Alpha

The results of reliability tests using Cronbach's alpha coefficients are shown in Table 2 as follows:

Table 2. Item-total statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Cronbach's Alpha of BEN: 0.803; N of Items: 4				
BEN1	12.00	3.220	.578	.773
BEN2	11.92	3.155	.651	.738
BEN3	11.91	3.288	.605	.760
BEN4	12.07	3.012	.638	.744
Cronbach's Alpha of BIN: 0.873; N of Items: 4				
BIN1	11.88	3.291	.622	.876
BIN2	11.91	2.746	.836	.794
BIN3	12.06	2.581	.761	.826
BIN4	11.90	2.854	.712	.843
Cronbach's Alpha of BPO: 0.807; N of Items: 4				
BPO1	12.24	2.372	.686	.730
BPO2	12.30	2.382	.604	.768
BPO3	12.24	2.372	.686	.730
BPO4	12.37	2.455	.532	.805
Cronbach's Alpha of BAU: 0.929; N of Items: 4				
BAU1	12.35	2.824	.882	.894
BAU2	12.42	2.619	.822	.913
BAU3	12.35	2.671	.809	.917
BAU4	12.34	2.852	.839	.907
Cronbach's Alpha of CHA: 0.833; N of Items: 4				
CHA1	12.13	3.355	.586	.823
CHA2	12.12	3.156	.704	.771
CHA3	12.28	3.016	.667	.789
CHA4	12.00	3.220	.703	.773
Cronbach's Alpha of Adopt IFRS: 0.868; N of Items: 3				
IFRS1	8.10	1.515	.741	.826
IFRS2	7.99	1.602	.808	.762
IFRS3	8.08	1.715	.704	.854

Source: Compiled by the authors based on research results.

Variable benefits for enterprises (BEN) which are measured by 4 observation variables had Cronbach's alpha coefficient α = 0.803 > 0.6 which is appropriate. Items BEN1, BEN2, BEN3, BEN4 had Corrected Item-Total Correlation coefficients greater than 0.5. Thus, four items of BEN are internally consistent and reliable. Variable benefits for investors (BIN) which are measured by 4 observation variables had Cronbach's alpha coefficient α = 0.873 > 0.6 which is appropriate. 4 items BIN1, BIN2, BIN3, BIN4 had Corrected Item-Total Correlation coefficients ranging from 0.622 to 0.836 which are greater than 0.5. Thus, four items of BIN are internally consistent and reliable. Variables benefits for policy makers (BPO), benefits for authorities (BAU) had Corrected Item-Total Correlation coefficients of 0.807 and 0.929 respectively. Furthermore, items BPO1, BPO2, BPO3, BPO4, BAU1, BAU2, BAU3, and BAU4 satisfy the reliability requirements. Thus, each variable BPO and BAU is measured by 4 observation variables. Variable challenges of implementing IFRS (CHA) and its observation variables had Corrected Item-Total Correlation coefficients greater than 0.5, thus, CHA is measured by 4 items. Therefore, this study investigated 5 independent variables and 20 observation variables.

4.2 Exploratory Factor Analysis (EFA)

Table 3. KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.770
	Approx. Chi-Square	1391.225
Bartlett's Test of Sphericity	df	136
	Sig.	.000

Source: Compiled by the authors based on research results.

Table 3 shows that Kaiser-Meyer-Olkin (KMO) = 0.770 > 0.5 which means the sample is adequate and factor analysis can be proceeded. Secondly, the Barlett's test shows that the value of significance was 0.000 which is lower than 0.001. This means factor analysis is valid and there may be statistically significant interrelationship between variables.

Table 4. Total variance explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings	
	Total	% of Variance	Cumulative %	Total	% of Variance
1	4.761	28.007	28.007	4.761	28.007
2	3.208	18.87	46.877	3.208	18.87
3	2.985	17.562	64.438	2.985	17.562
4	1.135	6.679	71.117	1.135	6.679
5	1.028	6.048	77.165	1.028	6.048
6	0.743	4.368	81.533		
7	0.513	3.018	84.551		
8	0.503	2.956	87.507		
9	0.408	2.401	89.908		
10	0.35	2.06	91.968		
11	0.329	1.937	93.905		
12	0.257	1.514	95.419		
13	0.222	1.098	96.517		
14	0.18	0.86	97.377		
15	0.167	0.71	98.087		
16	0.122	0.62	98.707		
17	0.087	0.512	99.219		
18	0.067	0.415	99.634		
19	0.054	0.245	99.879		
20	0.022	0.121	100.000		

Source: Compiled by the authors based on research results.

Table 4 shows that Initial Eigenvalues ranged from 1.028 to 4.761 which is appropriate; cumulative percentage was 77.17%. Thus, 5 factors explain 77.17% of the variance in the data. In other words, they explained about 77.17% of the underlying factors that influence the adoption of IFRS.

Table 5. Rotated Component Matrix[a]

	Component				
	1	**2**	**3**	**4**	**5**
BEN1	.911				
BEN2	.903				
BEN3	.881				
BEN4	.773				
BIN1		.854			
BIN2		.768			
BIN3		.739			
BIN4		.621			
BPO1			.791		
BPO2			.738		
BPO3			.689		
BPO4			.572		
BAU1				.843	
BAU3				.786	
BAU2				.754	
BAU4				.638	
CHA1					.887
CHA4					.850
CHA3					.732
CHA2					.693

Source: Compiled by the authors based on research results.

Table 5 shows that, all loading factors were greater than 0.5, thus 20 observation variables are strong and valid. Particularly, BEN1 (benefits for enterprises regarding improving the quality of information) had the strongest impact on the dependent variable (the adoption of IFRS); BPO4 had the smallest impact on the dependent variable.

4.3 Correlation Analysis

Correlation analysis was conducted with 5 independent factors (BEN, BIN, BPO, BAU, and CHA) and the dependent factor which is adoption of IFRS. The purpose of correlation analysis is to quantify the relationship between the dependent variable and the independent variables as well as the relationship between independent variables before conducting regression analysis. In particular, the dependent variable is measured by two scales, which is the full adoption of IFRS and partial adoption of IFRS. The results of correlation analysis are shown as follows:

Table 6. Correlations

		BEN	BIN	BPO	BAU	CHA	Adoption of IFRS
BEN	Pearson Correlation	1					
	Sig. (2-tailed)						
BIN	Pearson Correlation	.681	1				
	Sig. (2-tailed)	.055					
BPO	Pearson Correlation	.649	.249[*]	1			
	Sig. (2-tailed)	.056	.020				
BAU	Pearson Correlation	.282[*]	.743	.784	1		
	Sig. (2-tailed)	.030	.061	.081			
CHA	Pearson Correlation	.557	.505	.452	.155[**]	1	
	Sig. (2-tailed)	.075	.054	.060	.000		

Adoption of IFRS	Pearson Correlation	.631**	.215**	.649*	.589*	-.221*	1
	Sig. (2-tailed)	.000	.000	.010	.039	.016	

Source: Compiled by the authors based on research results.

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

The above table shows that all variables BEN, BIN, BPO, BAU, and CHA had significance valuces smaller than 0.05. Therefore, all independent variables are correlated with the dependent variables (the adoption of IFRS). However, the pearson correlation coefficients between variables were relatively small (<0.65) which reflects the poor correlation between the independent variables and dependent variables. Some independent variables are correlated but at low levels, so there is no multicollinearity phenomenon between independent variables. Thus, the research data is appropriate for conducting regression analysis to quantify the influence of each factor on the dependent variable.

4.4 Regression Analysis

The results of regression analysis are explained as follows:

Table 7. Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.682[a]	.579	.545	.186	1.646

Source: Compiled by the authors based on research results.

a. Predictors: (Constant), CHA, BPO, BEN, BIN, BAU

b. Dependent Variable: Adoption of IFRS

Table 7 shows that the Adjusted R Square of 0.545 means that the independent variables can explain 54.5% of the variance of dependent variable. Thus, apart from factors BEN, BIN, BPO, BAU, and CHA the adoption of IFRS depends on other factors.

Testing for autocorrelation: Table 7 shows that Durbin - Waston = 1.646 which means there is no autocorrelation.

Testing for multicollinearity: Table 9 shows that VIF of independent variables ranging from 1.352 to 1.993 < 2.0; therefore, there is no multicollinearity.

The regression analysis was conducted using Enter method. The results are as follows:

Table 8. ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	3.354	5	.671	1.951	.041[b]
	Residual	38.864	113	.344		
	Total	42.218	118			

Source: Compiled by the authors based on research results.

a. Dependent Variable: Adoption of IFRS

b. Predictors: (Constant), CHA, BPO, BEN, BIN, BAU

Table 9. Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.156	.549		3.924	.000		

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	**Std. Error**	**Beta**			**Tolerance**	**VIF**
BEN	.341	.165	.318	.856	.034	.674	1.484
BIN	.272	.172	.244	1.581	.017	.731	1.352
BPO	.181	.169	.177	.481	.032	.660	1.651
BAU	.257	.185	.251	.308	.019	.639	1.565
CHA	-.254	.165	-.176	-1.541	.016	.502	1.992

Source: Compiled by the authors based on research results.

a. Dependent Variable: Adoption of IFRS

The significance value smaller than 5% shows that regression coefficients are statistically significant at the 95% level. Thus the regression equation is as follows:

$$Adoption\ of\ IFRS = 2.156 + 0.341*BEN + 0.272*BIN + 0.181*BPO + 0.257*BAU - 0.254*CHA$$

Table 9 shows that hypotheses H1, H2, H3, H4, and H5 are accepted. In other words, BEN, BIN, BPO, and BAU have positive impacts on the adoption of IFRS. Particularly, BEN have the strongest impacts on the adoption of IFRS ($\beta_1 = 0.341$), which is followed by BIN ($\beta_2 = 0.272$), BAU ($\beta_4 = 0.257$), and BPO ($\beta_3 = 0.181$). Challenges of adopting IFRS (CHA) have negative impacts on the adoption of IFRS ($\beta_5 = -0.254$). Furthermore, all variables had significance values smaller than 0.05; therefore, these factors are statistically significant. Additionally VIF = 1.352, this means there is no multicollinearity.

5. Conclusion and Recommendations

This study investigated factors affecting the adoption of IFRS in Vietnamese accounting. The results showed that the application of IFRS bring many benefits to enterprises, investors, policy makers and authorities. In particular, the benefits for enterprises were rated the highest, which was followed by benefits for authorities, and benefits for policy makers.

Firstly, regarding the benefits for enterprises, IFRS requires the strengthening of corporate accountability, thus increasing the transparency of financial statements and comparability among companies. IFRS requires transactions to truthfully reflect their nature rather than their name or legal form, which enables business performance to be reflected objectively and reliably. Therefore, benefits for enterprises were investigated according to 4 aspects: (i) improving the quality of financial statements and improving the management efficiency. This item had the strongest impact on the adoption of IFRS (0.911); (ii) Attracting domestic and foreign investment of individuals and organizations. This item had the second strongest impact on the adoption of IFRS (0.903); (iii) Improving the effectiveness of control and reduce audit costs (0.881); and (iv) Improving competitiveness and facilitating easier accounting work (0.773). These findings are consistent with research from Tu Chuc Anh et al., (2019), Downes et al., (2018), John (2018), Siriyama et al., (2017); Joshi et al., (2016), Merve et al., (2014), Madawaki (2014); Adejoh (2014), Odia (2013), Uyar and Güngörmüş (2013).

Secondly, regarding the benefits for investors, when adopting IFRS, the board of directors must disclose detailed bases for the recognition and presentation of the financial statements, explain the specific causes in cases where it is not possible to comply with the standard, clearly identify the risks that enterprises may face during the course of operations. Therefore, the financial statements provide useful and reliable information to investors for decision making. In this study, benefits of IFRS for investors are (i) providing reliable bases for decision making; (ii) increasing the confidence of investors; (iii) reducing risks for investors; and (iv) providing bases for comparison and evaluation to select better investment opportunities. The research results showed that the benefits had impacts in the reverse order from which they were written above. This research results are consistent with the studies from John (2018), Joshi et al., (2016), Boateng et al., (2014), Lasmin (2012), Choi et al., (2011), Cirkveni (2011), Chen et al., (2010) and Gaston et al., (2010). However Siriyama et al., (2017) and Alkhtani (2012) argued that the greatest benefit of IFRS is to reduce risks for investors.

Thirdly, regarding the benefits for policy makers: this factor is measured by four items (i) promoting the development of the stock markets which had the strongest impact on the adoption of IFRS. This study examined the following items regarding the benefits for policy makers: (ii) attracting and developing foreign investment, (iii)

creating opportunities for companies to access international capital at a reasonable cost, and (iv) strengthening the support from IASB. The research results showed that the benefits had impacts in the reverse order from which they were written above. The results are consistent with studies from Siriyama et al., (2017), Joshi et al., (2016), Choi et al., (2011), Lasmin (2012), Boateng et al., (2014), Okpala (2012). However, the exact magnitude of the impacts varied among the studies.

Fourthly, regarding the benefits for authorities, The application of IFRS provide useful information for the government in making decisions on management, administration, risk control and decisions related to the inspection, examination and supervision. The findings are consistent with studies from result John (2018); Siriyama et al., (2017), Kapoor (2013), DeFond et al., (2011), Bhattacharjee (2010) which showed that IFRS requires companies to increase accountability, improve transparency of financial statements and comparability among enterprises, and helps the authorities to provide requirements for the presentation of financial statements according to financial disclosure standards.

Fifthly, regarding the challenges, a large proportion of respondents stated that the biggest difficulty of implementing IFRS was market problems. The reason is that IFRS requires recognition at fair value, while developing capital markets and financial markets cannot provide reliable information about fair value of assets or liabilities. Furthermore, certain transactions are not available in the markets because other markets are not synchronized. For example, certain financial instruments such as convertible bonds, derivatives, preferred stocks have not been widely traded in the market. Therefore, most companies had not had experience in recording transactions in such contexts. Samaha and Khlif (2016), ATU et al., (2016), Downes et al., 2018, Xinyun et al., (2017), Young and Zeng (2015), Katta (2014), Jones and Finley (2011) investigated difficulties of implementing IFRS regarding the markets issues in developing countries. KPMG Vietnam (2018) provided that the initial adoption of IFRS is costly. Tu Chuc Anh et al., (2019) provided that the implementation of IFRS is costly due to training costs, hiring experts to provide guidelines for staff. Tu Oanh Le Thi et al., (2019) pointed out one of the most challenging issues when applying IFRS in Vietnam is converting cost. In addition, human resource issues are also big problems of implementing IFRS (Samaha and Khlif, 2016; ATU et al., 2016).

For Vietnamese SMEs, the purpose of the IFRS is to give regulations on accounting information in quality, understandable and comparable. IFRS for SMEs focuses on other types of transactions and events to meet the needs of over 95% SMEs worldwide. Accounting information that is not suitable for SMEs will be eliminated in IFRSs for SMEs such as earnings per share, semi-annual reports and partial reports. IFRS for SMEs complies simple accounting policies. Many accounting principles in measuring and recording Assets, Liabilities, Income and Expenses in IFRSs for SMEs are simplified, for example, depreciation of goodwill, borrowing costs and capitalization, accounting for investments in joint ventures, financial instruments… There are fundamental differences between IFRS and IFRS for SMEs, so besides the issuance of IRFS for enterprises in general, it is essential for Vietnam to issue IFRS for SMEs.

In summary, the adoption of IFRS is a challenge for Vietnam because the capital markets and the stock market are developing, the qualifications and proficiency of auditors, accountants and investors are low. Therefore, preparing and presenting financial statements in accordance with IFRS requires significant efforts from management agencies in charge of accounting, enterprises, professional organizations and people working in accounting and finance. In other words, the implementation of IFRS in Vietnam requires cooperation of the government, enterprise, and individuals. Potential actions can be done to promote the adoption of IFRS and its benefits in Vietnam: (i) refine the requirements and policies for the adoption of IFRS in Vietnam. It is necessary to establish regulations and guidelines to implement special techniques of IFRS such as recognition of loss on assets, derivative instruments, and how to determine the fair value of certain assets, financial assets, properties. The legal regulations on finance and accounting should be amended to avoid conflicts and duplication; (ii) establish a roadmap including clear visions and missions for the adoption of IFRS in Vietnam. This is the responsibility of the authorities in regard to accounting; and (iii) raise awareness about the role financial statements prepared according to IFRS. It is necessary to advertise the benefits and necessity of IFRS so that managers, investors, and accountants understand the need of presenting financial statements according to IFRS. (iv) strengthen training regarding IFRS for experts, lecturers, auditors and accountants. Especially, universities should incorporate IFRS in training programs. Furthermore, professional organizations and associations should enhance the promotion and introduction of IFRS as well as provide guidance to companies regarding the implementation of IFRS.

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