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Factors Affecting Adoption International Financial Reporting Standards in an Emerging Economy: Empirical Evidence in Vietnam

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ABSTRACT

This article explores the factors that influence the adoption of international financial reporting standards in an emerging economy like Vietnam. The research model was tested by surveying 280 employees and managers of large enterprises in 2 cities, Hanoi and Ho Chi Minh, using the structure equation modeling (SEM) analysis technique. The study results show that four factors, namely economic growth, political, cultural, and legal, enterprise size and capital sources, perceptions of enterprise owners, and qualifications of accountants are positively related to adopting international financial reporting standards in Vietnam. Additionally, the model test results show that adopting international financial reporting standards is related to the benefits of adopting international financial reporting standards at enterprises in Vietnam. The research results proposed several implications for improving the adoption of international financial reporting standards in Vietnamese enterprises.

Keywords: international financial reporting standards, benefits of adopting international financial reporting standards, emerging economies

1. INTRODUCTION

In the face of the wave of global investment and trade capital shifts along with the process of deepening economic integration, the application of international financial reporting standards has become an inevitable trend for countries worldwide, including Vietnam. According to DeFond et al. (2011), the existence of separate accounting standards in each country has created a lack of synchronization in financial information, reducing the efficiency of global markets, hindering the ability to collaborate and seek capital when investors have difficulty comparing financial information between enterprises in the various countries. International financial reporting standards were born as a "common language" in accounting and financial reporting, helping to create transparency, comparability, and consistency in financial information between businesses, countries, and regions. Provide complete and comprehensive information on the enterprise's financial situation through the balance sheet, report on business results, and cash flow statements. International Financial Reporting Standards address the limitations and gaps of previous International Accounting Standards (IAS), promoting harmonization in global financial reporting.

In Vietnam, in March 2020, the Ministry of Finance issued Decision No. 345/QD-BTC approving the scheme to apply financial reporting standards, implementing the adoption of international financial reporting standards to complete the legal framework on finance and accounting, creating practical management tools, efficiency for governance and administration at enterprises as well as the management and supervision of State functional agencies in the new period, contributing to the successful implementation of the country's socio-economic development goals, improving the transparency and efficiency of financial information, improve the accountability of enterprises, protect the business environment, protect the legitimate interests of investors, and promote the integration of Vietnam's economy with the region and the world. By preparing and presenting financial statements according to international financial reporting standards, enterprises can take advantage of new opportunities to promote faster and higher-quality economic development, increase trust with investors, mobilize domestic and foreign capital flows, expand

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Research Article

cooperation, and increase competitiveness in the international arena (Nguyen, 2023). However, besides the benefits brought from the promulgation of accounting standards to the application in practice, it is a highly complex process because accounting finance is a field related to stringent legal regulations (Choi & Meek, 2011). The difference between Vietnam Accounting Standards (VAS) and international financial reporting standards shows that many limitations require a significant investment in effort, cost, and time to transform. On the other hand, until now, most studies have only focused on exploring the impact of factors in small and medium-sized enterprises with low and undiverse levels of accounting standard adoption (Nguyen et al., 2020; Marina & Tiron-Tudor, 2024) or research in the form of a literature review (Pham, 2022).

Based on the above practical requirements and research gaps, this study aims to consider and evaluate the application of international financial reporting standards for enormous enterprises in Vietnam as a basis for affirming that the application of international financial reporting standards in an emerging economy will face advantages and what are the difficulties in having policies to promote the application of international financial reporting standards in a favorable and in line with the roadmap set by the Government of Vietnam. At the same time, the article clarifies what factors affect the application of international financial reporting standards and what benefits this brings to enterprises.

2. MATERIALS AND METHODS

2.1. Theoretical background and research hypothesis

2.1.1. International financial reporting standards

International financial reporting standards are international accounting standards designed and developed by the International Accounting Standards Board (IASB). This independent, non-profit organization aims to provide a uniform legal framework for preparing and presenting financial statements. International financial reporting standards enable enterprises around the globe to compare their financial information transparently and reliably. These standards require enterprises to report results and financial situations using the same rules to prepare and present financial statements, providing comprehensive, correct, and timely information. It helps investors have more information about the capital market and reduces risk when making investment decisions. According to Dao et al. (2024), when applying the same international standards, it will simplify accounting procedures by using a type of language throughout the enterprise's financial statements. Deloitte (2020) believes that for the Vietnamese market, applying and presenting financial statements by international financial reporting standards helps increase the level of reliability and transparency in the eyes of investors, bringing more development opportunities, improving the reputation and position of enterprises in the international market creating a particular attractiveness when competing with enterprises in other economies.

2.1.2. Underlying theory

Institutional theory, first introduced by DiMaggio and Powell (1983), combines the fields of economics, sociology, and politics. This theory focuses on the interaction between institutions and the surrounding institutional environment, including governments, economic, social, and political organizations. Later, many scholars continued to develop this theory, such as Scott (2004, 2008), DiMaggio and Powell (1991), Marquis and Tilcsik (2016). According to Scott (2004), institutions are highly stable social structures that help shape the organization's behaviour.

Many economists, including Arrow (1962), Uzawa (1965), and Sidrauski (1967), founded the endogenous growth theory. This theory emphasizes that economic growth mainly comes from internal factors rather than depending on external factors. Therefore, investment in human resources, innovation, and knowledge are considered core drivers of sustainable economic growth.

Resource dependence theory explains how external resources affect an organization's operations. Pfeffer and Salancik (1978) argue that organizations exist in an interconnected system where dependence on the external environment can create challenges and risks, especially in volatile environments. Good dependency management is crucial for maintaining an organization's stability and growth.

2.1.3. Research hypothesis

Based on the background theories and a summary of some related studies by Albu (2013), Zehri and Chouaibi (2013), Hofstede (1980, 1984), Ho (2016), Nguyen (2013), Tran (2010, 2013), Dang (2016), Pham (2022) combined with interviews with experts with in-depth experience in the field of accounting, audit to ensure the suitability of the research object and context. The authors synthesize and propose factors affecting the application of international financial reporting standards as follows:

***Economic growth, political, cultural and legal*:** Economic growth is measured by the output growth of the economy over the period, commonly gross domestic product (GDP). Economic growth positively impacts the accounting system's development (Adhikari & Tondkar, 1992). According to studies by Albu (2013), Zehri and Chouaibi (2013), and Pham (2022), accounting practices are not only influenced by economic conditions but also significantly influenced by political, cultural, and legal factors. In particular, each country's political environment and legal system play a key role in determining its adoption of international financial reporting standards. Belkaoui (1983) said that the country has low political freedom, and people will be deprived of all forms of freedom when choosing accounting policies. Therefore, the degree of political freedom is an essential factor affecting the accounting standards of each country. Based on the above discussion, the following hypotheses could be started:

Hypothesis 1 (H1): Economic growth, political, cultural, and legal positively impact the adoption of international financial reporting standards.

***Enterprise size and capital sources*:** The size of the enterprise is classified into micro-enterprises, small and medium-sized enterprises, large enterprises, and enormous enterprises based on the number of employees, charter capital, revenue, or total assets (Pham, 2022). Nguyen et al. (2020) demonstrated that enterprise size is a crucial factor affecting the ability to implement international financial reporting standards. Additionally, enterprises with substantial financial resources often have easier access to and implement international financial reporting standards than enterprises with limited potential. It stems from the fact that adopting international financial reporting standards requires significant resources, including human resources, modern accounting systems, and conversion costs (Pham, 2022). Based on the above discussion, the following hypotheses could be started:

Hypothesis 2 (H2): Enterprise size and capital sources positively impact the adoption of international financial reporting standards.

***Perceptions of enterprise owners*:** Research by Collis and Jarvis (2000) and Silva et al. (2021) indicates that enterprise leaders' perception level is closely related to adopting international financial reporting standards. Managers knowledgeable about the benefits of international financial reporting standards tend to implement this system more effectively. Conversely, suppose leaders focus only on financial indicators such as taxes and profits while ignoring the importance of transparent financial reporting. In that case, the quality of accounting information may be affected, reducing the reliability of the accounting system (Marina & Tiron-Tudor, 2024). Based on the above discussion, the following hypotheses could be started:

Hypothesis 3 (H3): Perceptions of enterprise owners positively impact the adoption of international financial reporting standards.

***Qualifications of accountants*:** Based on the endogenous growth theory (Arrow, 1962; Uzawa, 1965; Sidrauski, 1967) and resource dependency theory (Simon, 1947), accountants' professional qualifications are essential factors affecting the implementation of international financial reporting standards. Endogenous growth theory emphasizes the role of internal resources in economic development, while resource dependency theory affirms that strong resource ownership is the key to organizational success. Thus, accountants' qualifications are one of the core resources for helping enterprises implement international financial reporting standards. Professional qualifications are shown through two facets, including experience and professional capacity (Kountur & Huo, 2013). Accounting experience is a crucial factor influencing accounting work. Experienced accountants thoroughly understand the client's operations, information systems, and key risks. They can identify errors, make risk predictions, and implement necessary adjustments for the client (Ishola et al., 2018). Furthermore, professional competence is recognized as a crucial factor influencing accounting. Accountants with strong competence typically have a solid

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understanding of accounting standards and the skill to minimize errors in their work. The qualification factor is regarded as the minimum requirement for accountants tasked with performing accounting work (Bychkova & Timoshenko, 2018). Qualifications, work experience, quality of independence in the workplace, teamwork skills, and ongoing knowledge enhancement are also indicators of a qualified accountant. According to Joshi and Ramadhan (2002) and Pham (2022), a highly specialized accounting team will easily access and apply accounting standards in practice. In adopting international financial reporting standards, accountants not only play a role in implementation but also determine the quality of implementation, similar to other material resources such as technology or infrastructure. When the accounting team has good capacity, the transition to international financial reporting standards will occur smoothly and achieve higher efficiency. Based on the above discussion, the following hypotheses could be started:

Hypothesis 4 (H4): Qualifications of accountants positively impact the adoption of international financial reporting standards.

***Adoption of international financial reporting standards*:** According to Nguyen (2023), adopting international financial reporting standards involves enterprises' access to, recognition of, and preparation to implement them in practice. The studies by Guerreiro et al. (2008), Omri and Akrimi (2011), and Moqbel and Bakay (2013) indicate that the implementation of international financial reporting standards is evident in the familiarity of enterprises and managers with these standards, their perception of the benefits and risks associated with them, and their capacity to comply with these standards, including aspects such as human resources, technological systems, finance, and management adjustments within the enterprise. According to Nguyen (2023), adopting international financial reporting standards enhances trust between enterprises and investors, fosters the growth of global capital markets, facilitates cooperation, and boosts the competitiveness of enterprises in the international arena. Thus, the broader the adoption of international financial reporting standards, the greater the benefits enterprises gain in finance, governance, investment, and international integration. Based on the above discussion, the following hypotheses could be started:

Hypothesis 5 (H5): The adoption of international financial reporting standards positively impact the benefits of adopting international financial reporting standards.

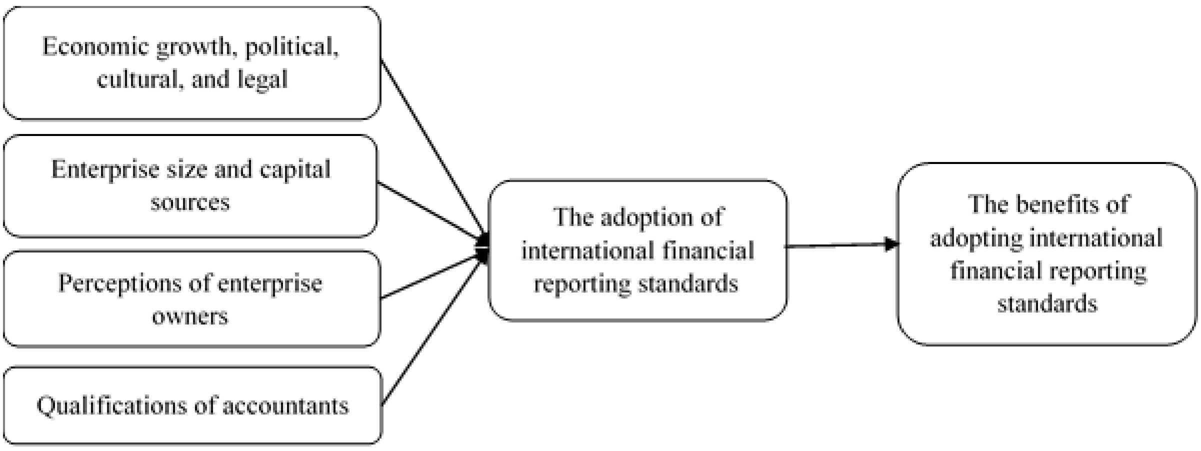

Figure 1 Analytical framework.

Source: Proposed by the authors

2.2. Methods

2.2.1. Scales

The study used a Likert scale with five levels, from 1 (remarkably unaffected) to 5 (extraordinarily affected). The preliminary scale is based on theory and inherits some research results of Tran (2010, 2013), Dang (2016), Nguyen (2018), including 25 observation variables. To ensure that the preliminary scale met the study's requirements and was suitable for the audience's characteristics and the actual research situation, the authors conducted a group

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Research Article

discussion with several senior managers before conducting a formal survey. We also consulted with experts to consider the content of the influencing factors, their relationship, and the adjustment of the observed variables in the preliminary scale. The discussion process is recorded, then synthesized as a basis for analysis, screening, and building a formal scale in Table 1 as follows:

Table 1 Formal scales

Scales	Sign	Items
Economic growth, political, cultural, and legal	EPCL1	State guiding documents on international financial reporting standards
	EPCL2	Regulations on the corporate accounting regime
	EPCL3	Circular guiding the implementation of international financial reporting standards
	EPCL4	The complexity of international financial reporting standards
	EPCL5	Requirements and regulations on international financial reporting standards
Enterprise size and capital sources	ESCS1	The size of the enterprise
	ESCS2	Business results of enterprises
	ESCS3	Enterprise owners' interest in financial accounting
	ESCS4	Physical equipment and information systems of enterprises
Perceptions of enterprise owners	POEO1	Enterprises learned about international financial reporting standards
	POEO2	The organizational culture of the enterprise encourages transformation
	POEO3	The role of managers in financial accounting
	POEO4	Internal control system of the enterprise
Qualifications of accountants	QOA1	Qualifications of accountants
	QOA2	Accountant's experience
	QOA3	Competencies of accountants
	QOA4	The role of the chief accountant
	QOA5	The accountant is willing to apply international financial reporting standards
The adoption of international financial reporting standards	AIFRS1	Enterprises adopted international financial reporting standards
	AIFRS2	Enterprises adopted international financial reporting standards due to the provisions of the law
	AIFRS3	Enterprises adopted international financial reporting standards because of the superiority of the standards
	AIFRS4	Enterprises adopted international financial reporting standards due to the characteristics of enterprises
The benefits of adopting international financial reporting standards	BAIFRS1	International financial reporting standards are transparent, effective, and easy to compare with countries around the world
	BAIFRS2	International financial reporting standards help enterprises attract many domestic and international investors
	BAIFRS3	Enterprises have many opportunities in the integration process

Source: Summary by the authors

2.2.2. Data collection

The study sample size was determined based on the optimal ratio in the exploratory factor analysis suggested by Hair et al. (2010), which is 10:1. Consequently, the study includes 25 observed variables, indicating that 250 samples are required. However, to avoid invalid questionnaires, the authors issued 300 questionnaires. The information was

Journal of Information Systems Engineering and Management
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Research Article

collected by sending the questionnaires to the e-mails of financial accounting department employees and managers working at large enterprises in Hanoi and Ho Chi Minh City. According to the Ministry of Finance's Decision 345/QD-BTC of 2020, they must adopt international financial reporting standards after 2025. The study employs a convenient non-probability sampling method. The survey period spans from October 2024 to December 2024, and the total number of questionnaires is distributed evenly among the research points to ensure objectivity and fairness. The study obtained 280 valid questionnaires. The data was processed using SPSS26 and AMOS software, which included descriptive and mean statistics, reliability testing (Cronbach's Alpha), exploratory factor analysis (EFA), confirmatory factor analysis (CFA), and structural equation modeling (SEM) analysis.

3. RESULTS

3.1.1. Descriptive statistics

Of the 280 questionnaires collected, 158 respondents are male, accounting for 56.43 percent and 122 respondents are female, accounting for 43.57 percent. Of these, 214 respondents hold undergraduate and postgraduate degrees, 76.43 percent, while 66 possess college degrees, representing 23.57 percent. In terms of seniority, there were 204 respondents, all of whom had between 5 and over 10 years of work experience, making up 72.86 percent, while 76 respondents had less than 5 years of experience, accounting for 27.14 percent. Regarding income, 56.07 percent of survey participants had an income of 7 to 15 million VND. Seventy-two respondents had an income of less than 5 million VND, 25.71 percent, and 51 respondents had an income of over 15 million VND, 18.22 percent. Regarding enterprise operation, 75.35 percent of enterprises are in construction and manufacturing, while 24.65 percent are in other fields. More than 50 percent of enterprises have charter capital ranging from 30 to 120 billion VND. The descriptive statistical results are presented in Table 2 as follows:

Table 2 Demography of survey respondents.

Characteristics	Hanoi City	Ho Chi Minh City	Total		Characteristics	Hanoi City	Ho Chi Minh City	Total	
	N	N	N	Ratio		N	N	N	Ratio
Gender					Education				
Male	85	73	158	56.43	College	37	29	66	23.57
Female	67	55	122	43.57	Undergraduate	98	84	182	65.00
					Postgraduate	17	15	32	11.43
Seniority					Income				
< 5 years	41	35	76	27.14	< 7 million VND	41	31	72	25.71
5 – 10 years	73	69	142	50.71	7 – 15 million VND	82	75	157	56.07
> 10 years	38	24	62	22.15	> 15 million VND	29	22	51	18.22
Enterprise operation					Charter capital				
Construction	66	45	111	39.64	30 – 120 billion VND	82	68	150	53.57
Manufactoring	49	51	100	35.71	120 – 150 billion VND	47	39	86	30.71
Others	37	32	69	24.65	> 150 billion VND	23	21	44	15.72

Source: Analysis results from SPSS26

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Research Article

Additionally, the mean scores on the scales and items ranged from 3.49 to 4.71, indicating a high level of agreement among the respondents (see Table 3).

3.2. Reliability testing

The results in Table 3 show that Cronbach's Alpha coefficient of the scales is more significant than 0.7, and the Corrected Item-total correlation is more important than 0.3. Simultaneously, the Cronbach's Alpha if Item Deleted is less than the overall Cronbach's Alpha, so no variable is excluded. As a result, the scale is reliable and eligible for exploratory factor analysis (Hair et al., 2010).

Table 3 The results of Cronbach's Alpha.

Scale	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item – Total Correlation	Cronbach's Alpha if Item Deleted
Economic growth, political, cultural, and legal: *Cronbach's Alpha = 0.82, mean = 4.71*				
EPCL1	10.16	4.91	0.59	0.81
EPCL2	9.97	4.82	0.57	0.79
EPCL3	9.54	3.67	0.56	0.78
EPCL4	10.08	3.40	0.54	0.76
EPCL5	10.31	4.13	0.52	0.75
Enterprise size and capital sources: *Cronbach's Alpha = 0.85, mean = 4.26*				
ESCS1	8.29	2.76	0.62	0.84
ESCS2	8.54	3.14	0.65	0.83
ESCS3	8.98	2.96	0.64	0.81
ESCS4	8.36	2.83	0.63	0.80
Perception of enterprise owners: *Cronbach's Alpha = 0.81, mean = 4.01*				
POEO1	9.95	3.82	0.63	0.79
POEO2	10.06	4.26	0.61	0.78
POEO3	10.78	3.91	0.59	0.77
POEO4	10.41	4.38	0.58	0.76
Qualifications of accountants: *Cronbach's Alpha = 0.84, mean = 3.49*				
QOA1	9.72	3.71	0.65	0.82
QOA2	10.11	4.19	0.64	0.81
QOA3	9.89	3.84	0.62	0.80
QOA4	9.53	4.58	0.62	0.78
QOA5	10.24	4.33	0.59	0.77
Adopting IFRS: *Cronbach's Alpha = 0.83, mean = 3.52*				
AIFRS1	10.76	4.53	0.58	0.81
AIFRS2	11.13	4.69	0.56	0.80
AIFRS3	10.54	3.98	0.55	0.79
AIFRS4	9.88	4.26	0.54	0.78
AIFRS1	10.25	3.75	0.53	0.76
Benefits of adopting IFRS: *Cronbach's Alpha = 0.80, mean = 3.50*				
BAIFRS1	11.26	4.21	0.64	0.83
BAIFRS2	9.54	3.88	0.62	0.82
BAIFRS3	10.13	4.13	0.61	0.80

Source: Analysis results from SPSS26

3.3. Exploratory factor analysis (EFA)

The results in Table 4 show that the KMO coefficient equals 0.809, which satisfies the conduit that it is ion greater than 0.5 and less than. It indicates the relevance of the data. Additionally, the Chi-square statistic from Bartlett's Test is 11475.386, with a significance level of 0.000 (less than 0.05), indicating that the observed variables are correlated within the factor and that the exploratory factor analysis aligns with the actual data. Moreover, at the Eigenvalue level greater than 1, six components are extracted with a factor loading coefficient greater than 0.5, and the total extracted

Journal of Information Systems Engineering and Management
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Research Article

variance of the model reaches 80.21 percent. This means the extracted factors explain 80.21 percent of the variation of the data set. Thus, the exploratory factor analysis results are appropriate to the requirements, and the observed variables are correlated overall (Andersen & Gerbing, 1998), which should be used for confirmatory factor analysis.

Table 4 The results of EFA.

Observed variables	Component					
	1	2	3	4	5	6
PEO3	0.80					
PEO2	0.79					
PEO1	0.78					
PEO4	0.76					
AIFRS2		0.79				
AIFRS1		0.77				
AIFRS4		0.75				
AIFRS3		0.74				
ESCS1			0.81			
ESCS4			0.78			
ESCS3			0.76			
ESCS2			0.73			
EPCL1				0.82		
EPCL5				0.72		
EPCL3				0.70		
EPCL4				0.69		
EPCL2				0.68		
QOA1					0.83	
QOA3					0.80	
QOA2					0.76	
QOA4					0.70	
QOA5					0.67	
BAIFRS1						0.84
BAIFRS2						0.82
BAIFRS3						0.79
% of Variance	36.80	46.73	52.16	58.98	67.52	80.21
Eigenvalue	4.787	4.103	3.928	3.071	2.685	1.688
		KMO = 0.81				
Bartlett's Test of Sphericity		Approx. Chi-square			11475.386	
		df			292	
		Sig.			0.000	

Source: Analysis results from SPSS26

3.4. Confirmatory factor analysis

The confirmatory factor analysis results show that all variables' standardized regression weights are more significant than 0.5. It proves that the model achieves convergent validity, indicators to evaluate convergence value, and compatibility with CMIN/DF, GFI, CFI, TLI, and RMSEA indicators for consideration. The results of the analysis indicate that CMIN/DF = 1.562 < 3 (Carmines & McIver, 1981); GFI = 0.929 > 0.9, CFI = 0.934 > 0.9, TLI = 0.922 > 0.9 (Tabachnick & Fidell, 2007), and RMSEA = 0.035 < 0.08 (Hu & Bentler, 1999), which demonstrate the relevance of the data.

3.5. Structural Equation Modeling (SEM)

Journal of Information Systems Engineering and Management
2025, 10(44s)
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https://www.jisem-journal.com/
Research Article

Based on the results of the confirmatory factor analysis, the initial estimation results of the SEM indicated that CMIN/DF = 1.615 < 3 (Carmines & McIver, 1981), and the indices GFI = 0.932, CFI = 0.937, TLI = 0.925 (Tabachnick & Fidell, 2007) were more significant than 0.9, while RMSEA = 0.038 < 0.08 (Hu & Bentler, 1999). Thus, the model responds well to the survey data.

Table 5 The results of SEM.

Correlation	Estimate	S.E	C.R	p
AIFRS ← EPCL	0.40	0.05	2.38	0.002
AIFRS ← ESCS	0.45	0.07	2.57	0.001
AIFRS ← PEO	0.32	0.08	2.89	0.000
AIFRS ← QOA	0.43	0.06	3.09	0.020
BAIFRS ← AIFRS	0.58	0.09	2.89	0.003

Source: Analysis results from SPSS26

The estimation results show that the weights are positive (+) and statistically significant. These factors positively impact Vietnam's adoption of international financial reporting standards. Thus, the hypotheses from H1 to H5 are accepted.

4. DISCUSSION AND IMPLICATIONS

Hypothesis 1 (H1): Economic growth and political, cultural, and legal factors positively impact the adoption of international financial reporting standards in Vietnamese enterprises. This result is similar to Albu (2013) and Pham (2022) findings. Therefore, the government and the Ministry of Finance must implement measures, including policies, guiding circulars, and enhanced support training programs, to assist enterprises in applying these measures quickly and cohesively. The National Assembly and the Ministry of Finance should soon issue accounting standards and specific guidelines to assist Vietnamese enterprises in investing abroad and preparing international financial statements by international financial reporting standards. It would make the integration process more convenient. To implement Decision No. 345/QD/BTC dated March 16, 2020, by the Minister of Finance regarding the approval of the practical application of financial reporting standards in Vietnam, the model has identified legal factors that support the adoption of international financial reporting standards. Therefore, Vietnam must issue circulars that guide enterprises in more specific implementations shortly.

Hypothesis 2 (H2): The size of an enterprise and its capital sources play a significant role in positively influencing the adoption of international financial reporting standards in Vietnamese enterprises. Larger enterprises, which typically have more financial and human resources, are better positioned to implement international financial reporting standards than smaller businesses that may face constraints regarding expertise and funding. Similarly, enterprises with access to diverse capital sources, including foreign investment and international loans, are likelier to adopt international financial reporting standards to enhance their credibility and financial transparency. This finding is consistent with the research by Nguyen et al. (2020), which highlights the correlation between enterprise characteristics and international financial reporting standards adoption.

Hypothesis 3 (H3): The perception of enterprise owners plays a crucial role in influencing the adoption of international financial reporting standards in Vietnamese enterprises. This finding is consistent with the study by Silva et al. (2021), which highlights the importance of management perception in financial reporting transitions. When enterprise owners have a positive outlook on international financial reporting standards, they are more likely to facilitate its implementation, ensuring compliance with global financial standards and improving transparency. Therefore, it is essential for business leaders to enhance their understanding of the significance, benefits, and practical applications of international financial reporting standards. By doing so, they can support enterprises in maintaining financial stability during the integration process, strengthening investor confidence, and attracting global capital. This, in turn, fosters long-term growth and competitiveness in the international market.

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Research Article

Hypothesis 4 (H4): The qualifications of accountants positively influence the adoption of international financial reporting standards in Vietnamese enterprises. This outcome aligns with Pham (2022). SEM results indicate that accountants' qualifications are the most influential factor in adopting international financial reporting standards in Vietnam. Therefore, enterprises need to regularly organize training, learning, and exchanging experiences to improve the qualifications of the accounting team. They can participate in specialized knowledge training classes such as "Financial Accounting Training for Enterprises," organized by KASH Vietnam, and "E-invoice Training using Blockchain Technology," organized by SCIC Vietnam.

Hypothesis 5 (H5): Adopting international financial reporting standards significantly and positively impacts various aspects of financial management and business operations in Vietnamese enterprises. When enterprises implement international financial reporting standards, they benefit from enhanced financial transparency, improved access to global capital, and strengthened financial management capabilities. These advantages contribute to enterprise' long-term sustainability and competitiveness in an increasingly globalized economy. This finding aligns with Nguyen's research (2023), highlighting the crucial role of international financial reporting standards in improving financial reporting quality and facilitating international business expansion.

Firstly, enhancing financial transparency and reliability

One of the most immediate and significant benefits of adopting international financial reporting standards is improving financial transparency and the reliability of financial information. International financial reporting standards provide a standardized framework for financial reporting, ensuring that enterprises disclose financial data consistently, reasonably, and comprehensively. This consistency reduces information asymmetry and enhances the credibility of financial statements, making it easier for investors, creditors, and stakeholders to assess a enterprise's financial health.

For Vietnamese enterprises, especially those aiming to expand beyond the domestic market, transparent financial reporting is critical. Investors and financial institutions are likelier to trust companies that adhere to internationally recognized accounting standards. When adopting international financial reporting standards, enterprises demonstrate a commitment to transparency and accountability, which can significantly boost investor confidence. In turn, this can lead to increased investment opportunities, higher company valuations, and better access to financing options.

Furthermore, international financial reporting standards adoption helps mitigate financial risks associated with inconsistent accounting practices. Without uniform standards, enterprises may face difficulties in accurately assessing their financial position, leading to potential errors, misstatements, or even financial fraud. By implementing international financial reporting standards, enterprises can ensure greater accuracy and reliability in their financial reporting, which helps make informed business decisions and maintain economic stability.

Secondly, strengthening financial management and decision-making

International financial reporting standards adoption enhances transparency and improves access to capital. It also strengthens an enterprise's financial management capabilities. International financial reporting standards requires companies to adopt a more structured and disciplined approach to financial reporting, which leads to better internal controls, risk management, and financial planning.

When implementing international financial reporting standards, enterprises must follow strict accounting principles that promote accuracy, consistency, and comparability. It enables management teams to gain deeper insights into their company's financial position, allowing them to make more informed and strategic business decisions. With better economic data, enterprises can allocate resources more efficiently, optimize operational costs, and enhance overall financial performance.

Additionally, international financial reporting standards adoption enhances corporate governance by promoting transparency and accountability. Many of the principles embedded in international financial reporting standards, such as fair value accounting and revenue recognition, encourage ethical financial practices. Enterprises that comply

Journal of Information Systems Engineering and Management
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https://www.jisem-journal.com/
Research Article

with international financial reporting standards are more likely to establish strong governance structures, which can lead to improved regulatory compliance and a reduced risk of financial misconduct.

5. CONCLUSION

Our study has made theoretical contributions to the feasibility of adopting international financial reporting standards. Firstly, this study contributes to expanding the understanding of the factors that affect adopting international financial reporting standards in an emerging economy like Vietnam, which has Eastern cultural characteristics, resistance to change, and many SMEs. As a result, the application of international financial reporting standards among enterprises remains limited. Secondly, to the authors' knowledge, this article represents the first study to clarify the factors influencing Vietnam's adoption of international financial reporting standards. Thus, it can serve as a theoretical foundation and a source of literature for future research.

The article also offers a practical contribution, serving as a resource for the government, the Ministry of Finance, and enterprises to recognize the implications of adopting international financial reporting standards in Vietnamese enterprises amid deepening global economic integration.

While notable theoretical and practical contributions exist, this study still has some limitations. Firstly, the research was limited by resources and scale, so the number of samples collected was insignificant and only concentrated in the two largest cities in Vietnam. Secondly, other internal and external factors, such as corporate culture and business strategies, may affect enterprises' adopt international financial reporting standards. Therefore, future research can expand the survey sample, survey area, and explore new factors to obtain further research results. Therefore, future research can expand the survey sample and area and explore new factors to obtain further research results.

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