

Benefits and Difficulties of Adopting IFRSS

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The trend of internationalization in trade and the globalization of financial markets increases the importance of financial information, necessitating the standardisation of accounting regulations internationally. During recent years, the International Accounting Standards Board (IASB) has encouraged countries to adopt international financial reporting standards (IFRSs). Currently, many countries have completed the convergence of national accounting standards with IFRSs. Vietnam will also adopt IFRSs in the near future. Therefore, in the process of building the standards, it is essential to gather the opinions of the enterprises, organizations, individuals and experts in order to obtain rational and reliable bases. This study was conducted to learn about the preparation and evaluate the benefits and difficulties when applying IFRSs in Vietnam, thereby serving as a basis for proposing appropriate solutions. Based on survey results of 104 enterprises with different types and areas of business, 84.6% said that IFRSs application should first be implemented with public companies and should be applied partially. The biggest problem when applying IFRSs is believed to be technical and personnel issues, but the benefit is that that the information on financial statements ensure comparability on a global scale. In particular, the results indicate almost no difference in groups when assessing the benefits and difficulties of applying IFRSS.

Key words: *IFRSS, adopting IFRSS, benefits when adopting IFRSS, difficulties when adopting IFRSS.*



Introduction

The results of the globalization and internationalization process do not stop at import and export activities, but also towards the development of the stock market and the international capital investment market. As a result, the accounting information built upon the request of each country is no longer suitable for international investors (Atik, A. 2010). Thus, it is necessary to adopt globally accepted accounting standards (Rezaee et al. 2010). This is especially significant for developing countries in creating high-quality financial information to access international financial resources (Siam et al., 2010). Jermakowicz (2006) said that the developing countries that apply IFRSs not only improve the quality of financial information and capital inflows but also contribute to national image promoting. Stemming from the benefits of adopting IFRSs, many countries have different approaches. Some allow IFRSs for specific financial statements of businesses and the consolidated ones of corporates, but others only allow IFRSs within consolidated financial statements. For countries that have not allowed enterprises to apply IFRS, there is also a tendency to adjust the national accounting standard system to make it more suitable and closer to IFRSs. Allowing IFRSs depends on the conditions of development and the actual situation of each country. However, the general direction is to apply IFRSs to public interest units and large-scale agencies, encourage small or non-public-interest units to voluntarily adopt IFRSs. According to a recent survey of 150 countries, 126 countries request to apply IFRSs to the most public interest companies, 12 countries allow IFRSs applications, 9 countries do not allow IFRSs.

Vietnam is one of the 9 countries that have not applied IFRS for the preparation and presentation of financial statements. During the period from 2000 to 2005, the Ministry of Finance issued 26 Vietnamese Accounting Standards (VASs) on the basis of selective application for regulations of international standards in accordance with the specific economic conditions of Vietnam. Based on VASs, the Ministry of Finance continues to issue documents guiding the application of VASs in a suitable way to each type of business, such as guiding circulars or corporate accounting regimes. Thus, every enterprise in all fields and in all economic sectors now operating in Vietnam is applying VASs for the preparation and presentation of financial statements. Compared to the stage when there was no standard, VASs are considered to be a big step in the accounting reform mission in Vietnam, contributing to the completion of the legal framework for accounting, and improving the transparency and reliability of financial statements. At the time of publication, VASs reflected many transactions of the young market economy, especially enterprises in the private sector of the early 2000s. This helped raise awareness of businesses and people doing accounting work, change their habits and, gradually, their approach to accounting work in accordance with international practices of the market economy. However, as it was issued more than 10 years ago and has not been amended and supplemented ever since, VASs has revealed more and more limitations. Some contents are not suitable for transactions of the market economy in the new stage and, in

the context of the strongly developing capital market, many kinds of complex financial tools have appeared. Moreover, Vietnam has recently issued 26 VASs, so there is a lack of standards (compared to international practices) about agriculture, exploration and exploitation of mineral resources, financial tool groups, reasonable value, loss of assets, etc. resulting in the fact that there is no legal basis to conduct accounting when businesses have economic transactions in these groups of standards, leading to difficulties for their accounting work.

Nowadays, Vietnam is in the process of robust administrative and institutional reforms. Foreign investment activities have become more and more active, and the demand for Vietnamese enterprises to list or attract capital in the foreign market are increasing. The financial market in general and the stock market in particular are making progressive changes, attracting more and more foreign investors and organizations seeking business opportunities. To meet the management requirements of the economy in the new stage, it is necessary to accelerate the completion of a legal framework for accounting. This will promote the economic integration process with other countries in the region and the world, as well as reform in Vietnam. Therefore, Vietnam needs to adopt IFRS in accordance with international standards, increase transparency and the comparability of financial statement information in light of the global integration trend.

Research Overview

The goal of IFRSs is to provide a framework for preparing and presenting financial statements to companies following general guidelines instead of setting specific reporting rules. Applying IFRSs will simplify accounting procedures through the consistency in reporting of companies in different countries. Since 2006, the European Union (EU) has required all listed companies on European stock market to apply IFRS. At that time, it was not possible to determine the costs and benefits of applying IFRSs, so the arguments were not conclusive due to a lack of data (Joshi et al., 2002). Up till now, countries around the world have experienced more than 10 years of IFRSs application. We studied works and articles that assess empirical evidence about the difficulties and benefits of applying IFRSs as follows:

Difficulties when applying IFRS in countries

When applying IFRSs, countries often encounter difficulties such as: the first time cost of IFRS application, staff training, the judgmental and subjective process of applying, the amount of information needing to be disclosed, staff qualifications, etc.

The research of Nerudova and Bohusova (2008) showed that the application of IFRSs in small and medium enterprises in the Czech Republic was difficult. First of all, it was the conformity of IFRSs with the types of businesses. Experts believed that IFRS were only suitable for public

or large companies, so for SMEs, IFRSs regulations were not suitable, leading to a waste of money and ineffectiveness. Therefore, the second difficulty was considered to be that the costs of applying IFRSs to small businesses would be expensive and inefficient. Consistent with this view, Larson & Street (2004), Taylor (2009), Winney et al. (2010), Ballas et al. (2010), Jones & Finley (2011) were also afraid of the cost issues entailed by financial statements, conversion, and training new employees to be up to date and familiar with IFRSs. However, he said that the problem of the cost incurred was only for the first time.

Christie et al. (2010) conducted a study with 243 US accountants, who participated in a survey. The results showed that 65% of respondents used US GAAP rules and 21% used tax accounting rules. Only 2% of respondents used IFRS. Accountants did not want to apply IFRSs to small businesses because they had not fully mastered the content specified in IFRSs

Alali&Cao (2010) were particularly interested in applying IFRSs in Ireland. The problem they encountered was the complexity, novelty, and the very strict regulations on information disclosure, specifically in terms of the quantity and quality of the information, as well as the duration and the responsibilities for the information. Reid and Smith (2007) analysed the costs and benefits of applying IFRSs in the UK but were concerned about their complexity and difficulties. The problem of training accounting staff and financial professionals having background knowledge about IFRSs was the interest of researchers in Hungary (Ballas et al., 2010, Jones & Finley, 2011)

Albu et al (2010) studied SMEs in Romania by interviewing accountants, auditors and authorities. The issue of a new standard system to replace the existing rules would be difficult due to the low level of accounting expertise, which could not keep up with IFRSs. Zeghal (2006) recommended that auditors be more cautious about incomes because IFRSs is more judgmental, which is likely to lead to higher income than IASs standards. However, Zeghal also said that problems and obstacles in the application of IFRSs would be overcome by the coordination of units, management agencies and accounting experts. On account of that, the preparation of knowledge and skills for accountants is essential, this study will focus on getting feedback from businesses to serve the converging process to IFRSs

Benefits of applying IFRSs in countries

Research on the benefits of applying IFRSs has been carried out in many countries such as the US, UK, Turkey, EU, etc. Specific benefits include making financial statements more transparent, more reliable and secure for global comparison, as well as helping to increase national prestige and attract international investment. Specific research projects include:

Merve Kılıça et al (2014) researched and assessed that the advantages of applying IFRSs would make the information on the financial statements of enterprises comparable, reliable,



transparent and understandable. In addition, research by Poroy Arsoy&Sipahi (2007) also proved IFRSs benefits improved the quality of financial information, helped businesses make effective investment decisions, and reduced capital cost.

Evans et al. (2005) IFRSs original research brought significant benefits to businesses on (i) improving transparency, (ii) reducing capital cost, (iii) improving foreign investment (iv) advancing the ability to compare financial statements and (v), for foreign investment, enhancing attraction.

Joshi and Ramadhan (2002) surveyed small companies using IASs in Bahrein, 86% of which agreed that when they switched to IFRSs they would improve their bank loans and their financial information efficiency. IFRSs are more flexible but enhance corporate's responsibility. Consistent with this view, some recent studies highlight that IFRSs role in valuation makes accounting data less adjusted, especially incomes, which has led to decrease in fraud on financial statements. (Cirkveni et al, 2011)

Harris and Muller (2005) studied 31 US listed foreign companies that voluntarily applied IFRSs. The comparison results showed the difference when applying IFRS with IASs and US GAAP in improving comparability of reports.

Köse (2009) examined 46 Turkish manufacturing companies and the results show that financial statements made under IFRSs are considered as management tools and used in cost planning and control.

DeFond et al. (2011) conducted research on samples of 14 EU countries which were required to apply IFRSs and 10 countries which were not required to apply IFRSs for the period from 2003 to 2007. The results show that international investment tends to increase after companies apply IFRS because the information is explained in more detail, is more reliable and more easily comparable.

Young and Zeng (2015) conducted a survey of enterprises in 15 EU countries after applying IFRSs and it showed that their stock prices were improved significantly because IFRSs allowed the use of many bases to value stocks. On average in each year from 1997 to 2008 stock prices were improved by 2%. They concluded that comparative information was also improved, and that IFRSs allowed investors to better value stocks through multiple valuation bases.

The above studies have shown that businesses, investors, creditors, financial analysts and financial statement users have supported the application of IFRSs in order to help the financial statements reflect high-quality, transparent and comparable information. The motivation of the parties to achieve a general set of standards stems from the need for financial information to

be prepared according to a global set of standards rather than national accounting standards (El-Gazzar et al., 1999). The advantages of using a general set of standards are listed in studies such as improving efficiency in financial and auditing reports (Joshi & Ramadhan, 2002; Uyar & Güngörmüş, 2013); enhancing comparability (Ball, 2006, Daske & Gebhardt, 2006; Epstein & Jermakowicz, 2007; Jeanjean & Stolowy, 2008; DeFond et al., 2011; Jones & Finley, 2011; Uyar & Güngörmüş, 2013); higher reliability (Ball, 2006, Dumontier & Raffournier, 1998, Akyüz et al., 2006, Neag et al., 2009, Madawaki, 2012, Uyar & Güngörmüş, 2013); increasing opportunities for external finance (El-Gazzar et al., 1999, Joshi & Ramadhan, 2002; Uyar & Güngörmüş, 2013); reducing capital cost (Beck et al., 2008, Ankarath et al., 2010, Cai & Wong, 2010, Defond et al., 2011, Kim et al., 2011); and reducing risks and uncertainties for international financial report users (El-Gazzar et al., 1999; Chorafas, 2006)

Research methods

Building scale

The study inherits the scale from previous works and is screened and modified to suit the objectives and situation in Vietnam. We conducted in-depth interviews with 8 people, including 4 lecturers, 2 state management officials, 2 chief accountants of enterprises, all of whom have a doctorate or higher degree. Based on the initial preliminary scale, the interview results added 4 new scales. Conduct a survey of 15 votes to check the contents of the questionnaire and adjust the official scales. The questions in the questionnaire are evaluated according to Likert scale 5 levels (1-strongly disagree; 5-strongly agree). The questionnaire is designed in 4 parts, including assessments of the IFRSs application roadmap in Vietnam; benefits; difficulties encountered when Vietnam applies IFRSs, and personal and business information of surveyors.

The scale of difficulties when applying IFRSs includes 5 questions, inheriting scales from studies of Nerudova and Bohusova (2008); Taylor (2009); Alali & High (2010); Reid and Smith (2007); Ballas et al., 2010, Jones & Finley (2011). Albuet al. (2010); Zeghal (2006) and 03 additional questions from in-depth interviews which are: (i) Vietnam's legal framework is not synchronized; (ii) Language barriers and (iii) Pressure from international consulting companies in Vietnam.

The scale of benefits when applying IFRSs includes 9 questions inheriting studies from Merve Kılıç et al. (2014); Poroy Arsoy & Sipahi (2007); Evans et al. (2005); Ramadhan (2002); Cirkveni et al (2011); Harris and Muller (2005); Köse (2009) and 01 additional question from the results of interviews with experts: Vietnam's financial statements will be publicized on international forums and recognized.

Describe the research sample

We sent survey forms via email to Vietnamese enterprises with convenient sampling methods. The total number of valid votes collected is 104 enterprises. About gender, 81.7% are female; the subjects aged from 30 to 40 (52.9%), followed by less than 30 (accounting for 34.6%). The highest academic level of interviewees are postgraduate (23.1%), and bachelor (74%). In terms of job position, all respondents are accountants. Sample details are shown in *Table 1*

Table 1: Characteristics of surveyed individuals

		No = 104	Percent (%)
Gender	Male	19	18.3
	Female	85	81.7
Age	< 30	36	34.6
	30 - 40	55	52.9
	40 - 50	12	11.5
	Above 50	1	1.0
Educational level	Postgraduate	24	23.1
	Bachelor	77	74.0
	Other	3	2.9
Job position	Accountant	104	100

Considering the characteristics of surveyed enterprises in *Table 2*, the enterprises established 5-10 years ago account for the highest proportion (35.6%), followed by those less than 5 years (26.9%) and from 10-15 years (24%); the rest are over 20 years. The structure of enterprises by age group is relatively similar. In terms of area, the majority of enterprises are in the North of Vietnam (76%). Central and the Southern enterprises account for a smaller and relatively similar proportion. The businesses are mainly in the trade and service sector (71.15%). The industry sector accounts for 25%. Most of them are small in size according to the number of employees under 300 people (81.7%).

Table 2: Characteristics of surveyed enterprises

		No = 104	Percent (%)
Age of enterprise	< 5 years	28	26.9
	5 - 10 years	37	35.6
	10 - 15 years	25	24.0
	> 20 years	14	13.5
Business location	North	79	76.0
	Central	10	9.6
	South	15	14.4
Business sector	Trade & service	74	71.15
	Industry	26	25
	Other	4	3.8
Number of employees	< 300 people	85	81.7
	> 300 people	19	18.3

Research results

Assessment of IFRSs knowledge in Vietnam

The assessments focus on the following issues: (i) *Awareness of the shortcomings in Vietnamese regulations for applying IFRSs;* (ii) *Information channel to learn about IFRSs;* (iii) *Evaluate IFRSs application roadmap in Vietnam;* (iv) *Assess the scope and subjects of IFRSs application in Vietnam;* (v) *Overall assessment shows that IFRSs application is better than Vietnamese accounting standards.*

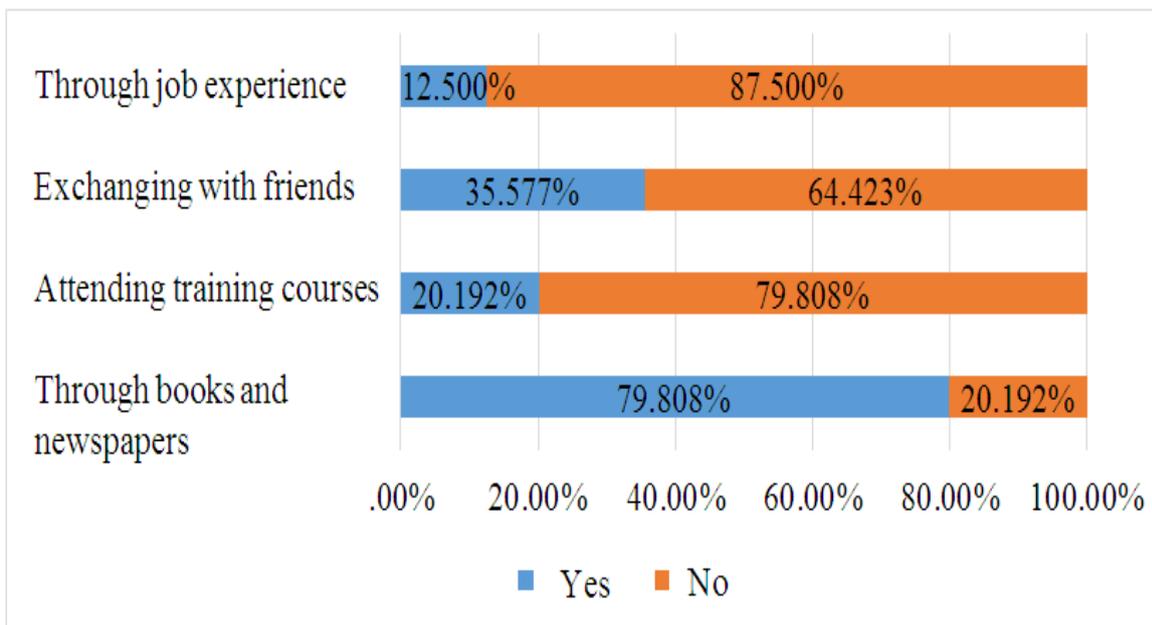
Awareness of the shortcomings in Vietnamese regulations for applying IFRSs

When being asked about assessing shortcomings in providing financial statements of enterprises based on VASs, all respondents have high consensus about the inadequacies in current regulations, 85 people agree, accounting for 81.7%. This assessment shows that changes in current regulations on the preparation and presentation of financial statements are necessary to meet the practical requirements and international integration

Information channel to learn about IFRSs

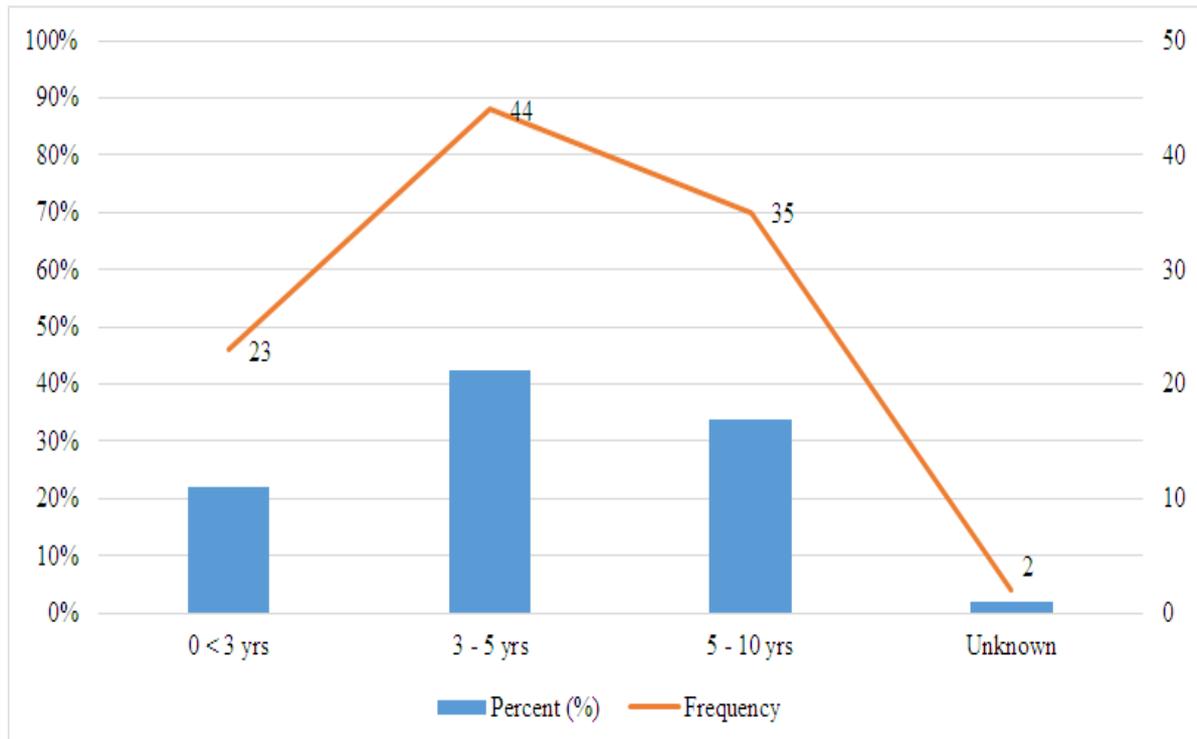
In order to evaluate the preparation about IFRSs knowledge, we asked the surveyed subjects about attending IFRSs training courses or learning about IFRSs by means of books and friends or related practical work. The results showed that most of the subjects learned about IFRSs through books and newspapers (79.8%), followed by exchanging with friends (35.6%), and participating in training courses (20.2%). In terms of practical experience, only 12.5% of the participants ever had through their current jobs in businesses, *Figure 1*.

Figure 1. Information channel to learn IFRSs



Evaluate IFRS application roadmap in Vietnam

Figure 2. Evaluation of IFRSs application roadmap in Vietnam



In order to get information about the IFRSs application roadmap in Vietnam from the point of view of enterprises, we received comments that the most favourable period is from 3 to 5 years (44 people, accounting for 42%), followed by 5 to 10 years (35, accounting for 33%), *Figure 2*. There are some oppositional comments which are positive that the application of IFRSs in Vietnam will be very close in the coming time, less than 3 years (23, accounting for 22%) and some do not know the time when Vietnam will apply. Various streams of opinions may be derived from the application of IFRSs in Vietnam: periodic application or immediate application. With the above results, most businesses choose a phase-based approach (over 3 years, 79%). The method of applying IFRSs in stages means providing a roadmap to apply IFRSs groups in different stages, not applying all IFRSs simultaneously. With this roadmap, businesses will have the advantage of:

- Preparing necessary human and material resources, infrastructure (the IT systems) available for IFRSs application;
- Helping businesses adapt gradually to changes from VASs to IFRSs because VASs and IFRSs currently have many notable differences, while minimizing the impact on business activities and the operation of enterprises;
- Adjusting to the level of the economy development in Vietnam;

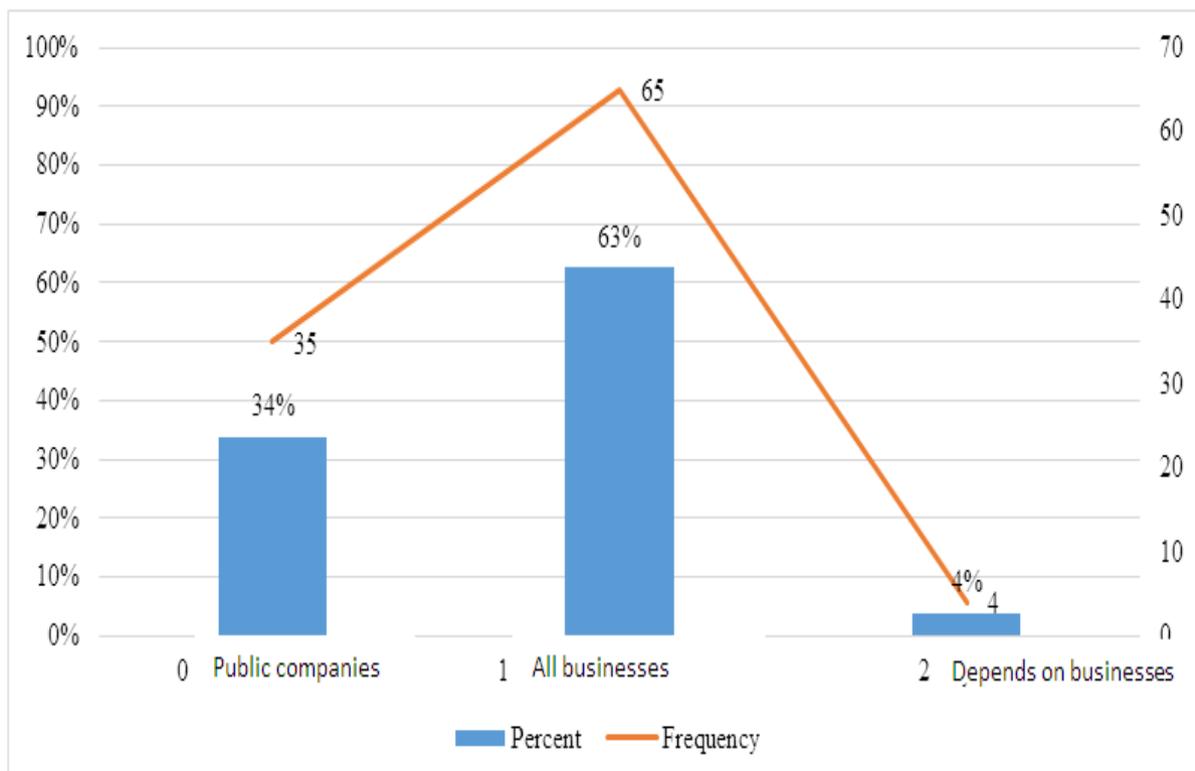
- The Ministry of Finance will have time to complete the legal corridor in line with IFRSs regulations;
 - Helping businesses acquire experience to implement the next phases more easily;
 - Having time to train the staff member to understand and be able to apply IFRSs
- However, the problems that Vietnam has to face when applying IFRSs according to the roadmap are:
- The Ministry of Finance has difficulty in reviewing the priority order of each standard;
 - Enterprises which have a demand to make financial statements according to IFRSs will still need to make another set of reports according to VASs
 - Slowing down Vietnam's integration process with the world

Assess the scope and subjects of IFRSs application in Vietnam

Subject

When being asked about enterprise subjects that should apply IFRSs, the majority of accountants believe that Vietnam should apply to all businesses to ensure fairness (63%), while some think we should apply it to public companies first, accounting for 34%, *Figure 3*. The prevailing tendency of countries around the world (126/150 countries) is to apply IFRSs to public companies first

Figure 3. Subject of IFRS application



This result is somewhat different from the survey results of 27 enterprises of KPMG Vietnam. Accordingly, most of the units interviewed by KPMG believe that public interest businesses (listed companies and public companies) need to apply IFRSs first. Specifically, only large enterprises have enough resources to deploy IFRSs while the number of listed SMEs is relatively high. The next is the financial enterprises such as banks, insurance companies, stock companies and fund management companies may apply IFRSs more because of the higher demand and ability of these organizations. Currently in Vietnam, many organizations have applied IFRSs due to the requirements of investors and partners. Foreign-invested enterprises can also apply IFRSs as they often have to prepare IFRSs financial statements to serve the purpose of managing and consolidating the financial statements of overseas parent companies.

Most enterprises think that Vietnam needs to apply IFRSs to all businesses to ensure consistency, fairness and synchronization. However, this is less feasible because the application of IFRSs consumes a lot of resources and creates many challenges for businesses.

The scope

The majority of accountants believe that Vietnam should apply IFRSs in part to meet with the current situation, 82 options (79%) instead of applying the whole IFRSs. Some content is vital for information on financial statements of Vietnamese enterprises to be suitable with international practices such as financial tools, revenue, leasing, insurance contracts, etc. This is also a choice of many countries which follow the "transformation" approach, allowing report makers to gradually learn about standards and allowing a reasonable time frame to change the national legal framework.

Most businesses claim that partial IFRSs adoption should be allowed in order to:

- Increase awareness of businesses about the benefits of applying IFRSs, thereby making decisions appropriate to their needs and resources.
- Improve the level of accountants who are knowledgeable about IFRSs, upgrade information technology systems and synchronize the system of mechanisms and policies of Vietnam.
- The management agency has to assess the difficulties and problems from IFRSs to make timely adjustments before applying them in full.

Overall Assessment Shows that IFRSS Application is Better than VASS

From the overall assessment of the survey subjects, the majority believed that Vietnam's application of IFRSs would be better than applying the current accounting standards (88 people, accounting for 84.6%). A few disagree with the above point of view as the application of IFRSs is not feasible for Vietnam, whether it is better or not depends on the subject of application, the conditions of application, as well as the legal infrastructure of Vietnam.

Most of them agree that IFRSs application will be better for Vietnam, specifically: (i) The information is more transparent, more reliable, compliant with international general practices, which would improve the business environment in Vietnam and its attractiveness to foreign investment, as well as enhance integration; (ii) Ensuring the comparison of financial information among enterprises, such as recorded property, according to fair value instead of original price, (iii) Increasing opportunities for loans, investment and integration.

Favourability assessment when applying IFRS in Vietnam

When assessing the benefits of IFRSs application for Vietnamese enterprises, all 10 propositions of the survey are agreed on by of the accountants and mean from 3.66 to 3.9. In particular, the benefits of "Comparing information with global enterprises", "Higher responsibility of enterprises", "Financial statements information is more transparent and more reliable" reaches the highest level of agreement (average value of mean from 3.85 to 3.9). Conversely, "Decreasing financial statements fraud" and "Increasing bank loan opportunities" have the lowest average value, possibly because of the effect of many other factors, *Table 3*

Table 3: Benefits of applying IFRS in Vietnam

No	Benefits	1 Strongly disagree	2 Disagree	3 Average	4 Agree	5 Strongly agree	Mean	Std. Deviation
1	Financial statements information is more transparent	5.8%	2.9%	14.4%	54.8%	22.1%	3.85	.993
2	Financial statements information is more understandable	4.8%	3.8%	22.1%	52.9%	16.3%	3.72	.950
3	Financial statements information is more reliable	4.8%	5.8%	11.5%	55.8%	22.1%	3.85	.993
4	Higher responsibility of enterprises	4.8%	3.8%	10.6%	61.5%	19.2%	3.87	.935

5	Providing important standard for accounting	5.8%	4.8%	9.6%	60.6%	19.2%	3.83	.990
6	Decreasing financial statements fraud	3.8%	6.7%	24.0%	50.0%	15.4%	3.66	.951
7	Financial statements are public and internationally recognized	4.8%	4.8%	13.5%	55.8%	21.2%	3.84	.977
8	Increasing bank loan opportunities	4.8%	5.8%	23.1%	49.0%	17.3%	3.68	.988
9	Increasing investment and integration opportunities	5.8%	2.9%	16.3%	59.6%	15.4%	3.76	.950
10	Comparing information with global enterprises	4.8%	1.9%	16.3%	51.9%	25.0%	3.90	.961

Assessing difficulties when applying IFRS in Vietnam

In order to review the opinions assessing the difficulties when applying IFRSs in Vietnam from an enterprise perspective, we list 8 propositions, *Table 4*. Survey results showed that all 8 propositions reached agreement level (average values from 3.42 to 3.9). In particular, comments about the biggest difficulty are "SMEs have difficulties in techniques and human resources" (mean = 3.9), followed by "Applying for the first time is costly" (mean = 3.88) and "The legal framework of Vietnam is not synchronized with the international one" (mean = 3.83). And difficulty from "The pressure from international consulting companies in Vietnam" reached the lowest average (mean value = 3.42)

Table 4: Difficulties when applying IFRS in Vietnam

No	Difficulties	1 Strongly disagree	2 Disagree	3 Average	4 Agree	5 Strongly agree	Mean	Std. Deviation
1	Applying for the first time is costly	3.8	2.9	12.5	62.5	18.3	3.88	.874
2	Difficulty due to language barriers	1.9	9.6	24.0	50.0	14.4	3.65	.911
3	IFRSs is complicated with strict regulations on information disclosure	3.8	7.7	18.3	55.8	14.4	3.69	.946
4	A lot of information is subjective	1.9	9.6	26.0	51.9	10.6	3.60	.876
5	The legal framework of Vietnam is not synchronized with the international one	3.8	1.9	18.3	59.6	16.3	3.83	.864
6	Difficult to recruit qualified accountants to prepare financial statements	4.8	5.8	22.1	49.0	18.3	3.70	.994
7	SMEs have difficulties in techniques and human resources	3.8	5.8	15.4	46.2	28.8	3.90	1.010

8	The pressure from international consulting companies in Vietnam	3.8	15.4	28.8	38.5	13.5	3.42	1.031
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Analysis of comparison by groups

To compare the differences in assessing benefits and difficulties when applying IFRSs in Vietnam, enterprises are grouped by (i) Number of years of established; (ii) Location; (iii) Type of enterprise; (iv) Business sector and (v) Number of employees. We conducted a test of differences in distribution among groups without equal variance with Kruskal Wallis Test. The results show that, in terms of benefits, all the above groups have no difference. In terms of difficulties, only the number of employees is statistically significant (Sig. = 0.024 < 0.05). Accordingly, the average ranking of enterprise group with the number of employees under 300 is the highest (55.64), while the group with more than 300 people has lower average rankings (38.47). Thus, from the perspective of enterprises, the difficulties of IFRS application in Vietnam are different between the two groups in the number of employees when squaring $X^2 = 5.068$ and Sig. = 0.024, *Table 5*

Table 5: Kruskal-Wallis Test

Ranks

	No. employees	N	Mean Rank
Disadvantages	< 300	85	55.64
	> 300	19	38.47
	Total	104	

Test Statistics^{a,b}

	Disadvantages
Chi-Square	5.068
df	1
Asymp. Sig.	.024

a. Kruskal Wallis Test

b. Grouping Variable: No. employees

Results and Discussion

Vietnam is currently one of the countries that have not allowed or requested enterprises to prepare and present IFRSs financial statements. Financial statements of Vietnamese enterprises apply VASs, issued from 2001 to 2005, based on IASs. Along with the changes in market economy transactions, VASs have revealed many limitations while the trend of consolidating the regulations on preparation and presentation of IFRSs financial statements is growing globally. To contribute to improving the business environment, supporting the development of the stock market, attracting foreign investment in line with the general trend of the world, the application of IFRSs in Vietnam is necessary.

Research results from the perspective of enterprises show that VASs have had many shortcomings and have not satisfactorily solved the current problems of the market economy, such as recognition of fair value and incurred financial tools. In the short term, Vietnam faces many difficulties and challenges when applying IFRSs, which are high in cost when transferring and applying IFRSs. The legal framework is not synchronized with international regulations, creating language barriers, etc. However, in the long term, the application of IFRSs will certainly create a positive impact on Vietnam. Its integration would be indispensable, allowing for transparent information, comparability with other countries, and a heightened level of responsibility for enterprises to disclose information. The study also shows that Vietnamese enterprises have made preparation for IFRSs, learned information through books, participated in training courses, exchanged with friends, and also that many foreign-invested enterprises have applied IFRSs in preparing financial statements. About the comments on IFRSs application in Vietnam, this, however, will consume a lot of resources and create many challenges for businesses. The comments highly agree on building a specific roadmap, from 3 years or more to appropriately apply IFRSs to Vietnamese enterprises.

The research results will provide useful information and is a reliable basis for the Ministry of Finance about applying IFRSs in Vietnam through survey opinions of 104 enterprises. To accelerate IFRSs application process, promote international integration, Vietnam needs to:

- Enhance information dissemination, and raise the awareness of businesses about the benefits brought by IFRSs. The benefits provided by IFRSs to businesses in particular and to the economy in general, in the long term, will be greater than the cost.
- Stipulate the subjects of IFRSs application in each period: In the first phase, the Ministry of Finance encourages enterprises to voluntarily apply IFRSs. This is in accordance with the majority of enterprises surveyed and would, at the same time, allow them to tackle difficulties in the short term. The next stage, applications are compulsory, and would be instated in order of priority: public companies, foreign invested enterprises, financial institutions, insurance. For



SMEs (labor scale less than 300 people), applying IFRSs is really more difficult than large enterprises, so the mandatory roadmap for these enterprises is slower.

- Support human resources training and information technology for businesses through training programs, and seminars on IFRSs. Consultants should change the presentation of financial statements from VASs to the IFRSs application.



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