Factors affecting IFRS adoption in listed companies: Evidence from Vietnam

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CHRONICLE	ABSTRACT
	Nowadays, The International Financial Reporting Standards (IFRS) have been adopted in more than 160 countries. In fact, most ASEAN countries have adopted IFRS. The studies have noted the benefits of applying IFRS such as: Improving the quality of information on financial statements; Attract capital and enhance business cooperation opportunities, increase competitiveness, international integration in the world market; improve business performance, improve management and information quality; reflecting more reasonable business value; helping countries save cost of drafting, quickly integrate into international accounting standards; improve the quality of human resources in the field of auditing and financial accounting. Vietnam is a member of ASEM, APEC, WTO, AEC, etc. but the country is one of the few countries that has not yet announced an official roadmap for IFRS adoption. So IFRS adoption is necessary to proactively integrate more deeply into the regional and world economy. The Ministry of Finance of Vietnam has planned to adopt IFRS for listed firms, foreign-invested enterprises, public enterprises from 2022. In fact, some firms in Vietnam have voluntarily adopted IFRS as required during the operation process with related parties. This paper aims to identify factors that affect the adopting IFRS in Vietnamese listed firms. The authors used mixed research method by logistic regression model. Data was collected from 154 audited financial statements in 2018. The results show that some financial ratios such as return on equities (ROE) affect to IFRS adoption in listed firms of Vietnam. Therefore, if Vietnamese listed firms need to adopt IFRS effectively in the future, the Ministry of Finance should issue regulations for mandatory IFRS adoption to large firms with high rates of profitable on equity, promoting quality of auditing companies and audit program that are based on IFRS standards.

1. Introduction

Diversity of different countries in accounting system has caused considerably economic loss to financial statement on the international level (Choi & Levich, 1991). Consequently, international accounting and securities organizations started a process to boost the harmonization of accounting standards as a mean to improve transparency and comparability of financial information among countries. The effort of International Accounting Standard Committee (IASC, was replaced by IASB); The International Organization of Securities Commissions (IOSCO); and other accounting organizations all over the world have leaded to the development of international accounting standard including the International Financial Reporting Standards (IFRS) (Carpenter & Feroz, 2001; Albu & Albu, 2012; Albu et al., 2011; Daske & Gebhardt, 2006; Daske et al., 2008; Pășcan, 2015; Lenormand & Touchais, 2009) which are "*a set of*

accounting standards developed by the International Accounting Standards Board (IASB) that is becoming the global standard for the preparation of public company financial statements".

International accounting convergence is becoming one of the issues receiving great attention from countries around the world. Thanks to the international accounting convergence process, information is provided quickly, promptly and meets comparable requirements between countries. Therefore, the goal of international convergence has been going on strongly in countries. Since 2005, the application of IFRS in the preparation and presentation of financial statements have become more common in the United States, Korea, Canada, Russia, Mexico, China, etc. However, the level of compliance between countries is not the same. Before opening integration, Vietnam did not have accounting standards. In 1995, Vietnam became a member of The World Trade Organization (WTO). It was necessary for preparing the Vietnamese accounting system that were set by the Ministry of Finance. By 2000, Vietnam's stock market opened. With the help from the EU, Vietnam began to conduct research and drafting the Vietnamese Accounting Standards (VAS).

From 2001 to the end of 2006, the Ministry of Finance of Vietnam issued 26 VASs and circulars on the basis of the International Accounting Standards Board (IASB) which guiding these standards. The VAS is essentially the same as IASs because most of it is translated from IASs, then it is drafted the Vietnamese accounting regime modified, supplemented, "fit" with Vietnamese situation. However, some IFRS standards are conflicted with some VAS. The Vietnamese accounting system provides a unified accounting system, mandatory financial reporting forms for all businesses to apply (most countries in the world do not do so). A few countries, such as France that has a unified accounting system but it is more instructive and less imperative. According to the Vietnamese accounting regime, if companies need to open accounting accounts level 1 which is outside the system of unified accounting accounts, they must have the Ministry of Finance's permission. Some specialized associations of countries may have a unified accounting account system, but it is completely instructive and not mandatory. For example, the American and Canadian Hotels Association offers a "Unified accounting account system for US and Canadian hotels" that is not mandatory. In fact, it is a set of financial statements, governance reports and explanations of the indicators of those reports. In summary, the problems of formality outside VAS is very compulsory.

Regarding basic accounting methods, Vietnam has applied nearly all international accounting standards, except for market price principles (actual prices, possible prices), fair value and standards of financial and public instruments. Derivative financial instruments are not yet officially announced, although reality many companies have applied them. In fact, some Vietnamese firms have adopted IFRS. Most of these have been invested by foreign investors, foreign loans, etc. Researches on factors that affected the IFRS adoption have focused on the developed countries where financial markets and accounting systems have been developed. Recently, the authors began to research the process of IFRS adoption in the developing countries. However, the researches on Vietnam or countries with characteristics similar to Vietnam is limited. Studies in Vietnam mainly focus on assessing the situation, the degree of convergence of VAS with IAS / IFRS, difficulties and the ability to apply IFRS in Vietnam, thereby proposing directions, how to adopt and IFRS adoption process. The authors focused on literature review, group discussion, expert opinions. Quantitative studies aimed at determining factors that affect the adoption of IFRS in Vietnamese firms were rarely implemented.

Based on roadmap of the Vietnam Ministry of Finance, by 2022, the listed firms will be the first to be adopted. It is accordant of the samples were listed firms because this is an important sector in the economy when mobilizing and developing capital markets in domestic and abroad. Therefore, this study is extremely necessary, highly applicable and practical, helping to identify factors and the level of impact on IFRS adopting in Vietnamese listed firms. The purpose of the study is to determine these factors that encourage IFRS adoption in Vietnam through qualitative and quantitative research with sample survey of 154 Vietnamese listed firms. The paper presents the following contents: literature review, research methodology, results, discussions and conclusions, research limitations and future research directions.

2. Literature review

Although there was objection of several researchers, recent research results have recorded considerable changes of nations' accounting system in convergent to international accounting standards (DeFond et al, 2010; Judge et al., 2010). Researches relating to factors affecting IAS/IFRS adoption of different nations have attracted lots of authors. Factors affecting the development of international accounting system have been researched by accounting researchers since 1960 (Mueller, 1983). The micro-environment is a near or direct environment of enterprises and very special because it is unique to each enterprise or industry. This environment directly affects businesses. Leuz and Verrechia (2000) examined the accounting choices of German listed companies on the DAX index for the year 1988. By using a logistic regression analysis, they concluded that firm size, financial demand and financial performance significantly explained the decision of IFRS adoption. Similarly, Barbu (2004) conducted a longitudinal research from 1985 to 1999 in order to measure the tendency to implement the international benchmark of French companies. He established the existence of a wandering accounting among the 100 French business groups that were reviewed in the research's objective. Affes and Callimaci (2007) indicated the motivations that lead adoption of IAS/IFRS early on companies in Germany and Austria. A sample of 106 German and Austrian companies were tested by logistic regression. The probability of early IAS/IFRS adoption was increased with firm size. However, the relationship between the proposed IAS/IFRS adoption and debt seemed less important for highly indebted companies. Dumontier and Raffournier (1998) researched a sample of 28 Swiss listed companies in stock market adopted local standards and 51 companies adopted IAS/IFRS. They demonstrated an absence of significant relationship among IAS adoption, debt ratio and company performance. Other researchers found out a positive relationship between countries where English was the main language and IFRS adoption (Abd-Elsalam & Weetman, 2003). Hove (1986) and Chamisa (2000) argued that countries have Anglo-American culture which get some problems in IFRS adoption because the main language of IASB was English. This can also be attributed to the Anglo-American influence on the development of IFRSs (Zeghal & Mhedhbi, 2006; Son et al., 2006). In Saudi Arabia the official language is Arabic. There has been an official Arabic translation of IFRSs since 2008.

Research of Choi and Meek (2011) shows that the process of issuing standards and applying these standards into practice is obstructed in terms of economic aspect, education, legal system and accountants' capacity, etc. Research of Uyar et al. (2016) on elements affecting the preparation of IFRS in SMEs in Turkey indicates that several business features such as size, independent audit, and international character do show influence on the preparation of SMEs. McGee (1999) analyzed the IFRS implementation process in developing countries. The process poses difficulties which can be overcomed by efforts in training and information dissemination about new standards. Other researchers like Abd-Elsalam and Weetman (2003), Tyrrall et al. (2007), Judge et al. (2010) found that IFRS language, culture attributes and limited development of accounting education affected the obstructing the adoption and implementation of IFRS in developing countries. Foreign authors conduct comprehensive researches on factors affecting to the tendency of IFRS adoption in countries where economy was in transition (Uyar et al, 2016; de Lima et al, 2015). Nguyen (2018) evaluates factors affecting the adoption of IFRS in Vietnam. The research also recommends how to improve IFRS adoption in Vietnam. In this study, elements affecting to the adoption of IFRS in Vietnam are: economic growth, capital market, education level and legal system. Such variables like culture, political system and international economic integration show inconsiderable influence to IFRS adoption. This is also mentioned in other researches of Tran (2016), Duong and Nguyen (2016), Nafti et al., 2013, etc.

Parvathy (2017) studies on opportunities and challenges in converting financial statements of Indian businesses under IFRS and reports that there are many barriers to conversion such as training, awareness of Enterprise management board, applicable accounting system, accounting information system and current financial reporting system. de Lima et al. (2018) argue that economic efficiency is an important driving force for compliance enterprises to apply IFRS, in particular: large-scale enterprises, more exposed to inter-national markets and if there is a greater financial need, it is more likely to use IFRS. At

the same time, the study of Owusu et al. (2017) also suggest that through the application of IFRS, institutional quality and foreign direct investment flows gradually were improved for developing countries. Nguyen (2018) empirically studied the factors affecting the conversion of financial statements from VAS to IFRS in Vietnam's listed companies. The results of the standardized regression model show that two variables (administrator support and accountant qualification) had positive effects on the conversion of financial statements from VAS to IFRS. From the above review, it shows that the application of IFRS to enterprises in different countries has different views and conditions applied as the size of enterprises, the need to attract investment capital, pressure of stakeholders, etc. This is also the basis for the implementation of this study by the authors in Vietnamese enterprises. In short, the paper examines the impact of a number of micro factors including: leverage, business size, profitability, quality of auditing, etc., impacting on the application of IFRS.

3. Research methodology

3.1. Research hypothesis

The authors try to develop the relationship among several determined factors such as Debt on shareholders' equity ratio, Firm size, Return on Equity, audit quality, etc., with adopting IFRS in firms of Vietnam.

Debt to Shareholders' equity ratio (TLN)

Some researches confirmed the influence of debt levels on the decision of adopting IFRS. Indeed, Murphy (1999) and El-Gazzar et al (1999) measured the level of debt via total debt to shareholders' equity ratio. Meanwhile, Affes and Callimaci (2007) use total debt to total assets ratio as a measure of leverage. Kolsi and Zehri (2013) used long term debt to total assets ratio to approximate for the level of firm indebtedness.

H_1: Companies with higher Debt to Shareholders' equity ratio are more likely to adopt IFRS.

Foreign operation (NYN)

Dumontier and Raffournier (1998), Murphy (1999) concluded that the level of foreign activity (outside sales and trading) is the factor to clearly differentiates companies who have voluntarily adopted IAS/IFRS and those who have not. Carmona and Trombetta (2008) analyzed the IFRS adoption with the sample of 56 Portugal listed companies locally. The results showed that companies with high activity with outside parties are more likely to adopt IFRS. Besides, El-Gazzar et al. (1999), Chua and Taylor (2008) and Cuijpers and Buijinik (2005) examined the sample of 174 companies. They found out different characteristics between firms voluntarily adopt international standards and U.S. GAAP. The results showed that companies which have applied IFRS in preparing their financial statements are listed on a large number of stock markets.

H_2: The more companies are listed on foreign markets, the more they will adopt IFRS.

Firm size (QMD)

The firm size plays a significant role in the development and implementation of its strategy. In Vietnam, we distinguish four groups: very small companies, small and medium companies, large companies and super-large companies. Classification of these firms depends on total assets, total number of employees, annual turnover, etc. Affes and Callimaci (2007) used the logistic model and a sample of 106 German and Austrian listed companies in order to highlight the incentives for early adoption of IAS/IFRS. The results showed that the probability of early IAS/IFRS adoption increases with the firm size. The larger companies depend more on external funds and seek to differentiate themselves in the market by providing

financial reporting quality. Carmona and Trombetta (2008) researched on a sample of 56 listed companies on the Portugal Stock Exchange. The result showed that smaller firms are less inclined to abandon their national accounting standards. The larger companies applied higher quality accounting policies even before the official IFRS adoption.

H₃: The larger the companies are, the easier to adopt IFRS.

Profitability (ROE)

Empirical results relating to the relationship between profitability and IFRS adoption are mixed. Dumontier and Raffournier (1998) identified the elements for listed companies who voluntarily applied IFRS. They tested the connection between IFRS adoption and business characteristics (internationality, ownership structure, size, capital, reputation of the firm auditor and profitability). The results showed that there was no relationship between IFRS adoption and business performance. Carmona and Trombetta (2008) concluded that companies with a high level of profitability adopt IFRS to show that their profits are reliable. The research used Return on Equity (ROE) to reflect the company's performance which is an independent variable (Street, 2002).

H₄: Companies with higher ROE are more likely to adopt IFRS.

Audit quality (CKT)

Al-Basteki (1995) examined the characteristics of 26 companies in Bahrain that were listed and chose to disclose information according to IAS. The characteristics were the reputation of the external auditor, company size, level of foreign operations, industry sector and the degree of dependence on external financing. The results indicated that the decision of IFRS adoption is strongly influenced by the type of external auditor (Big 4). Joshi and Ramadhan (2002) tested the relationship between accounting practices and the degree of IFRS adoption for 36 companies in Bahrain. The results showed that 86% of the companies applying IFRS that are audited by Big4.

H₅: Companies have been audited by Big4 are more likely to adopt IFRS than others.

3.2. Research process

The paper uses mixed method to solve research objectives. This research is implemented by qualitative method: through previous researches, the authors summarize factors affecting the adoption of IFRS in Vietnam. Then, through interviewing techniques and direct conversation, the authors interviewed 9 individuals including manager, chief accountant, auditor, consultant, specialist, lecturer with at least 5 years of experience in financial – auditing - accounting field. This process helps the authors directly realize ideas, get consultancy and discover new factors via the preliminary questionnaire. By the results and opinions from group's discussion, the authors identify factors affecting to IFRS adoption in Vietnam include: firm size, audit quality, leverage, level of indebtedness, foreign operation, ROE, ROA, auditor's capacity, financial structure, companies listed or not, shareholder's equity structure, etc. The research is implemented by quantitative method: through primary data collection techniques from companies' statements, the authors test the model. Data is analyzed via SPSS 22.

3.3. Sampling method

In this research, sample is chosen according to the convenient sampling method by selecting non-probability samples. Sample size is often determined based on: (1) minimum size and (2) number of analyzed variables. According to Hair et al. (2010) the sample size is determined based on (1) Minimum sample size (min = 50) and (2) Number of variables taken into analysis of the model according to the formula:

$$n = \sum_{j=1}^{m} kP_j,$$

where *n* is the sample size, *m* is the number of scales, *k* represents the ratio of the sample to an analytical variable (5/1 or 10/1) and P_j is the number of observed variables of the j-th scale. The research model of this paper has 5 variables, choose the sample rate per an analytical variable of 5/1, applying the above formula of Hair et al (2010), we have the minimum sample size of 100 listed firms. The sample was collected from 154 Vietnamese listed firms in stock exchange. So, the sample is satisfying. Research model:

Logit (IFRS) = δ_0 + δ_1 *QMD* + δ_2 *TLN* + δ_3 *ROE* + δ_4 *CKT* + δ_5 *NYN* + μ_3

δ_0, δ_1, δ_2, δ_3, δ_4, δ_5: parameters

μ_3: error

Data are collected from audited financial statements, annual reports of listed firms on website, internet, Stock Exchange, etc.; auditing companies, banks and organizations finance, etc. The authors surveyed chief accountants, directors to collect the basis of whether listed firms adopt IFRS or not.
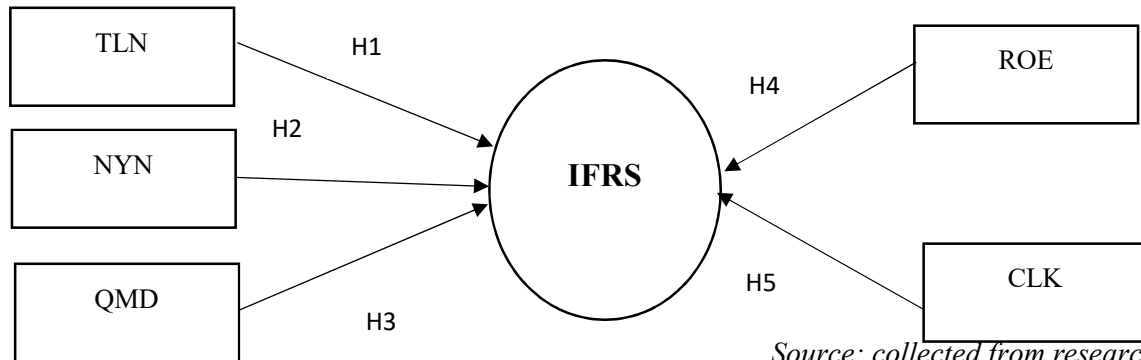
Source: collected from research results

Fig. 1. The proposed study

Table 1
The measurement of variables

Variables	Measurement	Expected tendency direction
Dependent variables:		
IFRS: IFRS adoption (1: If firm has adopted IFRS; 0: If firm has not adopted IFRS)		
Independent variables:		
QMD: Firm size	Logarithm of total assets	(+)
TLN: Debt ratio	Debt to shareholders' equity ratio	(+)
ROE: Return on equity	Net return on equity ratio	(+)
CLK: Audit quality	1: Firm is audited by Big 4	(+)
	0: Firm is not audited by Big 4	
NYN: Listed on foreign markets	1: Firm is listed on foreign markets	(+)
	0: Firm is not listed on foreign markets	

Source: collected from research results

4. Research results

4.1. Descriptive statistical analysis

Tables 2. Descriptive statistics

Sector	Agriculture, forestry, seafood	Industry, construction	Service	Total
Firms	16	75	63	154
Percentage (%)	10.4	48.7	40.9	100

Source: collected from research results

Table 2 shows the classification of 154 firms surveyed in the criteria of http://www.vnr500.com.vn in December, 2018. The result in Table 2 shows that most of companies are in industry, construction sector (48.7%), followed by companies in service sector (40.9%).

Table 3
Statistics of the variables

Variables	TLN	ROE	QMD
Mean	24.38	12.74	21.49
Median	13.23	14.01	16.21
Maximum	96.65	97.14	28.13
Minimum	0.00	52.43	7.17
STD	22.46	17.43	3.36
N	154	154	154

Source: collected from research results

Average size of firms in the sample in total asset at 31st Dec 2018 is 21.49 trillion VND with the minimum is 7.17 and the maximum is 28.13. Average ROE is 12.74% and average debt ratio is about 24.38%. Moreover, 36% of the companies were listed on foreign markets and 48% of the companies were audited by Big4. This means that companies to be analyzed are large companies over the country. No Vietnamese firms are listed in foreign markets. This means that NYN variable is constant. Therefore, NYN variable is excluded from the model.

4.2. Univariate analysis

Table 4 shows a strong correlation among the IFRS variables may biasedly estimate the coefficient of variation. To find out this problem, the correlation matrix based on the Pearson test determines the degree of two correlations between the variables. QMD, ROE and CLK variables had the Sig. value < 0.05. It shows that these variables correlate with IFRS variable. TLN variable had Sig. value > 0.05. It means that removing TLN variable from the model.

Table 4
The correlation matrix

	IFRS	QMD	TLN	ROE	CLK
IFRS	1	0.02	0.89	0.01	0.008
QMD	0.02	1	0.06	0.026	0.77
TLN	0.89	0.06	1	0.12	0.036
ROE	0.01	0.02	0.12	1	0.01
CKT	0.008	0.77	0.036	0.01	1

Source: collected from research results

The research used Kolmogorov-Smirnov test in Table 5 to compare the cumulative distribution function of a given variable with a determined theoretical distribution. For each test variable (both for adoption and non-adoption companies). QMD, ROE, CLK verify the null hypothesis that based on the refusal of the null hypothesis (p> 0.05). Therefore, we applied T-test for independent variables which is more appropriate. In terms of QMD, using T-student for independent variables is more popular. Whereas, for other factors (ROE, CKT), Mann-Whitney is more suitable.

Table 5
Kolmogorov-Smirnov test for variables

	IFRS Adoption = 0		IFRS Adoption = 1	
	Z	Sig	Z	Sig
QMD	0.90	0.29	0.71	0.37
ROE	6.18	0.00	8.42	0.00
CKT	1.23	0.00	3.14	0.00

Source: collected from research results

Table 6 shows that listed companies adopting IFRS are significantly different to those which have not adopted IFRS. The result indicates that the smaller listed companies are not more likely to adopt IFRS than larger companies.

Table 6

T-test for independent variables

Variables	Mean variables		F	Sig	T	Sig
	Adoption = 1	Adoption = 0				
QMD	14.48	15.09	0.5	0.81	2.61	0.009

Source: collected from research results

We have used the Mann-Whitney test for comparing the mean ranks of a variable given in two observation groups. The Mann-Whithney test was applied for all abnormal variables. Table 7 indicates the result of Mann-Whitney test for ROE which seem to have no significant difference between two company groups. However, CKT can be differentiate clearly between two groups. Table 7 shows that the listed companies which were audited by Big4 were more advantageous to adopt IFRS than others.

Table 7

Mann-Whitney test for variables

Variables	Adoption = 1	Adoption= 0	Z	Sig
ROE	40.50	34.50	1.41	0.15
CKT	37.73	37.27	0.09	0.92

Source: collected from research results

4.3. Multivariate analysis

The results of multivariate logistic regression model on IFRS determinants are given in Table 8.

Table 8

Result of multivariate logistic regression

		B	S.E.	Wald	df	Sig.	Exp(B)/OR
Step 1[a]	ROE	1.649	0.428	14.860	1	0.000	5.202
	QMD	0.929	0.442	4.423	1	0.005	2.531
	CLK	2.730	0.422	41.905	1	0.000	15.332
	Constant	-4.380	0.404	117.561	1	0.000	0.013

Source: collected from research results

Logistic regression of the model has been:

$$Ln\ (p/(1-p)) = -4.38 + 1.649 * ROE + 0.929 \times QMD + 2.73 * CLK$$

Based on the multivariate analysis, the research concludes that firms adopt IFRS are featured by Return on equity, firms' size and audited by Big4. The Independent variables of the model have Sig. value < 0.05. The relationship between IFRS and ROE, QMD, CLK is statistically significant with a general confidence level of over 95%. Therefore, ROE, QMD, CLK are suitable and meaningful for the model. The Classification Table of the model is high (92.8%):

Table 9

The Classification Table of the model

		Observed	Predicted		Percentage
			IFRS adoption		Correct
			Not adopt IFRS	Adopt IFRS	
Step 1	IFRS	Not adopt IFRS	121	3	98.4
		Adopt IFRS	33	3	12.3
		Overall Percentage		87.8	

a.   The cut value is .500

Source: collected from research results

The relevance of the model (Omnibus test)

Table 10
Omnibus test of the model

		Chi-square	df	Sig.
Step 1	Step	74.115	3	0.00
	Block	74.115	3	0.00
	Model	74.115	3	0.00

Source: collected from research results

The relevance of the model (Omnibus test) at Table 10 has Sig. value < 0.05. It proves the correlation between the independent variables and the dependent variable IFRS is statistically significant with confidence intervals above 95%. In other words, the model is appropriate.

The explanation of the model (-2 Log likelihood

Table 11
The explanation of the model

Step	-2 Log likelihood	Cox & Snell R Square	Nagelkerke R Square
1	104.656[a]	0.137	0.339

a. Estimation terminated at iteration number 7 because parameter estimates changed by less than .001.

Source: collected from research results

The -2 Log likelihood at Table 11 shows the explanation of the model is 104.656. The smaller the -2 Log likelihood value is, the better the model is. In this model, the -2 Log likelihood is not high, so the fit is quite good for the overall model.

5. Discussion and recommendation

The results show that ROE, QMD, CLK factors affect IFRS adoption in listed firms of Vietnam. The TLN, NYN variables do not affect to IFRS adoption. This means that firms do not adopt IFRS based on their debt ratio and listed on foreign markets. This is consistent with the result of Affess and Callimaci's research (2007), Dumontier and Raffournier (1998). QMD, ROE and CLK variables show considerable impacts on IFRS adoption of companies. Leuz and Verrachia (2000), Affes and Callimaci (2007), Carmona and Trombetta (2008) also indicate that higher companies are more likely to adopt IFRS. Companies audited by Big4 are more advantageous to adopt IFRS. In fact, this is because big audit companies are more professional and reputed in audit opinion for companies applying IFRS/IAS. Meanwhile, NYN variable does not affect the IFRS adoption. The result goes against the authors' prediction. The research of Raffournier and Dumontier (1998), Murphy (1999), El-Gazzar et al. (1999) and Cuijpers and Buijink (2002) found out a positive relationship between foreign operation variable and voluntary IFRS adoption. The difference between our result and others can be explained by the difference in data sample. Our samples include some listed companies in Vietnam.

The model results show that CLK has the greatest influence on the ability of IFRS adoption of Vietnamese listed firms. This proves that the listed firms that were audited by Big 4 have more advantages in IFRS adoption. In fact, large-scale auditing firms have enough expertise and experience to support and advise firms to convert financial statements and adopt IFRS. Managers and accountants in Vietnam have little knowledge about IFRS so the adoption process is mainly done by auditing firms, consulting firms, auditors of Big4. The problem needs to be solved is the Ministry of Finance of Vietnam should review and check the qualifications, review the auditing process and the audit report, the working methods of the auditors and the auditing enterprise to ensure the reliability of the audited financial statements. When the process of adopting IAS/IFRS is implemented, many issues are solved such as the technical imbalance between the two auditing groups belonging to Big4 and not belonging to Big4. The National Accounting

Council, the State Securities Commission and the Association, the accounting profession, the auditing industry, should enhance their role and position. Besides, the Vietnamese listed firms with higher profitability and larger scale will be more likely to adopt IFRS than others. The Ministry of Finance has to consider these sectors when implement the IFRS adoption process. Sample of listed firms shows that most of these firms receive investments and loans from foreign financial institutions and individuals, so it is necessary to set up financial statements according to IFRS to attract investment capital, expand cooperation in the world market. The Ministry of Finance should coordinate with professional associations and organizations to complete the system of relevant accounting and regulatory documents to create favorable conditions for enterprises to apply IFRS in the future. At the same time, the Vietnam Ministry of Finance should enlist the support and cooperation of IASB and experts of international professional organizations such as ACCA, ICAEW to shorten the difference between VAS and IFRS.

Moreover, from a business perspective, firms should focus on long-term benefits, do not pay too much attention to the inevitable short-term costs and challenges when deploying. Enterprises need to prepare the information infrastructure. The information storage system in the enterprise ensures that all relevant data of the transaction can be stored, ensuring that the transaction processing is complete, accurate and detailed. Develop and improve the information and management system, to meet the accounting infrastructure for the enterprise. Especially for mass enterprises, banks and financial institutions who will adop IAS/IFRS first, this issue should be paid more attention.

6. Conclusion

The process of applying IFRS in preparing and presenting financial statements is an inevitable trend in the period of global economic integration, especially developing countries like Vietnam. IFRS helps to improve transparency and increase the reliability of information on financial reports, increase investor confidence, thereby helping businesses in particular and the economy in general attract more investment capital. However, the IFRS application process of developed and developing countries shows that there are still many difficulties and challenges and need a careful preparation roadmap for this integration process. In conclusion, the adoption of international accounting standards should be more easily implemented for investors, analysts and managers. These terms have ensured that IFRS has been raised as a "common accounting language" in the world. The result contributes to the issuing standard organizations about factors which could enhance for IFRS adoption. However, this paper only researches on 5 factors which neglect the others. Another limitation involves in the use of financial statements which may be not accurate when disclosure. The sample can be extended in the future.

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