What factors are perceived to influence consideration of IFRS adoption by Vietnamese policymakers?

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ABSTRACT

International Financial Reporting Standards (IFRS) developed by the International Accounting Standards Board (IASB) are designed to be a single high quality set of global accounting standards. IFRS were originally developed to serve the listed companies in developed capital markets. However, IFRS are increasingly being adopted by emerging economies, disregarding the concerns of the relevance and appropriateness of IFRS to those economies. It has been argued that emerging economies had little choice but to proceed with IFRS upon pressures from external forces. This paper users survey evidence to examine the perceptions of Vietnamese accountants regarding pressures for IFRS adoption on Vietnamese policymakers. Although the Ministry of Finance of Vietnam announced its intention to align Vietnamese accounting legislation with IFRS in November 2013; they have not yet determined the roadmap and pathway for IFRS adoption or convergence. The findings may allow the accounting practitioners, educators, and policy makers to prepare themselves for the change that Vietnam might pursue regarding IFRS.

Introduction

The aim of this research is to identify the major factors that could influence the consideration of International Financial Reporting Standards (IFRS) adoption by Vietnamese policymakers. Previous research has shown that pressure from organisations such as the World Bank and the International Monetary Fund can have an impact on the decision to adopt IFRS by developing countries. Examples from around the world include Egypt (Hassan 2008), Bangladesh (Mir & Rahaman 2005); Czech Republic, Hungary, Turkey, and Romania (Albu et al. 2013); Zimbabwe (Chamisa 2000); and Ghana (Assenso-Okofo, Ali & Ahmed 2011). As a result of such pressures, many developing countries have chosen to adopt IFRS since 2005. However, it is unknown whether institutional forces will also influence the current and future decision-making of Vietnamese policymakers regarding IFRS adoption.

Research into the key determinants of IFRS adoption is timely and important to the Vietnamese industry, government and accounting professions as well as the academic community in Vietnam. During the last few decades, Vietnam has made substantial progress in transforming from a central-planned economy to a market-oriented economy. To facilitate an "open door" policy, Vietnam has been implementing significant reforms to its accounting practices since 1986 (Bui 2011). In November 2013, the Ministry of Finance also announced its intention to revise the existing Vietnamese accounting standards in order to align with globally best accounting practices (MoF 2011). However, the plan and pathway for IFRS convergence has not been confirmed. Little is known or understood about the attitudes of key stakeholders in Vietnam towards IFRS. Therefore, this study provides important perception based evidence from the Vietnamese accounting community to assist Vietnamese standard setters in making decisions affecting accounting practices. The theoretical lens used is institutional theory and legitimacy theory.

The survey results revealed that Vietnamese accountants perceived the World Bank and World Trade Organisations as providing the strongest coercive pressures, followed by the Asian Development Bank, the International Monetary Fund, and the International Finance Corporation. The perceived influence of mimetic isomorphism was also found to be significant, which suggests that Vietnam is likely to follow the approach of successful IFRS adopters regionally and internationally in deciding its own adoption approach. Normative isomorphism was viewed as least impactful among the three institutional isomorphisms. This result confirms the weak influential role of the professional accounting bodies in the standard setting process in Vietnam. Finally, there was a strong perception that Vietnam would eventually adopt IFRS to enhance its national reputation, attract foreign investment, raise finance overseas and enhance the Vietnamese stock market.

This paper is comprised of six sections. Following this introduction is a brief literature review of institutional and legitimacy theory and empirical evidence allowing for the development of hypotheses. This is followed by a section outlining the research methodology and a review of the findings of the analyses. The paper concludes by providing a summary of the analysis outcomes together with some limitations of the study and recommendations for future research.

Literature review and hypothesis development

The term "New Institutional Accounting" (NIA) research was used in Leuz and Wysocki (2008) and Wysocki (2011) to capture research advances on how the interactions of market forces, laws and regulations, standards, enforcement activities, and other institutionsaffect corporate financial reporting and disclosure outcomes. The focus of this study is in line with a key theme of "new institutional accounting" in Wysocki (2011). While there are similarities in the views of institutional theoretical underpinnings between this study and Wysocki's work, there are some clear differences. In Wysocki's version, the discussion of NIA mostly draws from recent advances in the institutional economics literature. In contrast, this study focuses on the role of accounting in social legitimacy and the field of international accounting standards, drawing mainly upon both the new institutional theory of DiMaggio and Powell (1983) and the Legitimacy theory of Suchman (1995). The fundamental proposition for this study is that a decision of acceptance of or resistance to accounting change is influenced by institutional pressures and legitimacy needs, as well as economic logic. DiMaggio and Powell (1983) identified three mechanisms through which institutional isomorphism pressures occur, known as coercive, mimetic, and normative isomorphism, each with its own antecedents. Briefly, coercive isomorphism stems from formal and informal pressures exerted on one unit by other units upon which they are dependent. Mimetic isomorphism results from standard responses to uncertainty. Normative isomorphism is associated with professionalisation. Suchman (1995) defined legitimacy as "a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions" (p.574).

Several studies have revealed that a developing country is subject to coercive, normative and mimetic institutional pressures from multinational lending agencies, capital markets, the Big Four accounting firms and the IASB (Irvine 2008; Judge, Li & Pinsker 2010). All of these can be identified as factors that have influenced the consideration of the standard setters in developing countries to adopt or permit reporting under IFRS. Each element of institutional isomorphism and its relevance to and effects upon the possibility of IFRS adoption are discussed in the following sections.

Coercive isomorphism

In the context of developing countries, the two primary organisations that represent major global coercive institutional forces are the World Bank and the International Monetary Fund. Some researchers argue that these international lending agencies have pushed developing countries to adopt IFRS or develop national standards based on IFRS (Hegarty, Gielen & Barros 2004; Perera & Baydoun 2007; Hassan 2008; Al-Omari 2010). For example, Perera and Baydoun (2007) reveal that when the International Monetary Fund put forward its large rescue package for Indonesia to recover from the Asian Financial Crisis in 1997, the International Monetary Fund required Indonesia to revise its financial reporting legislation to incorporate international best practice and consider adopting the international accounting standards. There is also evidence that the World Bank has pushed developing countries to adopt IFRS or develop national standards based on IFRS, for example in Jordan (Al-Omari 2010), in Egypt (Hassan 2008), and in Bangladesh (Mir & Rahaman 2005). In some countries, the World Bank has made the adoption of IFRS a requirement of its loans

(Hegarty, Gielen & Barros 2004). In short, multinational financial providers appear to have played a major role by requiring that nations perceived to possess weaker forms of financial governance drive towards IFRS adoption or convergence and, hence, driving towards global harmonisation of accounting standards. Therefore, it is suggested that Vietnam is also under pressure from these financial aid providers to accept IFRS or to develop Vietnamese accounting standards based on IFRS. Thus, it was hypothesised that:

HC There is existence of coercive isomorphism upon the consideration of IFRS adoption in Vietnam.

Mimetic isomorphism

In the context of emerging economies, mimetic pressures can result from trade partners and multinational corporations (Al-Omari 2010). Many scholars agreed that multinational corporations contributed to the increasing desire for expansion and acceptance of IFRS in the presentation of their financial statements (Gelb, Holtzman & Mest 2008; Irvine 2008). The corporate governance mechanisms, as well as reporting and disclosing systems following IFRS within those multinational corporations, represent desirable practices and behaviours to companies in developing economies who want to achieve the same success level. Moreover, some authors (Irvine 2008; Ramanna & Sletten 2009) provided evidence that a country is more likely to adopt IFRS if its trade partners or countries within its geographical region are IFRS adopters.

In addition, companies model themselves on organisations they consider to be more legitimate or successful in the same industry. For example, IFRS are only mandatory for publicly listed companies in countries within the European Union (EU). Non-listed companies in the EU were permitted, but were not required, to use IFRS from 2005 onwards. However, many authors (Kumar, Wilder & Stocks 2008; Wang, Sewon & Claiborne 2008; Karamanou & Nishiotis 2009) observed that many unlisted companies within the EU and listed companies from developing countries (where IFRS is not required) also voluntarily adopted IFRS in their consolidated financial statements to enhance their image and perceived legitimacy. Mimicking in response to uncertainty and seeking legitimacy is expected to become more prominent in coming years (Rodrigues & Craig 2007). Therefore, it was suggested that Vietnam may also be under pressure from different mimetic forces to accept IFRS or to develop Vietnamese accounting standards based on IFRS. Thus, it was hypothesised that:

HM There is existence of mimetic isomorphism upon the consideration of IFRS adoption in Vietnam.

Normative isomorphism

In the context of emerging economies, normative isomorphism refers to pressures that are brought from professional bodies and further reinforced by university education and professional training programs. Normative isomorphism is evident in many countries in the convergence of national accounting standards with IFRS. For example, normative isomorphism is present

- in the preferences of large international accounting firms towards IFRS by advising their clients to adopt IFRS where choice is permitted;
- in the presence of IFRS, either full or limited coverage, in accounting curricula in universities; and
- in the lobbying by professional accounting bodies, urging national standard setters to adopt or converge towards IFRS (Rodrigues & Craig 2007).

There is a consensus in the literature that the Big Four accounting firms (i.e. PwC, Deloitte, KPMG, and Ernst & Young) play an important role in the globalisation of accounting and represent normative pressures within the accounting society (Street & Gray 2002; Chand, Patel & Patel 2005; Gillis 2011). In particular, according to Al-Omari (2010), the loan requirements set by the World Bank demand companies' financial statements be audited and certified by internationally renowned accounting firms. This requirement aids and supports the international operations and auditing procedures of the Big Four accounting firms. Moreover, it is evidenced in Gillis (2011) that the Big Four accounting firms came to be accepted as a normative function within the Chinese accounting professional society and gained access to the coercive power of the Chinese state government. In other words, the Big Four accounting firms are considered to be one of the many international forces behind the process and advancement in the convergence of accounting standards (Chand, Patel & Patel 2005).

In Vietnam, for instance, two internationally accredited professional accounting institutions ACCA and CPA Australia have influenced the development of the accounting profession in Vietnam (Bui 2011). These professional institutions tend to follow current international practices and legislation and transfer that knowledge to their Vietnamese accountancy members (VCCI 2011). Vietnam is also a member of the International Federation of Accountants (IFAC) and is committed to complying with the international accounting practices. Therefore, it is suggested that Vietnam may be under pressure from professional accounting bodies as well as accounting/consulting firms to accept IFRS or to develop Vietnamese accounting standards based on IFRS. Thus, it was hypothesised that:

HN There is existence of normative isomorphism upon the decision of IFRS adoption in Vietnam.

Legitimacy

As explained in the previous section, legitimacy is an interrelated part of institutional isomorphism. For example, coercive isomorphism was explained as legitimacy emanating from mandatory regulations and policies. Mimetic isomorphism was explained as legitimacy via models diffused through accounting firms. Normative isomorphism was explained as the legitimacy of national professional bodies through alignment with perceived norms and codes of conduct from other prestigious and successful associations.

The literature implies that most of the developing countries are pressured by multinational organisations to adopt best international practices. These multinational organisations include the World Trade Organization (WTO), the Organization for Economic Co-operation and Development (OECD), the International Monetary Fund (IMF), the World Bank (WB), the International Accounting

Standards Board (IASB), the European Union (EU), the International Organization of Securities Commissions (IOSCO), and the United Nations (UN). The developing countries have to accept IFRS because of their limited ability to produce their own high quality national accounting standards and IFRS are considered by these organisations as a legitimate, modern and high quality set of accounting standards (Irvine 2008; Lasmin 2011). As a result, many developing countries have chosen to adopt IFRS to enhance their national reputation and legitimacy. This discussion is consistent with the results of recent studies (Hassan 2008; Danjou & Walton 2012; Sanada 2012). These scholars argue that the decision by countries to adopt IFRS is motivated more by social pressures of legitimacy, and less by economic consequences. Furthermore, the literature provides evidence that Gross Domestic Product (GDP) growth and Foreign Direct Investment (FDI) are not significantly related to developing countries' decisions to adopt IFRS (Zeghal & Mhedhbi 2006). However, over a hundred countries permitted or adopted IFRS as they seek not only to achieve high quality standards but, ultimately, legitimacy and social acceptance as credible global trade partners (Chua & Taylor 2008; Hassan 2008).

From the above discussion, it is suggested that Vietnam may be seeking legitimacy through accepting IFRS or developing Vietnamese accounting standards based on IFRS. Thus, it was hypothesised that:

HL There is existence of legitimacy upon the consideration of IFRS adoption in Vietnam.

Methodology

The survey instrument was developed after reviewing recent literature showing 30 potential influential factors upon the decision for IFRS adoption (see Appendix). The questionnaire was pre-tested in both English and Vietnamese with 30 targeted audience members (10 from each accountant sub-group). This study adopted both back-translation and additional rewrite processes. The process involved a group of professional translators, accounting practitioners and academics. The survey sample included 3,000 Vietnamese accountants who were members of two national accounting professional bodies (VAA and VACPA) and/or members of two international accounting professional bodies (ACCA and CPA Australia) in Vietnam. The survey was sent to the targeted audience members at their workplace addresses sourced from public records. A total of 728 usable responses were received from the respondents across Vietnam in 2012, producing an effective response rate of 24 per cent. The data analysis was performed using the Statistical Package for the Social Sciences software (SPSS software).

Findings

Perceived coercive isomorphism

Analysis of the results showed that six of the nine coercive isomorphism items (> 50 per cent agreement) listed in Table 1 were perceived as having a significant effect with regard to the adoption of IFRS in Vietnam.

Table 1 Perceived coercive isomorphism

Ranked order	Coercive isomorphism	Percentage (%) of respondents "agreeing"			
		Auditor	Accountant	Academic	Weighted Average
1	World Bank	62%	70%	59%	65%
2	World Trade Organization	65%	65%	62%	65%
3	Financial institutions and creditors	61%	60%	64%	61%
4	Asian Development Bank	58%	63%	55%	60%
5	International Monetary Fund	51%	64%	58%	59%
6	International Finance Corporation	54%	55%	38%	51%
7	State Regulatory Authorities	33%	35%	47%	37%
8	Japan ODA fund	19%	34%	29%	29%
9	Korean ODA fund	16%	32%	22%	25%

Respondents perceived the World Bank (19 per cent "strongly agree") as having a stronger coercive pressure than the World Trade Organization (14 per cent "strongly agree"). The Asian Development Bank, the International Monetary Fund, and the International Finance Corporation were also perceived to play significant coercive roles on the widespread adoption of IFRS in Vietnam. In comparison to other multinational agencies, the effects of official development assistance (ODA) providers were perceived as being of lower significance in terms of institutional pressure.

The survey findings support the hypothesis HC There is existence of coercive isomorphism upon the consideration of IFRS adoption in Vietnam. These findings provide empirical evidence to support the arguments of Di Maggio & Powell (1983, p.155) "The greater the extent to which an organizational field is dependent upon a single (or several similar) source of support for vital resources, the higher the level of [coercive] isomorphism".

Perceived mimetic isomorphism

To test the hypothesis regarding the influence of mimetic isomorphism on the adoption of IFRS by Vietnam, seven mimetic isomorphism items were tested for (shown in the second column of Table 2). The results showed that three of these were ranked as influential in the adoption of IFRS in Vietnam by more than 50 per cent of respondents (see Table 2).

These three perceived mimetic isomorphisms include "mimicking IFRS successful adopters all over the world" (60 per cent), "mimicking successful adopters in Asia" (52 per cent), and "mimicking implementing multinational corporations" (51 per cent). Perceptions of the importance of the other four mimetic isomorphisms were ranked at lower levels. These results may be explained by the dominance of the Vietnamese government on the standard setting process, thereby rendering the perceived influence levels from industry leaders, leading listed companies, or leading foreign invested enterprises as weaker.

Table 2 Perceived mimetic isomorphism

Ranked order	Mimetic isomorphism	Percentage (%) of respondents "agreeing"			
		Auditor	Accountant	Academic	Weighted Average
1	Mimic countries permit/require IFRS across the world	54%	63%	62%	60%
2	Mimic successful adopters in Asia	44%	53%	62%	52%
3	Mimic multinational corporation	49%	51%	53%	51%
4	Mimic Industry Leading Enterprises	33%	38%	44%	38%
5	Mimic Trading Alliances	45%	51%	44%	48%
6	Mimic leading listed entities	32%	36%	31%	34%
7	Mimic leading foreign companies	33%	41%	37%	38%

The survey results support the hypothesis **HM There is existence of mimetic isomorphism upon the consideration of IFRS adoption in Vietnam**. The argument of DiMaggio and Powell (1983) that the country or the organisation mimics the other country or organisation in the uncertainty circumstances was supported in this study. DiMaggio and Powell (1983) proposed "The more ambiguous the goals of an organisation, the greater the extent to which the organisation will model itself after organisations that it perceives to be successful" (p.155). Thus, it is anticipated that Vietnam will follow the strategy of other countries in deciding its own adoption approach.

Perceived normative isomorphism

To test the hypothesis regarding the influence of normative isomorphism on the adoption of IFRS by Vietnam, ten items were tested for (as shown in the second column of Table 3). As shown in Table 3, two professional bodies, the International Federation of Accountants (IFAC) and the Vietnam Accounting Association (VAA), were perceived to have the strongest influences of the ten listed bodies on the possibility of IFRS adoption in Vietnam with agreement rates of 60 per cent and 55 per cent respectively.

Table 3 Perceived normative isomorphism

Ranked order	Normative isomorphism	Percentage (%) of respondents "agreeing"			
		Auditor	Accountant	Academic	Weighted Average
1	International Federation of Accountants (IFAC)	62%	56%	69%	60%
2	Vietnam Association of Accountants and Auditors (VAA)	53%	52%	66%	55%
3	International Accounting Standards Board (IASB)	40%	54%	45%	48%
4	Vietnam Association of Certified Public Accountants (VACPA)	43%	48%	40%	45%
5	Big Four accounting firms	34%	51%	44%	45%
6	The Association of Chartered Certified Accountants (ACCA)	36%	44%	44%	42%
7	ASEAN Federation of Accountants (AFA)	35%	39%	52%	41%
8	Academics of accounting institutions in Vietnam	37%	33%	46%	37%
9	CPA Australia	34%	35%	29%	33%
10	Asian-Oceanian Standards Setters Group (AOSSG)	14%	31%	30%	26%

The survey results support hypothesis **HN There is existence of normative isomorphism upon the consideration of IFRS adoption in Vietnam**. The results lend support to the argument of DiMaggio and Powell (1983) that the greater the participation of organisational managers in trade and professional associations, the more likely the organisation will be, or will become, like other organisations in its field. DiMaggio and Powell (1983) stated that "the greater the extent of professionalization in a field, the greater the amount of institutional isomorphic change" (p.155).

Perceived legitimacy

To test the hypothesis regarding perceptions of legitimacy on the adoption of IFRS by Vietnam, four items were tested for (shown in the second column of Table 4 below). There was strong support for all four factors, showing that the majority of the respondents perceived that Vietnam would eventually adopt IFRS to enhance its national reputation (75 per cent), attract foreign investment (72 per cent), raise finance overseas (74 per cent) and enhance the Vietnamese stock market (67 per cent).

Table 4 Perceived legitimacy

Ranked order	Legitimacy	Percentage (%) of respondents "agreeing"			
		Auditor	Accountant	Academic	Weighted Average
1	Desire to enhance national reputation	66%	80%	76%	75%
2	Desire to attract foreign investment	65%	79%	64%	72%
3	Desire to raise finance overseas	71%	80%	62%	74%
4	Desire to enhance stock market	60%	72%	67%	67%

The survey results support the hypothesis **HL There is existence of legitimacy concerns in the consideration of IFRS adoption in Vietnam**. This finding supports the suggestion by Judge, Li and Pinsker (2010) that the IFRS adoption process is driven by both institutional isomorphism and social legitimisation. The results indicate a strong desire by the Vietnamese businesses and urge the Vietnamese policymakers to consider a decision of IFRS adoption in the near term.

Discussion

Coercive pressure from multinational agencies upon Vietnamese accounting legislation and service organisations is undeniable. For example, because of its commitment to the World Trade Organization, Vietnam has to open its services market to allow foreign investment in insurance, accounting, auditing and taxation services. To meet this commitment, Vietnam has allowed foreign auditors and foreign accounting firms offering accounting, and auditing services to co-operate with Vietnamese businesses . "Vietnam has just issued the new independent auditing law. Those who want to conduct auditing in Vietnam would have to sit the test in Vietnamese According to the old law, those who hold Western qualification could convert them into Vietnamese CPA by sitting the test (100 multiple choice questions in English)…However the law has changed. The test is now in Vietnamese." (Interviewee 39 cited in Nguyen, Hooper & Sinclair 2013, p.479).

The government of Vietnam has been trying hard to push back the dominance of Western organisations such as the World Bank, the International Monetary Fund, the World Trade Organization, the Big Four and second tier accounting firms, international professional accounting bodies such as ACCA and CPA Australia. This could be interpreted as an attempt by the Vietnamese government to provide more employment opportunities for local accounting professionals. To this end, the government has revised and amended existing legislation as well as issuing new legal documents as a defensive response. As noted earlier, the Independent Auditing Law, which established a change of language from English to Vietnamese in the Vietnamese CPA exam for an overseas CPA license holder, is an example of a defensive response from the Vietnamese regulators. Additionally, there may be a need to consider internal factors, as the results of the study showed that the role of the state is perceived to be less critical (at 37 per cent) than the pressures of other internal coercive isomorphisms, the role of financial institutions and major creditors (at 61 per cent). This result would explain why the Vietnamese businesses voluntarily prepare the IFRS statements. This result could also have implications for policy and practice and be useful for state regulatory authorities to perform macro governance and control. For instance, in the banking regulatory regime, the State Bank of Vietnam may require commercial banks to implement *IAS 29 Financial Reporting in Hyperinflationary Economies* because Vietnam has high levels of inflation with the consumer price index up to 18 per cent in 2010 and the current Vietnamese accounting legislation does not provide any guidance on how to address this issue (Pham 2010).

Two professional bodies, the International Federation of Accountants (IFAC) and the Vietnam Accounting Association (VAA), were perceived to have a strong influence on the possibility of IFRS adoption in Vietnam. In particular, the IFAC was perceived by 60 per cent of respondents as playing an influential role in shaping accounting and auditing standards in Vietnam. The influential role of the VAA, as one of the largest professional bodies in Vietnam was also perceived by 55 per cent of respondents. Overall, the view of the respondents in terms of normative isomorphism was divided , with no clear strong outcomes for any of the ten bodies. One reason for this result could be the strong intervention from the government and the weak influential role of the professional bodies in the standard setting process in Vietnam. This result again confirms the view that IFRS implementation will be challenging if the government does not support the changes to protect its power, as discussed earlier.

There is further evidence that lends support to the existence of institutional isomorphism in accounting regulation activities in Vietnam.

1. Vietnam has improved its income distribution from low-income to lower middle-income as classified by the World Bank since 2010. The country has received lower ODA funds and higher levels of technical assistance from the World Bank and other multinational donors to improve its capabilities (World Bank 2012).

2. Since 2007, Vietnam has become the 150th member of the World Trade Organization. Vietnam has made some commitments to the World Trade Organization to open its market for accounting, auditing, and insurance services. Between the years 2001 to 2006, prior to joining the World Trade Organization, Vietnam speedily issued 26 Vietnamese Accounting Standards (VAS) and achieved a convergence of 84 per cent with international accounting rules (mostly pre-2003 IAS).

3. From 2007 to 2012, Vietnam slowed down its convergence process and none of the amendments of International Accounting Standards and new IFRS announced by the IASB were reflected in the current VAS. Recently, in July 2013, the Ministry of Finance joined with the SSC to introduce the drafting of six forthcoming standards and interpretations for the capital market. The technical and financial assistance of the Asian Development Bank, the World Bank were again acknowledged in the new phase of Vietnamese standards setting (MoF 2013).

The proposed new Vietnamese standards include the following:

- VAS 32 "Financial Instruments: Presentation";
- VAS 39 "Financial Instruments: Recognition and Measurement";
- VFRS 7 "Financial Instruments: Disclosures";
- VFRS 9 "Financial Instruments";
- VFRS 13 "Fair Value Measurements; and
- VFRIC 19 "Extinguishing Financial Liabilities with Equity Instruments".

The names and numbering conventions of these forthcoming standards are similar to the corresponding IFRS. Thus it is envisaged that in the content, as well, there will be a high degree of convergence between these Vietnamese standards and IFRS (CafeF 2013). Additionally , the international commercial banks, the international accounting firms, and their branches in Vietnam also played a critical role in providing technical assistance and expertise during the process (ECOVIS 2013).

We anticipate that upon the strong influence of institutional isomorphism and strong legitimacy motivate, a convergence of Vietnamese accounting standards in accordance with IFRS is a matter of time . This anticipation has become clearer since the Ministry of Finance recently issued Circular 210/2009/TT-BTC. This legislation allows companies to decide whether they want to comply voluntarily with IFRS for financial instrument transactions in the absence of equivalent guidance in Vietnamese accounting legislation. It is clear from the survey respondses in this study that if the Vietnamese policymakers decide to move forward with IFRS adoption, greater clarification and better enforcement of accounting regulations are urgently required .

Conclusion

Using a survey of Vietnamese accountants, the possibility of IFRS adoption in Vietnam was perceived to be under strong institutional isomorphic pressures; namely coercive, mimetic, normative isomorphism and legitimacy motives . Respondents believed that the World Bank and the World Trade Organization play significant coercive roles in the decision on IFRS adoption in Vietnam. Mimicking successful IFRS adopters in Asia and worldwide and mimicking multinational corporations preparing consolidated financial statements under IFRS were ranked as the highest mimetic isomorphism factors. The two professional accounting bodies, namely, the International Federation of Accountants (IFAC) and the Vietnam Accounting Association (VAA), were perceived to have the strongest influence of the ten listed bodies on the possibility of IFRS adoption. Notably, the comparison across the three accountant groups found that the perception of IFRS matters was significantly different between the practitioners and the academics.

This paper was subject to the limitations of a single survey questionnaire methodology. Given that information was collected from all key informants using a single questionnaire administered at a single point in time, the population surveyed may not be representative of the general population. To complement the findings of this paper, future research could also be undertaken that explores how IFRS are perceived and used by respondent groups other than accountants, such as investors, financial brokers, institutional lenders, regulators. Again, the use of both quantitative and qualitative methods are appropriate and will lead to a better understanding of the relevance of IFRS in emerging economies like Vietnam.

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Appendix – List of influential factors on IFRS adoption in Vietnam

Ranking order	Statement	Auditor	Accountant	Academic	Total
1	World Bank (WB)	32%	36%	21%	31%
2	International Federation of Accountants (IFAC)	21%	21%	46%	27%
3	Needs to raise finance in international financial market	27%	29%	18%	25%
4	Vietnam Accounting & Auditing Association (VAA)	17%	19%	39%	23%
5	Needs to enhance national reputation	19%	25%	24%	23%
6	Needs to attract more foreign direct investment	23%	23%	15%	21%
7	Asean Federation of Accountants (AFA)	8%	12%	39%	18%
8	International Monetary Fund (IMF)	10%	17%	8%	13%
9	Following 120 countries which permit or require IFRS	9%	13%	14%	12%
10	Asian Development Bank	8%	19%	4%	12%
11	Needs to enhance national stock exchange market	14%	9%	11%	11%
12	World Trade Organisation (WTO)	6%	13%	11%	10%
13	International Financial Reporting Standards	6%	12%	4%	8%
14	Vietnam Association of Certified Public Accountants (VACPA)	13%	7%	4%	8%
15	Financial institutions and creditors	7%	9%	6%	8%
16	State regulatory authorities	4%	11%	4%	8%
17	Follow Asian countries which successfully adopted IFRS	8%	6%	6%	6%
18	Multinational Corporations	10%	5%	5%	6%
19	The Association of Chartered Certified Accountants (ACCA)	7%	3%	8%	5%
20	Key trading partners countries	7%	4%	1%	4%
21	Japanese Official Development Assistance (JP ODA)	3%	6%	1%	4%
22	International Financial Corporation	4%	5%	1%	4%
23	International accountancy firms (i.e. Big Four)	9%	1%	2%	4%
24	Industry Leading Enterprises	5%	3%	0%	3%
25	Academic of large accounting universities	3%	2%	3%	2%
26	CPA Australia	1%	2%	1%	2%
27	Leading publicly listed companies	1%	2%	1%	1%
28	Leading foreign companies	0%	1%	3%	1%
29	Asian-Oceanian Standards Setters Group (AOSSG)	0%	2%	1%	1%
30	Korean Official Development Assistance (ODA) fund	1%	1%	1%	1%