

The Factors Impact on Conversion of Financial Statements from Vietnam's Accounting Standard (VAS) Into International Financial Reporting Standard (IFRS) – Experimental Research for Vietnamese Companies

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Abstract: *This research investigates a wide variety of relevant factors impact on conversion of financial statements from Vietnam's accounting standards (VAS) into International financial report standards (IFRS) of Vietnamese companies. The result showed that conversion of financial statements from VAS into IFRS in Vietnam is impact by five factors, including: Economic integration, Legal system, Cultural environment, Support by company's manager and Education of accountant. The "Economic integration" factor has greatest impact and after that, the "Education of accountant" factor has the second highest level of impact. Although influential, the three factors: Legal system, Cultural environment, and Supporting of company's manager are all quite small. From the results of the research, author has drawn implications to collaboration between the Vietnamese Government and Vietnamese companies in an effort to convert and adopt IFRS to prepare financial statements.*

Keywords: Conversion financial statement, factors affect in conversion financial statement, International financial reporting standard, Vietnamese account standard

1. Introduction

As a member of the WTO, Vietnam must commitment itself to opening its finance market, and thus the influx of foreign investors into Vietnam is inevitable. Investments and transactions in the capital market, and the stock market of Vietnam will attract more and more foreign investors. In order to attract capital from foreign investors, many Vietnam listed joint-stock companies will register to list their stocks on the International Stock Exchange. One of the conditions for listing stocks on the International Stock Exchange is to prepare financial statements in accordance with International Financial Reporting Standards (IFRS).

In recent years, some Vietnamese companies have converted of their financial statements from Vietnamese Accounting Standards into International Financial Reporting Standards for requirement by their parent company or demanding of strategic investors or these companies want to list stocks or bonds on the International Stock Exchange. Beside the benefits of conversion IFRS financial statements, these companies have encountered many difficulties and challenges in conversion financial statements such as resource constraints, lack of IFRS accounting staff, many significant differences between Vietnam Accounting Standards and International Financial Reporting Standards, Vietnam has not issued some international accounting standards.

With the above analysis derive from integration requirements, from the significant differences between the Vietnamese Accounting System and the International Accounting Standards (IAS) / International Financial

Reporting Standards (IFRS), from difficulties and challenges that Vietnamese companies are converting IFRS financial statements, author want to find out factors impact the conversion financial statements from VAS into IFRS of Vietnamese companies by sending 300 survey questionnaires to general accountants / chief accountants / Managers of some companies that converting or preparing to convert financial statements from VAS into IFRS & Director / senior manager auditors of the big fours auditor firms then collecting, processing and analysis data to investigate factors impact conversion of financial statements from Vietnam's accounting standards (VAS) into International financial report standards (IFRS) of Vietnamese companies.

Section II provides a background of VAS development and status of conversion financial statements to IFRS of Vietnam listed joint-stock companies; Section III develop research hypotheses; Section IV Research model; Section V details the methodology, and variable constructs; Section VI Results and Section VII conclusion and implications.

2. Background

A. Vietnamese Accounting System (VAS) development

In the 1990s, Vietnamese Accounting System (VAS) for enterprises was issued by the Ministry of Finance ("MOF"). During the period from 2001 to 2005, 26 Vietnamese Accounting Standards (VAS) were issued. These VASs were developed based on the old International Accounting Standards and International

Financial Reporting Standards which existed at the time. However not all IAS/IFRS were adopted in Viet Nam, it's not significant change has been made to these VASs since their issuance.

The MOF of Vietnam also issues circulars that interpret the requirements of the Vietnamese Accounting System for enterprises and the VAS: the guidance includes detailed bookkeeping and journal entries for various type of transactions related to the respective subject. Circular No. 200/2014/TT-BTC is the latest circular stipulating the amended Vietnamese Accounting System for enterprises, which introduces a number of changes to bring VASs closer to IFRSs in a few areas
 26 Vietnamese Accounting Standards (VAS) were issued as follows:

Stage 1: Decision 149/2001 / QD-BTC of the Minister of Finance dated 31/12/2001. Issuing four accounting standards:

VAS 02	Inventories
VAS 03	Tangible fixed assets
VAS 04	Intangible fixed assets
VAS 14	Turnover and other incomes

Stage 2: Decision 165/2002 QD-BTC dated 31 December 2002, issuing six accounting standards

VAS 01	Framework
VAS 06	Leases
VAS 10	The effects of changes in foreign exchange rates
VAS 15	Construction contracts
VAS 16	Borrowing costs
VAS 24	Cash flow statements

Stage 3: Decision 234/2003 QD-BTC dated 30 December 2003, issuing six accounting standards

VAS 05	Investment properties
VAS 07	Accounting for investments in associates
VAS 08	Financial reporting of interests in joint ventures
VAS 21	Presentation of financial statements
VAS 25	Consolidated financial statements and accounting for investments in subsidiaries

VAS 26 Related party disclosures

Stage 4: Decision No. 12/2005 QD-BTC dated 15 February 2005 issuing six accounting standards

VAS 17	Income taxes
VAS 22	Disclosures in the financial statements of banks and similar financial institutions
VAS 23	Events after the balance sheet date
VAS 27	Interim financial reporting
VAS 28	Segment reporting

VAS 29 Changes in accounting policies, accounting estimates and errors

Stage 5: Decision No. 100/2005 QD-BTC dated 28 December 2005 issuing four accounting standards

VAS 11	Business combinations
VAS 18	Provisions, contingent liabilities and contingent assets
VAS 19	Insurance contracts
VAS 30	Earnings per share
<u>Source:</u> MOF, 2015b	

B. Status of conversion of financial statements from VAS into IFRS of Vietnamese companies

In Vietnam, some companies have converted to IFRS financial statements in addition to the VAS-based financial statements because require of parent companies for consolidation purposes. Beside, some companies are preparing IFRS financial statements to improve accuracy and transparency, thus contributing to improving the management effectiveness of the company's business operations, such as Bao Viet Holdings, since 2009; Vincom Group established IFRS financial statement to list international convertible bonds on the Singapore Stock Exchange and more Vietnamese companies as below list:

Table 1: Vietnamese companies –conversion of financial statement from VAS into IFRS

Company name	Year of conversion
Vietnam International Leasing Company Limited	2000
Ngân hàng ngoại thương Việt Nam (Vietcombank)	2008
Ngân hàng TMCP Đông Á Dong A bank)	2008
Tập đoàn Bảo Việt Group (BaoViet Group)	2009
Tập đoàn Vincom (Vincom Group)	2009
Ngân Hàng đầu tư và phát triển Việt Nam (BIDV Bank)	2009
Công ty cổ phần chứng khoán TPHCM HSC (Hochiminh Security Corporation)	2010
Công ty cổ phần đầu tư và công nghiệp Tân Tạo (TanTao Group)	2011
Sacombank Leasing Company	2012
Ngân hàng TMCP Xuất Nhập Khẩu (Exim bank)	2012
Ngân hàng Nam Á (Nam Á bank)	2012
Ngân hàng TMCP Sài Gòn Thương Tín (Sacombank)	2013
Ngân hàng TMCP Saigon Hanoi (SHBank)	2014
Công ty CP tài chính ngân hàng Việt Nam thịnh vượng (VPbank Finance Company)	2014
Vietnam Oman Investment Company	2016
Công ty cổ phần điện Gia Lai (Gia Lai electric joint stock company)	2016
Ngân hàng TMCP phát triển TPHCM	2016

Source: Author compliance

Author worked and interviewed directly to Managers, CFOs, Chief accounts and Directors / Senior auditors of the big-four audit firms who direct/manage conversion financial statements into IFRS, showed that some

difficulties and challenges that these companies face in conversion of financial statements from VAS into IFRS, including:

- There are many significant differences between VAS and IFRS, some standards are not in accordance with actual conditions in Vietnam, the Vietnamese Accounting Standards have not been updated with changes in the International Accounting Standards (IAS), the guiding circulars are unclear, some conflicts between Circular and Accounting Standards
- Lack of accountants with IFRS knowledge. In addition, it is needed using English for IFRS, this is one of barriers for accountants so it is easy to mislead when translating into other languages. Also, there are many English terms that do not have Vietnamese equivalent, especially in the field of accounting.
- Financial reporting format of IFRS differs from VAS. IFRS requires two additional statements: equity change statement and other comprehensive income statement. Therefore, it requires proficiency and time to prepare IFRS well-formed and accurate financial statements.
- Cost of conversion and adopting IFRS is high such as cost of implementing information system, cost of hiring consultants, cost of training.
- Companies must develop a new governance reporting system based on IFRS financial reporting to support internal corporate governance and strategy

3. Research Hypothesis

3.1 External factors:

A. Economic integration

Chai et al (2010) found that quality of information on financial statements improved after conversion and adopting full IFRS, evidence found of many listed companies from 15 member states of European Union (EU). In view of this, Cai & Wong (2010) also showed that level of integration in capital market in the countries is higher after they adopted IFRS. According this, conversion financial statement from GAAP to IFRS will increase economic integration.

Abdulkadir Madawak (2012) study benefits and challenges of conversion and adoption IFRS in developing countries, specific case in Nigeria, showed that one of the benefit of adopting IFRS in developing countries is that to attract foreign capital and easy to list their stock in the international exchange stocks.

Vietnam is a developing country and in the process of economic integration with the world, business activities of Vietnam and other countries will be increasingly developed, more foreign investors will invest in Vietnam. Moreover, foreign borrowing market is one the best channel for Vietnam's enterprises raise fund for expanding their business. In order to do this well, preparing financial statements following IFRS is the best way to attract foreign capital and foreign loan capital.

Based on the above analysis and the currently economic integration of Viet Nam, author expects that Vietnamese companies can easily attract foreign investment, increase international economic integration need to strengthen by conversion financial statements from VAS to IFRS

H1: International economic integration has positive impact on conversion financial statements from VAS to IFRS

B. Legal system:

Kim M.Shima & David C.Yang (2012) showed that legal system affected to ability conversion and adoption IFRS in each country, countries with common law legal system will have higher adopting IFRS than Code law countries.

Legal system is one of the difficult to adopt IFRS in developing countries Abdulkadir Madawaki (2012). Mohamed Abulgasem Zakari (2014) based on survey experts in the field of accounting and auditing practice and teaching and research accounting showed that one of the difficult of Lybia adopting IFRS is that there are many differences between legal system in accounting of Lybia w IFRS.

In Vietnam, accounting standards have been released and managed by the Ministry of Finance through legislation and regulations. Vietnamese accounting standards are based on international accounting standards framework but some modifications to ensure accountability and minimize uncertainly estimate that affect assets. It's difficult to create these assets because Vietnam began an agriculture country. According this, author expect that a relation between conversion financial statement from VAS to IFRS and legal system.

Based on the above analysis and current VAS and laws, author expect that there is a correlation relation between legal system and conversion financial statements from VAS to IFRS

H2: The legal system clearly and sufficiently will facilitate conversion of financial statements from VAS to IFRS

C. Culture environment:

Influenced by habits that have important implications for adapting IFRS (Sally Aisbitt, 2006). Countries with low uncertainly avoidance may have a likely attracted to adopt IFRS (Kim M. Shima & David C. Yang, 2012)

Vietnam's accounting system influences by French's accounting system as Vietnam was a French colony. Vietnam is a country with a culture of risk aversion, uncertainly avoidance, highly prudent accounting system, limit estimate transactions, request compliance with laws and regulations in accounting, Tran Quoc Tinh (2016) Based on the above analysis, author expect that a relation between culture environment and conversion financial statement from VAS to IFRS

H3: Psychological fear of change in culture affects conversion financial statements from VAS to IFRS

3.2 Internal factors:

A. Support by company’s manager

Tendeloo & Vanstraelen (2005) & Callao & Jarne (2010)’s research on benefit of governance, Tendeloo & Vanstraelen survey of voluntary adopting IFRS in Germany (based on listed companies in Germany’s stock exchange) while Callao & Jarne researched increasing or decreasing of adopting IFRS in Europe (1408 listed companies in EU) it’s found that manager of these companies increasingly support in adopt IFRS

Evans O.N.D. Ocansey & John A. Enahoro (2014), comparable adopting IFRS of Ghana & Nigieria, showed that one of challenge of adopting IFRS in developing countries is company’s manager who decided their companies adopt or not adopt IFRS

In Vietnamese Stock Exchange, currently there are some problems with public financial information such as some Joint-stock companies provide less information, quality and transparency of financial information decreased, especially information relating the board of managements. With this issue, the State Securities Commission has intensified monitoring and enforcement regulations, announcing the alleged violations. The State Securities Commission also request listed joint-stock companies more business disclose of stakeholder information and financial statements to enhance the role of managers in providing financial information to stock market.

According above researches in supporting of company’s manager showed that company’s managers play key roles in deciding of conversion and adopting IFRS with different attitudes of managers. Author expects that conversion financial statement to IFRS requires the consensus and support of human resources as well as the financial resource of company’s manager.

H4: Supporting by company’s Manager has positive influence of conversion financial statements from VAS to IFRS.

B. Education of accountant:

Accountants of listed joint-stock companies or auditor, normally senior auditors of big –four audit firms are key persons for preparing conversion and adopting IFRS. There are many studies of adopting IFRS in developing countries also showed that lack of professional accountants became challenges in adopting IFRS, in case of Lybia, Mohamed Abulgasem Zakari (2014). Madawaki (2012) found that in developing countries, especially in case of Nigeria, is facing challenge in processing conversion financial statement from GAAP to IFRS, there is the issue of training professional accountants. Furthermore, English is also an issue of conversion and adoption IFRS, particularly in countries that is not use English, Costel Istratea (2015)

In Vietnam, currently training system is backward with low quality. Professional skills of accountants are low

compare to develop countries; accountants are not good in English and limit knowledge of IFRS. It’s a challenge to understand conversion and adopt IFRS. Education programs in international accounting subject of Vietnamese universities mainly teaching American accounting or a bit of international accounting’s theory. Furthermore, Vietnam is a developing country so author expect that conversion financial statement to IFRS depend on educations, skills, experiences, language ability and IFRS knowledge of accountants of IFRS conversion companies

H5: Accountant with good knowledge in IFRS has positive influence of conversion financial statements from VAS to IFRS

1.3 Conversion financial statement from VAS to IFRS (dependence variable)

Conversion of financial statements to International Financial Reporting Standards (IFRS) is the conversion of financial statements from Vietnam’s accounting standard (VAS) to International Financial Reporting Standards (IFRS). Conversion financial statements to IFRS is common in many countries around the world. Differences between current accounting standards and IFRS depend on the country of operation, the area of operation and the accounting policies that enterprise chooses. The quality and flexibility of the enterprise’s current financial reporting structure scale and impact of national accounting standards changes in business operations is one of the factors that influence the process. Conversion financial statement from Vietnamese Accounting Standards to International Financial Reporting Standards does not only affect the accounting policies and financial position of an enterprise which may have unintended impacts on the business operations of an enterprise. There are many risks to operation of business (E & Y, Global IFRS conversion methodology, 2009)

4. Research Model

As stated above, considering factors for conversion of financial statement from VAS into IFRS, author presents a model of the proposed research as follows:

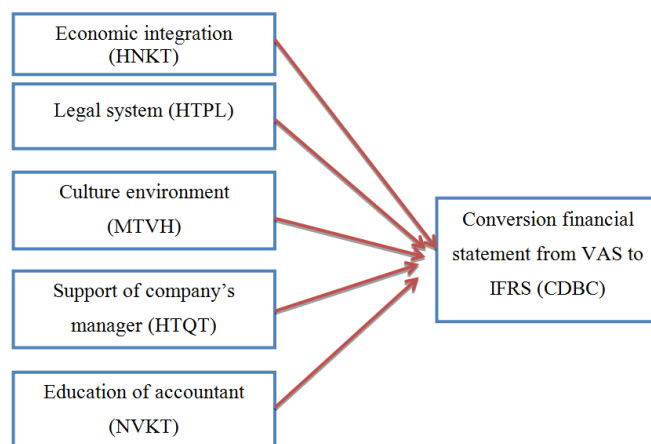


Figure 1: The proposed research model factors for conversion of financial statement from VAS into IFRS
 Source: Author compiled

5. Methodology

5.1 Developed questionnaires

The content of questionnaires were focused on evaluating impact of factor on conversion financial statements form VAS into IFRS of listed joint-stock companies on the Vietnam stock market with 3 stages:

Stage 1: before testing: author developed and sent questionnaires to 4 accountants of 4 companies who have been conversion or on the way to prepare conversion of financial statements from VAS into IFRS and 6 auditors of the big fours auditor firms who are preparing, advising or manage conversion of financial statement from VAS into IFRS for their clients. Purpose of this stage to adjust guidance to answer the survey questions

Stage 2: Pilot testing: author sent pilot questionnaires to some listed companies, mainly those companies that have been implementing conversion financial statements to IFRS, also sent director /senior auditors of the big fours auditor firms to examine the ability of understanding the survey questions

Stage 3: Official survey: sending questionnaires to survey subjects then collect, process, analyze survey result and discussions

5.2 Subjects Sampling

This research focus on the factors impact in conversion of financial statement from VAS into IFRS, the author selected Vietnamese companies that converting or prepare to converting IFRS financial statements, while respondents must have knowledge, directly prepare or manage conversion. Author chose sampling subject selectively through sending directly or email the questionnaires to general accountant, chef account / managers of Vietnamese companies that have been converted or preparing to convert of its financial statements from VAS into IFRS and Director / Senior manager auditors of the big four audit firms who are preparing conversion of financial statements from VAS into IFRS for their clients

5.3 Sample size

The general principle is that the larger sample size, the higher accuracy of the results. However it's needed to consider the time and financial constrains to select optimal sample size suitable with the research. Author sent out 300 observations (survey period: 3 months of Y2017), collected 239 observations (79.67%), after cleaning, 11 unsatisfactory and rejected, 228 valid observations were used for the analysis

Author used many methods to process data in this research such as Exploratory Factor Analysis (EFA), correlation and regression analysis... minimum sample size need to meet the requirements of each method. It's must be at least minimum sample size is 50 to apply EFA, preferably 100 and it's necessary to collect at least 5 observations of 1 observed variable 5:1, the best is 10:1 (Hair et all, 2006). Within the scope of this study, author propose a model with 27 variables, if the scale 5:1 the minimum sample size is 135 observations, if use best ratio 10:1 the sample size is 270 observations. With the 228 observations collected by author, it's met the requirement of sample size needed for this research at least 135

5.4 Data processing method

Cleaning the data: this stage will help to minimize error caused by screening and data entry techniques, also reject unsuitable or unsatisfactory observations then clean data to input SPSS. The results after the survey and data cleaning was 228 valid questionnaire observations, meeting the requirement of sample size needed for this research

Data encryption: data is encrypted and inputed into a data processing software SPSS 20.0.

6. Results

6.1 Analysis using Cronbach's Alpha coefficients

Author used Cronbach's Alpha to ensure the reliability of the items asked in the survey questions, using Cronbach's Alpha also excluded variable low scale reliability in conversion of financial statements from VAS into IFRS

The result of using Cronbach's Alpha below showed that all coefficients >0.5, this means that the variances are suitable and reliable, qualified for the next analysis step

Table 2: Result of Cronbach's Alpha coefficients and correlation coefficients of total variables, test reliability of independent variables

No	Independent variables	Cronbach's Alpha coefficients	Correlation coefficients of total variables
1	Economic inte gration (HNKT)	0, 861	
	HNKT1		0, 614
	HNKT2		0, 697
	HNKT3		0, 731
	HNKT4		0, 663
2	Legal system (HTPL)	0, 847	
	HTPL1		0, 627
	HTPL2		0, 704
	HTPL3		0, 626
	HTPL4		0, 628

	HTPL5		0, 696
3	Culture environment (MTVH)	0, 789	
	MTVH1		0, 606
	MTVH2		0, 498
	MTVH3		0, 714
	MTVH4		0, 56
4	Support of company's manager (HTQT)	0, 800	
	HTQT1		0, 610
	HTQT2		0, 689
	HTQT3		0, 613
	HTQT4		0, 541
5	Education of accountant (NVKT)	0, 842	
	NVKT1		0, 739
	NVKT2		0, 691
	NVKT3		0, 702
	NVKT4		0, 615
	NVKT5		0, 521
6	Dependent variable – Conversion financial statement from VAS to IFRS (CDBC)	0, 882	
	CDBC1		0, 744
	CDBC2		0, 720
	CDBC3		0, 658
	CDBC4		0, 873

6.2 Exploratory Factor Analysis (EFA)

Exploratory factor analysis was performed in following orders:

(i) KMO and Bartlett's Test to check correlations between variances and suitable of factor research model. Factor analysis is appropriate when the KMO coefficient is between 0, 5 & 1, 0 and Bartlett's test is suitable at Sig ≤ 0, 05 (Hair, Anderson, Taham & William, 2006)

Table 3: Result of KMO & Bartlett tests

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0, 852
Bartlett's Test of Sphericity	Approx. Chi-Square	2363, 393
	Df	253
	Sig.	.000

Source: compiled from analysis result of author-SPSS 20.0

The result of table 3 showed that KMO coefficients was 0.852 is between 0.5 & 1.0, indicating that the factors analysis is appropriate and significance levels sig is 0.000 less than 0.05 is satisfactory statistical significance

(ii) norm of average variance extracted: the scale is accepted as total variance extracted > or = 50 and Eigenvalues > 1 (Gerbing & Anderson, 1988)

Table 4: Summary of cumulative variances

Component	Initial Eigenvalues ^a			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
Raw	1	6.590	28.651	28.651	6.590	28.651
	2	2.882	12.529	41.180	2.882	12.529
	3	2.231	9.700	50.881	2.231	9.700
	4	1.634	7.105	57.985	1.634	7.105
	5	1.411	6.134	64.119	1.411	6.134
	6	.802	3.487	67.607		
	7	.726	3.159	70.765		
	8	.697	3.033	73.798		
	9	.633	2.753	76.551		
	10	.604	2.625	79.176		
	11	.550	2.393	81.569		
	12	.495	2.150	83.719		
	13	.476	2.070	85.789		
	14	.463	2.014	87.803		
	15	.443	1.924	89.727		
	16	.396	1.723	91.450		
	17	.355	1.545	92.995		
	18	.327	1.421	94.415		
	19	.296	1.289	95.704		
	20	.282	1.225	96.929		
	21	.258	1.122	98.051		

22	.230	.998	99.049			
23	.219	.951	100.000			

Source: compiled from analysis result of author-SPSS 20.0

The above result Table 4 showed that if basing on Initial Eigenvalues's norm >1, there are five factors and it's also explained total variance extracted is 64.119% (>50%), the result met the requirement of norm

have large coefficient at the same factor. After rotation, remove variables with factor loading less than 0.5. The table 5, explained a factor on the recognizing of variables with large coefficients at the same factor

(iii) Rotation Method: Author used rotation method by Varimax Produce to minimize number of variances that

Table 5: Rotated Component Matrix^a

HKNT1	0,661				
HNKT2	0,771				
HNKT3	0,780				
HNKT4	0,687				
HNKT5	0,817				
NVKT1		0,845			
NVKT2		0,791			
NVKT3		0,820			
NVKT4		0,760			
NVKT5		0,615			
HTQT1				0,763	
HTQT2				0,817	
HTQT3				0,819	
HTQT4				0,649	
HTPL1			0,704		
HTPL2			0,809		
HTPL3			0,751		
HTPL4			0,689		
HTPL5			0,787		
MTVH1					0,762
MTVH2					0,641
MTVH3					0,827
MTVH4					0,712

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a. Rotation converged in 5 iterations.

Source: Compiled from analysis result of author-SPSS 20.0

6.3 Testing correlation coefficient and Analysis regression

6.3.1 Testing correlation coefficient

This stage is very important before analysis regression by using Pearson r. The Pearson r showed direction of correlation (positive or negative) as well as the size of the linear relationship between the two variables. If the value of r closer from -1 to +1 and its value closer to two numbers, stronger relationship between two variables. The value of r is as close to zero as the weakest correlation

The result below in Table 6 given that correlation coefficient between "conversion of financial statements from VAS into IFRS" is highest with independent

variables "Economic integration" (Pearson = 0.567); then "Cultural environment" (Pearson = 0.462); "Education of accountant" (Pearson = 0.447); "Legal system" (Pearson = 0.455); and "Support of company's manager" (Pearson = 0.406).

Therefore, it's possible to conclude that independent variables can be included in the model to account for conversion financial statements from VAS to IFRS with five independent variables: economic integration; legal system, cultural environment; support of company's manager and education of accountant

Table 6: Matrix correlation coefficients between variables Correlations

	HNKT	NVKT	HTQT	HTPL	MTVH	CDBC
Pearson Correlation	1	.359**	.377**	.428**	.407**	.567**
Sig. (2-tailed)		.000	.000	.000	.000	.000
N	228	228	228	228	228	228
Pearson Correlation	.359**	1	.164*	.119	.298**	.447**
Sig. (2-tailed)	.000		.013	.074	.000	.000
N	228	228	228	228	228	228
Pearson Correlation	.377**	.164*	1	.295**	.175**	.406**
Sig. (2-tailed)	.000	.013		.000	.008	.000
N	228	228	228	228	228	228
Pearson Correlation	.428**	.119	.295**	1	.429**	.455**
Sig. (2-tailed)	.000	.074	.000		.000	.000
N	228	228	228	228	228	228
Pearson Correlation	.407**	.298**	.175**	.429**	1	.462**
Sig. (2-tailed)	.000	.000	.008	.000		.000
N	228	228	228	228	228	228
Pearson Correlation	.567**	.447**	.406**	.455**	.462**	1
Sig. (2-tailed)	.000	.000	.000	.000	.000	
N	228	228	228	228	228	228

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

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

Source: compiled from analysis result of author-SPSS 20.0

6.3.2 Analysis regression and discussion

After analyzing correlations between variable then putting the appropriate independent variables into the regression equation by enter method through SPSS

Table 7: Variables Entered/Removed ^a								
Model	Variables Entered	Variables Removed	Method					
1	MTVH, HTQT, NVKT, HTPL, HNKT	.	Enter					
a. Dependent Variable: CDBC								
b. All requested variables entered.								
Model Summary ^b								
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson			
1	.705 ^a	.497	.486	.63049	2.013			
a. Predictors: (Constant), MTVH, HTQT, NVKT, HTPL, HNKT								
b. Dependent Variable: CDBC								
ANOVA ^a								
Model	Sum of Squares	df	Mean Square	F	Sig.			
1	Regression	87.140	5	17.428	43.842	.000 ^b		
	Residual	88.248	222	.398				
	Total	175.388	227					
a. Dependent Variable: CDBC								
b. Predictors: (Constant), MTVH, HTQT, NVKT, HTPL, HNKT								
Coefficients ^a								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	-.895	.302		-2.967	.003		
	HNKT	.370	.085	.259	4.369	.000	.644	1.552
	NVKT	.284	.059	.251	4.817	.000	.833	1.201
	HTQT	.225	.065	.182	3.489	.001	.834	1.199
	HTPL	.222	.067	.188	3.329	.001	.712	1.405
	MTVH	.196	.065	.169	3.026	.003	.724	1.382
a. Dependent Variable: CDBC								

Source: compiled from analysis result of author-SPSS 20.0

Based on the result of data processing from the author's survey data file through SPSS given final regression equation of relationship between variables:

$$Y = -0,895 + 0,370 * X1 + 0,284 * X2 + 0,225 * X3 + 0,222 * X4 + 0,196 * X5 + e$$

Y: dependent variable " conversion financial statement from VAS to IFRS"

X1: economic Integration factor

X2 : education of accountant factor
X3: Supporting by company's manager factor
X4: Legal system factor
X5: Cultural environment factor
e: estimated error

The result of model summary corrected $R^2 = 0.497$, means that regression model was constructed in accordance with the data set researching 49.7%

The ANOVA table shows the F statistic value calculated from the R square of the full model, Sig value (0.000), It is safe to reject the H_0 hypothesis that all regression coefficients are zero (except for constants), which means that at least one independent variable that affects the dependent variable. Thus, the regression model is consistent with the data set and is usable.

The Coefficients table showed that in five independent variables included in the regression model, independent variables affect the dependent variable in the conversion of financial statement into IFRS, including the "Economic Integration" with the Beta coefficient of 0.37 is statistically significant at $> 99.99\%$ when the sig index reached 0.000; Similarly, the "education of accountant" with the Beta coefficient of 0.284 is statistically significant. Sig. Valued at 0.000. In addition, the Legal system variables with a Beta coefficient of 0.222 with a statistically significant level of 0.001, the "Cultural environment" with a 0.196 Beta coefficient with a statistically significant level of 0.003, and Support by company's manager the Beta is 0.225 with a statistical significant level of 0.001. The result showed that the conversion of financial statements from VAS into IFRS have the strongest influence gradually: First is economic integration, second is education of accountant and also by legal system, cultural environment and support by company's manager

7. Conclusions and Implications

By surveying, collecting and processing 228 valid questionnaires analyzing the impact of five factors affecting conversion financial statements from VAS to IFRS. Author makes some conclusions and thus provides a basis for proposing a number of recommendations:

The results of the regression analysis from the sample dataset between the dependent variable to the independent variables presented in the previous section have shown that conversion of financial statements from VAS into IFRS of Vietnamese companies are impact by five factors, including: economic integration, legal system, cultural environment, support by company's manager and education of accountant. The "economic integration" factor has greatest impact and after that, the level of education of accountant has second highest level of impact. Although impacting, the three factors: the legal system, the cultural environment, and the support by company's manager are all quite small.

The economic integration factor has greatest impact. The majority of respondents think that companies preparing IFRS financial statements is perfectly consistent with the

current economic integration of Vietnam and increasing integration with the world economy. At the same time, companies prepare financial statements according to IFRS will bring more favorable conditions for them such as transparency, usefulness, quality of information on financial statements, easy for them to attract foreign investment capital, create favorable conditions for these companies to list their stocks on the international stock market.

The education of accountant also has a positive impact on the intensity of conversion of IFRS financial statements. This means listed joint-stock companies need to pay attention to education of accountants in the following aspects: IFRS trained knowledge, IFRS practicing experience, ability use English for IFRS.

In addition, the legal system also has a certain impact on conversion of financial statements from VAS to IFRS. Accordingly, quantitative research results from this data set showed that in Vietnam there are still shortage of relevant accounting standards and regulations on accounting to guide the application of IFRS. At the same time, many points of inconsistency between the provisions of law and accounting principles of Vietnam with International Accounting Standards / International Financial Reporting Statements have a certain impact on the conversion of financial statements from VAS into IFRS at Vietnamese companies today. This result is consistent with the results of other researches on the difficulties and challenges of applying IFRS in developing countries.

The conversion of financial statements from VAS into IFRS also requires strong consensus and support from manager, director, especially board of director. This is more clearly confirmed when in the sample data set of the author's work, the supporting of company's manager is expressed by consensus, human resources support, and company's managers have a positive influence on the statistical conversion over 95% of statistical significance.

Finally, conversion into IFRS financial statements is also impact by the cultural environment, which is expressed by psychological risk aversion, fear of change in Vietnamese culture and the level of acceptance new transactions.

With the above analysis of factors, authors have drawn implications to collaboration between the Vietnam Government and Vietnamese companies in an effort to convert and adopt IFRS financial statements:

1. Strengthening conversion of financial statements from VAS into IFRS of Vietnamese companies (economic integration factor)

The State Securities Commission should encourage Vietnamese companies to gradually transit and prepare financial statements according to IFRS in addition to mandatory financial statements under VAS, encouraging Vietnamese companies to use quality auditing / accounting and auditing firms for advisory and supporting conversion IFRS financial statements. The board of director of

Vietnamese companies need to understand the importance, benefits of converting and adopting IFRS

2. Improve training in IFRS (Education of accountant factor)

Vietnamese universities need to review the subject of "international accounting", improve teaching method in accounting, helping students understand the nature of economic transactions rather than the principle. Lecturers in accounting always have to be updated with changes of IFRS so students are updated and can apply IFRS when they graduate.

The faculty of accounting is required to work in conjunction with accounting experts and international auditors such as KPMG, Price Water house, Ernst & Young and Deloitte for advisory, updating IFRS's changes.

Professional organizations need to organize their personnel, improve their expertise, including professionals, lawmakers, financial directors, chief accountants, auditing firms. The professional organization will be training place for managers, issuers of regimes, policies and practicing accountant & auditors. Professional organizations need to link with international professional organizations to improve the level, update international accounting trends, update the changes and apply IFRS

Big-Four international auditing firms, KPMG, Pricewaterhouse Coopers, Ernst & Young and Deloitte, are major sources of auditing and accounting with international expertise, as well as IFRS conversion advisory. These four firms often need to organize free international accounting training program through their companies's Web site. Accountants of Vietnamese companies need to regularly update the IFRS guidelines through these four audit firms.

Vietnamese companies can design the IFRS training program at the company by leading IFRS or sponsor staff to attend international accounting courses such as ACCA for good preparation IFRS financial statements. IFRS training help company to have a strong IFRS knowledgeable team ready for conversion and adopt IFRS.

3. Increasing support from Vietnamese Government (legal system actors)

The Ministry of Finance need to analyze the actual significant differences between VAS and IAS / IFRS in order to coordinate with other related ministries to adjust the standards to make it easier for Vietnamese companies in conversion financial statement from VAS to IFRS.

Some Vietnamese accounting standards that have been issued but not yet in line with actual conditions in Vietnam, the Ministry of Finance needs the National Accountancy Council in conjunction with the professional organizations and the State Securities Commission to assess in detail the difficulties that listed joint stock companies are compiling financial reports under IFRS, and

then issuing clear guidelines to help these companies preparing better IFRS financial statements.

Some International Financial Reporting Standards are truly necessary and appropriate in Vietnam's current economic, political and social conditions such as welfare standards for employees, business practices in the agricultural sector, Shares (IFRS 02); Financial instruments (IFRS 7; IFRS 9); Government Grants (IAS 20); Property Loss (IAS 36). The MOF should study and issue these timely.

The MOF need to focus on IFRS training for MOF's staff, especially those who issue accounting standards, regimes and circulars. Sending staffs to study experiences on conversion and adopt IFRS of developed countries.

4. Supporting by company's manager factor

Board of directors, accountants of Vietnamese companies need to have IAS/ IFRS knowledge. Need to understand why company need to approach and step by step apply International Financial Reporting Standards? What are the benefits?... Vietnamese companies should note that when approaching, transforming and gradually implementing the International Financial Reporting Standards (IFRS), the financial report preparation and uniform audit procedures from one country to another other countries. With an accounting standardized system that is applied everywhere in the world will save capital access costs, information published to investors in a country is appropriate and meaningful.

Vietnamese companies's managers should support human resources as well as the financial resources to prepare conversion and adoption IFRS by training IFRS for accounts, for senior managers/directors, building IT systems... need to comprehensive assessment of the impact of conversion and application of IFRS to comprehensive planning.

5. Cultural environment factor

As stated above, Vietnam is a country with a culture of risk aversion, uncertainly avoidance, highly prudent accounting system, limit estimate transactions. One of difficult to convert and adopt IFRS is fair value revaluation. Currently Vietnamese companies do not have system to revalue assets or investments to fair value, Vietnamese companies are applying net asset value to value investments or assets but this approach is not in line with IFRS 13 on fair value measurement. Also, MOF have not issued guidance for measurement, presentation and recording in fair value. With these difficulties, it's needed supporting by company's manager to implement system for revalue assets/ investment, the MOF should issue guidance for measurement, presentation and recording in fair value...these supports will help Vietnamese companies easier to convert and adopt financial statements from VAS into IFRS.

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