Chapter 2
Are Vietnamese Accounting Academics and Practitioners Ready for International Financial Reporting Standards (IFRS)?

Duc Hong Thi Phan
RMIT Vietnam, Vietnam

Mahesh Joshi
RMIT University, Australia

Bruno Mascitelli
Swinburne University, Australia

ABSTRACT

The purpose of this chapter is twofold. First, it reports the findings of a survey on the perception of Vietnamese accountants regarding the benefits and disadvantages of International Financial Reporting Standards (IFRS) as well as the potential costs and challenges of IFRS implementation. Second, it examines the differences in the perceptions of accounting academics and practitioners pertaining to IFRS adoption in Vietnam. Perceptions of Vietnamese accountants and academics were obtained and analysed from 3,000 mailing survey questionnaires across Vietnam in 2012. A total of 728 usable responses were received producing an effective response rate of 24 per cent. The respondents perceived that credibility and comparability are the most perceived benefits of IFRS reporting. Over-complexity and time-consumption are the most perceived disadvantages of IFRS reporting. Although IFRS reporting was perceived as being costly and challenging, surprisingly, the respondents were optimistic on the long-term benefits and two-thirds of the respondents showed their willingness to adopt IFRS.

DOI: 10.4018/978-1-4666-9876-5.ch002
INTRODUCTION

The motivation for this paper is in large part due to the recent debate among academics, accounting firms, professional bodies, government authorities on International Financial Reporting Standards (IFRS). More specifically on whether IFRS should be the global accounting standards and why and how developing countries should adopt IFRS to gain benefits from these quality accounting standards. Arguments in favour of IFRS adoption mostly focus on the effects of capital markets and investors. Scholars point out that IFRS are more capital market oriented and, hence, more relevant to investors as well as more comprehensive, especially with respect to disclosure, than most local accounting standards (Daske et al. 2013). The comparability, credibility, and positive capital market effects of IFRS adoption to capital market participants are not disputed, but the relevance of IFRS to different countries with different institutional and legal environments is less convincing. It is questionable if emerging economies can experience positive capital market effects as their capital markets are at an early stage of development and have not yet received effective enforcement mechanisms. The literature of factors that could influence the application of IFRS by emerging and transition economies is under researched. By way of example, recent studies by the Vietnam Association of Certified Public Accountants (VACPA) and the Confederation of Asian and Pacific Accountants (CAPA) call for more research in this area and specifically for Vietnam (VACPA & CAPA 2012). In the present paper, we address this research gap by providing the perception based evidence from the accounting academics and practitioners of Vietnam as an example of developing countries not yet adopted IFRS. More specifically, this study answers the following research questions:

RQ1: What are the perceived benefits of IFRS adoption in Vietnam?
RQ2: What are the perceived disadvantages of IFRS adoption in Vietnam?
RQ3: What are the challenges of IFRS adoption in Vietnam?
RQ4: How willing are Vietnamese accountants to adopt IFRS?
RQ5: Do accounting academics and practitioners have different perspectives regarding IFRS adoption?

The paper adds to the existing literature in several ways. Firstly, this study is one of a few, if not the first, comprehensive study to examine the perception of Vietnamese accountants on the advantages, disadvantages, costs and challenges of IFRS adoption in Vietnam. Recent trends in international accounting research seem to focus on key economies such as member states of the European Union. There are few studies about emerging economies and Vietnam has received limited scholarly coverage in these studies. The case of Vietnam, as a representative of developing countries, may be useful for the IASB in the process of improving global convergence of national accounting standards and IFRS.

The remainder of the paper is organised as follows. Section 2 describes the regulatory environment for financial reporting practices in Vietnam. Section 3 reviews the previous literature regarding IFRS adoption. Section 4 outlines the data collection and research methodology. Results of the study are discussed in Section 5. Finally, the conclusion and implication of the study are presented in Section 6.