Chapter 13

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ABSTRACT
The chapter is aimed at analyzing the collective perception of the accounting community of Vietnam towards the adoption of International Financial Reporting Standards (IFRS). This perception is premised on the twin issues of legitimacy and isomorphism. A broad sample survey of 728 persons out of 3000 accountants, auditors and academics was undertaken with a detailed questionnaire sent to each. With a net response rate of 24 per cent from this community, there emerged a definite influence of coercive, mimetic and normative isomorphisms as well as legitimacy motives. The study provides practical implications for the policymakers of Vietnam for the transformation of the accounting profession in the country and the strategic planning towards full mandatory IFRS adoption by 2020.

INTRODUCTION
The adoption of International Financial Reporting Standards (IFRS) in developing countries is a well-known area of research. Despite its across-the-globe presence, the trajectory of adoption is not similar with developing countries. One of the major impacting factors is the pressure imposed by the lending institutions like the World Bank and the International Monetary Fund (IMF). A series of studies related

DOI: 10.4018/978-1-4666-9876-5.ch013
to 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), have confirmed the presence of this factor behind the adoption of IFRS in these countries. For instance, the World Bank and IMF were using the access to developmental assistance and finance as a major threat for countries to adopt IFRS. As a result of such financial pressures, since 2005, more developing countries chose to adopt IFRS. Yet, limited study has been undertaken in the case of Vietnam and whether the policymakers, auditing and academic communities are influenced in a similar ways or not is still to be ascertained (Phan, Mascitelli & Barut 2014a).

IFRS are not required or allowed in Vietnam as the financial reporting rules. All Vietnamese businesses are required to report under VAS. There are significant differences between the current VAS and IFRS. This is because VAS is generally based on the international accounting standards (IAS) issued prior to 2003 with adjustments for Vietnamese economic, finance and accounting conditions. According to Pham (2012), the overall de jure convergence (convergence by accounting regulation) of VAS and IFRS is about 66 per cent in which the measurement convergence is at a higher rate (75.8 per cent) and the disclosure convergence is at lower rate (61.9 per cent). The findings of Phan, Mascitelli and Barut (2013) revealed that disclosure convergence between VAS and IFRS is significantly lower because most of the IASB standards require additional disclosure relative to its equivalent VAS. This disparity leads to the concern that financial statements prepared under VAS may not fully meet the external users’ needs for accounting information. Thus, it is not uncommon practice in Vietnam that companies prepare two separate financial statements, one under mandatory VAS and the other voluntarily compliant with IFRS for overseas financing purposes.

The timing of this research in Vietnam is appropriate because the Vietnamese accounting system is in a phase of transition towards IFRS (Phan & Mascitelli 2014). The Ministry of Finance, recently, made a decision to mandate full IFRS adoption for public enterprises (banking, insurance and publicly listed companies) by 2020 and allow these public enterprises to early adopt IFRS in 2017 (Vo 2014). Recent economic history of Vietnam has been full of economic stop and starts, particularly, its jump from a centrally planned economy to a more market-friendly one. This kind of externalization has created a significant number of changes in the accounting practices of the country (Bui 2011). This metamorphosis is still in progress as to how this eventual alignment with IFRS would occur. There is no clear-cut feedback about how the key stakeholders are thinking about these changes and what are the key impacting factors working behind their choices (Phan 2014). So, there is a much needed perception-based study to understand the attitudes of all the members associated with the accounting profession in Vietnam. The current study goes precisely in this direction so as to ascertain the responses of all the stakeholders.

A survey approach was undertaken to explore the perceptions through a detailed questionnaire. It revealed that the most coercive influence came from the World Bank and the World Trade Organization according to the key members of the accounting community of Vietnam. It was followed by the Asian Development Bank, International Monetary Fund and the International Financial Corporation. Continuing with isomorphic behavior, the mimetic isomorphism too was reported to be equally influential. The case of those countries that underwent successful IFRS, the adoption process was also considered to be a major impacting factor in the perception of many responses. Vietnam was expected not to be a laggard; if other countries could achieve some benefits from IFRS adoption, there was no reason for Vietnam not doing so. But out of three forms of institutional isomorphism, the lowest impact came from the normative isomorphism. The predominance of Vietnamese accounting bodies towards the adoption of IFRS was not particularly noteworthy. There was a consensus among all surveyed groups that Vietnam would