



# Capability and benefits of applying international financial reporting standards in enterprises in Vietnam

*Investigación sobre la capacidad y los beneficios de aplicar las normas internacionales de información financiera en las empresas de Vietnam*

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## Abstract

This study examines the impact of key determinants on the capability to adopt International Financial Reporting Standards (IFRS) in Vietnam. The factors analyzed include: (i) the legal framework, (ii) accountants' experience and capability, (iii) professional and advisory organizations, and (iv) firm characteristics. Using structural equation modeling (SEM) and survey data collected from 480 accountants, the study evaluates the relationship between implementation feasibility and the benefits derived from IFRS. The results indicate that all four factors, the legal system, accountants' experience and capability, professional organizations, and firm characteristics exert positive effects on IFRS adoption capability. Furthermore, the SEM results confirm that IFRS adoption capability is positively associated with the benefits of applying these standards. The study also explores the moderating roles of variables such as job position, professional qualification, and years of experience in influencing the relationship between IFRS feasibility and benefits. The findings reveal that professional qualification and job position have more significant effects than years of experience in optimizing the value derived from IFRS. Based on these results, the study proposes recommendations to encourage enterprises to accelerate the IFRS-based financial reporting roadmap, thereby enhancing competitiveness and promoting international integration.

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## Resumen

Este estudio examina el impacto de los determinantes clave en la capacidad para adoptar las Normas Internacionales de Información Financiera (NIIF) en Vietnam. Los factores analizados incluyen: (i) el marco legal, (ii) la experiencia y capacidad de los contadores, (iii) las organizaciones profesionales y de asesoría, y (iv) las características de la firma. Utilizando modelos de ecuaciones estructurales (MEE) y datos de encuestas recopilados a 480 contadores, el estudio evalúa la relación entre la viabilidad de la implementación y los beneficios derivados de las NIIF. Los resultados indican que los cuatro factores (el sistema legal, la experiencia y capacidad de los contadores, las organizaciones profesionales y las características de la firma) ejercen efectos positivos en la capacidad de adopción de las NIIF. Además, los resultados de MEE confirman que la capacidad de adopción de las NIIF se asocia positivamente con los beneficios de aplicar estas normas. El estudio también explora el papel moderador de variables como el puesto de trabajo, la cualificación profesional y los años de experiencia en la relación entre la viabilidad y los beneficios de las NIIF. Los hallazgos revelan que la cualificación profesional y el puesto de trabajo tienen efectos más significativos que los años de experiencia en la optimización del valor derivado de las NIIF. Con base en estos resultados, el estudio propone recomendaciones para incentivar a las empresas a acelerar la implementación de la información financiera basada en las NIIF, mejorando así su competitividad y promoviendo la integración internacional.

*Código JEL:* M41, M42, G34

*Palabras clave:* NIIF; información financiera basada en las NIIF; beneficios de la adopción de las NIIF; variables moderadoras

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## Introduction

In the context of globalization and the rapid expansion of international capital markets, the quality of financial information has become a critical determinant of the efficiency of economic resource allocation (González-Muñoz, Rodríguez, & Maldonado, 2025), (Nikhil, Shenoy, Suman, & Abhilash, 2024), (Khan, Rahman, & Khattak, 2024). The establishment of a “common financial language” through the IFRS is not merely aimed at harmonizing accounting rules but also represents a professionalization project intended to enhance transparency, comparability, and accountability among economic entities worldwide (González-Muñoz et al., 2025), (Nikhil et al., 2024), (Benhayoun & Zejjari, 2024). To date, more than 140 countries and territories have mandated or permitted the adoption of IFRS, acknowledging its role in strengthening investor confidence and reducing transaction costs in capital markets (González-Muñoz et al., 2025), (Thien & Nguyen, 2021), (D. T. Doan, Nguyen, & Hai, 2020). For transition economies, the shift from domestic Generally Accepted Accounting Principles (GAAP) to IFRS is regarded as a significant institutional reform to attract foreign direct investment (FDI) and facilitate deeper integration into the global financial system (González-Muñoz et al., 2025), (Khan et al., 2024).

Vietnam, as an emerging economy undergoing rapid integration, faces substantial challenges and opportunities in implementing the IFRS adoption roadmap under Decision No. 345/QĐ-BTC issued by the Ministry of Finance (Khanh, Rajagopal, Singh, & Hoang, 2024), (D. D. Nguyen & Ngoc, 2021). At present, Vietnam's accounting system remains largely based on Vietnamese Accounting Standards (VAS), which reveal multiple limitations compared to market-oriented economic practices, particularly the absence of guidance on fair value measurement and complex financial instruments (Khanh et al., 2024), (Thien & Nguyen, 2021). The divergence between VAS and IFRS has created significant trust barriers for international investors and increased data conversion costs for firms with foreign investment (Khanh et al., 2024), (L. A. Nguyen, Vesty, Kend, Nguyen, & O'Connell, 2020). However, transitioning to a principle-based standards system such as IFRS is not merely a technical bookkeeping exercise but a systemic transformation with profound implications for corporate governance, human capital capabilities, and information technology infrastructure (Thien & Nguyen, 2021), (L. A. Nguyen et al., 2020).

Although the benefits of IFRS such as improved reporting quality, reduced earnings management, and enhanced information relevance have been widely documented in studies of developed markets, empirical evidence from developing economies remains mixed and contested (González-Muñoz et al., 2025), (Aladwey & Diab, 2023). Some scholars argue that institutional weaknesses, shortages of qualified accounting professionals, and differences in business culture may result in merely ceremonial adoption of IFRS rather than substantive change (González-Muñoz et al., 2025), (Khan et al., 2024). In countries with code-law legal systems and a strong emphasis on tax compliance, such as Vietnam, the application of professional judgment under IFRS often encounters resistance due to entrenched reliance on detailed regulatory guidance from state authorities (González-Muñoz et al., 2025), (D. D. Nguyen & Ngoc, 2021), (L. A. Nguyen et al., 2020), (Benhayoun & Zejjari, 2024).

From a theoretical perspective, the necessity of IFRS adoption can be explained through multiple theoretical lenses. Agency Theory emphasizes the reduction of information asymmetry between managers and owners, thereby lowering agency costs and enhancing monitoring effectiveness (González-Muñoz et al., 2025), (Aladwey & Diab, 2023), (Zang, Kabir, & Scott, 2025). Institutional Theory explains how pressures from international organizations and competitors drive firms to change in order to gain legal and social legitimacy through isomorphic mechanisms (González-Muñoz et al., 2025), (Thien & Nguyen, 2021), (Benhayoun & Zejjari, 2024). Decision-usefulness Theory asserts that the core objective of financial reporting is to provide information for assessing future cash flows (Khanh et al., 2024), (Thien & Nguyen, 2021), (Raj & Azam, 2023). In particular, the IFRS Conceptual Framework functions as a "constitution" guiding financial reporting practices, helping stakeholders understand the objective of providing useful information to investors and creditors the primary providers of capital to firms (Framework, 2018), (Orthaus-Wahl, Pelger, & Erb, 2025), (Raj & Azam, 2023).

Nevertheless, existing studies in Vietnam have largely focused on enumerating general benefits and challenges or measuring market reactions following adoption (Thien & Nguyen, 2021), (D. T. Doan et al., 2020), without deeply examining the causal relationship between implementation capability and the realization of benefits within the specific context of Vietnamese enterprises. A significant research gap remains regarding how factors such as the legal framework, accounting workforce capacity, the role of professional bodies, and firm-specific characteristics interact to create IFRS readiness. Moreover, the moderating roles of job position, professional qualifications, and practical experience of accounting practitioners in shaping perceptions of IFRS value have not been sufficiently explored.

To address these gaps, this study aims to identify the determinants of IFRS adoption capability among Vietnamese enterprises and to empirically test the impact of this capability on the expected benefits firms may obtain. By employing a structural equation modeling (SEM) approach, the study not only evaluates the direct effects of the legal system, accounting capacity, and professional organizations but also examines moderating variables to provide a multidimensional perspective on the accounting transition pathway. The findings are expected to make meaningful contributions to policymakers in refining the IFRS adoption roadmap, while assisting firms in identifying the necessary and sufficient conditions to optimize financial integration and enhance competitiveness in the digital economy era.

## **Theoretical framework and research model**

### *Benefits of applying IFRS*

The adoption of the IFRS generates multidimensional benefits not only for firms themselves but also for investors, policymakers, and regulatory authorities. According to the IFRS Conceptual Framework, the fundamental objective of financial reporting is to provide useful information for economic decision-making, particularly for assessing future cash flow prospects and management's stewardship responsibilities (Framework, 2018).

First, IFRS enhances the quality of financial reporting by prioritizing economic substance over legal form, ensuring that transactions are faithfully and accurately represented, thereby strengthening stakeholders' trust. The application of modern measurement bases such as fair value, present value, and value in use enables financial statements to more closely reflect an entity's financial position at the reporting date (Framework, 2018). However, fair value is not the sole measurement basis; IFRS maintains a mixed measurement model to optimize relevance and faithful representation (Framework, 2018).

Second, IFRS functions as a "global accounting language," enhancing cross-border comparability and transparency (Barth, Landsman, Lang, & Williams, 2012), (Uzma, 2016). For emerging

economies, IFRS implementation represents a strategic instrument for attracting foreign direct investment (FDI), reducing the cost of capital, and improving market liquidity by mitigating information asymmetry (Khan et al., 2024). Empirical evidence from India indicates that the adoption of IFRS (Ind AS) has significantly improved the reporting environment, making earnings figures and book values more informative for stock prices (Nikhil et al., 2024).

Third, IFRS increases the value of accounting information. Studies by (Barth, Landsman, Young, & Zhuang, 2014), (Vishnani, Deva, & Misra, 2024) confirm that IFRS-based reporting enables investors to better forecast future performance and cash flows. The shift from historical cost to market-updated measurement bases helps narrow the gap between firms' book values and their market valuations (Nikhil et al., 2024).

Finally, IFRS promotes integrity and accountability in corporate governance. By requiring the timely recognition of asset impairment losses and fluctuations in the value of financial instruments, IFRS constrains earnings management and financial reporting manipulation (Zang et al., 2025), (Nikhil et al., 2024). This not only enhances corporate credibility but also supports public authorities in more effective supervision and law (Dao & Hoang, 2023). In summary, although the initial transition costs may be substantial, the long-term benefits in terms of transparency and access to international capital markets are substantial and well established (Zeghal & Mhedhbi, 2006).

### *Foundational theories*

The adoption of IFRS in the context of emerging economies is a complex phenomenon that requires a multi-theoretical approach to fully explain the underlying implementation dynamics 1. (González-Muñoz et al., 2025). Agency Theory, as articulated by (Jensen & Meckling, 1976), plays a central role by emphasizing the reduction of information asymmetry and agency costs between managers and owners (González-Muñoz et al., 2025), (Nikhil et al., 2024). Through IFRS adoption, firms signal transparency and accountability, thereby strengthening investor confidence and reducing the cost of capital (González-Muñoz et al., 2025).

In addition, Institutional Theory explains how legal regulations and social norms shape organizational behavior (Thien & Nguyen, 2021), (Nikhil et al., 2024). Under coercive pressure from regulatory frameworks and mimetic pressure to emulate successful competitors, firms are compelled to change in order to achieve legitimacy and social acceptance (González-Muñoz et al., 2025), (Benhayoun & Zejjari, 2024). Legitimacy Theory complements this perspective by asserting that disclosure in accordance with international standards serves as a strategic mechanism to secure societal approval and

ensure long-term organizational (Nikhil et al., 2024), (González-Muñoz et al., 2025), (Thien & Nguyen, 2021).

Notably, Decision-usefulness Theory underpins the IFRS Conceptual Framework (Framework, 2018), (Raj & Azam, 2023). This theory identifies the primary objective of financial reporting as providing useful information to resource providers for assessing future cash (Nikhil et al., 2024), (Framework, 2018). Importantly, the 2018 Conceptual Framework advocates a mixed measurement model that does not rely solely on fair value but also considers alternative measurement bases to ensure relevance and faithful representation (Framework, 2018).

Finally, the Theory of Planned Behavior (TPB) and the Theory of Reasoned Action (TRA) help explain IFRS adoption intentions based on perceived usefulness, perceived ease of use, and subjective norms (Khanh et al., 2024), (D. D. Nguyen & Ngoc, 2021). In small and medium-sized enterprises, implementation intentions are further shaped by perceived behavioral control and managers' risk-averse attitudes (D. D. Nguyen & Ngoc, 2021). The integration of these theoretical lenses enables the construction of a comprehensive analytical framework for assessing the feasibility and benefits of the IFRS transition roadmap in Vietnam.

### *Overview and research model*

Research on the readiness for and capability of adopting IFRS has become a focal point in academic discussions within emerging economies (Floropoulos & Moschidis, 2004), (Ngo & Nguyen, 2024). In Vietnam, the transition from VAS to IFRS under the roadmap stipulated in Decision No. 345/QĐ-BTC is not merely a technical requirement but a complex interactive process involving institutional factors, human resource capacity, and firm-specific characteristics.

The Legal Framework: Within a code-law and highly centralized regulatory system such as Vietnam's, statutory regulations play a decisive role in shaping corporate behavior (D.-T. Doan, Nguyen, & Thanh, 2020). However, the divergence between the historical cost basis of VAS and the mixed measurement model of IFRS including fair value, value in use, and amortized cost creates substantial cognitive and implementation barriers (Framework, 2018), (Sanabria-García & Garrido-Miralles, 2020). Accordingly, this study posits that a clear system of implementation guidance and the alignment of tax regulations will enhance IFRS adoption capability.

H1: The legal framework positively impacts IFRS adoption.

Accountant Experience and Competence: The competence of the accounting workforce is a critical determinant in operationalizing the complex professional judgments required under IFRS (Wehrfritz & Haller, 2014). In Vietnam, limited expertise in fair value measurement and insufficient

foreign language proficiency remain major challenges for accounting personnel (Thien & Nguyen, 2021). Higher levels of professional training and openness to acquiring new knowledge are expected to reduce transition costs and improve reporting quality (H. T. T. Nguyen, Nguyen, & Van Nguyen, 2023).

H2: Accountant experience and competence positively impact IFRS adoption.

Professional Organizations and Consultation: Professional communities particularly Big 4 audit firms and professional accounting associations play a pivotal role in disseminating best practices and generating mimetic pressure that encourages firms to comply with international standards (Pinto & Morais, 2022). Technical support from these organizations assists firms in overcoming gaps in local implementation guidance.

H3: Professional organizations and consultation positively impact IFRS adoption.

Enterprise Characteristics: Firm size and financial performance are generally positively associated with access to the financial and technological resources required for IFRS implementation (Meek, Roberts, & Gray, 1995). Moreover, managerial awareness of the role of information transparency in enhancing corporate reputation and capital-raising capacity constitutes a key driver of organizational readiness (D.-T. Doan et al., 2020), (Aladwey & Diab, 2023).

H4: Enterprise characteristics positively impact IFRS adoption.

Benefits and Research Model: According to Decision-usefulness Theory, the ultimate objective of IFRS is to provide high-quality information to capital providers (IASB, 2018), (Raj & Azam, 2023). In Vietnam, IFRS implementation capability is hypothesized to positively influence the realization of expected benefits, including capital structure optimization, improved international comparability, and enhanced investor confidence (D.-T. Doan et al., 2020).

H5: IFRS adoption positively impacts business benefits.

The research model (Figure 1) is developed through the integration of Institutional Theory, Agency Theory, and Decision-usefulness Theory. The model not only tests the direct effects of four groups of determinants (Legal Framework, Accounting Capacity, Professional Organizations, and Enterprise Characteristics) on IFRS adoption capability but also examines their spillover effects on corporate benefits. Notably, the study incorporates moderating variables job position, professional qualifications, and years of accounting experience to elucidate differences in perceptions of IFRS benefits across personnel groups within firms (D.-T. Doan et al., 2020), (D. D. Nguyen, 2021; D. D. Nguyen & Ngoc, 2021).

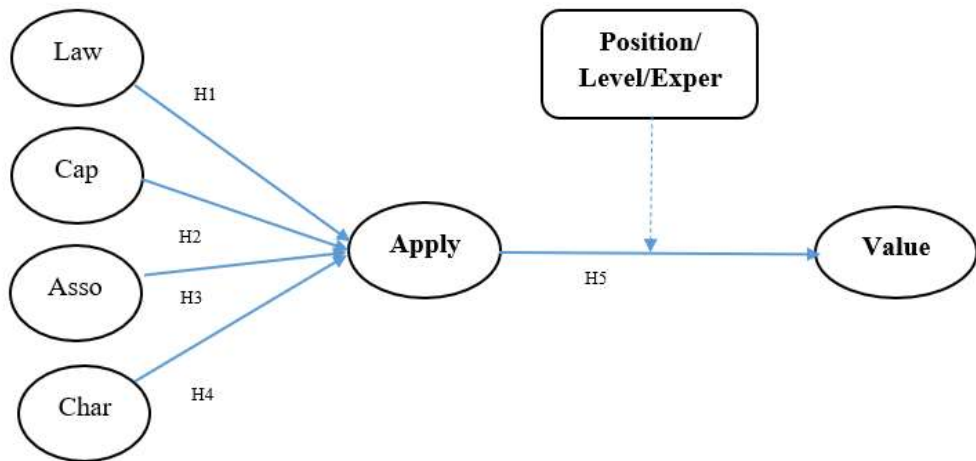


Figure 1. IFRS adoption capability and benefits model.

## Data and research methodology

To achieve the research objectives, the author utilized a deductive approach, which is based on theories from previous studies and qualitative research results through expert interviews to propose the model. The qualitative phase was conducted through in-depth interviews with 10 experts including chief accountants, auditors, and university lecturers, each possessing more than five years of professional experience. The selection criteria were based on their in-depth knowledge of the VAS system and the IFRS adoption roadmap stipulated in Decision No. 345/QĐ-BTC. The interview findings were analyzed to refine and supplement 28 observed variables incorporated into the survey questionnaire, thereby ensuring that the research model is well aligned with the practical characteristics of Vietnamese enterprises.

The author then conducted a survey using a questionnaire consisting of 28 observational variables measured on a 5-point Likert scale (Table A1).

The study's sample size was determined based on a combination of rigorous methodological criteria. According to (Yamane, 1967) formula, a sample of 480 observations substantially exceeds the minimum threshold of 385 required to ensure generalizability. The observation-to-variable ratio reached 17.1:1, approaching the ideal benchmark of 20:1 suggested by (Hair Jr, Hult, Ringle, & Sarstedt, 2016), thereby helping to minimize measurement error. Finally, this sample size adequately satisfies (Green, 1991) requirement for regression analysis ( $104 + m$ ) and provides robust statistical power for estimating a complex PLS-SEM model.

Table 1  
 Survey sample information

Content	Frequency	Percentage (%)	Content	Frequency	Percentage (%)
Gender					
Female	461	96.04			
Male	19	3.96			
Business size			Level		
Super small	22	4.58	Elementary, Intermediate	30	6.25
Small	226	47.08	College	125	26.04
Medium	176	36.67	University	253	52.71
Large	56	11.67	Postgraduate	72	15
Business type			Age		
Tư nhân Private	100	20.83	From 20-30 years old	171	35.63
Limited liability company	233	48.54	From 30-40 years old	203	42.29
Joint stock company	147	30.63	Over 40 years old	106	22.08
Industry			Job position		
Trade, services	204	42.5	Accountant	103	21.46
Manufacturing, industry	156	32.5	General accountant	230	47.92
Finance, banking	99	20.6	Chief accountant	147	30.63
Other	21	4.38			

Source: Data processing results from IBM-SPSS software version 28

The study employs a non-probability convenience sampling method. The criteria for selecting survey respondents include accountants and chief accountants who are directly employed in Vietnamese enterprises subject to IFRS adoption under the roadmap stipulated in Decision No. 345/QĐ-BTC. The collection of 480 valid responses from a mailing list of 2,500 email addresses encompassing diverse firm sizes, ownership types, and industries enhances the representativeness and reliability of the study's findings. Detailed information regarding the characteristics of the respondents is presented in Tables 1 and 2.

The results in Table 1 show that 480 accountants participated in the survey, with the majority being female, accounting for 96.04%, while male participants made up only a small portion at 3.96%. Most of the respondents worked in small enterprises, which represented 47.08%, followed by medium-sized enterprises at 36.67%, large enterprises at 11.67%, and micro-enterprises, which made up only 4.58%.

Regarding the type of enterprise where the respondents were employed, limited liability companies had the highest representation at 48.54%, followed by joint-stock companies at 30.63%, and private enterprises at 20.83%. Among the accountants surveyed, those working in the commercial and service sectors represented the largest group at 42.5%, followed by those in manufacturing and industry at 32.5%, the financial and banking sector at 20.6%, and other fields.

In terms of educational background, the majority of the respondents held a university degree (52.71%), while those with college degrees and postgraduate qualifications accounted for 26.04% and

15%, respectively. Accountants with primary or intermediate-level education made up a small percentage at 6.25%. The majority of the respondents were aged between 30 and 40 years (42.29%), followed by those aged 20 to 30 (35.63%), and those over 40 years old accounted for 22.8%.

Regarding job positions, most of the respondents were general accountants, making up 47.92% of the sample, followed by chief accountants or heads/deputy heads of accounting departments at 30.63%, and accounting staff at 21.46%. According to the statistics in Table 2, the average work experience of the respondents was 13 years, with the lowest being 2 years and the highest being 28 years.

Table 2  
Work experience of survey respondents

Variable	Obs	Mean	Std. dev.	Min	Max
Experience	480	13.0271	6.63209	2	28

Source: Data processing results from IBM-SPSS software version 28

The study employs PLS-SEM rather than CB-SEM because its primary objective is to predict and explore the underlying drivers of IFRS implementation rather than merely to confirm established theories. With respect to data characteristics, PLS-SEM is more appropriate as a non-parametric technique that does not require strict assumptions of normal data distribution. Notably, this approach is particularly effective in handling complex models with multiple indicators and moderating variables (job position, professional qualifications), thereby optimizing the explanatory power ( $R^2$ ) of latent constructs within the context of applied empirical research.

The reliability and validity of the measurement scales were rigorously assessed prior to hypothesis testing. Internal consistency reliability was confirmed when Cronbach's Alpha coefficients and composite reliability (CR) values fell within the acceptable range of 0.6–0.9. Convergent validity was established with outer loadings exceeding 0.65 and an average variance extracted (AVE) greater than 0.5. Finally, discriminant validity was verified using the Heterotrait–Monotrait (HTMT) ratio, which remained below the threshold of 0.85. This systematic procedure facilitated the elimination of inappropriate indicators and strengthened the overall precision of the SEM model.

## Research results and discussion

### *Scale testing*

Evaluation of Observed Variables: The Outer Loading factor coefficient of observed variables reflects the degree of association between an observed variable and its underlying latent variable. In SmartPLS, the Outer Loading is essentially the square root of the absolute  $R^2$  value from the regression of the latent

variable on the observed variable/indicator. After the first run, three indicators (Law3, Law4, and Asso3) had Outer Loading coefficients below 0.65 and were thus removed from the model. For those with a coefficient above 0.65, the content was carefully reviewed and deemed acceptable based on (Hair Jr et al., 2016) recommendations. After running the SEM model using SmartPLS, all Outer Loading coefficients for the measurement variables were greater than 0.65, making them suitable for the model.

Reliability Assessment of the Scale: The reliability of the scale was assessed using two key indicators: Cronbach's Alpha and Composite Reliability. Cronbach's Alpha is a traditional reliability measure, whereas Composite Reliability is more commonly used in PLS-SEM analysis. In this study, the data are considered reliable when the Cronbach's Alpha and Composite Reliability values fall within the range of 0.6 to 0.9. The study results showed that these indicators for the component scales were all above 0.7, falling within the 0.6-0.9 range, indicating excellent reliability (Table 2).

Table 3  
 Results of testing the scale of concepts in the model.

Latent Variable	Indicators	Convergent Validity		Internal Consistency Reliability		Discriminant Validity
		Outer Loadings) >0.70	AVE >0.50	Cronbach's Alpha 0.60–0.90	Composite Reliability 0.60–0.90	HTMT < 0.85
Law	Law1	0.847				
	Law2	0.828	0.626	0.701	0.833	0.791
	Law3	0.689				
Cap	Cap1	0.729				
	Cap2	0.772	0.541	0.717	0.825	0.736
	Cap3	0.762				
	Cap4	0.677				
Asso	Asso1	0.724				
	Asso2	0.762	0.532	0.706	0.82	0.729
	Asso4	0.704				
	Asso5	0.727				
Char	Char1	0.657				
	Char2	0.724	0.521	0.694	0.813	0.722
	Char3	0.781				
	Char4	0.72				
Apply	Apply1	0.765				
	Apply2	0.709	0.504	0.675	0.802	0.71
	Apply3	0.667				
	Apply4	0.695				
Value	Value1	0.76				
	Value2	0.755	0.587	0.77	0.85	0.766
	Value3	0.778				
	Value4	0.772				

Source: Data processing results from Smart PLS software version 3.2.7

**Convergent Validity Assessment:** To assess convergent validity in SmartPLS, the Average Variance Extracted (AVE) metric is used. A scale achieves convergent validity if its AVE is 0.5 or higher. The 0.5 threshold means that the latent variable explains at least 50% of the variance of each observed sub-variable. The AVE results in Table 2 indicate that the scales used in this study meet the required convergent validity criteria.

Discriminate validity shows the distinction between one construction and others within the model. To assess the discriminant validity of the scale, this study used the Heterotrait-Monotrait Ratio (HTMT) index. SmartPLS prioritizes a threshold of 0.85 when evaluating this index. As shown in Table 3, most of the HTMT values are significantly lower than the 0.85 threshold. Therefore, all factors meet the requirements for discriminant validity.

Table 4  
 Summary table of R2 and adjusted R2

	R Square	R Square Adjusted
Apply	0.445	0.44
Value	0.282	0.28

Source: Data processing results from Smart PLS software version 3.2.7

Evaluation of the Independent Variables' Influence on the Dependent Variables in the Model: Table 4 shows that the adjusted R<sup>2</sup> of the variable "willingness to pay" is 0.44. This means that the influencing factors in the model account for 44% of the variance in the ability to adopt IFRS, while the influence of IFRS adoption on the benefits for businesses is 28%.

Table 5  
 Bootstrapping Results of the Structural Model

	Original Sample (O)	Sample Mean (M)	Bias	2.50%	97.50%
Law -> Apply	0.735	0.736	0.001	0.637	0.828
Cap -> Apply	0.668	0.669	0	0.559	0.769
Asso -> Apply	0.654	0.655	0.002	0.549	0.756
Char -> Apply	0.755	0.757	0.002	0.654	0.84
Value -> Apply	0.699	0.699	0.001	0.579	0.799

Source: Data processing results from Smart PLS software version 3.2.7

**Bootstrapping Test:** Since the data analyzed in PLS is assumed not to follow a normal distribution, the significance of coefficients, such as path coefficients, cannot be tested using standard parametric tests as in regression analysis. Instead, PLS relies on non-parametric Bootstrap analysis to test coefficient significance (Hair Jr et al., 2016). To determine whether the path coefficients significantly differ from zero, the t-value is calculated through Bootstrapping, and the results show that the indices meet the necessary requirements.

Evaluation of SEM Structural Model for Multicollinearity Violations: To test for multicollinearity violations, the Inner VIF Values index is used, which evaluates multicollinearity among latent variables. According to (Hair Jr et al., 2016), a VIF value above 3 indicates a high likelihood of multicollinearity. In this study, the VIF results show no violation of multicollinearity assumptions, as all coefficients range from 1.019 to 1.617, well below 3 and within an acceptable range, indicating that the model does not violate multicollinearity assumptions.

### *Regression analysis*

The results of the PLS-SEM regression analysis (Table 6) indicate that all four proposed groups of determinants exert positive and statistically significant effects on IFRS adoption capability among Vietnamese enterprises ( $p < 0.05$ ). Among these, the Legal Framework (Law) emerges as the most influential factor ( $\beta=0.314$ ), confirming the pivotal role of the legal system and regulatory guidance in shaping accounting behavior (H. T. T. Nguyen et al., 2023), (Al-Sawalqa & Qtish, 2021). This finding is consistent with González Muñoz et al. (2025), who emphasize that the institutional environment and regulatory quality are key determinants of compliance with international financial reporting standards in emerging economies.

Enterprise Characteristics (Char) rank second in terms of effect magnitude ( $\beta=0.285$ ), demonstrating that firm size, capital intensity, and managerial awareness constitute critical internal drivers of organizational readiness (T. L. H. Nguyen, Phuong Le, Minh, & Pham, 2020). This is followed by Accounting Capacity (Cap) ( $\beta=0.145$ ) and Professional Organizations (Asso) ( $\beta=0.130$ ), highlighting the urgent need for advanced human resource training and the advisory role of Big 4 audit firms (Đặng, 2016), (D.-T. Doan et al., 2020). Strengthening these factors helps alleviate barriers related to technical complexity, which (Benhayoun & Zejjari, 2024) identify as a crucial variable in the diffusion of administrative innovations in accounting.

Table 6  
Hypothesis Testing Results of the Study

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Law -> Apply	0.314	0.313	0.043	7.309	0.000
Cap -> Apply	0.145	0.145	0.045	3.22	0.001
Asso -> Apply	0.13	0.132	0.044	2.931	0.003
Char -> Apply	0.285	0.288	0.042	6.844	0.000
Apply -> Value	0.531	0.534	0.038	14.03	0.000

Source: Data processing results from Smart PLS software version 3.2.7

Notably, the regression results confirm a strong causal relationship between Adoption Capability (Apply) and Realized Benefits (Value) ( $\beta=0.531$ ,  $p=0.000$ ), fully supporting Hypothesis H5. This finding affirms that once firms establish robust implementation conditions, IFRS adoption directly enhances transparency, information comparability, and investor confidence (Khanh et al., 2024), (Zeghal & Mhedhbi, 2006). The result further reinforces Decision-usefulness Theory, which posits that the fundamental objective of IFRS is to provide high-quality information to resource providers (Raj & Azam, 2023). However, caution is warranted in light of (Hakim, Rahayu, & Endri, 2022), who warn that IFRS may increase earnings management if effective enforcement and monitoring mechanisms are not implemented in parallel. Overall, the model explains 44% of the variance in IFRS adoption capability, providing an important foundation for Vietnam’s global financial integration roadmap.

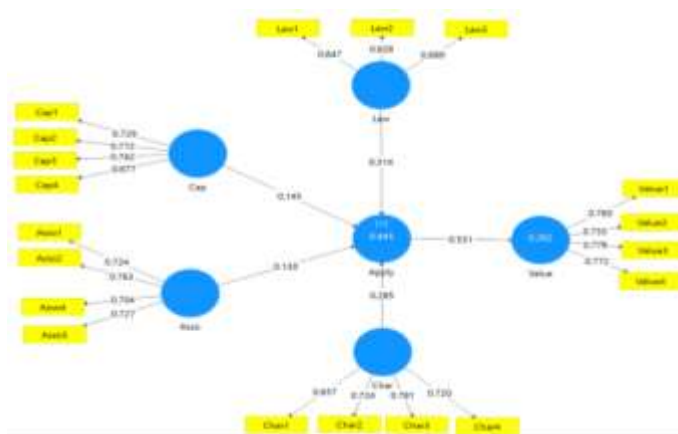


Figure 3. Model of factors affecting the ability to apply IFRS and the benefits of applying IFRS

Source: Data processing results from Smart PLS software version 3.2.7.

### *Regression analysis with moderating variables*

Based on the results from Table 7-10 and Figure A1 and A3, the following observations and assessments are made. To gain deeper insights into the boundary conditions of the IFRS adoption roadmap in Vietnam, this study conducts a multi-group regression analysis and examines the moderating roles of demographic variables in the relationship between Implementation Capability (Apply) and Realized Benefits (Value). The moderating variables considered include job position, professional qualification, and work experience. Incorporating these variables helps address ongoing debates regarding whether IFRS adoption generates comparable value for all organizational members.

The analysis results indicate that job position plays a significant moderating role. Using accountants as the reference group, both General Accountants ( $\beta=0.559$ ) and Chief Accountants ( $\beta=1.060$ ) exhibit stronger perceptions of IFRS benefits, with statistical significance at the 1% level. This finding supports Agency Theory, as senior financial managers who are directly accountable for corporate transparency and organizational credibility tend to value IFRS more highly as a mechanism to reduce information asymmetric and agency costs. This result is also consistent with the study by (Aladwey & Diab, 2023) in Egypt, which confirms that executive characteristics significantly influence decisions and perceptions related to the adoption of new standards.

Table 7

Test results of the impact of IFRS applicability and benefits of IFRS adoption on the moderating variable of accountants' job position

Mối liên hệ	Beta	P-Values
Group 1, Accounting staff is the basic group. (Position =1)		
Position2 -> Value	0.559	0.000
Position3 -> Value	1.06	0.000
Apply_Position2 -> Value	-0.003	0.947
Apply_Position3 -> Value	-0.063	0.15
Group 2, General Accounting is the basic group. (Position =2)		
Position1 -> Value	-0.46	0.000
Position3 -> Value	0.544	0.000
Apply_Position1 -> Value	0.003	0.946
Apply_Position3 -> Value	-0.06	0.005

Source: Data processing results from Smart PLS software version 3.2.7

Table 8

Test results of the impact of IFRS applicability and benefits of IFRS adoption with the moderating variable of accountants' qualifications

Relationship	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Level2 -> Value	0.419	0.409	0.064	6.511	0.000
Level3 -> Value	1.129	1.118	0.072	15.601	0.000
Level4 -> Value	1.093	1.084	0.071	15.303	0.000
Apply_Level2 -> Value	0.102	0.097	0.063	1.634	0.102
Apply_Level3 -> Value	0.12	0.113	0.071	1.698	0.089
Apply_Level4 -> Value	0.036	0.031	0.05	0.709	0.478

Source: Data processing results from Smart PLS software version 3.2.7

Regarding professional qualification, the study identifies pronounced differences in perceived IFRS value across education levels ( $p < 0.01$ ). In particular, when interaction effects between implementation capability and qualification are considered, personnel holding undergraduate and

postgraduate degrees enable firms to extract IFRS-related benefits more effectively. This finding reinforces the argument of (Al-Sawalqa & Qtish, 2021) that accounting education constitutes a foundational factor in overcoming the technical challenges associated with IFRS. In contrast, work experience (years of service) does not exhibit a statistically significant moderate effect on the relationship between implementation and benefits ( $p > 0.1$ ). This result suggests that the benefits of IFRS depend more on up-to-date professional knowledge and modern accounting mindsets than on prolonged experience under VAS.

Table 9  
 Results of testing the influence of IFRS adoption capability and the benefits of IFRS adoption with the moderating variable of accountants' work experience.

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV)	P Values
Exper -> Value	0.357	0.356	0.037	9.708	0
Apply Exper -> Value	-0.044	-0.043	0.041	1.084	0.278

Source: Data processing results from Smart PLS software version 3.2.7

Notably, incorporating moderate variables into the model substantially enhances its explanatory power (R<sup>2</sup>). The adjusted coefficient for the “Firm Benefits” variable increases from 28% to 77.9% when job position is included and reaches a peak of 81.4% when professional qualification is introduced. This marked improvement underscores that human capital capability is the “key” to transforming implementation capacity into tangible value. As (Khanh et al., 2024) emphasize in the Vietnamese context, IFRS-based financial reporting is not merely a technical exercise but a professionalization project aimed at strengthening human resources to attract capital and enhance competitiveness.

Table 10  
 Comparison of the level of explanation when there is a moderator variable.

	R Square				R Square Adjusted			
	Origin	Moderator variable			Origin	Moderator variable		
		Position	Level	Exper		Position	Level	Exper
Apply	0.445	0.445	0.445	0.445	0.440	0.44	0.44	0.44
Value	0.282	0.781	0.817	0.392	0.280	0.779	0.814	0.389

Source: Data processing results from Smart PLS software version 3.2.7

In summary, the moderating analysis indicates that the IFRS roadmap in Vietnam will achieve optimal effectiveness when firms possess a highly qualified accounting workforce and strong commitment from key managerial positions. These findings also remind policymakers and enterprises to prioritize

advanced training over reliance on accumulated experience alone in order to realize the value relevance and information transparency benefits emphasized by (Khanh et al., 2024) in emerging markets.

## Conclusions

This study provides a systematic examination of the relationship between implementation capability and the benefits of IFRS adoption in the context of a transition economy such as Vietnam. Empirical evidence derived from the structural equation modeling (SEM) framework confirms that IFRS implementation capability is positively influenced by four main groups of factors: the legal framework, accounting capacity, professional organizations, and firm characteristics, with the legal framework playing the most dominant guiding role.

From a theoretical perspective, the study contributes to clarifying the formation of a “new living law” within the accounting community in countries transitioning from a code-law system toward principle-based standards. By establishing a causal relationship between implementation feasibility and firm-level benefits, the findings reinforce Decision-usefulness Theory, affirming that IFRS adoption is not merely a technical exercise but a strategic instrument for reducing information asymmetry and optimizing resource allocation. Notably, the moderating analysis reveals that professional qualification and job position are more influential than years of experience in shaping perceptions of IFRS value. This evidence reflects a shift from rigid compliance-based practices toward modern professional judgment aligned with the IFRS Conceptual Framework.

## *Policy recommendations*

Based on the empirical findings, the study proposes several key policy recommendations to facilitate the IFRS adoption roadmap in Vietnam:

For regulators: Given that the legal system exerts the strongest impact ( $\beta=0.314$ ), the Ministry of Finance should promptly issue detailed circulars providing guidance on fair value measurement and the treatment of accounting–tax differences in order to reduce implementation barriers. Support mechanisms for enterprises transitioning from VAS to IFRS should be tailored to specific groups in accordance with Decision No. 345/QĐ-BTC.

For education and human resources: As educational attainment is identified as a critical moderating variable, universities should restructure accounting curricula by emphasizing the conceptual foundations of IFRS rather than focusing solely on bookkeeping techniques. Firms are encouraged to

prioritize intensive training investments for chief accountants and general accountants, who serve as key intermediaries in corporate governance.

For professional organizations: The advisory role of Big 4 audit firms and professional associations should be strengthened to facilitate the transfer of international best practices, thereby enhancing the credibility of domestic firms and improving their access to foreign direct investment (FDI).

### *Limitations*

Despite its contributions, the study is subject to several limitations: (i) The use of online convenience sampling may introduce self-selection bias and may not fully capture the specific characteristics of enterprises located in remote or less-developed regions; (ii) The analysis primarily focuses on the perceptions of accounting professionals and does not sufficiently incorporate the perspectives of investors and creditors, who are the direct beneficiaries of IFRS-based information; (iii) The current model emphasizes expected benefits while lacking detailed measurement of actual costs, such as increased audit fees, ERP system upgrade expenses, and earnings management risks during the initial adoption phase.

### *Future research directions*

In light of these limitations, future research should focus on: (i) assessing the impact of IFRS adoption on financial reporting quality using secondary data (actual financial statements) rather than relying solely on perception-based surveys; (ii) exploring non-linear relationships and the role of organizational culture variables in shaping IFRS implementation intentions; and (iii) conducting a detailed cost–benefit analysis following mandatory adoption from 2025 to provide evidence-based support for policy adjustments.

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## Annex

Table A1  
 Concept Scale

Variable code	Observed variables	Source
<b>Law system</b>		
Law1	Regulations on enterprise accounting regime	(Oyewo, 2015), (Wallace & Naser, 1995), (Meek et al., 1995)
Law2	IFRS guidance circular	
Law3	Completely based on IFRS	
Law4	requirements, regulations on tax and financial regime	
Lawn	Complexity of IFRS	
<b>Accountant experience and capacity</b>		
Cap1	Suitability with professional qualifications of accountants	(Oyewo, 2015), (Wallace & Naser, 1995), (Meek et al., 1995)
Cap2	Spirit of learning and acquiring knowledge of accountants	
Cap3	Frequency of organizing training activities on accounting expertise	
Cap4	Information technology and English competence of accountants	
	Organization, career counseling	
<b>Tổ chức, tư vấn nghề nghiệp</b>		
Asso1	Consulting opinions of auditing companies	(Oyewo, 2015), (Wallace & Naser, 1995), (Meek et al., 1995)
Asso2	Consulting of propaganda department - tax authority	
Asso3	Consulting of friends in the field of accounting and tax	
Asso4	Conclusions of inspection and examination agencies	
Asso5	Accounting and auditing professional organizations	
<b>Characteristics of the enterprise</b>		
Char1	Size of the enterprise business	(Oyewo, 2015), (Wallace &

Variable code	Observed variables	Source
Char2	Business performance of the enterprise	Naser, 1995),
Char3	Leadership awareness of IFRS application	(Meek et al.,
Char4	Enterprise facilities and information systems	1995)
<b>IFRS application level</b>		
Apply1	The enterprise is ready to prepare training for accounting staff to meet IFRS application	(Guerreiro, Rodrigues, & Craig, 2008),
Apply2	The enterprise prepares more information about implementation steps and technology systems to meet IFRS application	(Wallace & Naser, 1995),
Apply3	The enterprise is ready to prepare a financial plan to meet IFRS application	(Meek et al., 1995)
Apply4	The enterprise applies IFRS due to the characteristics of the enterprise	
<b>Benefits of IFRS application</b>		
Value1	The enterprise applies IFRS to increase investment attraction	(Omri & Akrimi, 2011), (Wallace & Naser, 1995),
Value2	The enterprise applies IFRS to increase enterprise value	(Meek et al., 1995)
Value3	IFRS-based financial statements are comparable	
Value4	IFRS-based financial statements increase investor confidence	

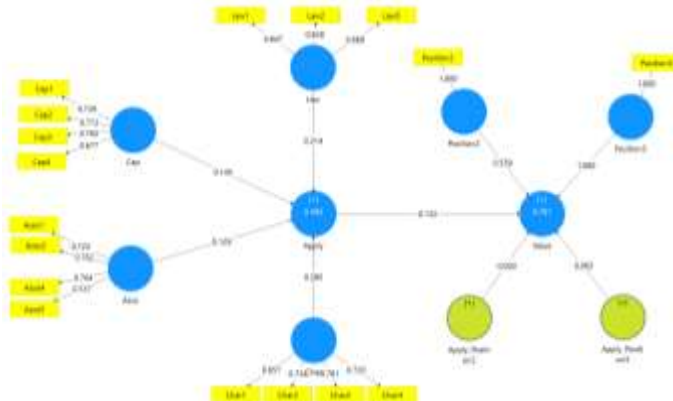


Figure A1. Regression results for the moderator variable Position

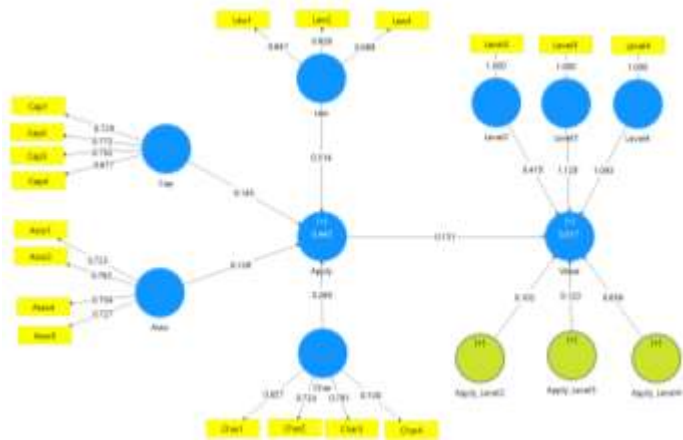


Figure A2. Regression results for the moderator variable Level

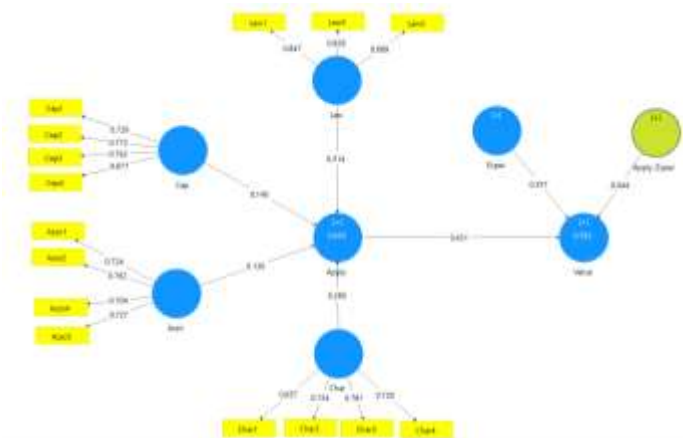


Figure A3. Regression results of the moderator variable Exper