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Factors Affecting the Adoption of IFRS: The Case of Listed Companies on Ho Chi Minh Stock Exchange*

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Abstract

The study investigates the key factors that affect the adoption of the International Financial Reporting Standards (IFRS) by companies listed on Ho Chi Minh Stock Exchange (HOSE) in Vietnam. The factors that are studied in this research include total debt-to-equity ratio, firm size, return-on-equity ratio, audit quality, foreign investment, and financial institution category. The authors have utilized quantitative and qualitative analyses in combination with a logistics regression model and other available analytical tools for conducting the research. All statistics processed in the paper were based on 379 audited financial statements issued in 2018. The results reveal that factors like firm size, return on equity (ROE), audit quality, foreign investment, and financial institution category positively affect the IFRS adoption of HOSE-listed companies, while total debt-to-equity ratio negatively impacts the adoption. The findings suggest Vietnamese law and policy-makers, when promoting the adoption of IFRS by listed companies, should focus more on five variables with positive influence and they can disregard the total debt-to-equity ratio that is insignificant as a factor affecting the adoption of IFRS. This implication could be applied for other firms in Vietnam and for enterprises in other countries, which are in the same stage of IFRS application.

Keywords: International Financial Reporting Standards, IFRS Adoption, Stock Exchange, Listed Companies, Vietnam

JEL Classification Code: M40, M41

1. Introduction

Harmonizing accounting standards around the world has always been posing threats to the flows of international capital and investment, which proves an obstacle to global economic integration. Choi and Levich (1991) suggest that diversity of different countries in accounting system has caused considerable economic loss to financial statement on the international level. Accordingly, many international stock exchanges and accounting institutions have never stopped trying to promote accounting standard harmony as a means of enhancing transparency and comparability of financial information among nations. The effort of International Accounting Standard Board (IASB), the International Organization of Securities Commissions (IOSCO) and other related organizations worldwide has resulted in the development of the International Financial Reporting Standards (IFRS) (Carpenter & Feroz, 2001; Daske & Gebhardt, 2006; Daske, Hail, Leuz, & Verdi, 2008; Lenormand & Touchais, 2009; Albu & Albu, 2012; Albu, Albu, Bunea, Calu, & Girbina, 2011; Păşcan, 2015).

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The international convergence of accounting systems will facilitate the financial communication and satisfy the comparability requirements of financial information. As a matter of fact, this has received advocacy in various regions around the globe. For instance, listed companies in the European Union (EU) have adopted IFRS for their consolidated financial statements since 2005. The trend has continued with the adoption by other institutions including agriculture bodies, commercial banks, financial institutions, insurance companies, investment funds, and stock exchange companies; subsidiary companies that belongs to foreign-listed parent companies outside EU; companies with revenue over €10 billion per annum over two consecutive years and an average number of staff above 100 heads per year. In the foreseeable future, EU has planned to help the small- and medium-sized enterprises (SMEs) adopt the standard (PwC, 2015).

In Asia, since the 1980s, Hong Kong has adopted IFRS as soon as the standard system was issued by IASB. In December 2018, Japan bridged the gap between JGAAP and IFRS by erasing the variances between these two. In South-East Asia, Singapore has taken the lead as, in 2001, the country prepared a long-run roadmap of adoption by establishing Accounting Standards Council (ASC). This organization has been responsible for promoting IFRS adoption in Singapore since 2015. In 2018, it officially assisted Singaporean companies to adopt IFRS. Correspondingly, based on IFRS, a new Singaporean financial statement standard called SG-FRS was developed and applied to enterprises with accounting period from October 1, 2018. IASB has agreed that SG-FRS is entirely compatible with IFRS. Furthermore, another ASEAN country, Malaysia, has gradually adopted IFRS by issuing three different accounting standards for different categories of entities. Though not as prompt as Australia and Hong Kong on the way of adoption, Malaysian accounting standard is regarded in conformity with IFRS.

Since 1995, Vietnam has been recognized as a member of World Trade Organisation (WTO). In 2000, Vietnam stock market opened up and State Securities Commission (SSC) has become an official member of International Organisations of Securities Commissions (IOSCO) since June 2001. The international economic integration and foreign trade along with intensive exposure to foreign investment flows have incentivized the country to design an appropriate accounting standard system. Therefore, from 2002 to 2005, MOF has issued 26 Vietnam accounting standards (VAS) by selectively applying IFRS principles to fit national economic and management capability. However, issued more than 10 years ago without further revisions, VAS has gradually reared its limitations by inappropriately responses to unprecedented economic transactions under a constantly changing market with the presence of complex financial instruments.

Much research has pointed out the benefits of adopting IFRS (Cai & Wong, 2010; DeFond, Hu, Hung, & Li, 2011; Tran, Ha, Le, & Nguyen, 2019; and Dang, Pham, Nguyen, & Nguyen, 2020). Accordingly, MOF has announced that the IFRS adoption would positively affect multiple aspects of Vietnamese economy. Due to those advantages, the Government has been proceeding to integrate into this accounting language while helping erase gaps and creating the opportunities for Vietnamese companies to conform with international rules. MOF has published the IFRS adoption roadmap proposal, which is divided into three stages. Accordingly, by 2022, the listed enterprises will have been the first to mandatorily adopt IFRS, which is then followed by those under the control of international financial institutions, FDI companies, and so on. Therefore, through this research, it is highly practical to identify factors and assess their impact on IFRS adoption of the listed firms. The study focuses on 379 HOSE-listed companies as their total market capitalization accounts for more than 60% of Vietnam's 2018 GDP (according to 2019 statistics).

2. Literature Review and Hypotheses

2.1. Literature Review

In recent years, companies' intensive engagement into foreign trade and international market has led to an argument over whether it is vital to issue an international accounting standard system. After numerous discussions and meetings, experts have agreed on the need of a harmonious accounting system for companies all over the world (Murphy, 1999). This has stimulated the development of International Financial Reporting Standard or IFRS.

According to Jacob and Madu (2009), IFRS represents a set of high-quality, internationally-accepted accounting standards that can enhance the comparability and in-depth analysis of financial statements over the globe. Similarly, Cai and Wong (2010) supposed IFRS would contain widely accepted standards while maintaining the balance and diversity of accounting systems among nations, supporting global business activities and international integration.

Recent research results have recognized considerable changes in the accounting systems of nations adopting international accounting standards (DeFond, Hu, Hung, & Li, 2010). Relevant studies on factors affecting the IFRS adoption of different nations have attracted the attention of many authors in the field. The factors affecting the development of international accounting system have been studied since 1960 (Mueller, 1983). Enterprises are mainly active in the micro-economic environment, which directly affects their operations. Leuz and Verrechia (2000) examine the accounting choices of German listed companies on DAX in 1988. By applying regression analysis, they conclude that firm size, credit needs and financial activities substantially affect the decision on adopting IFRS. Barbu (2004) had conducted data analysis from 1985 to 1999 to assess the trend in international standard compliance of French companies. A sample size of 100 entities was included to study the affecting factors, which then led to similar results.

In Vietnam, there is still limited research on IFRS adoption. Some research like "The possibilities of adopting IAS/IFRS in Vietnam" (Nguyen, 2011) made comparisons between the development of Vietnamese accounting systems and that of other developing countries. The research revolved around the arguments over the necessity of adopting IFRS in Vietnam. Another study titled "Examining key determinants of International Financial Reporting Standards (IFRS) adoption in Vietnam: An institutional perspective" by Phan (2014) has pointed out the effects of institutional isomorphism on IFRS adoption in Vietnam. Nguyen (2018), who conducted experimental research in Vietnamese enterprises on converting VAS to IFRS application, has found that accounting capability or management activities positively affect the IFRS adopting decision of discussed companies. Lately, Tran, Ha, Le, & Nguyen (2019) have published their journal "Factors affecting IFRS adoption in listed companies: Evidence from Vietnam," which indicates how quantitative and qualitative factors like return on equity, foreign-listed, firm size, profitability and audit quality affect IFRS adoption at entity level. However, the authors have not reviewed and assessed the impact of capital origins and types of entity on IFRS adoption. Meanwhile, other foreign researches usually considered factors like capital origins and types of entity as an effective tool to assess the possibility of adopting IFRS.

Firm size (CS)

Affes and Callimaci (2007) applied logistics regression model to conduct research on a sample size of 106 German and Austrian listed companies in order to highlight the benefits of early IFRS adoption. Results showed that the probability of companies' adopting IFRS early is proportional to their size. Carmona and Trombetta (2008) studied 56 Portugal listed companies and found that smaller companies tended to apply national accounting standards. In contrast, larger companies usually used national accounting standards along with international higher-quality accounting policies even before officially adopting IFRS. The research by Senyigit (2014) in Turkey has proved the influence of firm size on IFRS adoption was significant and positive. The results have assisted Uyar, Kilic, and Gokcen (2016) in conducting research on compliance with ISA/IFRS and characteristics of Turkey small and medium-sized entities. This research also indicated some characteristics like total assets or firm size positively affect the IFRS adoption of researched companies.

Total debt-to-equity ratio (DE)

Murphy (1999) and El-Gazzar, Finn, and Jacob (1999) measure how total debt-to-equity ratio of shareholders affects level of IFRS adoption. The results show that a proportional relationship exists between DE and IFRS adoption decision of researched companies. Meanwhile, Affes and Callimaci (2007), Kolsi and Zehri (2013) point out that companies used this financial ratio as a tool to promote IFRS adoption.

Return on Equity (ROE)

Dumontier and Raffournier (1998) research 28 listed companies applying Switzerland accounting standards and 51 others applying IFRS. They assess the relation between IFRS adoption and business characteristics (internationality, ownership structure, size, capital, audit practitioners' reputation, and profitability). The results show that there is no relation between IFRS adoption and business outcomes. On the contrary, Carmona and Trombetta (2008), Ha and Kang (2019) conclude that high-profitability companies tended to adopt IFRS to ensure the reliability of their profit results. This research utilizes ROE as an independent variable to reflect operational state of companies. Lopes and Viana (2008) also analyze financial information of 44 Portugal listed companies adopting IFRS and see that net profit and equity positively affect the entities' accounting policies.

Audit quality (CKT)

Al-Basteki (1995) study characteristics of 26 listed companies in Bahrain publishing their information according to IAS. The assessed characteristics are reputation of independent auditors, firm size, foreign investment, level of dependence on foreign financial resources. The results indicate the decision on adopting IFRS is significantly affected by independent audit firms (Big 4). Joshi and Ramadhan (2002) study, "The adoption of international accounting standards by small and closely held companies: Evidence from Bahrain," examine the relationship between accounting policies and IFRS adoption in 36 listed companies in Bahrain. The results show 86% of IFRS-adopting companies are audited by Big 4 firms. Research by Uyar, Kılıc, and Gokcen (2016) on small- and medium-sized companies in Turkey indicates audit quality factor positively affected researched companies' IFRS adoption.

Foreign investment (FIC)

Irvine and Lucas (2006) conduct various studies on IFRS adoption in countries worldwide. The results show that a vast majority of IFRS-adopting countries witness a considerable increase in foreign direct investment. Judge, Li, and Pinsker (2010) use a sample size of 132 countries to study the influence of foreign trading activities. The authors conclude that foreign direct investment was one of the factors promoting the adoption of IFRS among nations. De Lima, De Lima, and Gotti (2018) suggest economic efficiency is one of determining incentives leading to IFRS adoption. Specifically, larger companies with considerable financial need normally execute international financial reporting standards. At the same time, researches conducted by Owusu, Saat, Suppiah, and Siong (2017) also propose that foreign direct investment significantly affects IFRS promotion in developing countries.

Financial institution category (FYC)

Researches by Albu, Albu, Bunea, Calu, and Girbina (2011) supposed that IFRS adoption ensure the transparency of service provided. According to a research results by KPMG (2018) on 27 listed, foreign-invested and public (yet to be listed) companies and five audit firms, 13 state-owned enterprises, stock exchanges shows that IFRS adopting entities are mainly in financial-institution category (among eight financial institutions, only one bank and one insurance companies do not adopt IFRS, so the adopting accounted for 75%).

2.2. Research Hypotheses

H1*: Firm size of HOSE-listed companies positively affects their IFRS adoption.*

H2*: Total debt-to-equity ratio of HOSE-listed companies in 2018 positively affects their IFRS adoption.*

H3: *Return on Equity of HOSE-listed companies positively affects their IFRS adoption.*

H4*: Audit quality of HOSE-listed companies positively affects their IFRS adoption.*

H5*: Foreign investment of HOSE-listed companies positively affects their IFRS adoption.*

H6*: Financial institution category among HOSE-listed companies positively affects their IFRS adoption.*

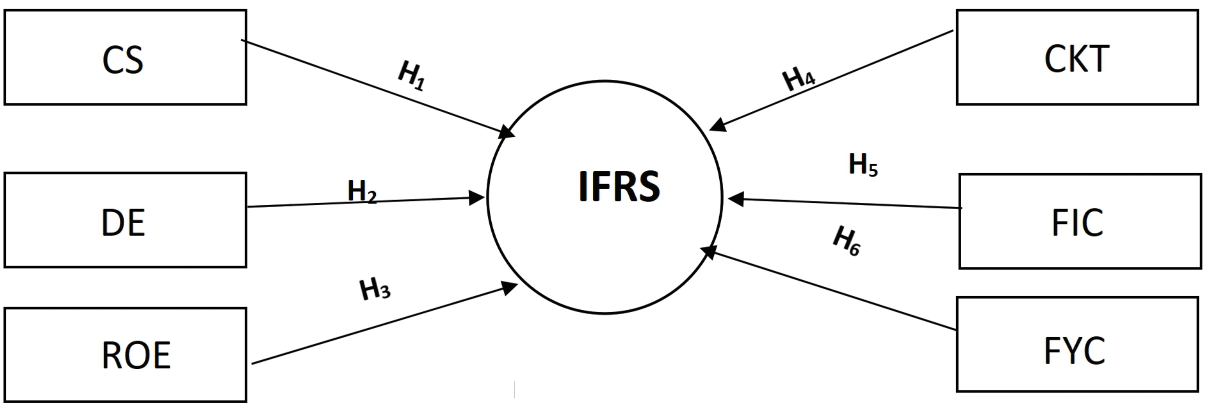

Figure 1: The proposed study

Table 1: Variables and Description

Variables	Description	Expected Tendency Direction
Dependent variable (IFRS)	IFRS adoption: 1, if the firm has adopted IFRS; 0, otherwise.	
Independent variables		
DE	Debt ratio – debt to shareholders' equity ratio	+
CS	Company size, measured by logarithm of total assets	+
ROE	Return on Equity – Net return on equity	+
CKT	Audit quality. 1: If company is audited by Big 4; 0: if company is not audited by Big 4	+
FYC	Financial-institution category. 1: If company is financial company; 0: if company is not financial company	+
FIC	Foreign investment company. 1: If company has foreign investment; 0: If company only has domestic investment	+

3. Research Methods

3.1. Research Process

Inheriting the theoretical basis of previous studies on IFRS-adoption process, the authors identify factors significantly influencing the adoption of IFRS and measure them according to appropriate accounting methods, from which choosing suitable independent variables and regression model. Then, the authors collected relevant statistics to build up appropriate econometric model. First, sourced from two websites–finance.vietstock.vn and cafef.com–data in this paper is based on the audited financial statements of HOSE-listed companies in 2018. Second, Microsoft Excel 2016 is used as supporting tool to collect and store data. Third, collected data is cleansed by removing duplicate and inhomogeneous elements. Fourth, raw statistics are processed using appropriate calculations and formulas of financial ratios to achieve values of variables. Finally, SPSS Statistics 20 software is exploited for regression analysis and descriptive statistics.

Dependent variable IFRS has two values "Yes" or "No". The value "Yes" shows that the entities fully, partially or selectively adopted IFRS, while the value "No" shows that they have no intention or unwillingness to adopt IFRS.

Based on past relevant research papers, the authors found that the total number of entities fully and partially adopting IFRS on HOSE is 14 over 379, which accounts for 3,7% - a relatively modest percentage in comparison with other 365 not adopting it.

3.2. Sampling Method

In this research, the sample is chosen according to the convenient sampling method by selecting non-probability samples. Sample size is often determined based on: (1) minimum size and (2) number of analyzed variables. According to Hair, Black, Babin, Anderson, and Tatham (2010) the sample size is determined based on (1) minimum sample size (min = 50) and (2) number of variables taken into analysis of the model according to the formula:

Where n is the sample size, m is the number of scales, k represents the ratio of the sample to an analytical variable (5/1 or 10/1) and Pj is the number of observed variables of the j-th scale. The research model of this paper has 5 variables, choose the sample rate per an analytical variable of 5/1, applying the above formula of Hair, Black, Babin, Anderson, and Tatham (2006), we have the minimum sample size of 300 listed firms. The sample was collected from 379 HOSE-listed firms in stock exchange. So, the sample is satisfying. In the light of theoretical proven theoretical basis, the author proposed research model:

$$Logit(IFRS) = \beta_0 + \beta_1 * CS + \beta_2 * DE + \beta_3 * ROE + \beta_4 * CKT + \beta_5 * FIC + \beta_6 * FYC + u$$

In that $\beta_0, \beta_1, \beta_2, \beta_3, \beta_4, \beta_5, \beta_6$: regression coefficients
u: random error

4. Results and Discussion

4.1. Descriptive Statistical Analysis

The table shows sampling structure according to business category of 379 HOSE-listed companies. Consequently, the number of companies in Industrials is the highest with 27.7%, but the capitalization value is not high; the percentage of financial institution accounts for 7.7% with higher capitalization value than any other categories.

Researched companies in the sample size show an average ROE of 13.1.%, the average DE is 90.3% (due to some companies with high DE). The proportion of companies audited by Big 4 accounts for 42%, those with foreign investment accounts for 45.4%, and financial institution category accounts for 7.7% of the total number of researched companies. By December 31, 2018, the largest HOSE-listed company was a bank with total assets of thousands of billion VND and the smallest company had total assets of more than 100 billion VND.

Tables 2: Descriptive Statistics

Sector	Companies	Percentage
Utilities	26	6.9%
Technology	4	1.1%
Health Care	13	3.4%
Oil and Gas	11	2.9%
Financials	29	7.7%
Industrials	105	27.7%
Consumer Goods	41	10.8%
Basic Materials	62	16.4%
Essential consumer Goods	38	10.0%
Telecommunications	2	0.5%
Real Estate	48	12.7%
Total	379	100%

4.2. Univariate Analysis

Table 4 shows a strong correlation among the IFRS variables, which may biasedly estimate the coefficient of variation. To explore this problem, the correlation matrix based on the Pearson test determines the degree of two correlations between the variables. CS, ROE, CKT, FYC and FIC variables have the Sig. value < 0.05. It shows that these variables correlate with IFRS variable. DE variable has Sig. value > 0.05. It means the removal of DE variable from the model.

Kolmogorov-Smirnov test shows that the distribution of variables does not comply with normal distribution (because Sig. value < 0.05). Therefore, Mann-Whitney test is used to identify the differences between two categories of companies: adopting IFRS and not adopting IFRS based on the assessment of firm size, return on equity, audited by Big 4 or not, financial institution category and foreign-invested ones.

We have used the Mann-Whitney test for comparing the mean ranks of a variable given in two observation groups. The Mann-Whitney test was applied for all abnormal variables. Table 6 indicates the result of Mann-Whitney test for ROE, which seems to have no significant difference between two company groups. However, CS, CKT, FYC and FIC variables can be differentiated clearly between two groups. It can be deduced that the listed companies audited by Big 4 have bigger asset scale and foreign investment, which seems more advantageous to adopt IFRS than others.

4.3. Multivariate Analysis

The results of multivariate logistic regression model on IFRS determinants are given in Table 5.

Logistic regression of the model is as follows:

$$Ln\,\frac{P_i}{1-P_i} = -15{,}226 + 0{,}05*\text{ROE} + 3{,}125*\text{CKT} + 1{,}774*\text{FIC} + 0{,}483*\text{CS} + 1{,}54*\text{FYC}$$

Based on the regression model, it can be deduced that ROE, CKT, FIC, CS and FYC positively affect the adoption of IFRS in which CKT has the most significant impact, while ROE has the least influence.

With the initial adoption probability of 3,7% and other elements unchanged, if ROE increase by 1 unit (%), the IFRS adoption probability will increase by 0,18% and reach 3,88%. In terms of CKT, with other elements unchanged, if entities subject to Big 4 firms' audit, the likelihood of IFRS adoption will increase from 46,7% (for entities not subjected to Big 4 firms' audit) to 50,4%. With other elements unchanged, entities receiving foreign investment will have their likelihood of IFRS adoption rise to 22,2% (increase by 18,5% in comparison with entities only receiving domestic investment). Entities belonging to financial institution category have their likelihood of IFRS adoption rise by 15,2% and reach 18,9% in comparison with entities belonging to other categories.

Table 3: Statistic of variables

Variables	N	Minimum	Maximum	Mean	STD
DE	379	0.08	2763.7	90.3	163
CS	379	11.8	21	14.6	1.6
ROE	379	−168.7	160.8	13.1	18

Table 4: The correlation matrix

	IFRS	DE	CS	ROE	CKT	FYC	FIC
IFRS	1	0.140	0.257	0.156	0.211	0.135	0.287
DE	0.14	1	0.112	−0.029	−0.041	0.031	−0.001
CS	0.257	0.112	1	0.040	0.380	−0.060	0.227
ROE	0.156	−0.029	0.040	1	0.034	−0.020	0.071
CKT	0.211	−0.041	0.380	0.034	1	−0.006	0.053
FYC	0.135	0.031	−0.060	−0.020	−0.006	1	0.153
FIC	0.287	−0.001	0.227	0.071	0.053	0.153	1

Table 5: Result of Multivariate Logistic Regression

		B	S.E.	Wald	df	Sig.	Exp(B)
Step 1	ROE	0.05	0.015	10.540	1	0.001	1.051
	CKT	3.125	1.315	5.644	1	0.018	22.749
	FIC	1.774	0.733	5.855	1	0.016	5.893
	CS	0.483	0.182	6.999	1	0.008	1.62
	FYC	1.54	0.747	4.248	1	0.039	4.662
	Constant	−15.226	3.419	19.831	1	0.000	0.000

The classification table shows the results over IFRS adoption according to two criteria: observation and forecast. The model shows an average forecasted percentage of 96.8% – a considerably high statistical significance.

The relevance of the model (Omnibus test) on Table 5 has Sig. value < 0.05. It proves the correlation between the independent variables and the dependent variable IFRS is statistically significant with confidence intervals above 95%. In other words, the model is appropriate.

The table shows coefficients of the model's explanatory level is Nagelkerke R Square (0.474), indicating that five independent variables explain 47.4% of changes of dependent variable, other changes depend on other factors. The explanatory level of the model increases considerably in comparison with other models (according to the authors' findings), the independent variables completely explain the changes of dependent variable.

5. Conclusion and Policy Implications

Based on quantitative analysis, the authors conclude that firm size, return on equity, audit quality, foreign investment, and financial institution category positively affect IFRS adoption, while total debt-to-equity ratio can not be proved to have a positively effect. The paper presents the main results and conclusions as follows:

First, firm size positively affects the adoption of IFRS by listed companies. The larger the firm size, the higher the likelihood of adoption. This result is aligned with a number of previous studies around the world by authors including Affes and Callimaci (2007) with listed companies in Germany and Austria; Carmona and Trombetta (2008) in Portugal; Senyigi (2014) in Turkey, etc. Similarly, this can also be seen in Vietnamese research by Tran (2016) on SMEs or by Tran, Ha, Le, and Nguyen (2019) on the top 500 listed companies in Vietnam, which proves the positive effect of firm size on IFRS adoption.

Second, total debt-to-equity ratio proves not to positively affect the adoption of IFRS. Based on research model analysis, the authors concede that total debt-to-equity ratio does not affect the IFRS adoption by HOSE-listed companies. This can only be considered a motivator as proposed by Affes and Callimaci (2007), Kolsi and Zehri (2013) and Tran, Ha, Le, and Nguyen (2019). On the other hand, this result contradicts the conclusion of the factor's positive influence on IFRS adoption by Murphy (1999) and El-Gazzar, Finn, and Jacob (1999).

Third, return on equity positively affects the IFRS adoption. Companies with high ROE can be considered to present their business efficiency and profitability. As a result, IFRS adoption assures the reliability of profit determination. This result is in line with Carmona and Trombetta (2008), Lopes and Viana (2008) and Tran, Ha, Le, and Nguyen (2019). However, Dumontier and Raffournier (1998), when determining the factors affecting the voluntary IFRS adoption in Switzerland, have found no relationship between IFRS adoption and companies' business outcome.

Fourth, audit quality has a positive impact (the most considerable) on IFRS adoption by listed companies. Those that have Big 4 firms audit their financial statements tend to show a higher chance of adopting IFRS than those audited by non-Big 4. Previous research in the world by Al-Basteki (1995), Joshi and Ramadhan (2002), Uyar, Kilic, and Gokcen (2016) and Tran, Ha, Le, and Nguyen (2019) have shown a similarity on the influence of Big 4 audits on listed companies, large corporations and SMEs.

Fifth, foreign investment positively affects the IFRS adoption by listed companies. The foreign investors always require the compliance of financial statements with international standards as a token of transparency and comparability. Therefore, besides financial position, foreign investors also show their interest in IFRS-complying financial statements, which can help make reasonable investing decisions. Irvine (2006), Judge, Li and Pinsker (2010), De Lima, de Lima and Gotti (2018) also came to the same conclusion with this paper's authors.

Sixth, financial institution category positively affects IFRS adoption. The companies in the financial institution category have distinctively high value of assets, capital amount and highly confidential financial information. Previous research by Albu, Albu, Bunea, Calu, and Girbina (2011) indicate the IFRS adoption assures service transparency. According to a survey by KPMG (2018), among eight financial institutions including banks, insurance and securities companies, there has been only one bank and one insurance company that have not adopted IFRS.

From research results, the authors also conclude that audit quality has the most considerable influence on the IFRS adoption. Companies audited by Big 4 firms tend to have higher IFRS adopting percentage than those audited by non-Big 4. This can be explained by the fact that besides providing assurance services, Big 4 firms also provide others like conversion of VAS-complying financial statements into the IFRS-complying, tax advisory and so on. Moreover, being audited by Big 4 firms also increases the reputation of the companies, which subsequently attracts investment flows, especially the foreign-originated ones. At the same time, those companies with inexperienced or insufficiently qualified accountants can resort to Big 4's services as a means of reducing expenditures should the need of financial statement conversion or IFRS adoption arise.

Based on results achieved, the authors shall give some proposals and recommendations to those relevant so that the process of IFRS in Vietnam can be promoted quickly and conveniently. When it comes to companies, especially listed ones, financial institution category and those with foreign investment, it is necessary to prepare all required resources for IFRS adoption. They can choose reputed audit firms, or firms that provide IFRS conversion service, train their personnel and recruit accountants with sufficient knowledge about IFRS. Companies should practically adopt the international standards following the instructions of the Ministry of Finance in the cognition of considering long-term benefits instead of fearing short-term expenditures. When it comes to the law and policy-makers, the government should promulgate policies that incentivize, not only large companies, but also small- and medium-sized entities to adopt IFRS. At the same time, appropriate laws and legislations should be enacted conveniently for state management as well as promotion of IFRS adoption. Specifically, the Ministry of Finance should give instructions on the roadmap of adopting IFRS on the condition of assessing changes in socio-economic environment, getting feedbacks from companies to review and update the adoption process. When it comes to other related departments, local authorities, and career association, it is essential for the Ministry of Finance to communicate with them in the process of researching and planning adoption approach.

The IFRS has been increasingly popular in many countries, and Vietnam – as a fair player on international market – is no exception on the trend. The Ministry of Finance is taking its first steps to proceed with IFRS adoption of listed companies and finally that of the whole nation, which requires time, expenditures as well as a clear roadmap. This research has strengthened the theoretical and practical aspects of IFRS adoption by determining factors affecting Ho Chi Minh Stock Exchange listed companies. These findings will play their roles as an orientation for larger as well as smaller entities in terms of benefit recognition and necessary preparation for proceeding the adoption. The policy-makers can use the results as references to give appropriate instructions and law modifications when considering the adoption of IFRS.

Though having studied the matter on a multi-faceted basis, the research has several limitations. The research has focused only on HOSE-listed companies without the inclusion of SMEs, non-listed companies and those that have not met HOSE-listing conditions. The IFRS adoption can be affected by many other internal and external factors that have not been studied. The authors have applied quantitative rather than qualitative research method to analyze data, which makes the research less comprehensive when determining IFRS adoption influencing factors.

Future research can use another sampling method, other sample spaces with companies in various industries and size, so that the collected sample would be more representative to ensure a more relevant and accurate result. Future research may consider information sources, which can affect the subsequent results like the governance opinions and the competency of accounting system. The influencing factors can be observed on different variables. Therefore, apart from exploring new factors, future researchers could intensively research the existing ones to come to new conclusions.

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