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What influences the willingness of Vietnamese accountants to adopt International Financial Reporting Standards (IFRS) by 2025?

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Abstract

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Design/methodology/approach: The study analysed the causal relationships between perceptions and the willingness of the accountants to adopt IFRS.

Findings: The findings revealed that perceived benefits drove the willingness to adopt IFRS whereas the perceived disadvantages and challenges diminished the willingness. Knowledge of IFRS enhanced the willingness towards IFRS adoption. Also, legitimacy desire enhanced the association between the perceived implications and the willingness to adopt IFRS.

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1. INTRODUCTION

The IFRS website (2017) reports astounding growth of the new accounting standards in the last fifteen years. One hundred fifty jurisdictions have been profiled in terms of the adoption of IFRS across the five regions of Europe (44), Americas (37), Asia and Oceania (33), Africa (23), and Middle-East (13). This accounts for approximately 58 percent of the world gross domestic product (GDP). Of these, 126 (84 percent) jurisdictions have indicated that they would require all domestic publicly accountable companies (those listed on public stock exchanges) to comply with these standards (IFRS website 2017). The first IFRS adoption success was seen in January 2005, when the members of the European Union (EU) simultaneously adopted the IFRS (Sharma *et al.*, 2017) and made IFRS mandatory for all domestic listed companies from the year 2005 onwards. The movement towards IFRS adoption has reached multiple levels in multiple countries. There are some jurisdictions that do not require IFRS and permit its use. There are some jurisdictions that require IFRS for financial institutions but not for listed companies. There are even some that have converged their national accounting standards with IFRS. Finally, there are only a few that are still using their own national standards.

IFRS adoption is deeply transformative for people, institutions and processes, reflecting the true nature of the change. That is why Haller *et al.* (2012) stress the cohesive importance of effects analysis and standards-setting. This is applicable to both national and international accounting bodies. Albu, Albu and Alexander (2014) look into this problem as the interface between the forces representing globalization and localization. Both are mutually transformative of each other. Despite accounting being a common professional practice across the borders, it gets represented through multiple languages and every common professional practice may have a local meaning too. The chaotic details of the change happen to be at the local end. Any kind of final agreement in terms of rules and grammar will have “*significant implications not only for financial statement preparers and users, but also for the entire financial reporting institutional infrastructure as well as the level of accounting harmonization*” (Jermakowicz 2006, p.67). In the context of multi-cultural developing countries, localization and nationality are not always one and the same. That is why IFRS adoption becomes a challenge in their specific context.

The widespread IFRS adoption requires examination of its theoretical perspectives as well as its implications for the accounting profession, and the process of accounting convergence at large. Most studies in this research field have focused on the members of the European Union (EU) and other developed countries (Armstrong *et al.*, 2010; Bayerlein & Farooque, 2012; Neel, 2016; Ipinio & Parbonetti, 2017) to examine the effects of their mandatory IFRS adoption. This lack of focus on non-European countries in the standard setting process is even referred to as a “systemic problem” by Albu *et al.* (2014). They urged academics to play a key role in bridging the research gap between developed and developing countries in order to promote the information asymmetry through more comparable and transparent financial reporting over the world. Also, Brüggemann, Hitz, and Sellhorn (2013) call for the bridging of the research gap between the intended and unintended economic consequences of IFRS adoption since the side effects of IFRS adoption were under-researched. This paper attempts to fill that research gap by selecting an emerging economy in the Southeastern Asia region that has unique economic and political features. The aim of this research is to identify major factors that could influence the consideration of IFRS adoption by the Vietnamese policymakers. Research into key determinants of IFRS adoption is timely and important to

the Vietnamese industry, government, and accounting professions, as well as the accounting academic community in Vietnam.

Vietnam is chosen as a case study in view of its unique combination of factors and the accelerated changes that have taken place in the country in the recent years (Nguyen & Richard, 2011). Firstly, Vietnam has become one of the world's fastest-growing economies (World Bank, 2017). Its gradual transformation from an inward-looking, centrally planned economy to an outward-looking, market-based economy provides an interesting opportunity to study how accounting standards have evolved in response to institutional changes. Secondly, due to its history in the past 160 years, Vietnam's accounting practices have been influenced by the varying standards of France, China, the former Soviet Union, and the United States (Chu, 2004; Bui, 2011). Thirdly, according to EY (2017), Vietnam is an important emerging country with a sizeable population (91.7 million, 14th largest country in the world), rapidly growing economy (average forecast GDP growth 2016-2025 6.1 percent) and expanding international and investment trade ties, as it was ranked in the 82nd position in 2017, which is an increase from the 91st position in 2016 in the World Bank Ease of Doing Business ranking. Its experiences in accounting standard-setting may thus be of some assistance to other emerging countries. Fourthly, from an academic perspective, the changes in accounting standards in Vietnam have been relatively under-researched (MoF, 2016). Further, a systematic study of the willingness of Vietnamese accountants towards IFRS adoption using an accepted conceptual framework for accounting research seems to be still missing.

Vietnam is among some who have yet to cross the longest distance in terms of using the emerging global language of accounting. Instead of adopting IFRS, Vietnam is developing a new version of its own national accounting standards that are convergent with IFRS. In a way, it potentially can be a country that can learn the most from existing studies of IFRS adoption (Phan & Mascitelli, 2014). As a trading nation and economic entity, this country understands the value of global integration and over time it has become a full member of the ASEAN (the Association of Southeast Asian Nations), APEC (the Asia-Pacific Economic Cooperation), and WTO (the World Trade Organization).

This study makes theoretical as well as practical contributions to the accounting literature. Firstly, it adds to the relatively limited studies about Vietnam. This study is one of few studies to examine the relationships between institutional legitimacy, the characteristics of IFRS, and different dimensions of IFRS adoption in Vietnam. Secondly, the study contributes to the literature regarding the application of legitimacy perspective of the institutional theory to IFRS adoption. The usefulness and relevance of an institutional approach to explain and interpret accounting activities are under-researched (Alver, Alver, & Talpas, 2013; Phan, Joshi & Mascitelli, 2016). Thirdly, this study contributes to the body of statistics literature regarding the application of the structural equation modelling (SEM) approach in the financial accounting research field. While the SEM approach is widely engaged in the marketing and psychology research fields, it is rarely used in accounting research, particularly the financial accounting research field (Guerreiro, Rodrigues, & Craig, 2008). To make these claimed contributions, this study aims to answer the following research question:

RQ1: What factors influence the willingness of IFRS adoption in Vietnam?

RQ2: How does the legitimacy desire moderate these influencing factors?

This paper consists of eight sections. Following the introduction there is a short background of the Vietnam accounting system and literature review of institutional legitimacy theory,

allowing for the development of the required hypotheses. This is followed by a section outlining the research methodology and a review on the findings of the Vietnamese practitioners' survey. In conclusion, the paper provides the summary of the analysis outcomes together with some limitations of the study and the recommendations for future research areas.

2. BACKGROUND OF VIETNAMESE FINANCIAL REPORTING REGULATORY REGIME

The Vietnamese government introduced the first regulation, *Ordinance on Accounting and Statistics of 1988*, that required all accounting and statistics work undertaken to be uniformly implemented throughout the national economy. Under this regulation, the financial reporting was completely regulated as all accounting and statistical forms were standardised and issued by the Ministry of Finance (MoF) and the General Department of Statistics. The Accounting Law in 2003 replaced the Ordinance and covers accountancy professional ethics and quality control benchmarks. The issuance of the Accounting Law has fostered a market for accounting and auditing services to all economic sector as well as a community in which accounting practitioners can work together (Nguyen & Richard, 2011).

The period from 1988 to 2016 showed significant developments of accounting in Vietnam. During this period, Vietnam became a member of ASEAN in 1995 and WTO in 2007. To qualify for the WTO membership requirements, the MoF introduced a series of Vietnamese accounting standards between 2001 and 2005. The development of the Vietnamese accounting standards resulted from the technical and financial assistance of the World Bank, the Asian Development Bank and the Euro-Tap Viet project (Nguyen, 2016). The objective of this phase was to harmonise the Vietnamese GAAP with the best international accounting practices available (Narayan & Godden, 2000).

During the last decade (i.e., 2006-2016), the Vietnam financial reporting practices have faced multiple regulatory changes to arrive at its current stage. Key milestones during the period 2006–2016 include:

- In 2006, the MoF replaced the old accounting system from 1988 with the new accounting system from 2006. The main objective of the accounting system from 2006 was to align financial reporting requirements with international accounting standards. All business organisations incorporated in Vietnam, despite ownership and listing status, are required to comply with this new accounting system.
- In 2011, the MoF formed the VASB and a project team of 44 members were organised to assist the VASB to revise the existing VAS and publish new standards to align with IFRS.
- In 2014, the MoF replaced the accounting system from 2006 with the new accounting system from 2014 that brings Vietnamese GAAP closer to IFRS.
- In 2016, the MoF organised a series of IFRS workshops to obtain feedback from Vietnamese accounting academics and practitioners on the IFRS adoption approach and roadmap by 2025.

Vietnamese enterprises are encouraged to apply IFRS for the areas that are not covered in the current Vietnamese accounting legislation. For example, Circular 210/2009/TT-BTC issued in 2009 has allowed Vietnamese enterprises to voluntarily comply with IFRS for financial instrument transactions in the absence of equivalent guidance in Vietnamese accounting legislation. In July 2013, the Ministry of Finance (MoF) joined with the State Securities

Commission of Vietnam to introduce the drafting of six forthcoming standards and interpretations for the capital market. The technical and financial assistance of the Asian Development Bank, the World Bank, were again acknowledged in the new phase of the Vietnamese standards setting (MoF, 2013).

The convergence between Vietnamese accounting standards and IFRS has progressed in the last decade. The new Vietnamese Corporate Accounting System was issued on December 22, 2014 under Circular No. 200/2014/TT-BTC (Circular 200) and is applied for all enterprises operating in Vietnam for the financial year beginning January 1, 2015. The new accounting system can be perceived to be more feasible, open, and flexible compared to the previous accounting system, which was originally issued under Decision No. 15/2006/QD-BTC in 2006 and subsequently revised under Circular No. 244/2009/TT-BTC in 2009. In particular, an enterprise is allowed to design the forms of its accounting documents provided that those documents contain sufficient information as stipulated in the Accounting Law from 2003.

Together with the introduction of the new accounting system, the Vietnamese Accounting Law from 2003 was revised in November 2015. This was to establish the framework for voluntary early adoption by the Top 30 publicly listed entities by 2020 and to eventually have full IFRS implementation by 2025 (Cooper, 2017; MoF, 2016) as part of the national accounting regulatory system for public interest entities (including publicly listed companies, financial, banking and insurance institutions; key state owned joint-stock corporations, foreign-capital invested companies). Other non-public interest entities are also recommended but not required to adopt IFRS. However, little is known or understood about the attitudes of key stakeholders in Vietnam towards this adoption announcement. Therefore, this study provides important perception-based evidence from the Vietnamese accounting community to assist Vietnamese standard setters in having insightful perception. This, in turn, facilitates favourable accounting decisions affecting accounting practices in Vietnam.

The Vietnamese government, motivated by its socialist agenda, plays a more dominant role in society with the belief that it will bring prosperity to all the Vietnamese people. For this reason, the state plays a dominant role, and influences the development of the accounting profession and accounting practice in Vietnam. In line with these socialistic reforms, the Vietnam Association of Accountants and Auditors (VAA) and Vietnam Association of Certified Public Accountants (VACPA) have been established and regulated by the state. The government maintains its control in the accounting and auditing certification and accounting practice through the MoF. Similar to the Chinese accounting profession, which is controlled by the state, the Vietnamese government also plays an active and leading role in the development of the accounting profession in Vietnam.

The accounting profession in Vietnam is a state-controlled profession and is subject to state regulations. The MoF has the monopoly in the issuance of Vietnamese CPA certificates. Being foreign professional bodies, the ACCA and the CPA Australia are not able to compete with the VAA and the VACPA due to the fact that these professional bodies are set up by the MoF. However, the ACCA and the CPA Australia have signed cooperative agreements with the MoF to provide Vietnamese accountants and auditors with more opportunities for accessing internationally recognized qualifications. This agreement also enables the VAA and the VACPA to gain international knowledge and experience in managing their operations in Vietnam.

3. LITERATURE REVIEW AND HYPOTHESES DEVELOPMENT

In a recent work (Stadler & Nobes, 2014), the authors, while building a conceptual framework regarding the influence of country, industry and topic factors on IFRS policy choice based on a set of 4537 policy choices, concluded that the country factor reigns supreme. This study had more completed findings of earlier works undertaken by Kvaal and Nobes (2010) and Jaafar and Mcleay (2007). This affirmed not only the differences in IFRS policy choices by multiple nations but also established the deeper and central role played by nationality ahead of any other factor. IFRS policy topics involve much alignment of new standards between the national and the global, but the whole institutional apparatus involving legal, taxation, academic, and industry sectors gets represented by one singularity of nationality, as it indicates an aggregation of a collective response. One of the most common policy responses from countries has been a dual mode of adoption. It means that a country goes for certain pre-IFRS accounting practices while adapting along with IFRS compliant new standards that are a departure from the existing practices. Though the implementation ground of this shift is more firm-centric, the motivational factors are not confined only to cost of contracting, asset pricing and industry-level factors. They go beyond this and are more reflected at the national level. That is why the national record of IFRS adoption is not a uniform story but rather it carries many internal variations.

3.1 Perceived benefits of IFRS adoption on willingness to adopt IFRS

Overall, it appears that the ultimate goal of IFRS as a single global set of accounting standards is to make financial reporting comparable across different firms and countries, so as to benefit the global investors and public users all over the world. Studies have been widely focused on the benefits of IFRS adoption. Such benefits include high quality, comparability, and credibility. In particular, the proponents of IFRS claim that IFRS possess many advantages over the domestic accounting standards of individual countries. Several studies report improvements in accounting quality following voluntary IFRS adoption (Barth, Landsman, & Lang, 2008) and mandatory IFRS adoption (Daske *et al.*, 2008; Ismail *et al.*, 2013; Liu & Sun, 2013). For example, Barth *et al.* (2008) provide evidence from 21 countries, showing that firms applying international accounting standards generally have less earnings management, more timely loss recognition, and more value relevance of accounting amounts than others. However, using a case study of Canadian firms, Liu and Sun (2013) report that accounting quality has not been improved by mandatory IFRS adoption.

Besides the higher financial reporting quality argument, advocates of IFRS also claim that IFRS reporting increases comparability of firms across markets and countries (Brochet, Jagolinzer, & Riedl, 2013), thus facilitating cross-border investment (Lee & Fargher, 2010) and integration of capital markets (Saudagaran, 2008). In light of the IFRS effects on the capital market, the promoters of IFRS often argue that companies could access the international capital market more easily (Christensen, Hail, & Leuz, 2011), especially the ones with a high level of internationalization, such as trading or raising funds in overseas markets (Daske *et al.*, 2013).

In addition, there are the intangible advantages that adopting firms might be able to benefit from when they implement additional disclosure policy under IFRS (Florou & Pope, 2012). For example, the firm may more easily access capital markets (Soderstrom & Sun, 2007), charge higher prices for products (Ray, 2010), and attract more experienced staff (Naoum *et al.*, 2011) thanks to the reputation of more transparency than their competitors (Fox *et al.*, 2013). In the same line of argument, prior researchers reported “serious” IFRS adopters experienced significant declines in their cost of capital and substantial improvements in their market liquidity compared to “label” adopters (Daske *et al.*, 2013). Accordingly, it is

predicted that the IFRS-related effects for first-time adopters are likely to be greater in countries with higher quality institutions and countries with higher divergence between domestic GAAP and IFRS (Ding *et al.*, 2007).

Thus, we hypothesise that *H1 Perceived benefits of IFRS adoption positively influence the willingness to adopt IFRS.*

3.2 Perceived disadvantages of IFRS adoption on willingness to adopt IFRS

It has been suggested that IFRS adoption can cause some unintended consequences. For example:

- Reducing accounting alternatives may result in a less true and faithful representation of the firms' underlying economics (Barth *et al.*, 2008);
- As a result of the principle-based nature of IFRS (Hong, 2008), professional judgment may create opportunities for earnings management (Chand, Patel, & Patel, 2005); and
- Weak enforcement mechanisms of adopting nations can reduce financial reporting quality, even when high quality accounting standards are implemented (Christensen *et al.*, 2011).

Furthermore, capital market effects of IFRS are more pronounced in countries with stricter enforcement regimes and therefore have better IFRS implementation (Hail & Leuz, 2007). Also, capital market effects were apparent when there were stronger reporting incentives, thus higher quality financial reporting was evident (Wang & Yu, 2009). A higher divergence between IFRS and local GAAP resulting in a larger change of domestic accounting rules (Byard, Li, & Yu, 2011) also is a relevant factor.

Regarding the capital market effects, previous authors suggested that the introduction of IFRS reporting can improve stock market liquidity (Narayan & Zheng, 2010) and reduce the cost of capital (Li, 2010), although many other authors argued that the cost of raising capital could be conversely increased because of significant additional reporting costs (Armstrong *et al.*, 2010).

Overall, the concerns of complexity, high cost upfront, and other unintended consequences from the switch of domestic standards to IFRS have reduced the desire and increased the extent of resistance to IFRS adoption from the practitioners and regulators. Thus, we hypothesise that *H2 Perceived disadvantages of IFRS adoption negatively influence the willingness to adopt IFRS.*

3.3 Perceived challenges of IFRS adoption on willingness to adopt IFRS

The move to a new reporting system (like IFRS) brings many challenges for different stakeholders involved in the process, such as regulators, preparers, auditors, and users. In particular, the challenge for regulators is to identify to what extent national GAAP will be similar or distant from IFRS (Heidhues & Patel, 2008). This, in turn, requires the practitioners to develop or obtain an in-depth analysis of what changes in hardware, software, and reporting processes are required, and what transitional workload requirements need to be added to the normal day-to-day activities (AICPA, 2011). Managing public perceptions around the changes in financial statements is another challenge for the management of adopting firms (PWC, 2011). From the perspective of auditors, the firms need to plan well so that their professional staff have the necessary skills at the time their clients begin the process of conversion, but not so early that knowledge is out of date or forgotten from lack of use (Deloitte, 2008). Tokar (2005) added that for the country that has a different official language

other than English, timely IFRS translation into the national language is another obstacle during the transition period. The task of implementing IFRS is further complicated by the fact that IFRS are continually evolving and are not yet finalised (Fox *et al.*, 2013). This challenge makes it more difficult to have a smooth transition to a status of full compliance under IFRS (Joshi, Bremser, & Al-Ajmi, 2008). Similarly, other authors have expressed their concerns about how IFRS will be taught to students and how professionals will keep up to date with the new standards (Heidhues & Patel, 2008). Overall, the perceived obstacles and challenges of IFRS implementation by the involved stakeholders have created a significant barrier for making IFRS convergence with domestic accounting standards occur. Thus, it was hypothesised that *H3 Perceived challenges of IFRS adoption negatively influence the willingness to adopt IFRS.*

3.4 Level of IFRS knowledge on perception of IFRS adoption

Cognitive science proves that there is a relationship between knowledge and perception. Knowledge of any matter influences the way it is viewed by the individual. Dibella (2007) proposes that the positive perceptions of the participants in relation to a change are important for the change to be successfully implemented; otherwise it may lead to unintended or counter-productive consequences. Further, Dibella (2007) argues that managing a participant's perception is a fundamental element of managing the change itself. Recently, Fontes, Rodrigues and Craig (2016) proposed a theoretical model to assess how practitioners perceive a major change of an accounting regime. Among many factors, the level of education and the level of experience were reported as two individual factors that influence the perceived value of a new financial reporting system. Drawing on this theoretical model, we hypothesize that an individual's perception on the value of IFRS adoption is influenced by the knowledge level concerning IFRS.

The willingness of an individual to change is associated with his or her level of education and experience. Fontes *et al.* (2016) proposed that individuals with higher levels of education will adapt better to a new financial accounting system and perceive the system more favourably. In other words, perception of the value of a new accounting regime increased with the education level of the accountants. Also, in the body of literature, researchers consistently reported a positive association between level of experience and an individual's perception of a new system (Larson & Street, 2004; Sharma *et al.*, 2017). In the context of IFRS, practitioners from Big Four accounting firms were perceived to possess a higher level of expertise and experience in IFRS, thus making them more likely to support the move towards IFRS full adoption as compared to their local counterparts (Irvine 2008).

From the above discussion, we propose three sub-hypotheses:

- *H4a: Individual's knowledge level of IFRS influences Perceived benefits of IFRS adoption.*
- *H4b: Individual's knowledge level of IFRS influences perceived disadvantages of IFRS adoption.*
- *H4c: Individual's knowledge level of IFRS influences perceived challenges of IFRS adoption.*

3.5 Moderating effects of legitimacy desire

The conceptual framework for this study (Figure 1) bases itself on the legitimacy theory. Many researchers employ the term legitimacy in the accounting literature, but there has been

a variation in its meaning depending upon the context in which it is used. Knoke (1985) defined legitimacy as “the acceptance by the general public and by relevant elite organisations of an association’s right to exist and to pursue its affairs in its chosen manner” (p.222). Later on, Suchman (1995) offered another definition. “Legitimacy is a generalised perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs, and definitions” (p.574). For the purpose of this study, the legitimacy definition by Suchman (1995) is used.

The fundamental proposition for the framework is that a decision towards acceptance or resistance of accounting change is influenced by the legitimacy desire as well as economic logics. This proposition is based on prior theoretical work and empirical research reviewed in Phan (2014), which suggests that a decision to change accounting practices is to be seen as legitimate (Richardson 1987), and firms can benefit from the attention that they signal from their compliance with IFRS, either voluntarily or mandatorily (Hallberg & Persson, 2011).

Several studies (Irvine, 2008; Judge, Li & Pinsker, 2010) have revealed that an IFRS adoption decision by developing countries can be explained from the view of the legitimacy theory. The developing countries have to accept IFRS because of their limited ability to produce their own high-quality national accounting standards and IFRS are considered by these organisations to be a legitimate, modern, and high-quality set of accounting standards (Irvine, 2008). As a result, more developing countries choose to adopt IFRS to enhance their national reputation and legitimacy. This discussion is consistent with the results of recent studies (Danjou & Walton, 2012; Bamber & McMeeking, 2016). These scholars argued that the decision of countries to adopt IFRS is motivated more by social pressures of legitimacy and less by economic consequences.

From the above discussion, it is suggested that Vietnam may be seeking legitimacy through the acceptance of IFRS or developing Vietnamese accounting standards based on IFRS. It can be suggested that the legitimacy desire might moderate the association between the perceived implications of IFRS adoption (benefits, disadvantages, challenges) and the willingness to adopt IFRS. Thus, we propose three sub-hypotheses that

H5a: Legitimacy desire significantly moderates the relationship between perceived benefits and willingness to adopt IFRS.

H5b: Legitimacy desire adversely moderates the relationship between perceived disadvantages and willingness to adopt IFRS.

H5c: Legitimacy desire adversely moderates the relationship between perceived challenges and willingness to adopt IFRS.

3.6 The proposed conceptual framework

The conceptual framework for this study was developed based on the foregoing literature review and hypothetical relationships, and is shown in Figure 1. It depicts perceived benefits, disadvantages, and challenges influencing the willingness to adopt IFRS of Vietnamese professional accountants. Also, it shows the antecedent effects of the knowledge of IFRS on the perceived implications of IFRS adoption and the moderator effects of control variables on the association between the perceived adoption implications and the willingness to adopt IFRS.

--- INSERT FIGURE 1 HERE ---

4. RESEARCH METHODS

4.1 Sample

The sample of this study comprised of 3,000 Vietnamese professional accountants who were members of one of the four professional accountancy bodies in Vietnam (VAA, VACPA, ACCA, CPA Australia). These professional bodies are the largest professional bodies in Vietnam and represent all registered professional accountants in Vietnam. The members of these professional bodies were selected because they applied accounting standards extensively to their work.

The questions were designed using five-point Likert scales so that the individuals' knowledge and perceptions of IFRS could be easily determined. The questionnaire was self-administered, as this design was considered preferable for a large number of responses, allowing conclusions to be drawn with greater confidence and allowing for a comparison across groups. Creswell & Clark (2011) concluded that the self-administered questionnaire was an appropriate method for analysing a large volume of data or a large number of people.

The survey instrument was developed after reviewing recent literature on the relevant field (Jermakowicz, 2004; Foo 2008; Joshi *et al.*, 2008; Naoum *et al.*, 2011). A pilot study was conducted to pre-test the questionnaire with 30 targeting participants from the target sample. The bilingual (English and Vietnamese) survey was mailed to 3,000 Vietnamese professional accountants and 993 completed surveys were collected. Of these, 265 surveys had missing data; hence they were discarded, resulting in 728 usable responses at a response rate of 24 percent.

A few questionnaires were received outside of the cut-off date. The early responses were compared with the late responses for each question of the questionnaire at a 5 percent level of statistical significance using the Statistical Package for the Social Sciences (SPSS). The differences between these responses were not significant. As a result, it is reasonable to conclude that the error due to non-response bias was negligible or insignificant. Table 1 presents the demographic characteristics of the respondents.

--- INSERT TABLE 1 HERE ---

Demographic profiles of the respondents were shown in Table 1. The educational background, professional qualifications, work experience, and current position indicate that the respondents would have a collective perspective on issues relating to the adoption and implementation of IFRS in Vietnam. The majority of the respondents (60 percent) were professionals with at least 10 years of work experience. In addition, 64 percent of respondents were in the 31-50 age groups, indicating they are likely to be actively involved and are well aware of the current developments in accounting.

4.2 Measures and Instrument development

A paper-based survey instrument was designed for this study based on the literature review. A five point Likert scale anchored at one for strongly disagree and five for strongly agree was

used for items operationalizing all the constructs. The items (namely, items retained in the final measurement model) measuring each construct are depicted in Table 2. Also, auditor (Joshi *et al.*, 2008) and capital ownership (Morris *et al.*, 2013) may influence the perception of IFRS adoption, hence, they were factored as control variables in this study.

To ensure content validity, the survey instrument was vetted by ten academics with expertise in the disciplines of Finance and Accounting. These academics were based in universities in Vietnam. The survey instrument originally in English was translated to Vietnamese, the respondent's first language. The survey was pilot studied using 30 target participants. Consistent with the feedbacks from the pilot study, some minor changes were incorporated into the wording and formatting of the survey instrument. The survey was back-translated to English and was cross-checked by four other bilingual researchers to ensure face validity and reliability.

5. ANALYSIS AND RESULTS

5.1 Measurement model

Confirmatory Factor Analysis (CFA) was performed to ensure that the items used to measure the study constructs were theoretically consistent. In arriving at the final set of items for each construct, some items were deleted based on item-to-total-correlations and the standardised residual values (Byrne, 2009). The remaining items were subsequently subjected to confirmatory factor analysis. A completely standardised solution produced by AMOS version 22 using the maximum likelihood method shows that all the remaining 21 items loaded highly on their corresponding factors, confirming the uni-dimensionality of the constructs and providing strong empirical evidence of their validity. The results of the CFA are presented in Table 2.

--- INSERT TABLE 2 HERE ---

The fit indices of the CFA tests shown at the bottom of Table 2 suggest an acceptable level of model fit to the sample data. The CFA results reveal that factor loadings of all constructs were significant ($p < 0.001$) and above 0.5, the minimum threshold value. Also, the Average Variance Extracted (AVE) values of all constructs were above 0.5, both of which are indicative of convergent validity of the measures (Hair *et al.*, 2010). The discriminant validity of the study constructs was tested as suggested by Fornell and Larcker (1981). Thus, the square root of the AVE values presented in the upper diagonal of Table 3 for each construct was greater than the constructs' correlation coefficients with other constructs. This is indicative of discriminant validity amongst constructs (Fornell & Larcker, 1981). In addition, Cronbach's Alpha coefficients of each construct presented in Table 2 were above 0.7, implying reliability of the construct measures.

Table 3 presents the mean, standard deviation, and correlations for the constructs used in this study. The results reveal that most of the constructs are significantly correlated with each other, with correlation regressions ranging from 0.015 to 0.413. All correlations were less than 0.9, suggesting an absence of multi-collinearity between these constructs (Tabachnick & Fidell, 2013).

--- INSERT TABLE 3 HERE ---

5.2 Common method bias

Generally, a Harman one-factor test serves to assess the potential for common method bias in

the data (Podsakoff & Organ, 1986). An un-rotated factor analysis using the eigenvalue-greater-than-one criterion resulted in a solution that accounted for 73 percent of the total variance, while the first factor accounted for only 22 percent. Thus, common method bias was unlikely to be an issue in this data.

5.3 Hypotheses testing

A structural equation model (SEM) was run to test all the hypotheses, except for interaction effects, and the model had fit statistics shown at the bottom of Table 4. These fit indices suggest adequate model fit to the sample data. Essentially, SEM enables researchers to test the relationship between multiple constructs (namely, multiple hypotheses) simultaneously (Hampton, 2015).

SEM was used in this study to test the influence of IFRS knowledge on the perceived benefits, disadvantages, and challenges of IFRS adoption, as well as the influence of these perceptions on the willingness to adopt IFRS. The Variance-inflation-factor (VIF) value of the model was below the cut-off point of 10.0, which implies that there was an absence of multicollinearity in the model. The results of the SEM test are summarised in Table 4.

--- INSERT TABLE 4 HERE ---

Table 4 displays the results of the SEM that was run to test the hypotheses, except for the interaction effects. The model explained a 73 percent variance in the willingness to adopt IFRS. As the results revealed, perceived benefits of IFRS adoption ($FL = 0.63, p < 0.05$) had significant positive influences on the willingness to adopt IFRS, whereas perceived challenges ($FL = -0.52, p < 0.01$) significantly and negatively influenced the willingness to adopt IFRS. Hence, H1 and H3 were accepted. However, perceived disadvantages ($FL = -0.15, p > 0.05$) had no significant effects on the willingness to adopt IFRS, so lending no support to H2.

Also, the results revealed that knowledge of IFRS had significant positive influences on two perceived implications of IFRS adoption, namely perceived benefits ($FL = 0.30, p < 0.001$) and perceived disadvantage ($FL = -0.25, p < 0.001$). Thus, H4a and H4b were both accepted. However, the effects of IFRS knowledge did not leave significant influence on perceived challenges ($FL = -0.04, p > 0.05$), thus H4c was rejected.

5.4 Testing for moderation

The scores of the items in constructs which were subjected to interaction effects were converted to mean centring (Baron & Kenny, 1986). The items of both of the constructs involved were then multiplied to generate indicators for interaction terms. The hierarchical regression method was used to test the interaction effects of the Legitimacy desire. This method is generally used to identify the R^2 variance of the dependent variable in stages (namely, in response to changes in the model) (Hair *et al.*, 2010). In this study, changes in willingness to adopt IFRS were examined in three stages. Hence, three regression analysis models were run. In the first stage, the influence of the control variables was assessed (i.e. model one). The direct effects – perceived implications of IFRS adoption and the moderator construct (legitimacy) – were included in the second stage (i.e. model two). A significant R^2 difference between model two and model one suggested the presence of direct effects of legitimacy desire on willingness to adopt IFRS. In all the three models, the VIF values were below the cut-off value of 10.0, which indicates absence of multicollinearity in the models.

It was hypothesized that control variables moderated the association between perceived

implications of IFRS adoption and willingness to adopt IFRS. Model three was run to test these moderating effects, and this model explained a 63 percent variance in the willingness to adopt IFRS. A significant difference in R^2 between model two and model three ($\Delta R^2 = 0.15, p < 0.01$) suggested the presence of moderation effects. The test of individual interaction effects indicates that the interaction terms of legitimacy desire and perceived benefits of IFRS adoption is positive and significant ($F = 0.25, p < 0.001$). This finding suggests that as legitimacy increases, the influence of perceived benefits of IFRS adoption on the willingness to adopt IFRS increases.

--- INSERT FIGURE 2 HERE ---

Also, a plot derived using a Microsoft Excel worksheet, suggested by Dawson and Richter (2006) (see Figure 2), revealed the positive moderating effects of the legitimacy desire on the relationship between perceived benefits and the willingness to adopt IFRS. Hence, H5a was accepted. The interaction effect of legitimacy and perceived disadvantages ($F = 0.05, p > 0.05$) on the willingness to adopt IFRS was not significant. Thus, H5b was not supported. However, the interaction effect of legitimacy and perceived challenges were negative and significant ($F = 0.20, p < 0.01$). This finding implies that the negative association between perceived challenges of IFRS adoption and the willingness to adopt IFRS was weak when legitimacy was strong. And, this finding is demonstrated by the flatter slope in Figure 3. Hence, H5c was accepted.

--- INSERT FIGURE 3 HERE ---

6. DISCUSSION

6.1 Factors influence the willingness of IFRS adoption in Vietnam

The results revealed that perceived benefits of IFRS adoption had significant influence on the willingness to adopt IFRS, which suggests that in order to have a widespread IFRS adoption, the standard setters need to clearly communicate how IFRS adoption can benefit those companies that comply with it. This study demonstrates that perceived benefits of IFRS adoption, such as comparability and reliability associated with IFRS, predict the willingness for adopting IFRS among Vietnamese professional accountants. Similar evidences have been reported in the prior literature (Brochet *et al.*, 2013; Soderstrom & Sun, 2007). The professional accountants are increasingly playing important roles in spreading IFRS as the global accounting set of standards, hence, the willingness to adopt IFRS of the professional accountants does matter to ensure a 'true' but not 'labelling' IFRS compliance (Daske *et al.*, 2013).

The perceived disadvantages of IFRS adoption had no significant influence on the willingness to adopt IFRS among Vietnamese professional accountants. Tan *et al.* (2016) argue that debate over the advantages and the disadvantages of IFRS adoption has led to a cautious approach to such adoption. They cited Ameen (2010), who suggests that IFRS should not be adopted rapidly or widely, and recommend a step-by-step, standard-by-standard convergence with the utmost care for transition to full adoption.

The perceived challenges of IFRS adoption had significant influence on the willingness to adopt IFRS in Vietnam. This scenario is possible as these accountants might be more focused on the potential benefits of IFRS adoption and how to make the transition successful. These accountants might accept the potential disadvantages of IFRS adoption as unavoidable 'side effects' resulting from changes to any new accounting rules. Understanding the disadvantages

and the challenges of IFRS adoption, Sharma *et al.* (2017) recommended that the IASB should now focus on the implementation of IFRSs, besides updating/making IFRSs with a view to minimise difficulties faced by implementation participants.

The accounting community in Vietnam is more concerned about the readiness of Vietnamese enterprises and the availability of IFRS expertise. The accountants in Vietnam perceive that IFRS adoption should be happening and require a well-planned transition period. The survey results highlight that this scenario is more prevalent among the accountants working for state-owned enterprises, who are generally susceptible/resistance to the changes of accounting policies. The reason for this situation could possibly be their limited knowledge of IFRS and the lack of requirement to raise finance in the capital market, as capital is mainly sourced from the governmental authorities. Also, as the results suggest, the accountants from foreign invested companies show a much higher willingness to adopt IFRS. This finding might be possible because of the fact that subsidiaries of foreign companies and publicly listed companies are often already having two financial reports: one complied with IFRS to consolidate with their headquarters and the other complied with local standards for reporting in Vietnam.

Among the Vietnamese accountants, the knowledge of IFRS enhanced the perceived benefits of IFRS. This finding suggests that their awareness of terms and provisions of IFRS and other technical knowledge, such as key differences between IFRS and VAS and how to convert the VAS-complied financial reports to IFRS, adds to their willingness to adopt IFRS. Also, the accountant's knowledge of IFRS had a significant effect on their perceived benefits of IFRS. This result suggests that the accountant's knowledge of IFRS would increase their favourable perceptions towards IFRS adoption. This finding is in line with that of previous studies (Albu *et al.*, 2013)

Conversely, knowledge of IFRS significantly reduced the negative perception of adoption disadvantages, which implies that the more these accountants understand about IFRS, the less their concerns will be about the disadvantages of IFRS adoption, a finding which is similar to that of Pawsey (2010).

6.2 Moderating effects of legitimacy desire

It is interesting to note that in Vietnam, the accountant's legitimacy desire had significant and positive moderator effects on the association between perceived benefits and the willingness to adopt IFRS. This finding implies that the accountant with the legitimacy desire will be more willing to adopt IFRS and will be more able to think positively about IFRS adoption. The accountant's legitimacy desire did not significantly affect the influence of the perceived disadvantages on the willingness to adopt IFRS. Nevertheless, the interaction effect between the legitimacy desire and the perceived challenges was positive, which decreased the negative association between the perceived challenges and the willingness to adopt IFRS. This result suggests that as these accountants become more interested in legitimate rationale, their concerns about potential challenges of IFRS implementation diminish, which enhances their willingness to adopt IFRS. The findings add empirical evidences to the current debate in the IFRS literature. It supports the initial argument of Carpenter and Feroz (2001) that legitimacy concerns are one of the most important reasons for accounting rule choice, despite the actions of individual companies with individual reasons (Zeff, 2002), which were later criticised by Chua and Taylor (2008) as lack of empirical evidence. Chua and Taylor (2008) urged the researchers to provide more evidences to prove that legitimate reasons are equally as important as political and social considerations of the development and diffusion of IFRS

across the globe. More recently, the body of accounting literature tends to reach a consensus of the IFRS adoption movement due to institutional legitimacy. Some authors (Irvine 2008, Marton 2017) explained the legitimate action of the IFRS adopted countries upon the pressures of the powerful multinational agencies, including the World Bank and the International Monetary Fund. Other researchers challenge this thought with an argument about how legitimacy drive can influence the decision of the European Union (EU) for its 44 members to mandatorily adopt IFRS for all listed entities and motivates hundreds of other non-EU members adopt IFRS afterwards (Alon & Dwyer, 2016; Chiapello, 2016). The later IFRS adopters may be seen as under institutional pressures from the political and legitimacy structure of the IASB and the society (Danjou & Walton, 2012; Pelger & Spieß, 2017).

7. IMPLICATIONS FOR THEORY AND PRACTICE

The findings of this research shall have both theoretical and practical implications as they introduce methodological innovations to the IFRS research by the use of Structural Equation Modelling (SEM) to explain the results (theoretical implication), and using Vietnam as a case study to provide insightful information for Vietnamese accounting regulators who are considering early adoption for 30 key publicly listed entities by 2020 and mandatory adoption for all publicly listed companies by 2025.

SEM is a powerful multivariate statistical technique that incorporates confirmatory factor analysis and regression analysis. Prior research discusses and demonstrates the benefits of SEM within accounting behavioural research (Blanthorne *et al.*, 2006; Herda, 2013). Despite these discussion and demonstrations, very few behavioural accounting researchers have engaged SEM in testing and estimating causal relations (Hampton, 2015). This study attempts to investigate the features of IFRS adoption and its effects on the willingness to adopt IFRS by Vietnamese accountants to fill this research gap. The conceptual model developed and tested using the SEM approach from this study facilitates an understanding of the willingness (degree of acceptance) by the key stakeholder group, accounting practitioners, upon the values that IFRS, a new financial accounting system, can bring for the adopted country. The proposed theoretical model will help in revealing underlying issues that are likely to hinder a developing country like Vietnam from attaining full adoption with IFRS.

We argue that contributions of the current study extend beyond simply understanding the benefits of IFRS adoption, as it may pose serious challenges and obligations on the accounting profession and the practising accountants in order to match policies and practices to the international harmonisation agenda. The results of this study should alert the professional bodies about their roles and influential levels towards the development of the accounting profession in Vietnam. For example, they need to understand the execution of the IASB agenda with a view to ensure the successful transition of the Vietnam to the IFRS regime. The main challenges will include the education and training of Vietnam accountants, the moving from rule based accounting to principle based accounting, and ensuring smooth acceptance of change in accounting systems by the accounting community and local corporations. Similarly, the results provide a signal to accounting standard setters that more effort is required to effectively and consistently enforce accounting and disclosure standards if the convergence with international accounting practices is to bring the expected benefits to investors and other users.

Vietnam has been a member of the World Trade Organization (WTO) since 2007 and it has committed to open its market for accounting, auditing and insurance services (EY, 2017). Also, this is coinciding with its ascendance from a low-income country to a lower-middle

income developing country (World Bank, 2017). In last decade or so, Vietnam has tried to narrow down the convergence gap by issuing its own version of some accounting standards that are compatible with IFRS (Doan & Nguyen, 2013). This is a profile that is comparable to several developing countries of Southeast and Southern Asia along with those from Latin America. So, any research effort regarding Vietnam can potentially benefit a larger constituency of regions.

This research has developed a conceptual model to investigate and to explain the accountant's willingness to adopt IFRS in Vietnam. This model can possibly be applied to those countries which are considering IFRS adoption. This research study elicits three implications of IFRS adoption, namely: perceived benefits, disadvantages, and challenges of IFRS adoption. In particular, it analysed relevant data and provided insights into the level of support and willingness to adopt IFRS by the professional accountants. Also, this study proposes a mechanism for transforming these accountants' perceptions towards adopting IFRS in developing countries. Hence, these constructs can be incorporated into the conceptual model, which would better predict the support of IFRS adoption in other accounting jurisdictions. The foregoing discussion suggests that this study significantly contributes towards literature on IFRS adoption, which has gained the attention of researchers and policymakers in the accounting regulation research field in recent years. Additionally, by incorporating knowledge and legitimacy desire relating to IFRS adoption, this model can be utilised for other policy or regulation changes.

As discussed earlier, Vietnam is an economy to watch for its unique history and varied socio-political influences. It is the central zone of the ASEAN market, with an immense scope of a market orientation driven agenda. We argue that institutional legitimacy is a force that drives Vietnam to follow the path of convergence leading to IFRS adoption in future years. That is why such a finding about the existence of institutional isomorphism needs intensive study and may have implications for the accounting in similar jurisdictions. Such interaction arises not necessarily out of the dependence for economic resources and foreign but to a part of the global accounting community. There seems to be consensus among the survey participants on rationales for the convergence to IFRS decision by Vietnam as an intended or unintended consequence of institutional isomorphism.

Besides contributing to theory, the findings of this study can be utilised by policy makers in Vietnam or other ASEAN countries, which already announced their adoption roadmap and pathway, to enhance the support of the accountants towards the decision of IFRS adoption (Yapa *et al.*, 2015). Also, they can be used to enhance attitudes towards IFRS in countries where adoption has not yet been announced. As the findings suggest, the accountants have perceptions of disadvantages and challenges associated with IFRS adoption, hence, addressing these negative perceptions can increase their willingness to adopt IFRS. To this end, accounting standard setters may judiciously consider promoting the rationale behind the adoption decision, provided there is training and technical support available to assist in the transition process. The findings reveal that the accountant's perceived benefits of adoption influence their willingness to adopt IFRS. Hence, promoting potential benefits of adoption such as enhanced comparability, reliability, and ability to raise capital overseas would be likely to enhance their positive perceptions and willingness to adopt IFRS. Such outcomes are possible by organising seminars and awareness campaigns, highlighting the rationale, economic, and political considerations behind the decision to adopt IFRS. The findings suggest that the accountant's perception towards IFRS can be impacted by enhancing their knowledge of IFRS and enhancing their legitimacy desire.

Thus, organising training programmes and awareness campaigns can be a useful mechanism to promote awareness and knowledge about IFRS adoption and globalisation opportunities. Reducing the cost of dual reporting systems, attracting inflow of foreign investment, enhancing the transparency and compliance of reporting, and increased technical resources available to support the transition period can be of aid during these programmes. Similar campaigns were carried out by policymakers in other countries which had already adopted IFRS earlier, including Malaysia, Bangladesh, Ghana, and Nigeria, which served to enhance the support and willingness towards IFRS adoption in those countries (Assenso-Okofu, Ali, & Ahmed, 2011; Uchenna & Matthias, 2015).

8. CONCLUSION, LIMITATIONS AND FUTURE RESEARCH DIRECTIONS

This paper aimed to explore major factors that could influence the willingness of IFRS adoption by the Vietnamese policymakers through the perceptions of the Vietnamese accounting community. This paper addresses two research questions. In the first research question, the paper explores the factors that influence the willingness of the IFRS adoption in Vietnam. The study found that the perceived benefits and challenges of IFRS adoption have significant influence on the willingness to adopt IFRS, whereas perceived disadvantages have no significant influence. Further, the readiness of Vietnamese enterprises and the availability of IFRS expertise are seen as a major challenge of the IFRS implementation process in the transition period. The findings present different perspectives coming from locally-trained accountants, foreign-trained accountants, and the accountants working for multinational corporations. Also, it is observed that the accountant's knowledge of IFRS has a significant effect on their perceived benefits of IFRS and their support for the IFRS adoption. The second research question explores the moderating effects of the legitimacy desire on these influencing factors determined in research question one. The findings support the conclusion that the legitimacy desire positively influences the willingness to adopt IFRS. It can be concluded that if accountants become more interested in legitimate rationale, their concerns about potential disadvantages and challenges of IFRS implementation shall be limited or minimum.

It is true that geographical territory is one of the foremost factors behind any move towards IFRS adoption, but there may be cross-border ways of looking at the accounting and auditing community. Also, they may consider industry-specific, sector-specific, and firm-size specific issues. The choice of the geographical territory of one nation brings out the immediate policy updates for the governments and academics as well as a concise reasoning behind its evolution in IFRS adoption. As most of the countries are pursuing the integration path, the role of national regulators or governance systems becomes quite critical. It brings many factors under direct observation that might otherwise need a lot of extra research if done without such a national anchor. The current study continued with similar logic in another developing country, Vietnam, who recently announced its roadmap and pathway to IFRS voluntary adoption in 2020 and full mandatory IFRS adoption for public interest entities in 2025. In order to generalise the findings of this study, similar research needs to target the perception of accountants in other adopting countries to explore cross country variations. Also, this study investigates the accountant's perceptions and willingness at one point in time. Thus, testing of the conceptual model with longitudinal data may yield interesting results.

A unique conceptual model is proposed to enhance the willingness towards IFRS adoption amongst the accountants. Thus, this model needs testing with other stakeholders of the capital market. Researchers can use this model to test the perception of investors or financial

analysts towards the IFRS adoption. In addition, besides knowledge of IFRS and the legitimacy desire, there could possibly be other factors such as institutional pressures, auditor types, capital ownership, professional status, position and so on which may drive the accountant's perception towards IFRS adoption. Hence, they need to be factored into future research. Moreover, this study did not consider the accountant's work experience and reporting requirements, which can influence their perceptions towards IFRS adoption. For example, their level of exposure to non-VAS accounting standards like US GAAP might influence their perceptions and willingness to adopt new accounting regulation like IFRS. In future studies, these factors could be incorporated into the conceptual model. Additionally, perceptions and the willingness of IFRS adoption might vary based on the accountant's demographic profiles. Hence, this model can be tested among the accountants with dissimilar demographic profiles, such as different gender, qualification, and years of experience.

To conclude, we argue that this study on Vietnam IFRS adoption shall play a prominent role as a guide to emerging economies who want to adopt and follow the IFRS brand. Although interested, these countries may lack a well-established institutional mechanism to implement IFRS and resources for the training and development of accounting professionals. Also, these countries are facing resistance from the accounting community. The IASB need to understand that transitioning to IFRS shall have difficulties and challenges in these economies and it should initiate some implementation support programs to assist these developing economies in joining the globalisation movement.

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Table 1 Demographic profile of the respondents

Category	Scale	N=728 (100%)	Category	Scale	N=728 (100%)
Gender	Female	306 (42%)	Working experience	0-5yrs	95 (13%)
	Male	422 (58%)		6-10yrs	160 (22%)
Age	21-30	127 (17%)		11-15yrs	211 (29%)
	31-40	349 (48%)		16-20yrs	138 (19%)
	41-50	153 (21%)		> 20yrs	124 (17%)
	51-60	70 (10%)	Position	Junior	87 (12%)
	> 60	29 (4%)		Senior	197 (27%)
Qualification	Bachelor	342 (47%)		Team Leader	80 (11%)
	Master	328 (45%)		Manager	262 (36%)
	Doctorate	58 (8%)		CEO	102 (14%)
Professional designation	None	262 (36%)	Language of education	Vietnamese	430 (59%)
	One	131 (18%)		English	284 (39%)
	Two	335 (46%)		Others	14 (2%)

Table 2 Summary of the measurement model

Construct	Statements	FL	Alpha	CR	AVE
Benefits	IFRS-complied report is reliable	.809	.714	.805	.581
	IFRS-complied report is comparable	.807			
	IFRS-complied report increases investor's confidence	.661			
Disadvantages	Cost outweigh benefits of IFRS adoption	.758	.708	.752	.503
	IFRS reporting is time consuming	.694			
	IFRS is in foreign language thus hard to understand	.674			
Challenges	Not timely translated	.862	.814	.864	.618
	Insufficient guidance	.797			
	Educate financial staff	.625			
	Limited coverage in accounting curriculum	.838			
Willingness	Adopt IFRS for all entities	.598	.868	.910	.722
	Adopt IFRS for publicly listed entities	.915			
	Adopt IFRS for foreign invested entities	.935			
	Adopt IFRS for financial institutions	.904			
Legitimacy	Follow successful IFRS adopters	.659	.876	.892	.676
	Raise finance overseas	.841			
	Enhance stock market	.896			
	Enhance national reputation	.871			
Knowledge	IFRS competency	.843	.788	.867	.686
	IFRS requirement	.878			
	IFRS use frequency	.760			

Fit indices CMIN/df = 1.850; $p=.412$; CFI=.979; GFI=.969; AGFI=.934; RMSEA=.038; RMR=.059; SRMR =.031; NFI=.957; TLI=.966; FL=Factor loading; Alpha=Cronbach's alpha; CR=Construct reliability; AVE=Average variance extracted; CFI=Comparative fit index; GFI=Goodness-of-fit index; NFI=Normed fit index; TLI=Tucker-Lewis index; RMSEA=Root mean square error of approximation, SRMR=Standardised root mean residual.

Table 3 Correlation matrix for study variables

	Mean	SD	Range	F1	F2	F3	F4	F5	F6
F1 Willingness	4.00	.722	5	0.811 ^a					
F2 Disadvantages	3.97	.777	5	0.001 ^{ns}	0.597 ^a				
F3 Challenges	3.99	.831	5	0.165**	0.380*	0.728 ^a			
F4 Knowledge	3.48	.995	5	0.015***	0.053 ^{ns}	0.055 ^{ns}	0.708 ^a		
F5 Benefits	4.08	.845	5	0.166***	-0.117 ^{ns}	0.361***	0.325***	0.692 ^a	
F6 Legitimacy	3.93	.905	5	0.086*	-0.570***	-0.067 ^{ns}	-0.093 ^{ns}	0.413**	0.801 ^a

Significant level of correlation *** p<0.001, ** p<0.01, *p<0.05, ^{ns} not significant
^a diagonal value indicates the square root of average variance extracted of individual latent variable

Table 4 The results of structural equation model analysis

Proposed hypothesis/path relationship	Standardised parameter coefficient	t-value	Conclusion
<i>Effects of Perceptions on Willingness to adopt IFRS</i>			
Benefits --> Willingness (H1)	0.63	2.094*	H1 accepted
Disadvantages --> Willingness (H2)	-0.15	-0.942ns	H2 rejected
Challenges --> Willingness (H3)	-0.52	-2.618**	H3 accepted
<i>Effects of Knowledge on Perception towards IFRS adoption</i>			
Knowledge --> Benefits (H4a)	0.30	10.944***	H4a accepted
Knowledge --> Disadvantages (H4b)	-0.25	-7.968***	H4b accepted
Knowledge --> Challenges (H4c)	-0.04	-1.525 ns	H4c rejected

*** p<0.001, ** p<0.01, *p<0.05, ns not significant. Fit indices CMIN/df =2.36 (p=.32), CFI=.95, GFI=.95, NFI=.96, TLI=.97, RMSEA =.038, SRMR=.037.