



The new system of business accounting in Vietnam: An empirical evaluation

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Le nouveau système de normalisation comptable au Vietnam : une analyse empirique

Résumé

Le Vietnam a amorcé depuis 1986, la réforme de son système économique, pour passer de l'économie planifiée vers une économie marchande en interrelation avec le monde. Cette réforme, appelée « Doi Moi » a eu comme impact d'augmenter le nombre et la diversité des parties prenantes à la comptabilité des entreprises, d'augmenter les besoins de divulgation d'une information financière utile, pertinente et fiable, et, en conséquence, d'enclencher, en 1996, la réforme du système comptable vietnamien. Réformer un système comptable implique une période de transition longue, complexe, et difficile. Jusqu'à maintenant dix nouvelles normes ont été publiées, ce qui ne couvre pas encore l'ensemble des transactions.

Les résultats de notre étude, réalisée par questionnaire, montrent que de façon générale les comptables vietnamiens (préparateurs ou utilisateurs d'états financiers) apprécient le rehaussement du contenu, de la compréhensibilité et de la comparabilité de l'information financière, mais que le manque de confiance dans l'application et la vérification des normes constitue une contrainte sérieuse à l'utilité. Nos résultats mettent également en évidence un important paradoxe, à savoir que les répondants souhaitent que le nouveau système adopte les normes internationales tout en conservant les spécificités du contexte socioéconomique du Vietnam. Les répondants souhaitent que le processus de normalisation comptable soit confié à un organisme mixte, composé de membres de corporations comptables et de l'État, mais que l'État demeure seul responsable de la vérification. Finalement, les répondants estiment que la formation adéquate des professionnels comptables ainsi que l'organisation de la profession comptable et de vérification constituent les assises de leur confiance au système.

À notre connaissance, il s'agit de la première étude empirique réalisée sur la réforme comptable (1996) au Vietnam.

Mots clés : comptabilité internationale, comptabilité au Vietnam, harmonisation comptable, normalisation comptable.

Abstract

Since 1986, the Vietnamese economic system has undergone a reform, changing from a planned economy to a market-oriented economy of mutual interaction with the rest of the world. The impact of the "Doi Moi" has been to increase the diversity of business stakeholders, to increase the need for disclosure of relevant and reliable financial information and to engage, in 1996, in the reform of the Vietnamese accounting system. To date, ten new standards have been published, with which overall transactions have still not been covered.

The study results, conducted with the use of a survey questionnaire, reveal that, in general, Vietnamese accountants and investors appreciate the enhancement of content, of comprehension and of comparability of financial information, although the lack of confidence in the setting and auditing of standards represents a serious restraint to its usefulness. These results also highlight an important paradox, i.e. that respondents wish the new system adopted international standards while preserving the specificity of the Vietnamese socio-economic context. Respondents hoped the process of accounting standard-setting be entrusted to a mixed body, made up of members of accounting corporations and the State, the latter remaining as sole responsible for auditing. Finally, respondents feel that adequate training of accounting professionals, as well as the organization of auditing processes and the accounting profession itself ought to be the basis for their confidence in the system.

To our knowledge, it is the first empirical study that has been conducted on Vietnam's accounting reform (1996).

Keywords: Accounting standards; Vietnamese accounting; International accounting; Accounting harmonization; Accounting standard setting.

Introduction

For a few years, the Vietnamese economic system has been undergoing a reform, which is transforming a traditionally planned economy into a market-oriented economy with global interaction.

The impact of this reform has been to increase the amount of stakeholders within a corporate environment, to raise the amount and complexity of business transactions, to increase the need for the disclosure of useful, relevant and reliable financial information, and, consequently, to engage in the reform of the Vietnamese accounting system.

Reforming an accounting system implies a long, complex and difficult process. Vietnam started this said reform in 1996, and to date, although ten new accounting standards have been published, it still proves insufficient to deal with the amount of transactions that need to be disclosed. Furthermore, Vietnamese financial statements are currently the result of a collection of standards published under the new system, general or sector-based standards published under the old system, and of taxation rules. We should also take into account that cultural variables are very powerful and that standard-setters have to decide between the adoption of international standards developed in industrialized countries and the protection of their national identity.

Besides the technical aspects, the perception of financial statement users and the financial statement providers' will to change are decisive factors in the acceptance, swiftness and success of the implementation of the new system. These factors justified the conception of our survey study, and it will allow us at this time to become acquainted with the viewpoint of five groups of financial statement users or providers (accountants in corporations, in government offices, bank loan officers, auditors and university professors) regarding the adoption of new Vietnamese accounting standards. More precisely, we wanted to better understand their perception of the usefulness of financial information now available, of adequacy in the context of international investments, of desired changes or improvements, of the organization of an accounting standard-setting system and of the organization of the accounting profession.

The data compilation was carried out through a questionnaire, which, according to our review of related literature, is a methodological breakthrough in Vietnamese accounting research. Our study results show that, in general, user groups as a whole are satisfied with the setting up of the new system, although the lack of confidence in the setting and organization of the accounting profession represents a serious handicap to its usefulness. These results also highlight an important paradox, i.e. that respondents wish the new system would caught up with international standards while preserving the specificity of the Vietnamese socio-economic context. Respondents have expressed their hope that the process of accounting standardization be entrusted to a mixed body that would include members of the accounting profession and government authorities, the latter being the only responsible for monitoring. Finally, respondents believe that proper training of accounting experts as well as the profession's legal framework should be the basis for their confidence in the system.

The next section will provide the reader with a short summary of the evolution of the Vietnamese economic and accounting systems since 1986, date in which “Doi Moi” was adopted. We will then present our study hypotheses and questions, with help of the available literature. Following that, we will get to the matter of our research methodology and we will put forward the results of our work, within the present context of the Vietnamese business environment. Finally, a brief conclusion ends this paper.

Background

The Vietnamese economic reform that began in 1986 marks the starting point of a change in attitude of the Vietnamese government towards market economy, the private sector and foreign investment. The reform program, know as “Doi Moi”, adopted at the Sixth Congress of the Communist Party of Vietnam, asserts the government's will to develop the private sector, restructure the financial sector and the budgetary system, to bank on exports as a way to boost growth and to attract foreign investment (Le Minh Tam (2000)). The overall thinking process of the Vietnamese government, which would lead to the adoption of “Doi Moi”, started at the beginning of the 1980s, taking account of repeated

exploitation losses and the operational inefficiency of state-owned ventures, at the time responsible for the majority of manufacturing products and rendering services. The creation of private companies and the arrival of foreign-invested companies were seen as good strategies to revitalize the industrial production and favour the growth of the Vietnamese economy.

The “Doi Moi” strategy’s focal point consists in ownership reorganization and management of state-owned enterprises. So as to avoid the same deceiving results of the massive privatizations carried out by certain countries of the Soviet Union, the Vietnamese government has decided to react progressively, reorganizing and keeping state-owned enterprises that played a strategic role, and privatizing only its other companies. The privatization undergone by state-owned enterprises was authorized at the Seventh Congress of the Communist Party of Vietnam in 1991, and it is estimated that the number of state-owned enterprises decreased progressively from 12,300 to 6000 in 1998¹.

This aperture towards the private sector has resulted in the introduction of different types of business, some based on ownership, as for instance private companies and mixed economy companies (partnerships between a private company and a state-owned enterprise), others defined according to the source of funding: for example companies partially owned by foreign capital known as joint ventures and companies entirely owned by foreign capital. The opening of the Ho Chi Minh City Stock Exchange in 1998 should have produced an interesting acceleration in the privatization programme allowing about thirty state-owned enterprises to become publicly listed, but according to Le Minh Tam (2000), the directional ambiguity of the State and the specialists' and investors' lack of experience slowed the rhythm anticipated for the privatization process.

Likewise, the economic reform has progressively transformed state-owned enterprises management, including the redefinition of the State's role. Before the reform, managers in state-owned enterprises had little or no managerial autonomy. The State was the only funds and resources provider for companies and controlled investment and operation

¹ Credit Information Centre, SBV, Monthly Bulletin, October 1998.

decisions. The company had to comply with a preset production quota. Products were sold to the State, at prices determined by the State. The government also fixed companies workers' and managers' salaries. All profits had to be yielded to the State, and all losses, which occurred most of the time, were covered by the State. In 1986, the State initially transformed factories into cost centres, and managers were held responsible for the minimization of production costs. In 1989, cost centres became profit centres while the State liberalized raw material purchase prices and product sale prices and positioned managers in a market competition with freedom to act within their distribution and marketing policies. Today, many managers are allowed to make certain decisions relative to their company's investment policies. Consequently, the transition from a planned economy to a market-oriented economy has transformed the State's role from economy's absolute ruler to simple stakeholder. This transition, taking place on a very difficult course, is still in progress.

The diversification of the types of ownership, the arrival of new venture capital vehicles, the transformation centered on management performance, the increase in the complexity of business transactions, have generated internal and external pressure on the need for financial information. Stakeholders have insisted on the publication of financial information of a certain quality, the type of which is different from the one inherent to the rules put in place by the State in the 1960s.

The Vietnamese accounting system

The connection between a country's social and economic environment and its accounting system has been extensively discussed in literature (Choi and Mueller, 1984, Arpan and Radebaugh, 1985, Belkaoui, 1985). Changes in the environment lead to changes in the accounting system allowing it to carry out its economic data recording and measuring function. The Vietnamese contemporary accounting history starts in the mid 19th century with France's arrival, affecting business, financial and accounting systems. This condition is particular to this part of Asia compared to countries members of ASEAN, who have been mostly influenced by Anglo-Saxon institutions. The French accounting system, presently transitioning towards an international system, is characterized by the

predominance of the legal framework of its transactions over their economic substance as well as a uniform chart of accounts. Vietnam adopted the Soviet accounting model, following the establishment of the Socialist Republic in 1945, which remained in force until the recent accounting reform of 1996 (Decision 1141TC/QD/CDCT, adopted on January 1st, 1995, and effective on January 1st 1996). The Soviet accounting system is characterized by a fund accounting, which answers the needs of a planned economic system and finds its usefulness in the cash-flow control of a centralized budget.

The 1996 accounting reform that took place 10 years after the reform of the economic system marks an important turning point in Vietnamese accounting history since it shows the Vietnamese government's willingness to bring the Vietnamese accounting standards closer to international standards, mostly Anglo-Saxon influenced. We will keep in mind that Anglo-Saxon accounting systems favour the economical substance of a transaction over its legal framework and are not supported by a uniform chart of accounts.

The current Vietnamese accounting system's judicial structure is relatively complex and is illustrated bellow:

(Insert Figure 1)

The preliminary stage of the accounting reform consisted on the promulgation, in 1988, of the Ordinance on Accounting and Statistics, regulating and forcing all businesses to implement accounting and statistics standards set by the Ministry of Finance and the General Department of Statistics. In 1995, the government published a unified chart of accounts, called unified accounting system, together with guidelines on all the stages to be followed in the organization of the accounting tasks, as well as in the enforcement of standards and the submitting process of annual papers. On December 31st, 2001, the Ministry of Finance published the first four accounting standards, followed by six others in 2002. It is to be pointed out that every time a new standard is published, the unified accounting system is modified coherently so as to avoid conflict (Bui Van Mai, 1999): this is why the unified accounting system is still in force, since users continue to refer to it for the recording of transactions not covered by the new accounting standards. In 2003, the Vietnamese government replaced the Ordinance on Accounting and Statistics with the

Accounting Act, enunciating the leading principles of contemporary Vietnamese accounting. They are: presentation of reliable economic information; designation of the Ministry of Finance as the body responsible for accounting standards setting and monitoring; organization and reliability of accounting records; separation between financial accounting and management accounting and finally auditing requirements for publicly listed companies and foreign invested enterprises. With passing years, the Vietnamese government has allowed certain industry segments, like banks, insurance companies, sea transport, agricultural cooperatives, oil companies and others, to derogate from the unified system so as to adopt accounting standards specific to each of them. This situation poses a problem and is subject to debate in the Vietnamese accounting world, regarding the judiciousness of keeping alternative systems, as we will see later in our study.

Finally, what turns the accounting structure into something much more complex than what is previously described, is the notable influence of tax laws and their impact on net profit calculation and on asset measurement. For example, tax laws determine amortization methods, provisions for asset depreciation, periodic cost allocations. And even if new accounting standards foresee the choice of accounting policies to better reflect the economic reality, in practice, the application always rests within tax rules. The will to maintain national character in accounting standards and not to adopt international standards without any criticism could also explain why reference to national tax laws, persist. Lin et al. (2001) mention that studies carried out by several American and Chinese researchers show that financial statements prepared in accordance to Chinese accounting principles reveal an overvaluation of net profit and asset measurement, taking into account the difficulty to apply the accounting principle generally accredited to conservatism. We believe the same situation prevails in Vietnam for this reason, but also for tax reasons. For example, the maximum authorized rate for annual provision of bad debt is of 20% of the annual accounts receivable balance. It is also almost impossible to carry out an asset revaluation, the principle of historical cost entered in tax law generally being the most respected.

Following the example set by the accounting reform, we are witnessing the emergence and organization of the accounting profession. In 1994, the Vietnamese Accounting Association, composed of accounting professionals, was founded. In 1999, the Ministry of Finance created the National Accounting Standards Board, a consultative governmental body. The issue of the setup of an independent accredited body in charge of setting auditing standards and supervising auditors is still to be dealt with.

Study Hypotheses

The main purpose of this study is to conduct an empiric evaluation of the new Vietnamese accounting system. To our knowledge, this is the first study on this subject conducted so far and we intend to better examine the merits or deficiencies of the accounting system as perceived by accounting professionals and investors.

A new accounting system should generate more useful accounting information to satisfy its users when assessing an entity's performance than current standards. The information required by a new standard should be concise, reliable and should improve the quality of the decision making process. (FASB, Statement of Financial Accounting Concepts No 1, 1978; ICCA, Chapter 1000, 1984; Wull and Koski-Grafer, 1998). High quality accounting standards should improve published information and should aim at increasing users' capabilities to make investment and credit decisions. They should improve the relevance, reliability and comparability of financial information (Linsmeir et al, 1998).

The economic, social and political contexts have a relevant influence over the reform of an accounting system (Benston, 1980; Johnson and Messier, 1982; Nobes and Parker, 1988; Hoarau, 1994, Farcane and Delesalle 1996). "Doi Moi" has triggered a series of changes to corporate ownership, has opened the economic borders and has favoured the arrival of foreign investors. The accounting reform of 1996 marks the official transition from the existing Soviet chart of accounts into a planned and centralized economy, to a system destined to satisfy the needs of a statement of charge and discharge and management of state-owned enterprises, to the need of information about investors,

owners or Vietnamese and foreign lenders, and to the need of harmonizing with the international accounting system.

It is being considered that the new accounting system has improved the quality of the financial information that is being received today; that is what we would like to assess by formulating our first research hypothesis, similar to the hypothesis formulated by Lin et al. (2001).

Hypothesis 1: Decision usefulness of accounting information has been significantly enhanced since the adoption of the new system of business accounting in 1996.

Hoarau (1994) defined the harmonization of international accounting systems as a political process aimed at reducing differences in accounting practices around the world. This, intended to improve compatibility and comparability (Hoarau, 1994, Murphy, 2000, Fracane et Delesalle, 1996). Vietnamese authorities officially acknowledged this need when the unified chart of accounts (1996) was published, while reiterating the will to preserve national characteristics, the latter being strongly influenced by tax laws. This duality in the objectives contributes to maintain important differences between the two systems (Tran Van Ta, 2001). But what do accounting professionals and investors think? Do they prefer an accounting system that has been harmonized with the international system or do they share the State's duality of objectives? By formulating our second research hypothesis, it is what we wanted to assess.

Hypothesis 2: The stakeholders' support increasing adoption of the internationally accepted accounting principles and procedures in Vietnamese accounting.

Following a general assessment of accounting professionals' and investors' perceptions on the new Vietnamese accounting system, we would like to determine, more precisely, which are the international accounting standards that have not yet been adopted by the Vietnamese standards and the setting of which would be desired by accounting professionals and investors. At this stage of our study, we have identified a series of

international accounting standards that, according to our bibliographical research, would help Vietnamese financial information become more reliable and easier to interpret. Our first study question should help us identify in particular new potential standards, taking into account that the accounting reform is on its way and that there is room for new proposals.

Question 1: What are the potential changes that are needed, as perceived by stakeholders, for improving the existing system of business accounting in Vietnam?

We have seen that the Ministry of Finance is the body responsible for accounting standards setting and monitoring, which we cannot call, at this point, independent auditing. Skinner and Milburn (2001), as well as Robb and Robinson (1983) have mentioned that the process for accounting standards setting is a mechanism of social choice (public interest theory). Other researchers mention that the process constitutes a way to resolve conflict of interest (interest group theory). In Vietnam, three different approaches could apply, within a framework of a reform of the way accounting standards are set and audited. Either the present system, where the Ministry of Finance has total control is preserved, a body conformed of accounting professionals (Bui Van Mai, 2001; Doan Xuan Tien, 2003) is appointed, or a mixed body, made up of accounting professionals and representatives of the Ministry of Finance (Vuong Dinh Nhue, 1999; Vu Huu Duc, 2001) is created.

Question 2: What should be, as perceived by the stakeholders, the optimal approach of accounting standard setting and enforcement in the present business environment in Vietnam?

Research Methodology

We have chosen to carry out our study with the help of a written questionnaire (Appendice A), for it is a method that allows respondents to take their time to think and qualify their agreement or disagreement on the proposed statements. Thus, the response to each question statement has been designed to go from 1 {strongly disagree} to 5

(strongly agree) expressed in a Likert scale, while "no opinion" or "neutral" has been indicated by the score 3.

Our questionnaire has been modeled after the one on the survey study conducted by Lin et al. (2001) (hereinafter called Lin) and it is composed of thirty-one (31) questions, divided into five sections as follows: 1. Profile data of respondents, 2. Their perception on the usefulness of the new accounting system, 3. The need to harmonize the Vietnamese accounting system with the international accounting system, 4. Desired improvements to the new accounting system, 5. The different agencies involved in the preparation and monitoring of the accounting system. As a general rule, we have used the same questions as the ones on Lin's questionnaire, except for those questions dealing with Vietnamese accounting features, where we have adapted the idea expressed by the text. There were very good reasons for us to follow, as closely as possible, Lin's questionnaire. First of all, the socio-economic transition and the way China and Vietnam opened to international markets is similar, with a few years difference, since the Chinese accounting reform (1993) precedes the Vietnamese accounting reform (1996) by a few years. In second place, since we are pioneers in the use of this type of research study in Vietnam, we would like to maximize our chances by using a questionnaire that has already been validated and used in a similar context. Finally, in addition to our understanding of the Vietnamese situation, we wanted to include a new dimension to our research by comparing our results to those of our Chinese colleagues.

Sample

Our sample is composed of five interest groups representing Vietnamese providers and users of accounting information. These are accounting professionals working in companies, in public administration, in auditing firms, as bank loan² officers and university professors.

Given the fact that the Vietnamese postal service sometimes experiences delays, we decided that the questionnaire should be distributed to and collected from chosen professionals selected for the sample. For this reason, with regard to accountants in

² The category "loan officer" replaces the category "investors" in the study conducted by Lin et al. (2001)

companies, public administration and loan officers, we have limited our surveyed territory to the City of Danang, the third most important city, located in central Vietnam. A random selection of respondents was made from the statistics directory of Danang. With regard to the other two categories, i.e. auditors and university professors, we added Ho Chi Minh City, the most important city, located in southern Vietnam, so as to obtain a valid sample size, since these two cities only have six auditing firms and two universities offering an accounting training programme, with the possibility of obtaining a bachelor degree or a masters degree.

To ensure respondents had a high hierarchical level and enough years of experience that would allow them to compare the old accounting system to the new one, we defined eligible positions and required a minimum of six years experience in professional practice.

Overall, two hundred seventy-one (271) copies of the survey questionnaire were distributed and one hundred eighty-six (186) questionnaires were returned. Forty-five (45) copies were rejected because the respondents did not conform to the above-mentioned criteria. The overall usable response rate was of 51.27 %.

The following table contains more information regarding our sample.

(Insert Table 1)

Accounting professionals specialized in corporate accounting make up the most important group of respondents (63.8%), closely followed in almost the same amount by auditors (14.2%), bank loan officers (12.1%) and active accountants occupying different positions relevant to our study (9.9%).

We hoped respondents would possess the required knowledge and practical expertise to answer our survey questionnaire. This was achieved, since almost all respondents hold a university degree (98.6%). They fill medium and high level accounting positions (66.7%), allowing them a solid opinion on the economic and accounting stakes of a

country experiencing an economic transition. Furthermore, 71.6% have more than eight years of professional experience, which brings valuable insight on the impacts of the transition between two accounting systems, the need for harmonization with the international system and the desired improvements.

Results

Study hypotheses

Hypothesis 1: Usefulness of the new accounting system

(Insert Table 2)

By and large, respondents agree on the usefulness of introducing a new accounting system, assigning an average score of 4.11 (agree). This supports our first hypothesis. For instance, respondents feel that the understandability of accounting information has been enhanced (4.16), that there is a substantial expansion of information content (4.32) and that the needs in public administration macro-economic information are better satisfied (4.17). We mentioned that the increasing diversity of financial information users as well as the arrival of outside users in companies and public administration sectors, come as a consequence of the transition from a planned economy to a market-oriented economy. Are these users better served by the new accounting system? Some respondents attributed an average mark of 3.93 (4.02 in Lin's study) to the assessment regarding the satisfaction of investors and creditors information needs, but mostly disagreed to the one regarding the reliability of published accounting information (2.76, 3.04 Lin's study), which has arisen certain doubts around this question. Generally, our results match those of Lin's study, and reveal the same paradox when referring to information usefulness and reliability. Lack of information reliability can dampen decision-making. It should be noted that accounting standard-setting is a process that implies preparation of accounting standards, their setting within a company and their independent auditing. In this context, for information to be considered useful and reliable, an improvement of accounting standards has to be supported by a reinforcement of auditing standards, still to be accomplished in Vietnam, given the weak organization

level of the accounting profession. This issue is further discussed in the research question 2 section of this paper. In addition, the transitional condition of the present accounting system, where old general and sector-based standards combine with new standards and a notable influence of tax rules, could furthermore explain the enthusiasm towards the usefulness of the accounting reform, and the reservations that still persist about the reliability of the information currently published. The answer to question 3.4 of the study questionnaire supports our assessment, since 78.7% of respondents hope for the progressive abolition of said sector-based standards.

A review of the results obtained by groups of users supports our interpretation of the overall examined results. For this portion of our results analysis, we have stated as hypothesis that if the new accounting system would have enhanced the satisfaction of users' needs, there should be a convergence in the levels of perception of each user group. (Insert Table 3)

In order to validate this hypothesis, an overall examination was carried out using the Anova variance analysis and the Krustal-Wallis test. It showed that, except for one question, results appeared to be non-significant and that, indeed, there is a convergence of opinion among the different user groups. It is remarkable that a difference of opinion appears on the issue of information reliability (Q2.4), with auditors (2.25) and accountants in government offices (2.24) diverging from the average results. This brings us to those groups currently involved in the organization of the accounting profession.

Precisely as in Lin's study, we wanted to prove the existing connection between accounting information and its characteristics, as expressed in questions 2.1 to 2.8 of the study questionnaire. In order to do so, we ran a linear regression examination, using question 2.0 (usefulness of accounting information) as a dependent variable.

(Insert Table 4)

We find that the representation is significant and it helps answer our concerns inasmuch as significant independent variables are the result in the improvement of information

delivered to the various user groups and the improvement of information needed in internal company management.

Hypothesis 2: Internationalization of the Vietnamese accounting

The opening of Vietnam's economic borders implies the need for an understandable financial communication system by all local and international users. The adoption of international accounting standards, and the differentiation between financial accounting and tax accounting could very well be the solutions advocated, keeping in mind that the evolution of a country's accounting system depends very much on its socio-economic evolution. The will to rally international community without losing national identity is the conceptual background for the results gathered in the second half of the study questionnaire.

(Insert table 5)

The average answer to question 3.0 (4.65), with 76.6% of respondents "strongly agreeing" (5) to the internationalization of accounting standards, and the 4.35 average for question 3.1 show the desire of Vietnamese accounting professionals to come closer to international accounting standards. But the 4.25 average for question 3.2 (56% of respondents answered they "strongly agree" (5)), relative to the preservation of their national identity and independence towards Western standards, illustrates the difficulties the Accounting Standards Board faces in the matter of reconciliation and coherence. However, there definitely is something positive in the fact that 78% of respondents wish (5, strongly agree) the publication and new standard setting process would go faster (4.70 average)

The analysis of this table is particularly interesting, since it highlights the two paradoxes Vietnamese accounting standard-setters face. The first one, herein previously discussed, is about information usefulness and its reliability. In the same time, and there lies the second paradox, respondents favour a Vietnamese accounting system based on a market-oriented economy and in compliance with the international system, but they would like to

see their national character and a certain independence with the so-called Western standards preserved. The same remarkable paradoxes appear in Lin's results: 87.4% of respondents agree with harmonization of Chinese accounting standards with the international accounting standards, 90.4% of respondents agree with the acceleration of the accounting reform, though 75.7% of respondents approve independence from Western accounting standards.

(Insert Table 6)

Just as for the first hypothesis, we wanted to examine, by means of inter-group benchmarking, the eventuality of a consensus among group respondents about Vietnamese accounting internationalization. There is one actually, except for the application with certain restrictions of the conservatism principle, strongly rejected by corporate accountants (2.23); this could be explained by the concern of asset depreciation, that setting accounting standards similar to international ones could lead to. It should be pointed out that there seems to be more divergence of opinion among Chinese accounting professional than among Vietnamese accounting professionals regarding the internationalization of the accounting system, since 5/8 of the questions show significant differences ($*.05$) for the same statements in Lin et al. study. According to Lin, it is because a difference exists between accountants in government offices and accountants in other user groups. Indeed, accountants in government offices show more reservation than their counterparts did to Chinese accounting internationalization and to the total or restricted application of conservatism principles. On the other hand, they vigorously support the preservation of an accounting system independent from Western standards.

Finally, we have conducted a linear regression analysis that will allow us to obtain more information on the existing relationship between the harmonization need of Vietnamese accounting with international accounting and accounting contexts or practices supporting it. Here then, the statement in question 3.0 becomes the dependent variance, and all other statements from 3.1 to 3.7 become the independent variables.

(Insert Table 7)

Our results show that the model is significant (*.00), and that the most explanatory variables are the adaptation to the needs of a market-oriented economy (*.01), the acceleration of the reform process (*.01), as well as the elimination of sector-based accounting standards (*.10).

Study questions

1. Desired improvements to the accounting system

This section of the study questionnaire is different from Lin's questionnaire, since our statements relate specifically on existing differences between the Vietnamese accounting system and the International accounting system

To this point, we have seen that Vietnamese accounting professionals agree on the usefulness and the need to go on with the accounting system reform, so it can meet the needs of the diversity of users in a market-oriented economy and in the context of opening economic borders. We also noticed a difference of opinion among user groups when approached with more specific matters like, for instance, the application of conservatism principles.

This next section, presented in the form of research questions, will allow us to demonstrate that despite a unanimous consensus on the general aspect of the reform, differences appear on more specific accounting issues that turn, as we mentioned before, the work of the Accounting Standardization Committee into a very difficult task. Accounting applications included in the study questionnaire are international accounting standards which have not yet been adopted in Vietnam, but that should be in this context of harmonization between both systems.

(Insert Table 8)

Let's first have a look at table 8 that puts forward results obtained from all respondents and confirms a more or less strong consensus (from a 3.26 average regarding the display of environmental and social duties to a 4.47 average regarding the addition of

complementary notes on the description of evaluation methods to the financial statements) on international standards setting.

This apparent accord exhausts itself when examining the results by groups of respondents presented at table 9, where it is obvious that, except for question 4.5 on environmental and social duties, there is a significant difference of opinion.

(Insert Table 9)

The issue of the conservatism principle resurfaces in the accounting standard application supporting long-term assets (*.01) and stocks (*.10). We could infer that there is some resistance to depreciate long-term assets, which has a negative impact on assets and on profitability, and that reliable amortization rates historically implemented by Vietnamese tax authorities are difficult habits to change. On this issue (Q4.1), respondents divided in three distinct groups. On one hand, the company groups (4.52) and academics (4.28) who call for the setting of this standard. On the other hand, the group formed by government offices accountants (1.76) and auditors (2.88) who totally disagree. Remains the group formed by loan officers who stays neutral on this issue, giving more significance to financial flows in credit assessment than to accounting revenues and expenditures, which can explain their position. However, opinions are more convergent with respect to actual stock value presentation (Q4.2), which could also imply devaluations, for here only the government offices group, though in favour, remain hesitant (3.6).

Resistance on the part of the government office group (1.76) is also notable on question 4.6 on reduced government intervention in the accounting field. Only one group disagreed with this statement, whereas all of the other groups strongly agreed (4.45).

Another statement for which we find a significant difference of opinion among the groups (*.01) relates to the disclosure of transactions among related parties (Q4.3): the slightly favorable opinion of the corporate accountant group (3.67) sets it apart from the other user groups. The latter's average answer (Q4.4), which ranged from 4.53 to 4.83, highlight the problematic nature of this issue in the Vietnamese business world, and point out the need for the Accounting Standards Board to address it in order to improve user confidence. While the corporate accountant group agreed (4.22), it was again less

enthusiastic than the other user groups about disclosing more information on evaluation methods used to prepare financial statements.

2. Publication and monitoring of accounting standards

Finally, we looked at two important aspects of the accounting standard-setting process, namely drafting accounting standards and monitoring the extent to which they are accurately and fully enforced. For each of these aspects, we asked respondents to choose from three bodies that could be put in charge: the Ministry of Finance, as it is currently the case in Vietnam (Accounting Standards Board), a private accounting corporation, like in Canada (CICA), or a mixed organization, including members of government and accounting corporations, like in the United States (FASB).

(Insert Table 10)

Respondents' choices are noteworthy and illustrate the private-public sector duality they must deal with as they make the transition from a state system to a market-oriented system. They do in fact wish that accounting standards be drafted in the future by a mixed organization including the Ministry of Finance and an accounting corporation. However, respondents believe that the Ministry of Finance alone is best suited to monitor the system.

Discussion of results

This study shows that all stakeholders in the development of the Vietnamese accounting hold a favorable view of the new Vietnamese accounting system set up in 1996. Improvements in information content of financial statements, the understandability and comparability of information do, in fact, better meet the needs of the various users, both within and outside enterprises. However, there is still an important problem to be solved in regard to decision usefulness of financial statements and the impact of the information's lack of reliability. There are several potential explanations for this situation, including: 1. The lack of organization and training in the accounting profession; 2. The new accounting standards inability to cover all business transactions; 3. The complexity of the current system; 4. The unpopularity of account auditing and the

absence of an independent body responsible for auditing standards and monitor auditors;
5. The adoption of rules for sound governance and transparency.

Regardless of how good an accounting system is, it is only useful insofar as its content is accurately and fully enforced, and its rules and procedures followed. Overall, accounting professionals in Vietnam do not necessarily have the academic training and the adaptability to move from essentially statistic accounting to normative accounting. There are currently no independent accounting corporations, like the CPA (United States) or CICA (Canada, England), in charge of validating the uniformity and quality of university accounting training and of providing ongoing certification for members authorized to practice the profession. For example, the Asian Development Bank (2000) estimates that less than 10% of Vietnamese accountants currently have university training, which explains why we chose these qualification criteria for our respondents. Furthermore, even for university-trained accountants, we must ask ourselves whether the training that most of them received under the old system meets the new system's requirements. Finally, it is necessary to overcome resistance to change, and the following results drew our attention. When asked about applying the conservatism accounting convention when measuring long-term assets and stocks, the government office accountant group was the one that held the least favorable view. It was also the only group to disagree with the reducing of the influence of taxation in the field of accounting. We should recall that, given the corporate structure of Vietnamese enterprises, the group of accountants, specialized in accounting or in finance, working in government offices is still very preeminent.

As it is the case for the organization of the accounting profession, there is no certified, independent organization in charge of setting auditing standards, supervising skills and enforcing auditing rules and procedures, which is absolutely necessary to make the disclosed information trustworthy. As for now, except for six small private offices and five foreign offices auditing foreign-invested enterprises, auditors' offices are all funded and managed by different government bodies, such as tax or finance bureaus.

The fact that accountants must refer to a vast number of manuals or guidelines, the new system's inability to apply to all business transactions, the lack of training of accountants

in charge of the transition between the old system and the new system, and the duality of fiscal and accounting targets certainly do not help make auditing work feasible. This gives an indication of the scale of the task ahead, the diversity of intervention areas, and the need to shorten the transition period by publishing the new accounting standards more quickly, as desired by all respondents, so that the Vietnamese accounting system may reach reliability standards that meet international standards.

We shall comment briefly on the issues of governance and transparency in the disclosure of financial information. This is, in fact, a worldwide issue that has been regulated or will soon be regulated by several countries (Sarbanes-Oxley Law, United States) and accounting corporations (revised codes of ethics). We found an initial governance problem regarding the management and financial dependence of Vietnamese accounting bodies. Our results also show that the group of corporate accountants, while favorable, is more reserved when it comes to disclosing additional information in the notes to the financial statements on transactions among related parties and on the evaluation methods used.

Generally speaking, our results concur with those of Lin et al. (2001) (Appendice B). For example, we found out the same paradoxes in terms of satisfaction with the new accounting system and its lack of reliability, and in terms of a desire to internationalize standards yet maintain national standards. However, one difference struck us when we conducted the inter-group analysis of the evaluation of respondents' perception of the internationalization of the accounting system. For that hypothesis, meaningful differences caused by the less favorable view of government office accountants with regard to internationalizing the accounting system as such, applying the conservatism convention and maintaining the national system were significant (*.05) in the Lin et al. study, but were not in ours.

Conclusion

The goal of our study was to assess stakeholders' perception of the changes brought about by the adoption and implementation of the accounting reform in 1996. A country's

accounting system reform reflects changes in the economic, legal, social and political context. Consequently, when these contexts change, accounting must change. The Vietnamese accounting reform is a natural outcome of Vietnam's efforts to begin the shift towards a market-oriented economy. It also heralds an important phase in Vietnam's development, since it brings into question the State's role in administration and accounting, geared toward market rules and international standards.

Our study shows that all stakeholders hold a favorable view of the new accounting system approach, and appreciate the rich content, understandability and comparability of the financial information provided. This favorable perception is, however, clouded by a lack of confidence in the information's reliability. We have also shown that the stakeholders are generally in favor of making Vietnamese standards more like international standards, though wanting to keep a system that reflects national identity. Furthermore, respondents betray a certain degree of hesitation regarding the role of the private sector vs. the role of government. The accounting profession has taken on an enormous challenge in Vietnam, since it is not just a question of changing this or that standard in the context of an ongoing market economy; it is, rather, a question of moving from one system to the other, without prior experience. This means finding solutions and juxtaposing several accounting systems, such as the unified accounting system (1995), sector-based accounting rules, tax rules and the new accounting standards during the transition period, while innovating within the model sought by the accounting profession, investors and the government.

The essential conditions for meeting this challenge successfully include organizing the accounting profession, organizing the auditing profession and training all professionals. There is therefore a natural necessity for accounting corporations and universities to work together.

Our study's findings correspond with a study conducted by Lin et al. (2001) on the Chinese accounting reform (1993) that took place shortly before the Vietnamese reform (1996). Since, to our knowledge, there are not many empirical studies on the impact of accounting system changes in countries in economic transition, we hope that the work of

researchers from various different countries will add to our work. This will give the accounting research community and practicing accountants greater knowledge of existing experience.

Geographical borders of our study's findings

In order to ensure proper representation of accounting information users, our sample should have included users from all intervention sectors and all regions of Vietnam. For feasibility reasons, we decided to target five main groups of users working in Danang and Ho Chi Minh City (auditors and university professors). Our results can therefore not be generalized to all Vietnamese stakeholders.

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Figure 1
Structure of the current system of accounting in Vietnam

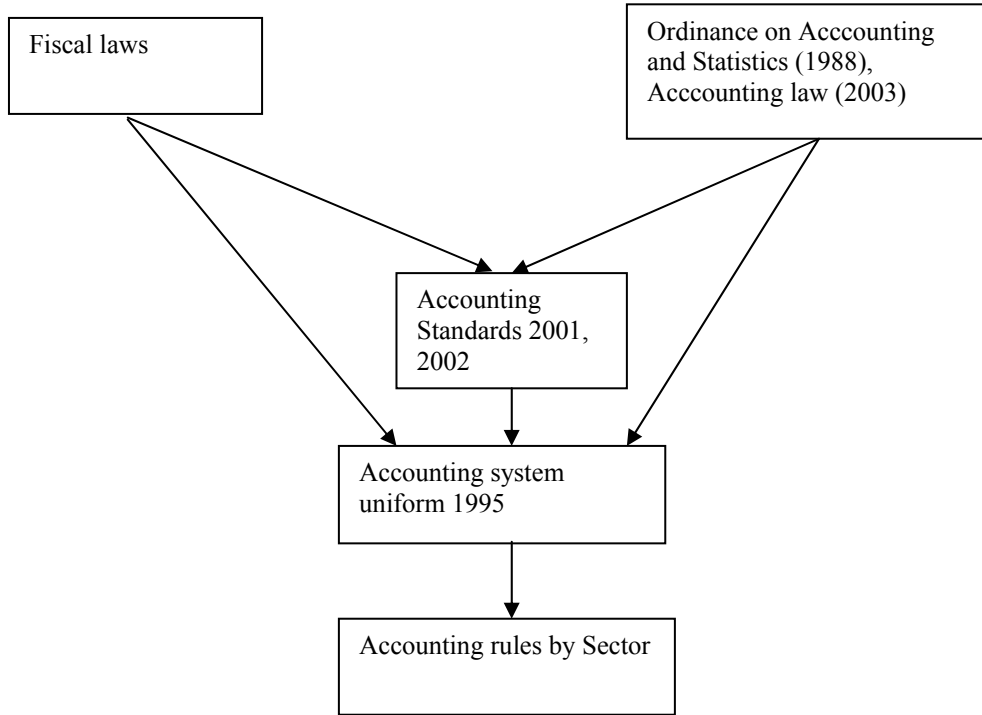


Table 1
General Information on Respondents

	Corporate Accountants (%)	Government Offices Accountants (%)	Bank Loan Officers (%)	Auditors (%)	Professors (%)	Total (%)
- Department :						
Accounting	95,9	23,5	0	12,5	77,8	63,8
Credit	0	0	100	0,0	0	12,1
Auditing	1,4	64,7	0	50,0	0	14,2
Others	2,7	11,8	0	37,5	22,2	9,9
- Position						
Director or assistant director	77,8	47,1	41,2	68,8	22,2	66,7
Others	12,3	52,9	58,8	31,3	77,8	33,3
- Level of Education						
Bachelor	93,2	88,2	94,1	75,0	16,7	80,9
Masters/Doctorate	5,5	5,9	5,9	25,0	83,3	17,7
Other diploma	1,4	5,9	0	0,0	0,0	1,4
- Years of pertinent experience						
From 6 to 8	23,3	29,4	41,2	31,3	33,3	28,4
More than 8	76,7	70,6	58,8	68,8	66,7	71,6

Table 2
Descriptive statistics by groups of respondents
Effects of New Accounting System (Hypothesis 1)

Question	μ	σ	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)
2.0 Decision usefulness of accounting information enhanced	4,11	0,85	0,0	8,5	5,7	52,5	33,3
2.1 Comparability of accounting information improved	3,98	1,00	1,40	11,3	8,5	45,4	33,3
2.2 Understandibility of financial statements enhanced	4,16	0,80	0,0	5,7	7,8	51,1	35,5
2.3 Information content of financial statements expanded	4,32	0,70	0,0	3,5	2,8	51,8	41,8
2.4 Reliability of accounting information substantially increased	2,76	1,21	16,3	35,5	7,8	36,9	3,5
2.5 Balance the information needs of various interested groups	4,01	1,00	0,7	12,8	6,4	45,4	34,8
2.6 Government's information needs are better satisfied	4,17	0,77	0,0	5,7	5,0	54,6	34,8
2.7 Management's information needs are better satisfied	4,04	0,91	2,1	7,1	5,7	55,3	29,8
2.8 Needs of investors and creditors are better satisfied	3,93	0,92	0,0	12,8	7,8	53,2	26,2

Likert scale: 1 = Strongly disagree; 2 = Disagree; 3 = No opinion; 4 = Agree, 5 = Strongly agree

Table 3
Descriptive statistics by groups of respondents
(Hypothesis 1)

1.ANOVA Analysis	Q.2.0	Q.2.1	Q.2.2	Q.2.3	Q.2.4	Q.2.5	Q.2.6	Q.2.7	Q.2.8
Corporate Accountants (n=73)									
Mean	4,100	3,990	4,270	4,400	3,080	3,990	4,250	4,040	3,900
Standard Deviation	0,836	0,905	0,767	0,640	1,222	1,021	0,662	0,978	0,960
Government Acc (n=17)									
Mean	3,820	3,820	4,120	4,410	2,240	3,940	4,350	4,180	4,000
Standard Deviation	1,131	1,286	0,928	0,795	0,970	1,088	0,786	0,636	1,061
Credit officers (n=17)									
Mean	4,180	3,940	3,820	4,240	2,530	3,880	4,060	4,290	4,060
Standard Deviation	0,951	1,088	0,883	0,562	1,328	0,928	0,889	0,686	0,899
Auditors (n=16)									
Mean	4,130	3,630	4,190	4,250	2,250	4,060	4,060	3,810	3,940
Standard Deviation	0,806	1,258	0,403	0,775	1,000	0,772	0,772	0,834	0,680
Professors (n=18)									
Mean	4,330	4,440	4,060	4,060	2,610	4,220	4,000	3,830	3,830
Standard Deviation	0,485	0,616	0,938	0,873	1,145	1,114	1,029	1,098	0,924
Total (n=141)									
Mean	4,110	3,980	4,160	4,320	2,760	4,010	4,180	4,040	3,930
Standard Deviation	0,851	1,003	0,798	0,700	1,212	0,996	0,771	0,913	0,923
p-value	0,515	0,177	0,302	0,389	0,015**	0,872	0,535	0,467	0,955

Legend :

- 1) The group means calculated based on a Likert scale of 1 to 5. (1) denotes "strongly disagree", (5) denotes "strongly agree", and (3) denotes "no opinion"
- 2) Anova analysis compares between group means
- 3) Significant levels are '*': 0,10; '**': 0,05; '***': 0,01

2. Kruskal-Wallis Test.

	Q.2.0	Q.2.1	Q.2.2	Q.2.3	Q.2.4	Q.2.5	Q.2.6	Q.2.7	Q.2.8
Chi Squarred	1,750	5,030	4,944	4,113	11,559	2,419	2,376	3,718	1,188
Degrees of freedom	4	4	4	4	4	4	4	4	4
Asymp. Sign.	0,782	0,284	0,293	0,391	0,021**	0,659	0,667	0,445	0,880

Legend : The Kruskal-Wallis tests compares between group means

Significant levels are '*': 0,10; '**': 0,05; '***': 0,01

Table 4
 Relation between usefulness of accounting information
 and qualitative information characteristics
 (Hypothesis 1)

Multiple linear regression

Source	Sum of squares	Degrees of freedom	Mean of Squares	F	Significant level
Model	15, 972	8	1,997	3,085	0,003
Résidual	85, 432	132	0,647		
Total	101, 404	140			

$R^2 = 0,397$ (R^2 adjusted = 0,158)

Independent variables	Coefficients	T	P-value
Y-axis	2,269	3,394	0,001
Comparability	9,254 ^E -02	1,337	0,184
Understandibility	9,903 ^E -03	0,110	0,912
Information content	-3,31 ^E -02	-0,311	0,756
Reliability	7,476 ^E -02	1,313	0,192
Balance information needs	0,153	2,057	0,042 ^{**}
Government's information	-0,138	-1,479	0,141
Management's information	0,177	2,278	0,024 ^{**}
Needs of investors and creditors	0,156	1,878	0,063 [*]

Dependant variable : Usefulness of accounting information

Significant levels are ‘*’ : 0,10; ‘**’ : 0,05; ‘***’ :0,01

Table 5
Descriptive statistics by groups of respondents
Internationalization of Chinese Accounting
(Hypothesis 2)

Question	μ	σ	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)
3.0 Adoption of international accounting principles and procedures should be expanded	4,65	0,76	0,0	5,0	2,1	16,3	76,6
3.1 Accounting has general applicability in market economies	4,35	0,95	1,4	7,1	3,5	31,2	56,7
3.2 Standard setting be subject to Vietnames's specific conditions and take restrictive approach toward western accounting	4,25	1,09	2,8	9,9	2,8	28,4	56,0
3.3 Substantial gap remains between Vietnamese accounting and internationally accepted standards	3,96	0,99	1,4	7,1	21,3	34,8	35,5
3.4 IARS must be phased out after enforcement of PASs	4,16	1,21	4,3	12,1	5,0	21,3	57,4
3.5 Formulating and enforcing PASs must be speeded up	4,70	0,67	0,7	2,1	1,4	17,7	78,0
3.6 Conservatism has been sufficiently embodied in the accounting system adopted since 1993	3,20	1,23	9,9	25,5	11,3	41,1	12,1
3.7 Conservatism can only be adopted with restrictions	3,06	1,26	11,3	30,5	9,9	36,9	11,3

Likert scale: 1 = Strongly disagree; 2 = Disagree; 3 =No opinion; 4 = Agree, 5 = Strongly agree

Table 6
Descriptive statistics by groups of respondents
(Hypothesis 2)

1. ANOVA Analysis		Q.3.0	Q.3.1	Q.3.2	Q.3.3	Q.3.4	Q.3.5	Q.3.6	Q.3.7
Corporate Accountants (n=73)									
Mean		4,640	4,300	4,190	3,950	4,120	4,740	3,290	2,230
Standard Deviation		0,695	0,996	1,186	0,998	1,301	0,727	1,196	0,906
Government Acc (n=17)									
Mean		4,350	4,530	4,240	3,760	4,290	4,410	3,240	4,470
Standard Deviation		1,169	0,874	1,033	1,091	0,985	0,939	1,300	0,800
Credit officers (n=17)									
Mean		4,590	4,350	4,000	3,940	0,380	4,710	3,470	3,760
Standard Deviation		0,795	0,606	1,061	0,899	1,251	0,470	0,943	0,752
Auditors (n=16)									
Mean		4,880	4,500	4,380	3,690	4,630	4,880	2,880	3,500
Standard Deviation		0,342	0,730	1,025	1,014	0,806	0,342	1,408	1,265
Professors (n=18)									
Mean		4,780	4,220	4,610	4,440	4,110	4,670	2,830	4,060
Standard Deviation		0,732	1,263	0,778	0,856	1,278	0,485	1,383	0,639
Total (n=141)									
Mean		4,650	4,350	4,250	3,960	4,160	4,700	3,200	3,060
Standard Deviation		0,757	0,949	1,090	0,992	1,215	0,673	1,232	1,260
p-value		0,327	0,826	0,515	0,186	0,352	0,346	0,422	0,000**

Legend :

- 1) The group means calculated based on a Likert scale of 1 to 5. (1) denotes "strongly disagree", (5) denotes "strongly agree", and (3) denotes "no opinion"
- 2) Anova analysis compares between group means
- 3) Significant levels are '*': 0,10; '**': 0,05; '***': 0,01

2. Kruskal-Wallis Test

	Q.3.0	Q.3.1	Q.3.2	Q.3.3	Q.3.4	Q.3.5	Q.3.6	Q.3.7
Chi Squarred	3,679	2,273	4,457	7,129	5,302	5,784	3,196	72,722
Degrees of freedom	4	4	4	4	4	4	4	4
Asymp. Sign.	0,451	0,686	0,348	0,129	0,258	0,216	0,526	0,000***

Legend : The Kruskal-Wallis tests compares between group means

Significant levels are '*': 0,10; '**': 0,05; '***': 0,01

Table 7
Relation between usefulness of accounting information and
qualitative information characteristics
(Hypothesis 2)

Multiple linear regression					
Source	Sum of squares	Degrees of freedom	Mean of Squares	F	Significant Level
Model	16,034	7	2,291	4,742	0,000
Résidual	64, 236	133	0,483		
Total	80,270	140			
R ² = 0,200 (R ² adusted = 0,158)					
Independant variables		Coefficients	T	P-value	
Y-axis		2,199	3,432	0,001	
General applicability in market economies		0,243	3,755	0,000 ^{***}	
Standard setting subject to restrictive approach toward western accounting		8,809 ^E -03	0,159	0,874	
Substantial gap remains between Vietnamese and international standards		8,522 ^E -02	1,424	0,157	
Sector accounting standard elimination		-8,55 ^E -02	-1,657	0,100 [*]	
Formulating and enforcing PASs must be speed up		0,318	3,472	0,001 ^{***}	
Conservatism has been sufficiently embodied in the accounting system		-2,04 ^E -02	-0,411	0,682	
Conservatism adopted with restrictions		6,584 ^E -3	0,141	0,888	
Dependant variable : adoption of international accounting principles expansion					

Significant levels are ‘*’ : 0,10; ‘**’ : 0,05; ‘***’ :0,01

Table 8
Descriptive statistics of improvements in vietnamese accounting standards
Question 1

Question	μ	Σ	1 (%)	2 (%)	3 (%)	4 (%)	5 (%)
4.1 Devaluation of long term assets	3,80	1,39	6,4	22,0	4,3	19,9	47,5
4.2 Inventories disclosed at the actual or replacement value	4,30	1,11	4,3	7,8	2,1	24,8	61,0
4.3 Related party transactions to be disclosed with sufficient details	4,10	1,15	2,1	14,9	4,3	28,4	50,4
4.4 Evaluation methods to be disclosed and documented in the notes	4,47	0,96	4,3	2,1	1,4	27,0	65,2
4.5 Environmental financial obligations and social responsibilities to be disclosed	3,26	1,49	15,6	24,8	7,1	23,4	29,1
4.6 Reduction of tax influence in the accounting system	4,16	1,14	5,7	7,1	2,1	35,5	49,6

Likert scale: 1 = Strongly disagree; 2 = Disagree; 3 =No opinion; 4 = Agree, 5 = Strongly agree

Table 9
Descriptive statistics by groups of respondents
(Question 1)

1. ANOVA Analysis

	Q.4.1	Q.4.2	Q.4.3	Q.4.4	Q.4.5	Q.4.6
Corporate accountants (n=73)						
Mean	4,520	4,440	3,670	4,220	3,190	4,530
Standard Deviation	0,801	0,986	1,375	1,205	1,533	0,668
Government Acc (n=17)						
Mean	1,760	3,650	4,530	4,590	3,410	1,760
Standard Deviation	0,437	1,455	0,624	0,618	1,372	0,831
Credit officers (n=17)						
Mean	3,130	4,470	4,710	4,590	3,000	4,410
Standard Deviation	1,576	1,068	0,470	0,507	1,323	0,507
Auditors (n=16)						
Mean	2,880	4,440	4,830	4,810	3,440	4,500
Standard Deviation	1,500	0,512	0,719	0,403	1,548	1,033
Professors (n=18)						
Mean	4,280	4,110	4,610	4,940	3,440	4,390
Standard Deviation	0,958	1,491	0,502	0,236	1,617	0,608
Total (n=141)						
Mean	3,800	4,300	4,100	4,470	3,260	4,160
Standard Deviation	1,395	1,114	1,155	0,960	1,490	1,138
p-value	0,000***	0,085*	0,000***	0,016**	0,857	0,000***

Legend :

- 1) 1) The group means calculated based on a Likert scale of 1 to 5. (1) denotes "strongly disagree", (5) denotes "strongly agree", and (3) denotes "no opinion"
- 2) 2) Anova analysis compares between group means
- 3) Significant levels are '*': 0,10; '**': 0,05; '***': 0,01

2. Kruskal-Wallis Test.

	Q.4.1	Q.4.2	Q.4.3	Q.4.4	Q.4.5	Q.4.6
Chi Squarred	56,753	8,027	14,521	12,266	1,504	50,417
Degrees of Freedom	4	4	4	4	4	4
Asymp. Sign.	0,000***	0,089*	0,006***	0,016**	0,015	0,000***

Legend : The Kruskal-Wallis tests compares between group means. Significant levels are '*': 0,10; '**': 0,05; '***': 0,01

Table 10
Descriptive statistics of survey questions
optimal approach of accounting and auditing standards setting
(Question 2)

Question	μ	σ	1 ^{ère} (%)	2 ^{ème} (%)	3 ^{ème} (%)
5.1 Accounting standard should be set by:					
a. Ministry of Finance	2,16	0,81	25,5	32,6	41,8
b. Accounting corporation	2,23	0,76	19,9	37,6	42,6
c. Joint body consisted of representatives of accounting corporation and Ministry of Finance	1,61	0,74	54,6	29,8	15,6
5.2 Accounting standard should be authorized and audited by :					
a. Ministry of Finance	1,53	0,75	62,4	22,0	15,6
b. Accounting corporation	2,27	0,71	14,9	43,3	41,8
c. Joint body consisted of representatives of accounting corporation and Ministry of Finance	2,20	0,79	22,7	34,8	42,6

Legend : first choice = 1, second choice = 2, third choice = 3

Appendice A

List of Questions in Survey Instrument

Respondents profile questions 1.0 à

Hypotheses 1. The effects of the New Accounting System

- 2.0 The business accounting system installed in 1996 has resulted in enhanced decision usefulness of accounting information released by business enterprises.
- 2.1 The new accounting system has led to a significant improvement in the comparability of financial statements provided by different enterprises.
- 2.2 The new accounting system has led to a substantial enhancement in the understandability of accounting information released by business enterprise.
- 2.3 The new accounting system has led to a substantial expansion of information content in the financial statements of business enterprises.
- 2.4 The reliability of accounting information has been enhanced after the introduction of new business accounting system in 1993.
- 2.5 Compared to prior accounting systems, the implementation of Accounting Standards for Business Enterprises (ASBE) has balanced the information needs of various groups of users.
- 2.6 After implementing of Accounting Standards for Business Enterprises (ASBE) accounting information released by business enterprises can better satisfy governmental business administration at the macro-economic level.
- 2.7 After implementation of Accounting Standards for Business Enterprises (ASBE) accounting information can better satisfy operational decisions of business management
- 2.8 After implementation of Accounting Standards for Business Enterprises (ASBE) accounting information released by business enterprises can assist investors and creditors have a better picture of enterprise's operating results and financial condition.

Hypotheses 2. Internationalization of Vietnamese Accounting

- 3.0 It should have increasing adoption of the internationally accepted accounting principles and procedures, International Accounting Standards (IAS) in particular, in Vietnamese accounting.
- 3.1 Accounting is a technique in nature or as an information system to process financial data of business entities, and should have a general applicability in market.
- 3.2 Accounting standards setting must be subject to Vietnam's specific conditions (e.g. the business administration systems, economic structures and social systems, etc.) and take a restrictive approach towards accounting practices in the western countries.
- 3.3 Substantial gaps remain between existing accounting practices in Vietnam and international accounting norms.
- 3.4 The industry-specific accounting regulations (IRAs) are transitional in nature and should be phased out after the official implementation of "Practical accounting standards" (PASs).

3.5 The formulation and enforcement of “Practical accounting standards” (PASs) that are more in line with the internationally accepted accounting standards should be speeded up in China.

3.6 The “conservatism” (prudence) accounting convention has been sufficiently embodied in the business accounting system installed since 1996.

3.7 The conservatism accounting convention could only be adopted with restriction under the present business circumstance in Vietnam.

Question 1.

Accounting standards remain under development at present. Please indicate your view on the applicability of the following accounting procedures in the present business circumstance in Vietnam.

4.1 Enterprises should be allowed to depreciate long term assets (or investments) if their value impairment can be proved permanent.

4.2 Enterprises should be allowed to evaluate and to disclose the inventories to the actual or replacement value

4.3 Related-party transactions should be disclosed separately and in sufficient detail.

4.4 Valuation methods used in the financial statements should be disclosed in sufficient detail.

4.5 Environmental obligations and other social responsibility should be disclosed in the external financial reports of business enterprises.

4.6 Tax rules influence should be reduced in the accounting system.

Question 2

5.1 Accounting standards should be formulated and enforced by the Ministry of Finance.

5.2 Accounting standards should be formulated and enforced by the accounting profession.

5.3 Accounting standards should be formulated and enforced by an independent body consisted of representatives from government and accounting corporation.

5.4 Accounting standards should be authorized and audited by the Ministry of Finance.

5.5 Accounting standards should be authorized and audited by the accounting profession.

5.6 Accounting standards should be authorized and audited by in independent body consisted of representatives from government and accounting corporation.

APPENDICE B

Renault and al. study results (2004), Lin and al. study results (2001) Group Means comparison³

	Total of Groups		Corporations		Government		Bank Officers		Auditors		Professorseur		P-value ⁴	
	VN	China	VN	China	VN	China	VN	China	VN	China	VN	China	VN	China
Effets of New Accounting System (Hypothesis 1)														
Question 2.0	4,110	4,269	4,100	4,400	3,820	4,216	4,180	4,160	4,130	4,100	4,330	4,333	,782	,169
Question 2.1	3,980	4,259	3,990	4,271	3,820	4,196	3,940	4,580	3,630	4,500	4,440	4,238	,284	,122
Question 2.2	4,160	4,333	4,270	4,423	4,120	4,235	3,820	4,320	4,190	4,433	4,060	4,143	,293	,220
Question 2.3	4,320	3,873	4,400	3,841	4,410	3,784	4,240	3,840	4,250	3,967	4,060	4,196	,391	,280
Question 2.4	2,760	3,050	3,080	3,352	2,240	2,863	2,530	2,560	2,250	2,867	2,610	3,191	,021**	,036**
Question 2.5	4,010	4,106	3,990	4,352	3,940	4,058	3,880	3,920	4,060	3,733	4,220	4,143	,659	,006***
Question 2.6	4,180	3,737	4,250	3,873	4,350	3,608	4,060	3,560	4,060	3,667	4,000	3,904	,667	,361
Question 2.7	4,040	3,732	4,040	3,608	4,180	4,014	4,290	3,440	3,810	3,567	3,830	3,667	,445	,032**
Question 2.8	3,930	4,025	3,900	4,267	4,000	3,941	4,060	3,640	3,940	3,933	3,830	4,000	,880	,070*
Internationalization of Vietnamese or Chinese Accounting (Hypothesis 2)														
Question 3.0	4,650	4,268	4,640	4,394	4,350	3,640	4,590	4,235	4,880	4,200	4,780	4,762	,451	,002***
Question 3.1	4,350	4,244	4,300	4,366	4,530	3,720	4,350	4,216	4,500	4,300	4,220	4,429	,686	,164
Question 3.2	4,250	3,949	4,190	3,916	4,240	4,520	4,000	3,922	4,380	3,733	4,610	3,762	,348	0,51**
Question 3.3	3,960	3,995	3,950	4,042	3,760	3,843	3,940	4,080	3,690	4,238	4,440	3,995	,129	,701
Question 3.4	4,160	3,263	4,120	3,268	4,290	2,706	0,380	3,400	4,630	3,600	4,110	3,952	,258	,003***
Question 3.5	4,700	4,465	4,740	4,451	4,410	4,235	4,710	4,640	4,880	4,600	4,670	4,667	,216	,158
Question 3.6	3,200	3,239	3,290	3,019	3,240	3,571	3,470	2,880	2,880	3,000	2,830	3,429	,526	,012**
Question 3.7	3,060	3,309	2,230	3,310	4,470	3,840	3,760	3,490	3,500	2,897	4,060	2,809	,000***	,021**

³ The group means calculated based on a Likert scale of 1 to 5. (1) denotes "strongly disagree", (5) denotes "strongly agree", and (3) denotes "no opinion"

⁴ Nonparametric Krustall-Wallis Chi-square statistic test compares the means of the five groups of stakeholders means. The signification levels are '*': 0,10; '**': 0,05; '***': 0,01