Pak. j. life soc. Sci. (2024), 22(2): 17890-17903 E-ISSN: 2221-7630;P-ISSN: 1727-4915

Pakistan Journal of Life and Social Sciences

www.pjlss.edu.pk

https://doi.org/10.57239/PJLSS-2024-22.2.001305

RESEARCH ARTICLE

Key Drivers of IAS 36 Adoption in Vietnamese Listed Companies: International Pressure and Internal Demands

Dr. Linh Nguyen[1*], Dr. Phuong Nguyen[2], Dr. Thanh Nguyen[3], Assoc. Prof. Anh Phan[4]

[1,2,4] Banking Research Institution, Banking Academy of Vietnam

[3] Testing and quality assurance department, Banking Academy of Vietnam

ARTICLE INFO

Received: Oct 19, 2024

Accepted: Dec 3, 2024

Keywords

IAS 36 Adoption

Vietnam Stock Market

Domestic Legal Regulations

IFRS Transition

***Corresponding Author:**

phuongntk@hvnh.edu.vn

ABSTRACT

This study aims to analyze the factors influencing the adoption of International Accounting Standard 36 (IAS 36 – Impairment of Assets) by companies listed on the Vietnamese stock market. Using a quantitative approach, the research surveyed 105 respondents to identify two main factors driving IAS 36 adoption: pressure from international financial institutions and creditors, and domestic legal regulations along with internal company needs. The findings provide recommendations for improving the implementation of IAS 36, highlighting the significant role of domestic legal regulations, with an impact factor of 0.388. This reflects the current context, where many Vietnamese companies are voluntarily transitioning to adopt International Financial Reporting Standards (IFRS). Particularly, the Ministry of Finance's Decision No. 345/QD-BTC, issued in March 2020, has strongly facilitated this process. The study also offers practical value for policymakers and regulatory bodies in ensuring the effective application of IAS 36 and smoother international integration. However, the study's limitation lies in the small sample size, as 30 companies provided incomplete responses, which may introduce some bias in the results.

1. INTRODUCTION

Since 1904, there has been a push for a unified global accounting standard to ensure comparability and consistency in financial reporting. In 1973, the International Accounting Standards Board (IASB) was established to create and maintain these standards, playing a crucial role in facilitating international trade and improving financial statement comparability. One of the key standards is IAS 36, introduced in 1998, which governs the impairment of assets. This standard ensures that companies report assets at their recoverable amounts. If an asset's recoverable amount falls below its carrying value, it is considered impaired, and a loss must be recorded.

Numerous studies have emphasized the benefits of adopting IAS/IFRS standards, especially IAS 36, which enhances transparency, accountability, and financial reporting efficiency. Researchers like Amiraslani et al. (2013) and Penxa and Franco (2017) argue that IAS 36 provides investors with clear, comparable information for better decision-making. Guther (2006) found that adopting international standards improved financial reporting quality, particularly in asset valuation, in Austria, Germany, and Switzerland. IAS 36 also strengthens corporate accountability by reducing information asymmetry, which improves corporate governance. Additionally, Amiraslani et al. (2013) suggest that IAS/IFRS promotes economic efficiency by providing a more accurate picture of company performance, thus improving investment decisions and resource allocation.

Countries like Japan and Ghana have embraced IFRS for its benefits. Japan adopted IFRS voluntarily in 2010, reporting improvements in business efficiency and international communication (Hoogervorst, 2018). In Ghana, the Institute of Chartered Accountants (ICA) highlighted cross-border

comparability as a key advantage of IFRS (Mbawuni, 2018). Similar findings were reported in Europe and Norway, where IFRS adoption improved the relevance of financial information (Narktabtee & Patpanichot, 2011; Beisland & Knivsfla, 2015).

Despite these advantages, the application of IAS 36 is complex, particularly in estimating future cash flows, discount rates, and growth assumptions. This subjectivity poses challenges for businesses, as noted by Glaum et al. (2013) and Husmann & Schmidt (2008, 2011). In Vietnam, a KPMG report (2020) revealed the difficulties companies faced in assessing impaired assets during the COVID-19 pandemic, although IAS 36 improved transparency and investor confidence by providing more accurate asset valuations.

IAS 36 also imposes significant compliance burdens on companies. Studies have shown that the costs and efforts involved in meeting disclosure requirements can outweigh the benefits. For example, Carlin and Finch (2009) found that variations in discount rates used for impairment tests by Australian companies suggested managerial discretion influenced impairment assessments. Petersen and Plenborg (2010) also identified divergent practices in impairment assessments among Danish firms, highlighting these challenges.

In conclusion, while IAS 36 improves financial reporting transparency and consistency, its implementation remains difficult due to the complexity of impairment assessments and extensive disclosure requirements. Further guidance from the IASB and enhanced collaboration with national regulators will be necessary to ensure consistent and reliable reporting.

2. LITERATURE REVIEW

The adoption of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) has become increasingly important in developing economies as a means of improving financial transparency, enhancing comparability, and attracting foreign investment. However, the transition to these standards poses numerous challenges, especially in economies where domestic accounting practices differ significantly from international norms. This review examines key factors influencing the adoption of IAS/IFRS in developing countries, with a focus on specific challenges related to asset impairment and the application of IAS 36.

Research indicates that both internal and external factors drive IAS/IFRS adoption. Zeghal and Mhedhbi (2006) identified education levels, national culture, capital market development, and the legal environment as crucial factors. They observed that countries with advanced capital markets, educated workforces, and Anglo-American legal systems were more likely to adopt IAS, while economic growth alone had little impact. Expanding on this, Shima and Yang (2012) noted that financial resources, taxation, and inflation could hinder adoption, while education and political relationships often facilitated it. Paknejad (2017) also emphasized the role of legal systems and foreign financial ties, particularly for countries reliant on foreign investment, which are under pressure to conform to international standards.

The banking sector offers a clear lens through which to examine IAS/IFRS adoption, given its heavy regulation. Seyoum (2018) found that company size, management interest, and a strong legal framework were crucial in Ethiopia's banking sector. Similarly, in Vietnam, Nguyen (2013) highlighted the importance of well-trained accounting personnel and practical guidance for small and medium-sized enterprises (SMEs) in the adoption process.

Big Four audit firms, known for their expertise, play a significant role in facilitating IAS/IFRS compliance. Tran et al. (2018) noted that firms audited by these global players were more likely to adhere to international standards due to the firms' professionalism. Additionally, external pressures from organizations like the IMF and World Bank drive adoption efforts in countries like Vietnam, as Phan Thi Hong Duc (2014) noted.

IAS 36, which deals with asset impairment, presents particular challenges in developing economies due to its complexity, especially in estimating the recoverable amounts of assets. Pham Thi Minh Hong (2016) underscored that global accounting pressures, along with the demand for greater financial transparency, have been key drivers in Vietnam's adoption of IAS 36, despite ongoing

difficulties with valuing intangible assets.

In summary, IAS/IFRS adoption in developing countries like Vietnam is shaped by internal factors such as education, legal frameworks, and audit quality, as well as external pressures from international organizations. Complex standards like IAS 36 add further difficulties, highlighting the need for sustained regulatory support to ensure smooth implementation.

3. THEORETICAL BACKGROUND AND HYPOTHESES

3.1. Useful information theory

Staubus (2000) introduced the useful information theory, emphasizing the role of accounting information in supporting decision-making by both managers and external users, such as international credit organizations and professional associations. These external stakeholders frequently require that financial statements conform to international standards, including IAS/IFRS, to ensure consistency and transparency. Companies, recognizing the importance of meeting these expectations to maintain credibility and attract investment, are increasingly motivated to adopt standards like IAS 36, which deals with asset impairment. This desire to align with international expectations is particularly strong in markets where foreign investment and international partnerships are significant.

3.2. Modern sociological institutional theory

Meyer and Rowan (1977), alongside DiMaggio and Powell (1983), developed the modern sociological institutional theory, which argues that organizations tend to become more similar as institutional pressures shape their structures and behaviors. In the context of accounting, this theory suggests that companies adopt international standards like IAS/IFRS in response to regulatory demands and institutional norms. Legal frameworks, established by state agencies and international standard-setting bodies, create an environment in which companies are compelled to follow established accounting practices, such as IAS 36. These regulations help companies maintain legitimacy and meet the expectations of their institutional environment, ultimately fostering uniformity across firms.

3.3. Agency theory

Jensen and Meckling's (1976) agency theory describes the conflict of interest that can arise between principals (owners) and agents (managers) in a company. This separation often leads to opportunistic behaviors by managers, such as manipulating financial statements to present favorable results. The demand for transparent financial reporting, as stipulated by rigorous standards like IAS 36, is a response to these agency problems. Investors and creditors, particularly international ones, require reliable financial information to accurately assess a company's assets and potential risks. Adopting IAS/IFRS helps reduce information asymmetry and ensures more trustworthy financial reporting, benefiting both owners and external stakeholders.

3.4. Signaling theory

Spence's (1973) signaling theory addresses how companies communicate their financial health to external stakeholders in an environment characterized by information asymmetry. In this context, high-quality financial statements act as signals of a company's performance and stability. Standards like IAS/IFRS, particularly IAS 36, ensure that financial disclosures are clear and reliable, which is critical for attracting investment and maintaining trust with stakeholders. Companies that adhere to these standards are seen as more transparent and financially stable, making them more attractive to investors and international partners, who often rely on these signals to make informed decisions.

3.5. Theory of planned behavior

Ajzen's (1991) theory of planned behavior examines the factors influencing individuals' decisions to adopt certain behaviors. This theory can be applied to accounting professionals' and managers' attitudes toward the adoption of international accounting standards like IAS/IFRS. Key factors include (i) attitudes toward the behavior (perceived benefits of adoption), (ii) subjective norms (social and professional pressures to adopt), and (iii) perceived behavioral control (how difficult the adoption process is). If accountants and company leaders believe that adopting IAS/IFRS will improve their business outcomes and meet stakeholder demands, they are more likely to support its

implementation. Conversely, resistance from management or a lack of perceived benefit can hinder adoption. Therefore, the role of regulatory frameworks and professional associations in promoting positive attitudes toward IAS 36 is essential for ensuring widespread adoption.

3.6. Hypotheses and research model

Drawing from the aforementioned theories, four main hypotheses are proposed to explain the factors influencing the adoption of IAS 36 in Vietnam:

Hypothesis H1: International credit institutions and lenders positively influence the adoption of IAS 36 by publicly listed companies in Vietnam. Major institutions like the World Bank and IMF often act as catalysts for the adoption of global standards in developing countries. Research by Hegarty, Gielen, and Barros (2004) and Hassan (2008) has shown that these institutions play a critical role in promoting IFRS adoption in emerging economies.

Hypothesis H2: International professional associations exert positive pressure on the adoption of IAS 36 in Vietnam. In developing markets, multinational corporations and trade partners also influence the push towards IFRS adoption. Studies by Rahman and Scapens (1988) and Irvine (2008) have shown that global corporations often drive the acceptance of international standards, especially when their trade partners have already implemented IFRS.

Hypothesis H3: Domestic professional associations play a key role in encouraging the adoption of IAS 36 in Vietnam. National accounting bodies, supported by education and professional training programs, are instrumental in this process. Accounting firms, particularly the Big Four, provide essential consulting services to help local businesses navigate IFRS adoption (Street & Gray, 2002).

Hypothesis H4: Legal regulations and internal demand within Vietnam positively influence the adoption of IAS 36. Researchers such as Chua and Taylor (2008) have argued that countries adopt IFRS to gain legitimacy in the global marketplace rather than due to economic growth or foreign direct investment. Aligning with international standards enhances a country's credibility as a reliable trading partner.

These hypotheses are supported by both theoretical and empirical evidence, suggesting that external pressures from international credit institutions, professional associations, and legal frameworks are key drivers of IAS 36 adoption. While direct economic factors may not be the primary motivator, the need for transparency, global legitimacy, and alignment with international financial practices remains central to the decision-making process of companies in emerging markets, such as Vietnam.

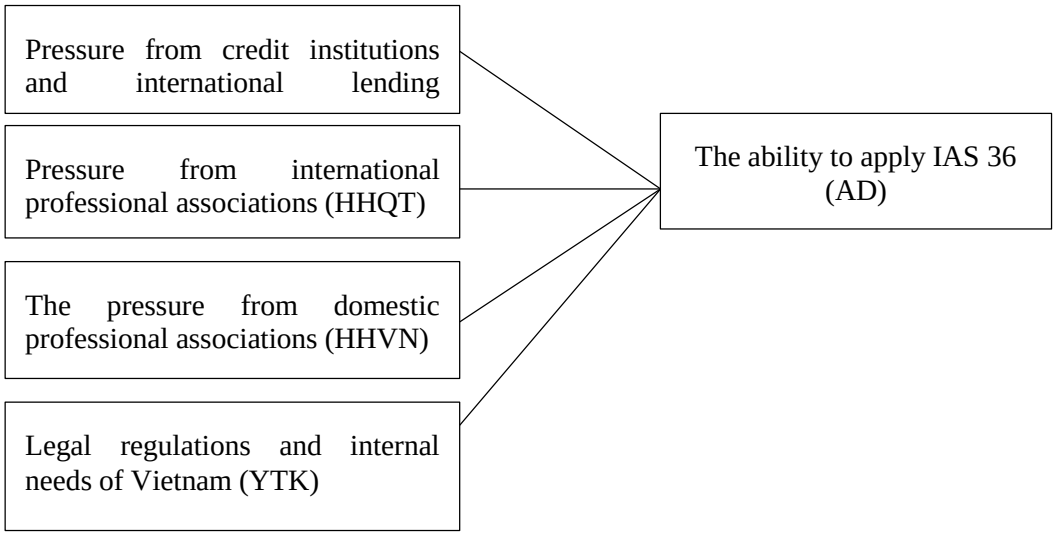

Figure 1: Research model

4. METHODOLOGY

4.1. Data collection

The data collection process involved distributing questionnaires to five groups of participants: financial report preparers, financial report users, auditors, experts from the Ministry of Finance and

the Vietnam Association of Certified Public Accountants (VACPA), and other stakeholders, including tax officials and management personnel from the State Securities Commission (SSC). A total of 250 questionnaires were distributed, yielding 122 responses. After reviewing the completeness of the responses, 105 valid responses were selected for data entry and analysis.

Questionnaires were distributed via Google Forms through email and Zalo, a popular messaging app in Vietnam. The collected data were compiled in Excel and analyzed using SPSS version 22. The specific characteristics of the research sample are presented in Table 1. This systematic approach ensured the reliability of the data for the subsequent analysis of the variables influencing IAS 36 adoption in Vietnam.

Table 1: Statistical description of the research sample

Special point belongs to sample	Ratio rate
Gender calculation	
- Male	63.3%
- Female	36.7%
Opposite to statue survey close	
- Financial Report Preparer	33.3%
- Users of financial statements	16.7%
- Auditor	13.3%
- Research expert	16.7%
- Other objects	20%
Field area active dynamic	
- Product export	28.8%
- Love trade	12.7%
- Pandemic service	17.8%
- Muscle mandarin manage reason home water	15.3%
- Other	43.2%
Image awake office has capital	
- 100% foreign capital	16%
- Public listing	10%
- State ownership	17%
- Private ownership	26%
- Other	31%
Number capital thing rate	
From 10 billion - 20 billion (VND)	27%
From 20 billion - 50 billion (VND)	24%
From 50 billion - 100 billion (VND)	12%
From 70 billion - 100 billion (VND)	8.2%
Over 100 billion (VND)	28.8%

5. RESULTS

5.1. Measurement model

The regression model is expressed as follows:

$$AD = a * TCTC + b * HHQT + c * HHVN + d * YTK + C$$

Where: AD represents the adoption of IAS 36 in publicly listed companies in Vietnam; TCTC refers to the pressure exerted by international credit organizations and lenders; HHQT signifies the influence of international professional associations; HHVN represents the pressure from domestic professional associations in Vietnam; YTK reflects the legitimacy, legal regulations, and internal demands specific to Vietnam; C is the constant, and a, b, c, d are the coefficients measuring the impact of each variable on IAS 36 adoption.

The variables are derived from the study by Phan Thi Hong Duc (2014), with their specific information provided in the accompanying table.

Table 2: Descriptive statistics

	N	Minimum	Maximum	Mean	Std. Deviation
AD1	105	1	5	3.10	1.126
AD2	105	1	5	3.76	.861
AD3	105	1	5	2.49	1,169
AD4	105	1	5	3.24	1,221
AD5	105	1	5	3.22	1,185
AD6	105	1	5	3.21	1,133
AD7	105	1	5	3.49	1.001
AD8	105	1	5	3.62	.934
AD9	105	1	5	3.53	.951
AD10	105	1	5	3.31	1,138
AD11	105	1	5	3.58	.918
TCTC1	105	1	5	3.64	.822
TCTC2	105	1	5	3.54	.797
TCTC3	105	1	5	3.61	.849
TCTC4	105	1	5	3.61	.826
TCTC5	105	1	5	3.54	.866
TCTC6	105	1	5	3.55	.866
HHQT1	105	1	5	3.59	.781
HHQT2	105	1	5	3.55	.855
HHQT3	105	1	5	3.51	.900
HHQT4	105	1	5	3.61	.838
HHQT5	105	1	5	3.52	.867
HHQT6	105	1	5	3.58	.875
HHVN7	105	1	5	3.63	.933
HHVN8	105	1	5	3.47	.867
HHVN9	105	1	5	3.52	.810
HHVN10	105	1	5	3.46	.821
HHVN11	105	1	5	3.41	.874
HHVN12	105	1	5	3.47	.785
HHVN13	105	1	5	3.59	.927
YTK1	105	1	5	3.75	.794
YTK2	105	1	5	3.78	.808
YTK3	105	1	5	3.71	.840
YTK4	105	1	5	3.81	.722
YTK5	105	1	5	3.73	.775
YTK6	105	1	5	3.74	.809
YTK7	105	1	5	3.78	.772
YTK8	105	1	5	3.76	.827
YTK9	104	1	5	3.78	.824
YTK10	105	1	5	3.71	.852
Valid N (listwise)	104				

(Source: SPSS 22.0)

The test results show that the observed variables all have appropriate total variable correlation coefficients (>0.3). Cronbach's Alpha coefficient = 0.878 > 0.6, so it meets the reliability requirements (Table 3).

Table 3: Reliability statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.878	.876	11

Item-Total Statistics				
	Scale Mean if Item Deleted	**Scale Variance if Item Deleted**	**Corrected Item-Total Correlation**	**Cronbach's Alpha if Item Deleted**
AD1	33.4476	50,865	.599	.866
AD2	32.7905	54,629	.501	.873
AD3	34.0667	51,851	.507	.873
AD4	33.3143	47,814	.737	.856
AD5	33.3333	48,397	.725	.857
AD6	33.3429	49,035	.721	.858
AD7	33.0667	53,947	.462	.875
AD8	32.9333	54,409	.469	.874
AD9	33.0190	53,634	.517	.872
AD10	33.2381	50,106	.642	.863
AD11	32.9714	53,528	.550	.870

(Source: SPSS 22.0)

The Cronbach's Alpha reliability test for the TCTC variable group shows a coefficient of 0.96, exceeding the threshold of 0.6, thus meeting reliability requirements (Table 4).

Table 4: Reliability statistics

Cronbach's Alpha	**Cronbach's Alpha Based on Standardized Items**				**N of Items**
.960	.960				6
Item-Total Statistics					
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
TCTC1	17.86	14,931	.859	.828	.954
TCTC2	17.95	14,969	.885	.810	.951
TCTC3	17.89	14,487	.905	.851	.949
TCTC4	17.89	14,564	.922	.854	.947
TCTC5	17.95	14,661	.851	.769	.955
TCTC6	17.94	14,843	.820	.722	.958

(Source: SPSS 22.0)

The Cronbach's Alpha reliability test for the HHQT variable group shows a coefficient of 0.965, exceeding the threshold of 0.6, thus meeting reliability requirements (Table 5).

Table 5: Reliability statistics

Cronbach's Alpha	**N of Items**
.965	6

Item-Total Statistics				
	Scale Mean if Item Deleted	**Scale Variance if Item Deleted**	**Corrected Item-Total Correlation**	**Cronbach's Alpha if Item Deleted**
HHQT1	17.7810	16,230	.876	.960
HHQT2	17.8190	15,515	.907	.957
HHQT3	17.8571	15,431	.864	.962
HHQT4	17.7619	15,587	.916	.956
HHQT5	17.8476	15,496	.894	.958
HHQT6	17.7905	15,513	.881	.960

(Source: SPSS 22.0)

The Cronbach's Alpha reliability test for the HHVN variable group shows a coefficient of 0.955,

exceeding the threshold of 0.6, thus meeting reliability requirements (Table 6).

Table 6: Reliability statistics

Cronbach's Alpha	N of Items
.955	7

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
HHVN7	20.9143	20,810	.810	.951
HHVN8	21.0762	20,898	.874	.945
HHVN9	21.0190	21,750	.817	.950
HHVN10	21.0857	21,560	.832	.949
HHVN11	21.1333	20,809	.879	.945
HHVN12	21.0762	21,475	.891	.944
HHVN13	20.9524	20,777	.821	.950

(Source: SPSS 22.0)

The Cronbach's Alpha reliability test for the YTK variable group shows a coefficient of 0.97, exceeding the threshold of 0.6, thus meeting reliability requirements (Table 7).

Table 7: Reliability statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.970	.970	10

Item-Total Statistics

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Squared Multiple Correlation	Cronbach's Alpha if Item Deleted
YTK1	33.88	41,140	.873	.827	.966
YTK2	33.85	41,510	.816	.740	.968
YTK3	33.91	40,779	.854	.831	.966
YTK4	33.82	42,093	.860	.817	.966
YTK5	33.89	41,338	.874	.809	.966
YTK6	33.88	41,288	.838	.817	.967
YTK7	33.85	41,685	.841	.827	.967
YTK8	33.87	40,622	.887	.875	.965
YTK9	33.86	40,921	.860	.798	.966
YTK10	33.91	40,371	.882	.797	.965

(Source: SPSS 22.00)

Thus, after testing Cronbach's Alpha (Table 8), the research team found that all variables met the reliability requirements, so a statistical table was created to summarize the final test results of each group of variables as follows:

Table 8: Testing cronbach's alpha

	Factor	Observation variable	Cronbach's Alpha
1	Applicability of IAS 36 (AD)	11	0.878
2	Pressure from international credit and lending institutions (CIs)	6	0.96
3	Pressure from international professional associations (HHQT)	6	0.965
4	Pressure from domestic professional organizations/ associations (HHVN)	7	0.955
5	Legality, legal regulations and internal needs of Vietnam (YTK)	10	0.97

The KMO and Bartlett's Test for the independent variables TCTC, HHQT, HHVN, and YTK are as follows: KMO = 0.892 (0.5 < 0.892 < 1), indicating that factor analysis is acceptable. The Bartlett's Test of Sphericity is significant (Sig. = 0.000 < 0.05), confirming that factor analysis is appropriate for the research data set (Table 9).

Table 9: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.892
Bartlett's Test of Sphericity	Approx. Chi-Square	4387.273
	df	406
	Sig.	.000
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.791
Bartlett's Test of Sphericity	Approx. Chi-Square	857,830
	Df	55
	Sig.	.000

According to the final rotated matrix results (Table 10), the factors are rearranged as follows:

Table 10: Rotated matrix results

	Factor	**Observed variables**	**Type**
1	TC	TCTC3, TCTC1, TCTC2, TCTC4, TCTC5, TCTC6 , HNQT3 (7 variables)	Independence
2	HHVN	HH V N8, HH V N12, HH V N13, HH V N10, HH V N11, HH V N9, HH V N7 (7 variations)	Independence
3	YK	YTK1, YTK10, YTK5, YTK4, YTK6, YTK8, YTK9, YTK3, YTK7 (9 variables)	Independence
4	AD	AD4, AD5, AD6, AD10, AD1, AD11, AD3, AD2, AD9, AD8, AD7 (11 variables)	Dependent
Total number of independent observed variables: 23			
Total number of dependent observed variables: 11			

Total Variance Explained

Component	**Initial Eigenvalues**			**Extraction Sums of Squared Loadings**			**Rotation Sums of Squared Loadings**		
	Total	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**	**Total**	**% of Variance**	**Cumulative %**
1	14,176	61,634	61,634	14,176	61,634	61,634	6,929	30,126	30,126
2	2,234	9,713	71,347	2,234	9,713	71,347	5,898	25,644	55,769
3	1,928	8,381	79,727	1,928	8,381	79,727	5.510	23,958	79,727
4	.864	3,755	83,482						
5	.527	2,293	85,775						
6	.513	2.231	88,006						
7	.450	1,958	89,964						
8	.362	1.575	91,538						
9	.344	1,495	93,033						
10	.275	1,195	94,228						
11	.250	1,087	95,316						
12	.184	.802	96,117						
13	.163	.708	96,826						
14	.130	.566	97,392						
15	.109	.475	97,867						
16	.096	.417	98,284						
17	.088	.381	98,665						
18	.073	.317	98,982						
19	.064	.280	99,262						

20	.057	.247	99,509						
21	.049	.214	99,722						
22	.035	.154	99,876						
23	.028	.124	100,000						

Rotated component matrix [a]			
	Component		
	1	2	3
YTK8	.854		
YTK7	.844		
YTK5	.803		
YTK10	.799		
YTK3	.793		
YTK9	.788		
YTK6	.766		
YTK4	.743		
YTK1	.716		
HHVN11		.859	
HHVN12		.820	
HHVN10		.812	
HHVN8		.789	
HHVN7		.777	
HHVN13		.772	
HHVN9		.772	
TCTC4			.886
TCTC3			.847
TCTC2			.819
TCTC6			.803
TCTC5			.789
TCTC1			.778
HHNN3			.546

After rearranging the factors, representative variables should be created based on the revised factor table. This step is crucial for analyzing Pearson correlation and multiple regression. Without creating representative variables, using all 23 independent observed variables directly in regression models for the 11 dependent observed variables would require 11 separate regression equations, each including 23 independent variables. However, the research aims to analyze the impact of independent variables on dependent variables, not the effect of all 23 independent variables on each dependent variable. Therefore, creating representative variables simplifies the analysis and improves interpretability. The test for linear relationships between variables is conducted, and the correlation table (Table 11) shows the linear relationships among the variables.

Table 11: Correlations					
		YK	HHVN	TCTC	AD
YK	Pearson Correlation	1	.657 **	.708 **	.526 **
	Sig. (2-tailed)		.000	.000	.000
	N	105	105	105	105
HHVN	Pearson Correlation	.657 **	1	.612 **	.350 **
	Sig. (2-tailed)	.000		.000	.000
	N	105	105	105	105
TCTC	Pearson Correlation	.708 **	.612 **	1	.512 **
	Sig. (2-tailed)	.000	.000		.000
	N	105	105	105	105
AD	Pearson Correlation	.526 **	.350 **	.512 **	1
	Sig. (2-tailed)	.000	.000	.000	
	N	105	105	105	105
**. Correlation is significant at the 0.01 level (2-tailed).					

The Pearson correlation coefficients of the independent variables TCTC, HHVN, and YK with the dependent variable AD are all less than 0.05 (p = 0.000), indicating a linear relationship between

these independent variables and AD. The strongest correlation is between YK and AD (0.526), followed by TCTC and AD (0.512), which is also significant but not as strong. The weakest correlation is between HHVN and AD (0.350).

For the autocorrelation test, the R-squared value of 0.319 shows that the independent variables explain 31.9% of the variance in the dependent variable AD, with the remaining 68.1% attributed to other variables and random errors. The Durbin-Watson coefficient is 1.435 (Table 12). The F-test is significant (Sig. = 0.000 < 0.05), indicating that the multiple linear regression model fits the data and can be used (Table 13).

The regression analysis reveals that TCTC and YK are statistically significant in explaining AD, with Sig values of 0.015 and 0.006, respectively, both less than 0.05. HHVN, with a Sig value of 0.542, is not significant and is therefore excluded from the model. The VIF coefficients for the independent variables are below 10, indicating no multicollinearity. Both TCTC and YK have positive impacts on AD, with YK (0.358) exerting a stronger effect than TCTC (0.285). Professional associations have no effect, while factors like legality, legal regulations, and internal needs have the strongest influence on IAS 36 application, while pressure from credit institutions has a weaker impact (Table 14).

Table 12: Model summary [b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.564a	.319	.298	.59842	1,435

a. Predictors: (Constant), TCTC, HHVN, YK

b. Dependent Variable: AD

Table 13: ANOVA [a]

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	16,906	3	5.635	15,736	.000 [b]
	Residual	36,169	101	.358		
	Total	53,074	104			

a. Dependent Variable: AD

b. Predictors: (Constant), TCTC, HHVN, YK

Table 14: Coefficients [a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	1,186	.332		3,573	.001		
	YK	.358	.127	.359	2,830	.006	.419	2,389
	HHVN	-.065	.106	-.069	-.612	.542	.525	1,904
	TCTC	.285	.115	.300	2,480	.015	.461	2,171

The analysis shows that the mean value is -2.22E-15, approximately 0, and the standard deviation is 0.985, close to 1, indicating that the residual distribution approximates a normal distribution. This confirms that the assumption of normality of the residuals is not violated. Among the four hypotheses (H1 to H4), two are accepted: H1 and H4, which relate to credit institutions, international lending, and Vietnam's legal regulations and domestic needs. Hypotheses H2 and H3 are rejected, suggesting that professional associations, both international and domestic, do not influence the adoption of IAS 36 in the regression model (Fingure 2). The standardized regression equation is as follows:

$$\mathbf{AD = 0.278 * TCTC + 0.388 * YK + C}$$

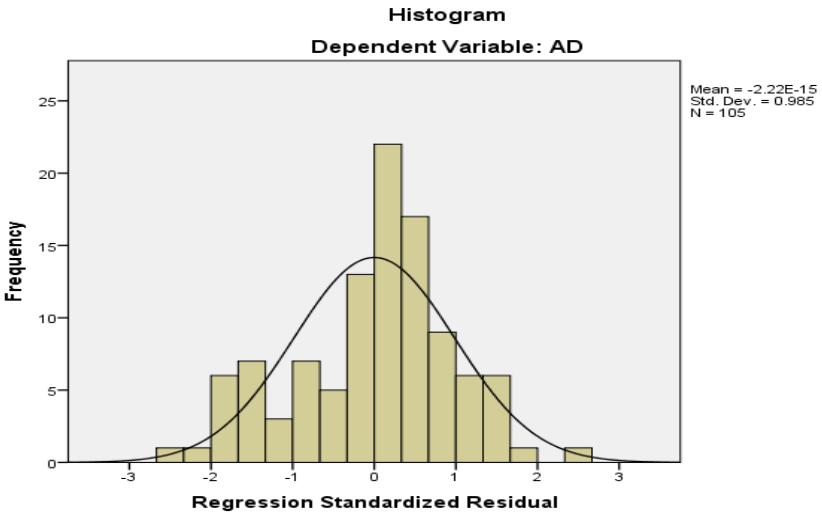

Figure 2: Regression standardized residual

6. DISCUSSIONS AND LIMITATIONS

The regression model results reveal two primary factors influencing the adoption of IAS 36 by listed companies in Vietnam: (1) pressure from credit institutions and international lending organizations, and (2) Vietnam's legal regulations and domestic needs. These results are consistent with previous studies (Choi & Meek, 2008; Paknejad, 2017; Seyoum, 2018; Hung, 2015; Phan Thi Hong Duc, 2014).

Firstly, pressure from credit institutions and international lending organizations is crucial in motivating companies to adopt international accounting standards. This pressure arises from the growing volume of international transactions, which makes adherence to global standards vital for maintaining credibility and accessing international capital markets. As Vietnam integrates further into the global financial system, this external pressure is amplified, highlighting the necessity for conformity to international norms to ensure transparency and reliability.

Secondly, legal regulations and domestic needs exert a stronger influence than external pressures. With an impact coefficient of 0.388, legal regulations in Vietnam are essential in promoting IAS 36 adoption. This is particularly relevant during the 2022-2025 period, as listed companies transition towards voluntary IFRS adoption under Decision No. 345/QD-BTC issued by the Ministry of Finance. This decision underscores the government's commitment to advancing international accounting standards. Legal frameworks, combined with the Ministry's determination, create a conducive environment for IFRS implementation, improving financial reporting quality, transparency, and the credibility of Vietnamese companies in global markets.

In conclusion, while international factors are important, this study emphasizes the critical role of legal frameworks and domestic needs in driving IAS 36 adoption, reflecting Vietnam's transformation towards global market integration and sustainable economic development.

7. LIMITATIONS AND FUTURE RESEARCH

The survey, which distributed 250 questionnaires, faced limitations as 30 companies did not fully understand IAS 36, reducing the sample size and introducing potential bias. Future research could focus on: Developing models to assess earnings manipulation through asset impairment accounting. Investigating IAS 36 implementation factors post-voluntary IFRS adoption (2022-2025). Expanding independent variables such as cultural, political, and tax-related factors to deepen understanding of IAS/IFRS adoption in Vietnam.

REFERENCES

Amiraslani, H., Latridis, G., & Pope, P.F. (2013). *Accounting for asset impairment: A test for IFRS compliance across Europe*. Citeseer.

Andrews, R. (2012). Fair value, earnings management, and asset impairment: The impact of a change in the regulatory environment. *Procedia Economics and Finance, 2*, 16-25. https://doi.org/10.1016/S2212-5671(12)00060-3

Chen, S., Wang, Y., & Zhao, Z. (2007). Evidence of asset reversal impairments from China: Economic reality or earnings management? Available at SSRN 998234.

El-Gazzar, S.M., Finn, P.M., & Jacob, R. (1999). An empirical investigation of multinational firms' compliance with International Accounting Standards. *The International Journal of Accounting, 34* (2), 239-248.

Gelb, D., Holtzman, M.P., & Mest, D. (2008). International operations and voluntary disclosures by US-based multinational corporations. *Advances in Accounting, 24* (2), 243-249.

Gillis, P.L. (2011). The Big Four in China: Hegemony and counter-hegemony in the development of the accounting profession in China. PhD thesis, Macquarie Graduate School of Management, Macquarie University, Sydney, Australia, pp. 315.

Grant Thornton. (2014). *Impairment of assets - A guide to applying IAS 36 in practice*.

Günther, N., Gegenfurtner, B., Kaserer, C., & Achleitner, A.-K. (2009). International Financial Reporting Standards and earnings quality: The myth of voluntary vs. mandatory adoption. *SSRN eLibrary*.

International Accounting Standards Board (IASB). *IAS 36 - Impression of assets*.

Irvine, H. (2008). The global institutionalization of financial reporting: The case of the United Arab Emirates. *Accounting Forum, 32* (2), 125-142.

Kanakriyah, R. (2013). The effect of asset impairment (IAS 36) in improving the quality of accounting information according to users' perspective: Evidence from Jordan. Durham University.

Karamanou, I., & Nishiotis, G.P. (2009). Disclosure and the cost of capital: Evidence from the market's reaction to firm voluntary adoption of IAS. *Journal of Business Finance & Accounting, 36* (7-8), 793-821.

KPMG. (2022). *Note receive think reduce price treat Resources product recognition belongs to business career according to IAS 36 - the problem subject real farewell pressure [Asset impairment by companies* under IAS 36 - Practical issues of application]. Website: https://kpmg.com/vn/en/home.html

Kumar, G., Wilder, M., & Stocks, M. (2008). Voluntary accounting disclosures by US-listed Asian companies. *Journal of International Accounting Research, 7* (1), 25-50.

Kuzmina, I., & Kozlovska, I. (2012). Accounting measurement of long-lived assets: A case of impairment practice. *Journal of Business Management, 5*.

Laskaridou, E. C., & Vazakidis, A. (2013). Detecting asset impairment management: Some evidence from food and beverage listed companies. *Procedia Technology, 8*, 493-497. https://doi.org/10.1016/j.protcy.2013.11.065

Martin, A.D., Madura, J., & Akhigbe, A. (1998). A note on accounting exposure and the value of multinational corporations. *Global Finance Journal, 9* (2), 269-277.

Peetathawatchai, P., & Acaranupong, K. (2012). Are impairment indicators and losses associated in Thailand? *Journal of Financial Reporting and Accounting, 10* (1), 95-114. http://dx.doi.org/10.1108/19852511211237462

Pham Thi Minh Hong (2016). *Research rescue pressure use plan maths think reduce price treat Resources product try determine have image in Vietnam [* Study on applying deterioration accounting for tangible fixed assets in Vietnam]. PhD Thesis, Dai learn Terrible economy Country people

Phan Thi Hong Duc (2014). *Examining key determinants of International Financial Reporting Standards (IFRS) adoption in Vietnam: An institutional perspective*. PhD Thesis.

Ramanna, K., & Sletten, E. (2009). Why do countries adopt International Financial Reporting Standards? *Harvard Business School Working Paper, October 9*.

Rodrigues, L.L., & Craig, R. (2007). Assessing international accounting harmonization using Hegelian dialectic, isomorphism, and Foucault. *Critical Perspectives on Accounting, 18* (6), 739-757.

Set Resources government (2020). Decision determination No. 345/QD-BTC dated March 16, 2020 Approved browse Subject sentence pressure use Standard squid Newspaper fox Resources main Country International Financial Reporting Standards (IFRS) in Vietnam.

Tsalavoutas, I., André, P., & Dionysiou, D. (2014). Worldwide application of IFRS 3, IAS 38, and IAS 36, related disclosures, and determinations of non-compliance. *ACCA Research Report, 134*.

Wang, K., O.S., & Claiborne, C. (2008). Determinants and consequences of voluntary disclosure in an emerging market: Evidence from China. *Journal of International Accounting, Auditing and Taxation, 17* (1), 14-30.

Wong, P.Y. (2018). Are state ownership and auditors' locality determinants of asset write-downs?

Evidence from China. *China Journal of Accounting Research, 11* (4), 385-405. https://doi.org/10.1016/j.cjar.2018.07.002

Zeghal, D., & Mhedhbi, K. (2006). An analysis of the factors affecting the adoption of international accounting standards by developing countries. *The International Journal of Accounting, 41* (4), 373-386.

Zubaidur Rahman, M., & Scapens, R.W. (1988). Financial reporting by multinational enterprises: Accounting policy choice in a developing country. *Journal of Accounting and Public Policy, 7* (1), 29-42.