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The Factors Influencing the Intention to Adopt International Financial Reporting Standards (IFRS) of SMEs in Ho Chi Minh City, Vietnam

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Abstract: This study investigates the determinants influencing Small and Medium-sized Enterprises' (SMEs) intention to adopt International Financial Reporting Standards (IFRS) in Ho Chi Minh City, Vietnam. Utilizing primary data from questionnaires, the research adopts a methodological framework encompassing descriptive statistics, scale testing, factor analysis, and the use of SPSS for regression and correlation matrix analysis. The focal point of this study is to understand the complex interplay of factors that drive SMEs in a globalized economic setting towards the adoption of IFRS, a global accounting standard that facilitates transparent and comparable financial reporting across international boundaries. While Vietnam has its own Vietnam Accounting Standards (VAS), the shift towards IFRS presents both challenges and opportunities in the realm of global financial integration. The transition from VAS to IFRS is not just a technical change but a strategic move, aligning Vietnamese SMEs with global financial practices. This research provides a comprehensive evaluation of the feasibility, advantages, and obstacles encountered by SMEs in this transition. The findings illuminate various organizational, governmental, and market-related factors that influence this decision. The Vietnamese government's roadmap for IFRS implementation by 2035 highlights the country's commitment to aligning with international financial trends. This paper contributes to the understanding of IFRS adoption among SMEs in emerging economies, offering insights for policymakers and business leaders in navigating this transition.

Keywords: International Financial Reporting Standards (IFRS), Small and Medium-Sized Enterprises (SMEs), Ho Chi Minh City, Vietnam, Vietnam Accounting Standards (VAS), Globalization

1. Introduction

In the context of global economic integration, the adoption of International Financial Reporting Standards (IFRS) is becoming extremely important. Established by the International Accounting Standards Board (IASB) in 2001, IFRS not only enhances transparency and accountability but also improves the comparability of financial statements across different countries. This advancement not only elevates the skills of human resources in accounting and finance but also expands their international work opportunities. Since 2005, many European countries have started adopting IFRS, and by 2021, 166 countries had recognized or were on the path to adopting IFRS.

Vietnam, with its system of 26 Vietnamese Accounting Standards (VAS) based on International Accounting Standards (IAS), faces challenges in integrating with IFRS. The differences between VAS and IFRS, as pointed out in the study by Downes et al. (2018), could affect the confidence of foreign investors. The transition from VAS to IFRS is a necessary step to ensure transparency and reliability of financial information, facilitating Vietnamese businesses in attracting investments and participating in the global market. Recognizing this importance, small and medium enterprises have shown an intention to apply IFRS to their businesses. Therefore, the author has chosen this research to affirm that applying IFRS will bring significant efficiency to the small and medium enterprises in Ho Chi Minh City, Viet Nam.

2. Theoretical Foundation and Research Methodology

2.1. Theoretical Foundation

2.1.1. Concepts Related to International Financial Reporting Standards

International Accounting Standards (IAS)

Abbreviated from the name International Accounting Standards, IAS International Accounting Standards are issued by the London-based International Accounting Standards Committee (IASC), collectively known as IAS. These standards have been in place for a long time, applied since 1973 and help businesses understand how to record specific transactions in financial statements.

International Accounting Standards (IAS) are regulations and guidelines on accounting principles and methods that are patterned, common foundations for countries in recording and presenting financial reporting systems [21].

International accounting standards have been established including: IAS International Accounting Standards for the private sector, International Public Sector Accounting Standards (IPSAS), and International Financial Reporting Standards (IFRS) (https://ifrs.vn*).*"

Irrespective of the size or type of business, if a country has accepted the norms, all businesses in that country are obliged to comply with and use financial reporting in accordance with the standards. The main goal of setting these standards is to make it simpler to compare businesses across the globe. In addition, setting these standards is about enhancing transparency, building trust and strengthening the scope of global trade and investment. It is easier to build trust in a company based on accuracy and financial reporting with the help of these standards, which helps build accountability and efficiency in the financial markets.

With the help of benchmarking, all large or small investors can make better financial and investment decisions. Benchmarks also assist in generating ideas for risk analysis and help allocate capital. In addition, these standards somewhat reduce some of the costs associated with reporting to multinational corporations.

International Financial Reporting Standards (IFRS)

Officially put into use in 2001, International Financial Reporting Standards (IFRS) was born, replacing IAS.

IFRS (International Financial Reporting Standards) is a set of international accounting standards developed and promulgated by the IFRS Foundation, applied by companies worldwide for financial reporting.

International Financial Reporting Standard - IFRS is a set of accounting standards compiled and issued by the International Accounting Standards Board (IASB) and the International Financial Reporting Interpretation Council (IFRIC). IFRS was born with the goal of providing a common regulation of international application on how to prepare reports and present financial statements to companies with public interest. IFRS aims to focus on uniform reporting guidelines on how to prepare financial statements rather than establishing industry-specific reporting rules. The use of international financial statements standards is extremely necessary for companies with multinational branches.

The biggest advantage of this toolkit is that it simplifies accounting procedures through the unification of a common language in the financial statements of companies. In addition, this set of standards will give investors and auditors a systematic, panoramic view of finance.

IFRS is a set of accounting standards to ensure that domestic enterprises as well as organizations around the world apply the principles established uniformly in the process of preparing financial statements. The application of International Financial Reporting contributes to increased transparency, accountability and efficiency for financial markets worldwide. At the same time, IFRS further strengthens confidence, growth and long-term financial stability in the global economy.

2.1.2. Some Basic Contents Related to IFRS

1. Full reflection principle: This principle requires companies to include in their financial statements all the necessary information so that users can understand the company's financial position.
2. Financial instruments: IFRS regulates certain financial instruments such as stocks, bonds and currencies. Companies must use these regulations to value their investments and report them in their financial statements.
3. Financial statements: IFRS requires companies to make financial statements including balance sheets, statements of cash flows and income statements. These reports provide detailed information about the financial position of the company.
4. Asset valuation instruments: IFRS prescribes asset valuation instruments such as accounting value and fair value. Companies must use these regulations to value their assets and report them in their financial statements.
5. Accounting policies: IFRS regulates accounting policies but gives companies the option to apply different policies in some cases. Companies must explain in detail their accounting policies in their financial statements.
6. Balance: IFRS is concerned with the balance between providing complete and detailed information about a company's financial position and keeping its financial statements simple and straightforward.

2.1.3. Theories of the Model

Rational Action Theory (TRA)

In 1967, the rational action theory (TRA) was developed by psychologists Martin Fishbein and Icek Ajzen, which stemmed from previous research in social psychology, models of persuasion and theories of attitude. The theory of rational action (TRA) aims to explain the relationship between attitudes and behavior in human actions. This theory is used to predict how individuals will behave based on their pre-existing attitudes and behavioral intentions. Individuals will act on the outcomes they expect from committing the behavior.

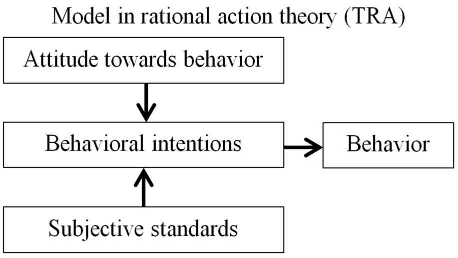

Figure 1. *Model rational action theory (TRA).*

The primary purpose of TRA is to understand an individual's voluntary behavior by examining that individual's underlying motivation for taking an action. The TRA holds that a person's intention to commit the act is the main predictor of whether or not they actually commit that behavior. In addition, social rules also contribute to whether the person actually performs the behavior or not. According to theory, the intention to perform a certain behavior precedes actual behavior. This intention is called behavioral intention and is the result of the belief that performing that behavior will lead to a specific outcome. Behavioral intentions are important to TRA theory because these intentions "are determined by attitudes toward subjective behaviors and norms." The theory of rational action suggests that the stronger the intention increases the motivation to perform the behavior, which in turn increases the likelihood of the behavior being performed.

Planned behavior theory (TPB)

The theory, initiated by Icek Ajzen in 1991, aims to improve the predictive power of the Theory of Rational Action (TRA) by adding to the cognitive factor model of behavior control, which offers many advantages in predicting and explaining an individual's behavior in a given context [1].

Planned behavior theory expresses the relationship between someone's beliefs and behavior, where beliefs are divided into three categories: beliefs about behavior, beliefs according to common norms, and beliefs about self-control.

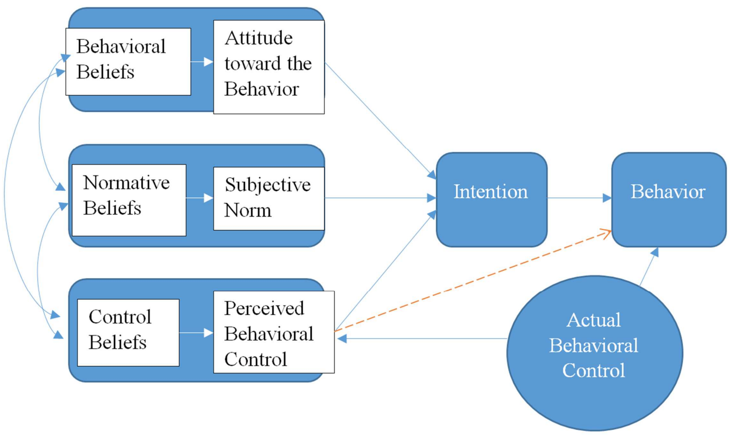

Figure 2. *Model in planned behavior theory (TPB).*

Corresponding to the three types of human beliefs, behavioral beliefs generate a behavioral attitude (which can be negative or positive), common normative beliefs lead to a subjective norm, and beliefs about autonomy give rise to cognitive control over behavior. The TPB model assumes that a behavior can be predicted or explained by intentions to carry out that behavior. Ajzen argues that intention is a function of 3 influencing factors: First, attitudes toward the behavior; Second, there are Subjective Norms. Third, perceived behavioral control.

Glanz et al. argue that TPB theory is suitable for empirical studies in identifying important factors from which to propose policies and solutions - it is one of the best models for implementing policies, post-research solution [8].

As a general rule, the more favorable the attitude towards subjective behavior and standards, and the easier the perception controls the behavior, the stronger the person's intention to carry out the behavior. And if a realistic degree of control over the behavior is large enough, then they can carry out the intention every chance they get.

Planned behavior theory can be used to support the research process of customer and consumer behavior in marketing. Because in today' s era, the digital era explodes, customers have more choices and the market is increasingly competitive, the battle to capture the psychology and behavior of customers is one of the fiercest battles of Marketing because the power of customers has been growing and playing an important role in activities of purchase and sale of goods and services.

2.1.4. Research Concepts

Qualifications of accounting human resources

It is an important factor demonstrating the applicability of IFRS in enterprises. Accounting is the department that performs economic operations arising according to promulgated and mandatory accounting standards. Accounting professionals need to have deep expertise and understand IFRS standards to be able to produce highly accurate financial statements that specifically reflect the financial picture of the business in accordance with the management of the business as well as for related subjects using information.

In addition, the level of accounting human resources also affects the IFRS application process of enterprises. If accounting personnel are incompetent and experienced, the IFRS application process can be difficult and time-consuming, leading to delays in producing financial statements. At the same time, it leads to a negative effect on the reputation and prestige of the enterprise. Businesses need to invest in the qualifications of accountants and ensure that their accountants have the knowledge and skills to apply these standards accurately and effectively.

Studies on educational qualifications [6]; The Evolution of Accounting [24]; Professional [10]; Competence [5] all indicate that the level of accounting human resources has a huge influence on the application of IFRS by enterprises. At the same time, a number of studies show that the low level of knowledge, understanding and awareness of accountants is a barrier to applying international accounting standards [2, 3, 7].

In summary, accounting qualification factors affect the application and implementation of IAS/IFRS at enterprises. Whether this process is effective or not depends on the qualifications of accountants, who directly perform professional work and prepare financial statements.

Management consensus

The consensus of management in the application of IFRS in enterprises is the approval of the implementation of an international standard accounting system to reflect economic operations arising in an open direction in accordance with international practices.

This consensus ensures the success of the accounting information system because this support will overcome weaknesses in organizational implementation. Managers facilitate and at the same time participate in the accounting information system in order to link the accounting information system with the goals and strategies of the business.

Managers have the authority to build, arrange personnel and other resources to ensure that the accounting information system is deployed and applied to fulfill commitments in the period of international integration, especially complying with the application of international financial statements standards.

Studies on: Manager Commitment [18], Readiness [19], Manager Support show the importance of managers' wills influencing IFRS adoption intentions in businesses.

Requirements for international integration

International economic integration is an inevitable trend, then businesses are required to compete fairly with competitors right at home. That creates requirements for businesses. With the development of the global economy, the process of economic integration, countries and businesses need to strengthen professionalism and synchronization of accounting standards in accordance with international practices to increase competitiveness and participate more and more deeply in international business activities.

Integration requirements promote the need for information transparency of enterprises to create advantages in transactions and in attracting capital in the international financial market.

Studies: International Trade [16], International Activities [20], Information Transparency [17], Economic Integration [14] show that the pressure of international integration motivates enterprises to apply the international accounting system.

Financial Markets

Financial markets are where businesses and governments raise capital through the issuance of securities such as stocks, bonds, fund certificates and other financial products. Investors can buy and sell these securities in the financial markets, making investment decisions based on information about the performance and performance of the business, the economic and political situation, and other factors that may affect the stock price.

Financial markets are an important part of the global financial system, playing an important role in supporting the financing and investment of business activities. Financial markets can help businesses attract capital from investors to grow their businesses. At the same time, financial markets also have an important role to play in the valuation of financial assets and the distribution of risks among investors. Financial markets contribute to building a stable economy and sustainable development.

The financial market is where investors (individuals, organizations, businesses...) buy and sell financial assets such as stocks, bonds, currencies and other financial products. Financial markets are places where businesses and governments can meet with investors to raise capital and finance business activities. Transactions in financial markets are conducted through stock exchanges, foreign exchange markets, financial centers, and electronic trading channels.

Financial markets are an important part of the global financial system, playing an important role in providing funding and support for business activities and the economy. Financial markets are also a place for investors to find investment opportunities and at the same time increase transparency and fairness in asset valuation and risk distribution.

Financial markets have a great impact on the application of IFRS by businesses, because their financial information is published in financial statements and used in the process of valuation and investment in financial markets. Specifically, factors affecting the application of IFRS by enterprises include:

1. Inquiries from investors and financial service providers: Investors and financial service providers are increasingly interested in high-quality and synchronized financial information across the globe. This requires businesses to adopt IFRS to provide complete and accurate financial information to interested people.
2. Regulation of international organizations: Organizations such as the International Accounting Organization (IASB), the European Organization of Accountants and Auditors (EAA), and the Organization for Economic Co-operation and Development (OECD) have introduced standards and regulations on the application of IFRS to businesses. The application of these standards is a requirement for engaging in international business activities and trading in financial markets.

3. Enhance transparency and synchronization of financial information: IFRS application enhances the transparency and synchronization of financial information of businesses globally, making it easy for investors and financial service providers to evaluate and compare financial information of businesses in the financial markets.
4. Adapting to a diverse business environment: Applying IFRS helps businesses adapt to a diverse and demanding business environment.

According to Zeghal and Mhedhbi, financial markets play a pivotal and decisive role in a country's economic development [25]. The quality of information in the financial statements of an enterprise, it affects the results of the financial market, as well as developments. In this respect, Gray and Radebaugh stated that investors constantly need extensive and complex information but also transparency in order to analyze investment opportunities and optimize their options [9]. Research by Jemakowicz and Gornik-Tomaszewski has shown that countries with financial markets open to foreign investors are more likely to adopt IFRS [13].

Gray et al., argue that in order to analyze options and optimize investment opportunities, investors need quality financial information to effectively develop financial markets [9].

Multinational enterprises listed on many stock exchanges should force them to comply with the CM and finance of these countries. This compliance has disadvantages in terms of information reliability and cost. The main objective of applying international accounting standards is to facilitate financial and comparative transactions.

Chamisa investigated the effect of improving the quality of financial information disclosed to financial markets when applying EIA in developing countries [4]. He concluded that this benchmark is important for developing countries with emerging financial markets. Weissenberger et al., studied 81 German enterprises showing that the decision to voluntarily adopt EIA was motivated by the goal of reducing the cost of accessing foreign markets [23]. Jermakowicz et al., argue that countries with open financial markets have more opportunities to apply IA because investors can compare information between different financial markets and thus reduce the cost of investment decisions [13].

2.2. Research Methodology

Primary data collection methods using questionnaires, descriptive statistical analysis, scale testing, and discovery factors. Then analyze the correlation matrix to determine the relationship between the factors. The regression analysis aims to assess the impact of factors affecting the intention to apply International Financial Reporting Standards (IFRS) to small and medium-sized enterprises in Ho Chi Minh City. In addition, the topic also analyzes the differences of intentions to apply IFRS because of demographics using SPSS software.

2.2.1. Selection Sample

Currently, according to many researchers, the larger the sample size, the better. Hair et al suggests that to use exploratory factor analysis (EFA), the sample size must be at least 50, preferably 100 and the observation/variable ratio of measurement is 5:1, that is, 1 measurement variable needs a minimum of 5 observations and preferably 10 observations [15, 11].

According to Hoang Trong and Chu Nguyen Mong Ngoc, to ensure an acceptable level of significance of a variable is a sample size that is 4 or 5 times the number of observed variables [12].

According to Tabachnick & Fidell, for regression analysis to achieve the best results, the sample size must satisfy the formula: n >= 8p + 50. Where: n is the required sample size, p is the number of independent variables of the model. The study is built with 5 independent variables so the minimum sample size should be 8 x 5 + 50 = 90 samples.[22]

In this research model, the author proposes 37 observed variables that can be used in exploratory factor analysis. Therefore, the minimum number of samples required of the study is 37 * 5 = 185 samples.

2.2.2. Proposed Research Model

After reviewing and comparing with previous studies, the author proposes the research model as follows:

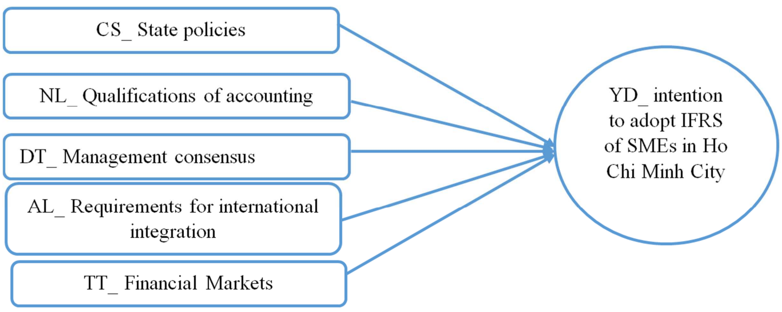

Figure 3. *Model proposed in author's research.*

2.2.3. Research Hypothesis

1. H1: State policies have a positive impact (+) on the intention of small and medium-sized enterprises to apply IFRS.
2. H2: The level of accounting human resources has a positive impact (+) on the intention of small and medium-sized enterprises to apply IFRS.
3. H3: The consensus of management has a positive impact (+) on the intention of small and medium-sized enterprises to apply IFRS.

4. H4: Requirements for international integration have a positive impact (+) on the intention of small and medium-sized enterprises to apply IFRS.
5. H5: Financial markets have a positive impact (+) on the intention of small and medium-sized enterprises to apply IFRS.

3. Research Findings

Factors influencing and measuring SMEs' intention to apply IFRS in Ho Chi Minh City in Vietnam.

The study was carried out in two phases:

1. Preliminary research: based on the theoretical basis and previous studies, the author offers a preliminary questionnaire, basic factors affecting the intention to apply IFRS in SMEs in Ho Chi Minh City. Then, discuss with leaders of some enterprises in the research target group, discuss with the instructor to tailor the content of the survey to suit the research objectives.
2. Official study: Based on the adjusted questionnaire after the preliminary survey, the author distributed 250 google form links to the survey for small and medium enterprises in Ho Chi Minh City in the research subjects of the topic. Respondents to the survey were business owners, CFOs, chief accountants, accountants and other managers. The personnel participating in this survey are all experienced people in related fields who have been authorized to represent enterprises participating in the survey and business owners participating in direct management of the business to study the factors influencing the intention to apply international financial reporting standards (IFRS). The personnel representing SMEs participating in the survey include many backgrounds, ages and education levels. After recall, 220 votes were in response, but some votes did not meet the requirements so were excluded, the remaining 200 votes were full answers to all contents and were highly reliable surveys.

After testing 2 common procedures: One, Cronbach's Alpha -> EFA found that there were no barrier factors While barriers are also important factors influencing IFRS intent, the authors choose process 2, EFA-> Cronbach's Alpha, discovering barriers and benefits.

After entering the collected data into SPSS 22.0 software, running the EFA discovery factor analysis for the first time, the author obtained the following results:

First time, Since the coefficients KMO = 0.831 > 0.5 and p-value = 0.00 <0.05 represent that the variables are related, exploration factor analysis is consistent with this data. when choosing a convergent value (eigenvalue = 1.048 > 1), 30 scales are reduced to 8 factors with a total variance of 60.491% > 50%, satisfying the amount of information used to explain 8 factors. 1st EFA Rotation Matrix, the 30 observed variables are grouped into 8 factors. In particular, the DT3 observation variable "Human resource support managers in IFRS application" with a factor loading factor (absolute value) less than 0.5 should be removed and reanalyzed.

Second time, after removing the observational variable DT3 "Managers supporting human resources in the application of IFRS" and conducting a re-analysis, the results were obtained. Since the coefficients KMO = 0.833 > 0.5 and p-value = 0.00 <0.05 represent that the variables are related, exploration factor analysis is consistent with this data. Based on the results, when choosing a convergent value (eigenvalue = 1.009> 1), the 29 scales are reduced to 5 factors with a total variance of 62.066% > 50% → satisfying the amount of information used to explain the 8 factors. The 29 observations are combined into 8 factors. In particular, the CS5 observation variable "Current accounting operations mainly serve tax purposes" with a factor loading factor (absolute value) less than 0.5, should be excluded and reanalyzed.

3rd Exploratory Factor Analysis: After removing the CS5 observation variable "Current accounting operations primarily for tax purposes" and conducting a re-analysis, the results obtained:

Table 1. *KMO and Bartlett accreditation for independent scale.*

KMO coefficient		.834
Bartlett Test Model	Approximate Chi squared value	1962.584
	Degrees of freedom (df)	378
	Significance Level (Sig.)	.000

Since the coefficients KMO = 0.834 > 0.5 and p-value = 0.00 <0.05 represent that the variables are related, exploration factor analysis is consistent with this data.

Table 2. *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	6.872	24.541	24.541	6.872	24.541	24.541	3.374	12.0.50	12.0.50
2	2.123	7.582	32.123	2.123	7.582	32.123	3.028	10.816	22.866
3	1.932	6.901	39.024	1.932	6.901	39.024	2.584	9.23	32.095
4	1.734	6.191	45.215	1.734	6.191	45.125	2.338	8.352	40.447
5	1.612	5.758	50.973	1.612	5.758	50.973	2.67	8.095	48.543
6	1.408	5.028	56.001	1.408	5.028	56.001	1.954	7.014	55.557
7	1.182	4.221	60.222	1.182	4.221	60.222	1.306	4.665	60.222
28	0.207	0.738	100.000						

Based on the results, when choosing a convergent value (eigenvalue = 1.182 >1), the 28 scales are reduced to 7 factors with a total variance of 60.222% > 50% → satisfying the amount of information used to explain the 7 factors.

This represents 7 factors that conveyed 60,222% of the information value of the original 28 scales. Since all scale groups have a load factor > 0.5, EFA discovery factor analysis stops.

Exploratory factor analysis with dependent variable Y:

Validation of the suitability of the EFA factor analysis model:

Test results in the table KMO and Bartlett tests for dependent variable scales shows KMO = 0.880> 0.5 and the Bartlett test is statistically significant with P-value < 0.05. Thus, the use of the EFA model to evaluate the intent scale value IFRS application of SMEs in Ho Chi Minh City is appropriate.

Check the quotation variance of the factors:

"The analysis results on the table of variance extracted for the dependent variable scale show that 50.997% (>50%) of factor changes are explained by the observed variables. Conclude the appropriate factor analysis model (EFA) and the scale is accepted."

Total load factor squared: Engen Value = 3,570 >1 represents the variation explained by each significant factor that summarizes the information best.

The results of factor analysis (EFA) for the dependent variable of the factor matrix show that the factor loading factor (Factor loading) of the observed variables is qualified when analyzing the factor is greater than 0.5 and the number of factors created when analyzing the factor is 1 factor. This is consistent with the original hypothesis of measurement variables corresponding to factor."

Accreditation scale (Cronbach's Alpha)

Table 3. *Summary of scale inspection results.*

Factor	Items	Coefficient of correlation with Factor	Notes	Conclude
Financial markets have a Cronbach alpha = 0.819				
Financial Markets	TT1	*0.462*	The correlation coefficient with the regular total variable > 0.3	Satisfactory factor.
	TT3	*0.545*		
	TT4	*0.600*		
	TT5	*0.616*		
	TT6	*0.608*		
	TT7	*0.672*		
State policy has a Cronbach alpha coefficient = 0.887				
State Policy	CS1	*0.755*	The correlation coefficient with the regular total variable > 0.3	Satisfactory factor.
	CS2	*0.771*		
	CS3	*0.728*		
	CS4	*0.771*		
The barrier has a Cronbach alpha coefficient = 0.808				
Barrier	CS6	*0.626*	The correlation coefficient with the regular total variable > 0.3	Satisfactory factor.
	NL5	*0.591*		
	NL6	*0.625*		
	AL6	*0.655*		
The integration requirement has a Cronbach alpha coefficient =0.755				
Requirements for international integration	AL1	*0.615*	The correlation coefficient with the regular total variable > 0.3	Satisfactory factor.
	AL2	*0.531*		
	AL4	*0.550*		
	AL5	*0.519*		
Management consensus has Cronbach alpha =0.723				
Management consensus	DT1	*0.575*	The correlation coefficient with the regular total variable > 0.3	Satisfactory factor.
	DT2	*0.526*		
	DT4	*0.480*		
	DT5	*0.514*		
Accounting qualifications with Cronbach alpha = 0.700				
Accounting manpower qualifications	NL1	*0.550*	The correlation coefficient with the regular total variable > 0.3	Satisfactory factor.
	NL2	*0.502*		
	NL3	*0.497*		
Benefits have a Cronbach alpha coefficient = 0.264				
Benefit	NL4	*0.167*	The correlation coefficient with the regular total variable < 0.3	Unsatisfactory factor.
	AL3	*0.148*		
	TT2	*0.116*		
Intention to apply IFRS with Cronbach alpha coefficient = 0.816				
Intention to apply IFRS	YD1	*0.5350*	Since YD2 = 0.1700 < 0.3, excluded	After excluded YD2.Satisfactory factor.
	YD2	*0.1700*		
	YD3	*0.7390*		
	YD4	*0.6620*		
	YD5	*0.6220*		
	YD6	*0.6560*		
	YD7	*0.5840*		

The results showed that the variable YD2 with a correlation coefficient with the total variable of 0.17 <0.3 should be excluded from the model.

Through this test, we also found that there are newly discovered factors "Barrier" including variables CS6, NL5, NL6, AL6 all have a correlation coefficient with the total variable >0.3, so this is a satisfactory factor that should be included in the research model.

The newly discovered factor "Benefit" including variables NL4, AL3, TT2 all have a correlation coefficient with the total variable <0.3, so this is an unsatisfactory factor and therefore excluded from the study model.

Table 4. *Correlation matrix defines positive and inverse relationships Correlation matrix.*

Correlation matrix								
		Y	**X1**	**X2**	**X3**	**X4**	**X5**	**X6**
Y (Intent to apply IFRS)	Correlation coefficient	1	.222**	.264**	-.230**	.252**	.253**	.321**
	Sig. (2-tailed)		0.002	0	0.001	0	0	0
	Observations	200	200	200	200	200	200	200
X1 (Financial Markets)	Correlation coefficient	.222**	1	0	0	0	0	0
	Sig. (2-tailed)	0.002		1	1	1	1	1
	Observations	200	200	200	200	200	200	200
X2 (State Policy)	Correlation coefficient	.264**	0	1	0	0	0	0
	Sig. (2-tailed)	0	1		1	1	1	1
	Observations	200	200	200	200	200	200	200
X3 (Barrier)	Correlation coefficient	-.230**	0	0	1	0	0	0
	Sig. (2-tailed)	0.001	1	1		1	1	1
	Observations	200	200	200	200	200	200	200
X4 (Integration required)	Correlation coefficient	.252**	0	0	0	1	0	0
	Sig. (2-tailed)	0	1	1	1		1	1
	Observations	200	200	200	200	200	200	200
X5 (Management Consensus)	Correlation coefficient	.253**	0	0	0	0	1	0
	Sig. (2-tailed)	0	1	1	1	1		1
	Observations	200	200	200	200	200	200	200
X6 (Accounting manpower level)	Correlation coefficient	.321**	0	0	0	0	0	1
	Sig. (2-tailed)	0	1	1	1	1	1	
	Observations	200	200	200	200	200	200	200

**. Correlation is significant at the 0.01 level (2-tailed).

The correlation table shows that the dependent variable Y has a negative correlation with the opposite variables X1, X2, X4, X5, X6 and variable Y has a negative correlation with the variable X3.

This shows that there is a relationship of factors including: Financial market, State policies, barriers, integration requirements, management consensus, accounting human resource qualifications that affect the intention to apply IFRS international financial reporting standards.

Regression analysis to analyze the impact of factors influencing SMEs' intention to adopt IFRS in Ho Chi Minh City

Based on the correlation matrix of factors, we have a linear regression equation of the intention of SMEs to apply IFRS in Ho Chi Minh City as follows:

$$Y = X6^* \beta 6 + X2^* \beta 2 + X5^* \beta 5 + X4^* \beta 4 + X3^* \beta 3 + X1 * \beta 1$$

Where:

Y: Intention to apply IFRS of SMEs in HCMC (is the average value of: YD1, YD2, YD3, YD4, YD5, YD6, YD7).

X1: Financial market (is the average value of: TT1, TT2, TT3, TT4, TT5, TT6, TT7).

X2: State Policy (is the average value of: CS1, CS2, CS3, CS4).

X3: Barrier (is the average value of: CS6, NL5, NL6, AL6).

X4: Requirements for international integration (is the average value of: AL1, AL2, AL3, AL4, AL5).

X5: Management consensus (is the average value of DT1, DT2, DT4, DT5).

X6: Accounting manpower level (is the average value of: NL1. NL2, NL3).

The method used is Stepwise. The step-by-step independent variable selection method is actually a combination of forward selection and backward elimination, and it is probably the most commonly used method.

Assess the suitability of the multiple linear regression model: Evaluation of suitability of multiples linear regression model

Table 5. *Description of the regression model.*

Model	**R**	**R Square**	**Adjusted R Square**	**Coefficient Durbin-Watson**
6	0.743_f	0.552	0.478	1.941

Predictors: (Constant), X6, X2, X5, X4, X3, X1
Dependent Variable: Y

The correlation coefficient R has shown that the independent variable is included in the model (6 variables). R squared maximum = 0.552 represents the actual model collected. R squared- adjusted = 0.478 indicates a compatibility level of 47.8%, and the dependent variable The intention to apply IFRS is explained only by 6 independent variables in the model accounting for 47.8%, the remaining 52.2% due to model variables and random error.

Table 6. *Regression coefficient.*

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.	Collinearity Statistics	
		B	Standard error	Beta			Tolerance	VIF
6	(Constant)	*2.36E-17*	*0.56*					
	X6	0.321	0.56	0.321	5.776	0.000	.698	1.432
	X2	0.264	0.56	0.264	4.748	0.000	.806	1.241
	X5	0.253	0.56	0.253	4.539	0.000	.754	1.326
	X4	0.252	0.56	0.252	4.520	0.000	.802	1.247
	X3	-0.23	0.56	-0.230	-4.141	0.000	.733	1.364
	X1	0.222	0.56	0.222	3.981	0.000	.749	1.335

Dependent Variable: Y

The p-value coefficients of the dependent variables are all < 5%, so the variables are statistically significant and the Beta coefficients are all non-zero.

Model for determining factors influencing the intent to apply normalized IFRS:

Y = 0.321*X6 (Accounting qualifications) + 0.264*X2 (State Policy) + 0.253*X5 (Management consensus) + 0.252*X4 (Integration requirements) – 0.230*X3 (Barriers) + 0.222 *X1 (Financial Markets)

Testing the phenomenon Collinearity

Linear multi-additive is the phenomenon of independent variables that are completely correlated with each other. To test for linear multi-addition, the commonly used indicator is the Variance Inflation Factor (VIF). The results in the regression coefficient table show that the VIF coefficients of the independent variables are all less than 2, thereby concluding that the study model does not have a linear multi-additive phenomenon.

Testing the phenomenon of residual Autocorrelation

Autocorrelation is the phenomenon of random errors being correlated, then self-correlation can occur.

Using the Durbin-Watson coefficient to test the self-correlation of adjacent errors (also known as first-order series correlations), the coefficient has a variable value between 0 and 4; if the errors are not first-order series correlation, the value will be close to 2. Based on the results of the regression model summary table, it is shown that the selected d falls into the domain that accepts the hypothesis without first-order series correlation (d = 1.941 is close to 2) Thus, the conclusion that there is no self-correlation phenomenon between the residuals in the model, the model is meaningful.

4. Discussions

This comprehensive study investigates the pivotal factors that are influencing small and medium-sized enterprises (SMEs) in Ho Chi Minh City in their decision-making regarding the adoption of International Financial Reporting Standards (IFRS). The research meticulously delves into the critical roles played by various elements such as the level of expertise in accounting human resources, the prevailing government policies, the dynamics of market conditions, and the pressing requirements for international integration. Through a robust methodology, which encompasses an exhaustive collection and analysis of relevant data, the study illuminates a spectrum of factors. These include organizational considerations, government-related influences, and market dynamics, all of which contribute significantly to the decision-making process of these enterprises.

The results of the research on testing the research hypotheses of the model are presented in the table below:

Table 7. *Summary of research hypothesis test results.*

Hypothesis	Research hypotheses	Beta	Conclude
H1	State policies have a positive impact (+) on the intention of small and medium-sized enterprises to apply IFRS.	0.264	Agree
H2	The level of accounting human resources has a positive impact (+) on the intention of small and medium-sized enterprises to apply IFRS.	0.321	Agree
H3	The consensus of management has a positive impact (+) on the intention of small and medium-sized enterprises to apply IFRS.	0.253	Agree
H4	Integration requirements have a positive impact (+) on the intention of small and medium-sized enterprises to apply IFRS.	0.252	Agree
H5	The financial market has a positive impact (+) on the intention of small and medium-sized enterprises to apply IFRS.	0.222	Agree
H6	Barrier	-0.230	New factors affect the opposite direction with the intention of SMEs to apply IFRS in Ho Chi Minh City

Source: General Author

The study confirms that state policies, accounting human resources, management consensus, integration requirements, and financial markets positively influence SMEs in Ho Chi Minh City to adopt IFRS. Additionally, various barriers also impact this decision. It highlights that Vietnamese businesses recognize the importance of IAS/IFRS in a globally integrated business environment, especially with Vietnam's participation in 15 FTAs. Adopting IAS/IFRS will enhance the international credibility of Vietnamese companies, attract foreign investment, and facilitate international listings and loans. This move will improve financial transparency, comparability, and confidence among investors, further strengthening the financial market and contributing to Vietnam's integration with global accounting practices.

5. Conclusions

The conclusion of this study meticulously examines the factors influencing the adoption of International Financial Reporting Standards (IFRS) by small and medium-sized enterprises (SMEs) in Ho Chi Minh City. It underscores the crucial role of government policies, skilled accounting personnel, management agreement, global integration demands, and the dynamics of financial markets in shaping the inclination towards IFRS implementation. The research also identifies and discusses the barriers that hinder this adoption process. Moreover, the study highlights the strategic significance of IAS/IFRS for Vietnamese enterprises in the context of the global economic landscape. By adopting these standards, Vietnamese businesses are poised to enhance their international credibility, attract more foreign investment, and significantly improve their financial transparency and comparability. This transition is not just a financial strategy but a crucial step towards aligning Vietnam's accounting practices with global norms, thereby reinforcing its financial market and facilitating smoother integration into international accounting systems.

Conflicts of Interest

The Authors declare no conflicts of interest.

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