

# Research of Factors Affecting the Implementation of Vietnam Public Accounting Standards at Revenue – Generating Administrative and Non – Business Units

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## Abstract

By the method of summarizing documents, the article aims to identify the factors affecting the application of international public accounting standards in some countries, along with the views of the authors on the factors that will affect when applying Public Accounting Standards (PAS) in units within the scope of application of Accounting Standards. public mathematics in Vietnam. Vietnam is in the process of completing the development of public accounting standards through stages, in order to help the information provided on financial statements be more transparent and comparable. The factors identified through the awareness of accountants at the revenue generating public service delivery unit include: Level of training and professionalism, implementation costs, support of consulting organizations and managers and information technology application. On that basis, the article is a premise to implement an empirical research model on the influence of factors when applying public accounting standards at revenue – generating administrative and non – business units in Vietnam.

Keywords: Viet Nam public sector accounting standards, international accounting standards, revenue generating

## 1. Introduction

Current studies have a consensus that governments should make reforms in their management systems and processes that examine actions and steps taken to meet the growing need for greater transparency and accountability in public financial management. The adoption of International Public Accounting Standards (IPSAS) by countries is aimed at preparing and improving the Government's General Purpose Financial Statements for the public sector, a clearer assessment of the decisions governments make to allocate resources, convey a correct and fair view of the financial situation. IPSAS also makes sure to compare financial statements with other countries, motivates foreign investors into countries and is useful in raising capital from international markets. The Vietnam Public Accounting Standards System (VPSAS) based on IPSAS has been promulgated by the Ministry of Finance in batches, providing contents related to the implementation and implementation of Vietnamese public accounting standards, in accordance with the characteristics and management mechanism of the legal system of Vietnam. Units within the scope of applying public accounting standards when implementing the application will certainly face certain barriers. Did the accountants have the approach and professionalism for the reform to apply. Or are the current training units for public accounting in Vietnam enough to meet the requirements of training qualified and professional accountants? Are the costs of implementing reforms high? Political support factors and legal regulations as well as support from professional organizations are also issues to determine when moving towards VPSAS adoption.

The objectives of the study are to (1) identify factors affecting the implementation of VPSAS; (2) assess the impact of the factors; (3) recommendations to enhance the ability to deploy VPSAS in Vietnam. With this research objective, the article is structured into 5 parts. In addition to the introduction, the 2nd part presents

an overview of relevant studies, the 3rd part presents the hypothesis and research model, the 4th and 5th parts present the research methodology and results. The final section takes conclusions and recommendations.

## 2. Literature Review

Research by Javed Miraj and Zhuquan Wang (2019); Joseph Kwasi Agyemang (2017) conducted in Pakistan and Ghana is that the factors affecting the implementation of IPSAS are accounting education and training in the public sector, along with the cost of implementing IPSAS in countries; identified as a barrier to the adoption of IPSAS in these countries with a descriptive qualitative research model. Both countries have a lot of challenges that hinder the effectiveness of government financial and accounting management. These problems arise due to poor oversight of basic financial functions, inefficient financial information for decision-making, poor employee motivation and accountability. The studies were conducted with public sector administrative staff, accounting practitioners and government accounting departments to identify and measure the impact factor of accounting education and training in the public sector, along with the cost of implementing IPSAS. The results in both studies showed that the majority of respondents agreed that there was little knowledge about IPSAS, lack of personnel in accordance with international financial standards, lack of auditors and technically knowledgeable accountants in the implementation of IPSAS. The government has to spend high costs on materials and workshops for qualified accountants. The cost analysis process determines that the implementation and maintenance costs for IPSAS are quite high in countries. However, stopping with these 2 factors cannot cover all the influential factors when each country has a different political institution, different resources, chooses to apply different models of building international public accounting standards... will cause many other factors.

Shah's (2007) study of influential factors showed that the adoption of IPSAS in the public sector in Greece was quite low after six years of regulation. The study found that prophylactic factors that have demonstrated positive efficacy and importance to IPSAS adoption include employee education, training, IT quality, and consulting support from organizations. In addition, other factors were shown not to significantly influence the current issue such as experience, leadership, organization size (Suparman et al., 2015). Upping and Oliver's (2012) study on the application of public accounting standards at higher education institutions in Thailand concluded that political institutional competence, information technology resources, and employee knowledge are critical aspects needed to implement accounting change and succeed in public sector universities

Research by Winnie Matoke Moseti and Willy Muturi (2012) conducted in Kenya, particularly the southern Nyanza region also identifies and measures factors affecting the implementation and implementation of IPSAS as the political system; legal regulations; evaluate the effectiveness of implementation systems and process elements in the implementation of IPSAS; professionalism of employees. Hamisi K.S. (2010) also studied the factors affecting the implementation of IPSAS in Kenya, in addition to mentioning the above factors, the author also identified and measured many other factors such as communication and communication about IPSAS; coordination and consultation; implementation costs; the link between budget and accounting requirements; information technology capacity and the support of international financial institutions

Other influencing factors were discovered by the Adhikari & Mellembvik (2011) study in Nepal; Azmi & Mohamed (2014) in Malaysia includes support from senior leadership and management teams, the interest of international organizations and the involvement of professional accounting bodies. In addition to the above factors, the study of Babatunde, Shakirat Adepeju (2017) in Nigeria also addresses the sociological and accountability factors affecting the implementation of IPSAS in the country.

In Vietnam, the study by Assoc. Dr. Dang Ngoc Hung (2016) discussed the impact of factors affecting the application of accounting standards in Vietnam and examined the link between the level of application and the benefits of applying accounting standards. The inspection results showed that, without significant changes compared to the original expected model, there were 04 factors: (1) Accounting regime and guiding circular, (2) experience and capacity of accountants, (3) professional consulting organizations, (4) characteristics of enterprises that have a favorable relationship to the application of accounting standards. At the same time, the appraisal results show that the level of application of accounting standards is positively correlated with the interests of applying accounting standards of enterprises.

The study by the authors Lam Thi My Yen and Pham Dang Tuan (2020) also studied the factors affecting the application of accrual accounting towards the transparency of accounting information of administrative units

in Vietnam. The results of the study showed that there are 3 factors including: political institutions, accounting staff capacity and leadership role of managers.

With previous studies, the factors affecting the implementation of public accounting standards in countries include both those assessed at the macro and micro levels, affecting both the standards issuing agencies and the implementing units. The factors of education and training, professionalism or competence of accountants are considered factors related to the basic attitude and readiness of employees in the public sector (Joseph Kwasi Agyemang, 2017) which can be combined into the factor "Level of training and professionalism. The factors supporting the participation of professional accounting bodies and the support of international financial institutions are related to the support from internal and external consultants that can be combined into the factor "The support of consulting organizations and managers". Therefore, from the perspective of the unit implementing VPSAS application, based on previous research and results from in-depth interviews with accountants of revenue-earning career units, the authors identified factors including: (1) Level of training and professionalism; (2) Implementation costs; (3) Support from consulting organizations and managers; (4) Application of information technology. These factors are included in the official research model, assessing the impact and making recommendations to enhance the implementation of IPSAS in Vietnam.

### **3. The theory of background and theory of research**

#### **3.1. The theory of background**

As a study of factors affected the implementation of the VPSAS, to construct the argument for content given, some of the foundations are mentioned include: The new public administration theory and the theory of stakeholders.

*The new public management theory – NPM:* The growing interest in public sector accountability leads to a new management theory called public management. This theory calls for a change in management practices of the public sector, with responsibility focusing on results rather than processes; whether in developed or developing countries, NPM introduces a new obligation on efficiency, performance measurement, accountability and transparency across all elements of the public sector. (Phetphairin and Judy, 2011; Onalo, Lizam và Kaseri, 2013; Andriani, Kober and Ng, 2010). New public management techniques for the public sector are also meant to facilitate improved decision-making in the activities of public entities. (Mack and Ryan, 2006). New public management includes many methods from reforming organizational structure to reforming financial and budgeting systems. In which reform is also reflected in the introduction of new sets of public accounting standards based on IPSAS by countries to improve effective governance in service delivery to citizens, IPSAS applies. for the fundamentals of social, economic, and public reform meant to improve accountability, transparency and public sector governance in countries. Therefore, the implementation of reforms when applying VPSAS based on IPSAS can come from internal motivation such as political factors or urgent government reforms from outside such as international donor organizations or supporting from international financial institutions. At the same time, the implementation of reforms when applying VPSAS should not be rushed through copying reform tools, but building with a political system, legal foundation and human resource development for the country. public area.

*Stakeholders theory:* Stakeholder theory is the foundation for State agencies in promulgating legal regulations related to reforms in the public sector, as well as measures to handle violations. These legal regulations need to ensure the benefits of the parties, between the information disclosure and the user information as well as the information used in the user 's information. The theory requests managers to express their sense of shared value and what gives the stakeholders to provide for their purpose. (Freeman, Wicks, Parmar 2004). Finance reports must be monitored by stakeholders to determine their usefulness in accordance with the theory of stakeholders. Danhem and Rus (2013) suggest that the co-accounting information will serve users for their targets. Many countries applied the IPSAS in the public sector that the IP deployment was needed to measure performance, government organizations, and decided to support a correct democratic function. Applying stakeholder theory to the public sector shows that a wide range of stakeholders have interests in a financially viable government. Their encouragement of the use of government financial statements, collective knowledge comes from a desire to know the amount, the timing and uncertainty of the benefits they expect to receive from the government. (Azmi & Mohamed, 2014). IPSAS is an enhancement to general-purpose financial reporting that reduces information asymmetry between stakeholders and government functions in controlling the government's financial accounting system; it is a better way to please stakeholders be it public officials or

citizens; they are voters, taxpayers, fees and charges, sponsors, lenders, employees.... In order to protect the conflicts of stakeholders from being changed by the government or vice versa, the implementation of IPSAS is considered an essential condition, which is also all the premise to increase the application of VPSAS in Vietnam.

### 3.2. Theory of research

- **Level of training and professionalism:** The assessment of accounting concepts is not the same between experienced and inexperienced members. Therefore, the level of educational development has a significant impact on the adoption of public accounting standards in the country. Javed Miraj and Zhuquan Wang (2019) argue that financial accounting is a strategic decision because understanding and application requires a high level of education and professional skills. When Vietnam applies public accounting standards, which requires experts with a level of knowledge, interpretation and application need to reach a certain level of higher education and training, because the language used in the standards public accounting is not easy to understand because it includes technical terms, definitions and measurement methods. Public accounting standards are complex and require extensive accounting and other financial knowledge and practical experience. The training of accountants with awareness and handling ability affects public accounting standards because according to many studies, accountants and their professional capacity are very important, in which the assessment of public accounting standards is very important. Career judgment is the key issue. With this view, hypothesis H1 is built as follows:

*Hypothesis H1: The level of training and professionalism has an influence on the implementation of VPSAS*

- **Implementation costs:** The process of developing, ratifying and publishing public accounting standards in Vietnam to be implemented in public sector entities is a long process and goes through many different stages, requiring consulting support. from international financial institutions and support from professional accounting organizations, requires funding for implementation. These costs include research, training, technology and consulting (Azmi & Mohamed, 2014). The costs of implementing a public accounting standard can be difficult to estimate, but the costs associated with the implementation of a public accounting standard can be an impact factor when applying a public accounting standard. There may be higher costs for personnel, training for staff to access and familiarize themselves with the reform program; the cost of acquiring both software and hardware; increase the costs of organizing seminars and introducing public accounting standards. When implementing government reforms to the adoption of public accounting standards, the removal of old incompatible accounting packages or the installation and maintenance of new accounting packages that are in line with the standards Public accounting can also incur costs. All costs incurred should be identified and measured for their impact on the implementation of current public accounting standards. Hypothesis H2 is built as follows:

*Hypothesis H2: Implementation cost has an effect on VPSAS implementation*

- **Supporting from consulting organizations and regulators:** The Vietnamese public accounting standard system is built on the basis of the international public accounting standard system. It is difficult for the government to be the only independent, donor entity when developing and implementing international public accounting standards in Vietnam due to integration requirements and compliance with international accounting practices. Identified implementation costs, budgeted stages, and how long the adoption process will take should make it possible for most developing countries to seek international financial support with the bank and books may be limited.

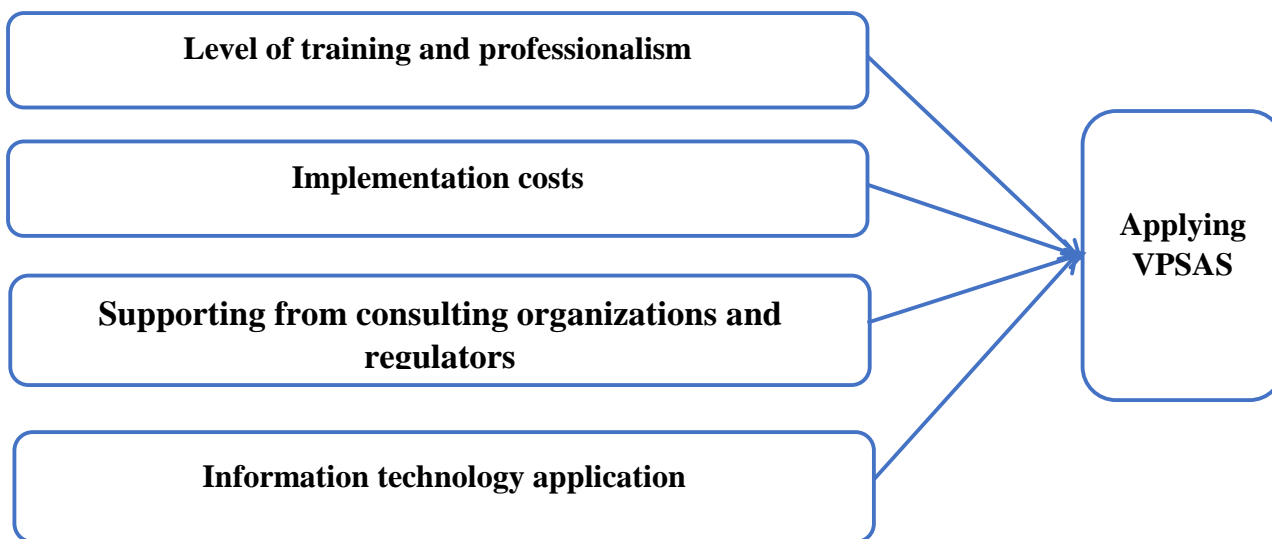
Most of the international public accounting standards are designed to apply to countries implementing accrual accounting, the orientation of contents in the field of public accounting in Vietnam follows accrual accounting as well as choosing accounting standards suitable to political and legal conditions requires advice and support from international financial institutions. The active participation of financial institutions is a fast and effective way to integrate with the world development trend; public sector entities need support from professional organizations to assist in the application of public accounting standards. Therefore, hypothesis H3 is built as follows:

*Hypothesis H3: Supporting from consulting organizations and managers has an impact on the implementation of VPSAS*

• **Information technology applications:** The implementation of reforms when applying current public accounting standards cannot be excluded from the impact of the industrial revolution 4.0. Computerized information systems are a key component of accounting, budgeting and financial management required when a country adopts financial accounting under accrual accounting. (Mukah Samuel Tanjeh, 2016). The application of IT is uniform, simple and easy to understand to be able to enter data, process data into information, store both data and information, and produce outputs such as financial statements. levels and government financial statements and management reports for decision making, planning, program implementation and control, therefore a positive relationship is expected when implementing accounting standards is implemented. public accounting in Vietnam. Hypothesis H4 is built as follows:

*Hypothesis H4: Information technology application has an impact on the implementation of VPSAS*

Based on the theory and research hypothesis presented above, the proposed research model is presented as follow:



*Figure 1: Research models*

**4. Research Methodology**

**4.1. Research scale**

The purpose of the study is to assess the impact of factors affecting the implementation of VPSAS in at revenue – generating administrative and non – business units. To answer the research question, the authors used a quantitative approach with a structured questionnaire to collect the necessary data. Measurement questions of 4 independent variables and 1 dependent variable built on previous studies. Surveys are sent to revenue – generating administrative and non – business units to assess accountants' perceptions of VPSAS application, using the Likert scale with 5 levels, of which the smallest value is "1 – Strongly disagree", the largest is "5 – Completely agree".

*Table 1: Survey questions at at revenue – generating administrative and non – business units*

Research variables	Source	Variable code	Observed variable
<i>Level of training and professionalism</i>	Kalulu, Williard (2020), PGS.TS Đặng Ngọc Hùng (2016),	EXP1	Knowledge of training related to IPSAS in schools is limited
		EXP2	Access to and exposure to training materials related to IPSAS is limited

	Nguyễn Hàng Minh Vinh (2018)	EXP3	Having less knowledge of IPSAS implementations
		EXP3	The expertise and techniques required to apply IPSAS are not good
<b>Implementation costs</b>	Joseph Kwasi Agyemang (2017), Matekele, Charles K (2018)	COST1	The research cost to apply IPSAS is high and difficult to estimate
		COST2	The cost of training employees for the application of IPSAS is high
		COST3	The cost to obtain the software and hardware required for an IPSAS implementation is high
		COST4	The high cost of installing and maintaining new accounting packages
		COST5	High cost of eliminating old accounting packages
<b>Support from consulting organizations and managers</b>	Patrick Ninson (2022), Matekele, Charles K (2018)	SUPPO1	Advice of professional audit units
		SUPPO2	Advice and training from accounting and auditing professional organizations
		SUPPO3	Support in professional and technical training for accounting staff to meet the implementation of IPSAS application
		SUPPO4	Upgrading information technology systems to meet IPSAS implementation
		SUPPO5	Additional budgets ensure increased costs when applying IPSAS
<b>Application of information technology</b>	(ACCA) (2017), Ademola Abimbola O., Ben-Caleb E., Madugba Joseph U., Adegboyegun Adekunle E., Eluyela Damilola F. (2020), Patrick Ninson (2022)	ITAP1	Ensure human resources understand the application of information technology in the implementation of IPSAS
		ITAP2	Investment in infrastructure and information technology databases when implementing IPSAS
		ITAP3	Advanced application software responsive reforms
		ITAP4	Ensure the safety factor of the public unit
<b>Apply VPSAS</b>	Đặng Ngọc Hùng (2016), Nguyễn Hàng Minh Vinh (2018), Patrick Ninson (2022)	IPSAS1	Implement IPSAS at the request of regulatory authorities
		IPSAS2	Application of IPSAS with the help of consulting organizations and regulators
		IPSAS3	Application of IPSAS due to awareness of the benefits of IPSAS at the unit

		IPSAS4	Application of IPSAS due to the experience and competence of accountants
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Source: Synthetic group of authors

#### 4.2. Research template design

In this study, the authors will use a non-random convenient sampling method. The survey subjects are accountants at revenue – generating administrative and non – business units such as training institutions from high schools, universities, academies, colleges, hospitals, research institutes ... satisfies notability criteria for survey subjects. Surveys are sent to accountants through a variety of live streams and emailed forms with google forms. The team also asked accountants to introduce their colleagues who satisfied the conditions of the survey subjects to ensure the required number of votes. The appropriate surveys are numbered, reviewed for screening before proceeding to enter data into SPSS 20 software.

#### 5. Conclusion

Vietnam has successfully issued accounting standards in different batches, based on IPSAS and in accordance with Vietnam's regulations and policies. The standards mentioned how financial statements, cash flow statements are presented, inventory accounting methods, real estate, factories and equipment, intangible assets, borrowing expenses or revenue from exchange transactions, ... Units within the scope of application of public standards, including at revenue – generating administrative and non – business units, will be affected when approaching the standard, when implementing at the unit. This influence can be attributed to whether accountants have received training in standards, any support from auditing organizations and managers at the unit, whether the implementation costs are high and whether the information technology at the unit meets the implementation of software packages that update the regulations of the standard. Therefore, it is necessary to study the factors affecting the implementation of VPSAS in at revenue – generating administrative and non – business units, in order to explore the impact of the factors as well as make recommendations to enhance the applicability of VPSAS in Vietnam.

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