

FACTORS AFFECTING THE APPLICATION STRATEGY OF ACCOUNTING STANDARDS IN SMALL AND MEDIUM ENTERPRISES

Thi Phuong Thao Nguyen *, Oanh Thi Tu Le **, Thanh Long Pham ***

* Faculty of Economics, Tay Bac University, Son La, Vietnam

** Corresponding author, University of Labor and Social Affairs, Hanoi, Vietnam

Contact details: University of Labor and Social Affairs, 43 Tran Duy Hung Street, Trung Hoa Ward, Cau Giay District, Hanoi 11300, Vietnam

*** School Accounting and Auditing, National Economics University, Hanoi, Vietnam



Abstract

How to cite this paper: Nguyen, T. P. T., Le, O. T. T., & Pham, T. L. (2025). Factors affecting the application strategy of accounting standards in small and medium enterprises. *Corporate & Business Strategy Review*, 6(3), 37–54.
<https://doi.org/10.22495/cbsrv6i3art4>

Copyright © 2025 The Authors

This work is licensed under a Creative Commons Attribution 4.0 International License (CC BY 4.0).
<https://creativecommons.org/licenses/by/4.0/>

ISSN Online: 2708-4965

ISSN Print: 2708-9924

Received: 03.04.2024

Revised: 11.06.2024; 04.06.2025

Accepted: 19.06.2025

JEL Classification: M41, M48

DOI: 10.22495/cbsrv6i3art4

This study is conducted to assess the impact of all factors on the application of accounting standards at small and medium enterprises (SMEs) in Northwestern Vietnam — one of the least developed areas in Vietnam. We utilized the research model developed by Tran (2015) and performed Cronbach's alpha test, exploratory factor analysis (EFA) test, and multiple regression analysis to examine the five factors that impact the adoption of the Vietnamese Accounting Standards (VAS) in SMEs in Northwestern Vietnam. Ordered by decreasing impact, the factors are the knowledge and concerns of firm managers related to accounting, the development of accounting infrastructure, characteristics of the Vietnamese accounting system, the compulsory compliance of the accounting system, and the business performance of SMEs. Based on the findings, several recommendations have been proposed for businesses to manage disadvantages in the process of applying accounting standards, contributing to additional evidence for managers to pay more attention to the quality of accounting information in SMEs — which is not yet paid attention to by business managers, thereby improving the operational efficiency of SMEs.

Keywords: Accounting Standards, Small and Medium Enterprises, Application of Accounting Standards, Accounting, Factor

Authors' individual contribution: Conceptualization — T.P.T.N.; Methodology — T.P.T.N.; Validation — T.P.T.N.; Writing — Review & Editing — T.P.T.N., O.T.T.L., and T.L.P.; Visualization — O.T.T.L.; Supervision — T.L.P.

Declaration of conflicting interests: The Authors declare that there is no conflict of interest.

1. INTRODUCTION

Accountancy is perceived as a functional economic science and a field of practical management activity, whose results have economic, social, environmental, and other significant consequences for individual businesses, countries, and economic communities (Grinko et al., 2020). Currently, accounting is realized mainly through accounting standards. To achieve their purpose, accounting standards should be applied in effective accounting systems (Silva, 2021). However, the differences in the economy,

legal system, habits, and qualifications of accountants in countries lead to differences in the application of accounting standards (Tran, 2013). This has been proven through various studies and it is necessary to provide more insight regarding this issue in small and medium enterprises (SMEs) due to their roles and characteristics in the economy.

The Vietnamese Accounting Standards (VAS) are issued by the Ministry of Finance and are legal norms that document and require compulsory compliance. Vietnam has only one VAS set containing 26 standards issued from 2001 to 2005,

based on the International Accounting Standards (IAS) system as of 2003. These standards were created with the consideration of Vietnam's institutional characteristics and the level of development at that time. Currently, the VAS is quite outdated in comparison to the IAS. However, IAS still has certain limitations and can no longer meet the practical requirements of recording the value of assets at the original cost. Therefore, the International Accounting Standards Board (IASB) has issued the International Financial Reporting Standards (IFRS). The main goal of IFRS is to provide a set of rules for preparing and presenting financial statements that are consistent, transparent, and comparable worldwide. From there, the business's financial reports become consistent and reliable and can be compared with other businesses and countries.

The difference between VAS and IFRS is relatively considerable. Some important standards — such as financial tools, and impairment of assets — have not been issued, which has led to a lack of legal basis for companies to timely recognize losses and derivative financial tools have not been widely applied to prevent business risks. Also, Vietnam is an agricultural country, but there are no accounting standards for agriculture. In Vietnam, a single system of accounting standards (VAS) is applied for all kinds of companies including SMEs. Many studies have discovered that the application of accounting standards (originally for large companies) in SMEs produced many burdens as SMEs are not compact versions of large enterprises (Shuman & Seeger, 1986). SMEs have many characteristics such as less complicated operation, information asymmetry among related parties, limitations in capital, technology, management level, and more (Sian & Roberts, 2009) leading to the perception that VAS was too academic, inappropriate, and difficult to apply for SMEs (Tran, 2015). In addition, the system of documents that rule the accounting of SMEs in Vietnam includes not only VAS, but also four levels of legal documents, which are regarded as relatively cumbersome and complex and inconsistent with overlapping regulations that obstruct the process of application (Tran, 2015).

SMEs in Vietnam are classified into three levels: very small, small, and medium. They should have an average number of employees participating in social insurance, not exceeding 200, and meet one of the following two criteria: 1) total capital does not exceed VND 100 billion; 2) total revenue of the preceding year does not exceed VND 300 billion. Each criterion is regulated differently for each of the following fields: agriculture, forestry and fishery; industry and construction; trade and services (Government of Vietnam, 2021). In Vietnam, SMEs contribute to 27.6% of total state budget revenue, 37.2% of total social investment, 25% of the total national export turnover, and nearly 50% of annual economic growth (Ministry of Planning and Investment of Vietnam, 2022). This business group is showing an increased role in the economic development of the country.

Northwestern Vietnam consists of four provinces located in the Northern Midland and Mountainous region — the area with the least developed socio-economic conditions in Vietnam. SMEs in this region addressing the employment needs of more than 56,900 employees in 2021. The development of SMEs is considered a driving force for economic development in the region. On the other hand, out of more than 5,000 SMEs in

this area, 25% have reported a loss and the area's ratio of profit/net revenue was 0.00846 (Ministry of Planning and Investment of Vietnam, 2022). Notably, only about two-thirds of Northwestern SMEs have access to official credit funds. One of the reasons for this issue is banks' disapproval of loans for SMEs due to the lack of transparent financial information. Therefore, it is essential to improve business performance and the application of accounting standards to enhance this sector's access to official sources of credit.

Keeping up with the trend of converting to IFRS in many countries, Vietnam is on the roadmap to apply IFRS. However, for SMEs, especially in the Northern mountainous regions of Vietnam, applying IFRS will still have many challenges and difficulties. Most Northwestern SMEs are founded from the household-based model and business owners are familiar with household management. They have insufficient knowledge and management skills and lack awareness regarding financial management, accounting, and transparent financial information. It is common to outsource the accounting work rather than set up an accounting system for the business. In this situation, applying international accounting standards means applying the standards for financial statements, but it also requires certain modifications in the company's overall management process and information systems. Although similar studies related to this issue were carried out, no studies have been conducted on SMEs in Northwestern Vietnam. Therefore, in this study, we still focus on evaluating the factors of financial and nonfinancial factors affecting the application of VAS according to current regulations to SMEs in Northwestern Vietnam. The research results will be a reliable basis for SMEs to change their mindsets and to renovate corporate governance towards increasing the application of accounting standards, creating a premise for sustainable development, and providing a basis for Vietnamese management agencies to promulgate and edit appropriate relevant regulations as well.

The remainder of this paper is as follows. Section 2 will relate to the literature review on factors that affected the application of accounting standards and theoretical framework before proposing research hypotheses. Section 3 will describe the research methodology. Section 4 will present the results of the study and further discussion. Section 5 will discuss and Section 6 will give a conclusion of the study, and identify limitations and implications of this study.

2. LITERATURE REVIEW

2.1. Review of existing literature

Research on the factors of applying accounting standards has attracted the attention of many scholars. The studies were conducted in countries with different levels of development or different enterprise sizes. Research on this issue has also been conducted in Vietnam on a regional scale and in each specific context.

There have been many studies on factors affecting technical application and most of them have demonstrated the influence of factors that belong to the characteristics of enterprises such as the larger the business size, the higher the level of compliance with the accounting standards, and the more information will be disclosed (Yanto

et al., 2017, Samaha & Khelif, 2016; Ali et al., 2004; Eierle & Haller, 2009; Al-Shammari et al., 2008; Collis & Javis, 2002). Salehi et al. (2023), Ikbāl Tawfik et al. (2023), Nur et al. (2023), Kirsch and Meth (2007), and Beuselinck and Manigart (2007) discovered that the more advanced qualifications that information users have, the higher their demands for information will be, which creates certain pressure and requires companies to provide more insights, so there is a positive and significant correlation between the board expertise with financial reporting transparency. Vitolla et al. (2019), based on a sample of 134 international firms, show a positive relationship between the size, independence, diversity, and activity of a board with integrated reporting quality. In addition, there are other factors including the cost-benefit relationship (Jami Putri & Kusmila, 2023; Epstein & Jermakowicz, 2007; Stainbank, 2008; Cleminson & Rabin, 2002), the document system (Brown et al., 2023; Al-Janabi et al., 2021; Epstein & Jermakowicz, 2007), qualifications and experience of accountants (Nurohmah, 2023; Nur et al., 2023; Abidinur & Karcioğlu, 2023). Yanto et al. (2017), Cohen and Kaimenakis (2011), Atik (2010), managers' qualifications and knowledge in accounting (Adela et al., 2024; Situmeang & Latuamury, 2023; Abidinur & Karcioğlu, 2023; Fakhrudin et al., 2020; Inchausti, 1997), mandatory compliance (Sappor et al., 2023; Bagudo et al., 2016), female leadership (El-Dyasty & Elamer, 2023; Davis & Garcia-Cestona, 2023), which have a positive impact on the level of compliance with accounting standards. Also, Afifa and Nguyen (2024), Odonkor et al. (2024), and Collis and Javis (2002) found a positive correlation between accounting infrastructure, consultancy from the accounting community and the application of accounting standards in SMEs. A study by Atik (2010) showed that a company with its accounting department will comply with accounting standards more effectively. The level of compliance with accounting standards varied in each country and industry (Cooke, 1992, 1989a, 1989b). Within different forms of ownership (Owusu-Ansah, 1998; Beuselinck et al., 2004; Beuselinck & Manigart, 2007), the compliance level is also different. Additionally, several other factors are also mentioned such as a company's years of operation (Al-Shammari et al., 2008) and the characteristics of audit firms (Rahman et al., 2023; Nurbaiti & Elisabet, 2023; Hasan et al., 2020; Aledo et al., 2009; Hodgdon et al., 2009; Abd-El Salam & Weetman, 2003), cultural and institutional factors (such as enforcement mechanisms) affect how accounting is practised and how (Yamen & Can, 2023; Robson & Ezzamel, 2023; Qatawneh, 2023; Tsalavoutas et al., 2020).

The above research was mostly conducted in developed countries with adequate and reliable secondary information systems and strict disclosure requirements. The compliance coefficient was calculated based on information in the financial statements of enterprises. However, this measure is difficult to carry out in Vietnam due to the context of many shortcomings existing in secondary information, especially the acquisition of most secondary information of SMEs since most are unlisted. Therefore, some factors considered as the most influential ones in the application of accounting standards in SMEs in the context of Vietnam are built with a scale in the direction of indirect measurement via the evaluation of objects and surveys to collect primary data. By this method, some typical research in Vietnam has been conducted such as described below.

Dang and Nguyen (2008) identified that there were two groups of factors that affected the application of VAS in SMEs: positive effects (legal regulations, information users' demands, demands to improve the information quality and facilities) and negative effects (limited management and accounting skills, limited scale and costs in the process of applying accounting standards). This research served as a precedent and significant foundation for later quantitative studies related to the application of accounting standards in Vietnamese SMEs. A survey among accounting students showed that there were eight factors affecting the application of VAS which included compliance requirements, awareness of information users, managers' viewpoint, company size, management skills, and accountants' demands to improve the information quality, and the cost-benefit relationship (Dang-Duc, 2011). The establishment of financial statements aims to fulfil the demands of accounting information users, while the subjects in the above studies were accounting students and combined with the small population size, it was not credible enough to offer the most practical evaluation.

Tran (2011), during his survey in Da Nang, Vietnam, affirmed accountants' qualifications were one of the factors having a remarkable influence on the application of accounting standards. In addition, there were other factors such as the increasing frequency of investigation by tax agencies and requirements for financial statements to be audited. Tran (2013) developed a measuring scale for non-financial variables affecting the application of accounting standards in SMEs; 14 attributes were developed based on quantitative research and were put on a survey questionnaire which was used in 283 SMEs in Da Nang. The factor analysis was used with principal-component analysis and varimax rotation. Results showed that there were four factors affecting the application of accounting standards in SMEs: accountants' qualifications, guiding documents for accounting practice, consultancy from the accounting community, and business owners' concerns.

Tran (2015) combined both qualitative and quantitative methods to identify the factors that influence the application of legal frameworks on accounting for SMEs in Vietnam. The factors included accounting infrastructure, the compliance attribute, the cost-benefit relationship, and accounting legal documents. The subjects in her study were relatively diverse and research methods were used effectively and suitable with the strict research procedure. The research outcomes had a significant impact on implementing legal documents related to accounting effectively. Nevertheless, the author only studied non-financial factors while the influence of financial factors was proved in the world. This can be considered as a gap to be filled in future studies.

Huong et al. (2021) surveyed 395 organizations, with the survey subjects being chief executive officers and chief accountants of manufacturing-related businesses. Firm size, independent audit, competency of accountants, enterprise managers, and taxes are the five impacting factors discovered by the study.

Nguyen (2022) collected 246 questionnaires. The research results showed seven factors including pressure of international integration, legal system, size of enterprise, professional organizations at

home and abroad, Qualifications of accountants, benefits/costs of applying IFRS, objects and needs of using international financial reporting information all have a positive influence on the application of IFRS in Vietnamese SMEs.

Although studies in Vietnam identified and quantified the impact of factors on the application of accounting standards in SMEs, most of them only clarified the effects of non-financial factors, which are mainly related to the characteristics of SMEs. Meanwhile, much research in the world discovered the correlation between the profitability and solvency of the enterprise and the disclosure degree of information — direct evidence of the application of accounting standards. However, some studies around the world have shown a relationship between compliance with accounting standards and financial factors.

Regarding the relationship between profitability and the application of accounting standards, currently, there are many inconsistent viewpoints. Many studies recognized their positive correlation such as Hung et al. (2023), Alrawahi and Sarea (2016), Wallace and Naser (1995), and Inchausti (1997). However, there were studies demonstrating their negative correlation such as Owusu-Ansah (1998), and Camfferman and Cooke (2002). Also, many other studies did not find a connection between the two factors (Wallace et al., 1994).

Regarding the relationship between liquidity and the application of accounting standards: firms with high liquidity are more likely to publish more information than those with low liquidity (Riahi-Belkaoui & Kahl, 1978; Wallace & Naser, 1995) offered the opposite conclusion stating that firms with low liquidity may disclose more detailed information as a justification for their insufficient financial situation. Meanwhile, Owusu-Ansah (1998) declared that there was no correlation between the degree of information disclosure and a firm's liquidity.

2.2. Theoretical framework

2.2.1. Theoretical basis

Signal theory was able to explain the effects of accounting standards' characteristics on the application of accounting standards. During the process of sending-receiving signals, accountants with good qualifications and experience and managers with accounting knowledge would enable an easier and more convenient process. The signal theory also explains the effects of business owners' knowledge and concerns about accounting and accountants' qualifications on the application of accounting. Moreover, companies should publish information — send signals to investors to show they are better than other firms in the market draw investments, and improve their reputation (Verrecchia, 1983). Using signal theory can explain the impacts of SMEs' business performance on the application of accounting standards.

The usefulness of the information is assessed through the level of information that can assist the users in decision-making. The decision-usefulness theory along with the signal theory — as analyzed above — can be used to explain the impact of the characteristics of the accounting standards system on the application of accounting standards.

In this study, public interest theory can be used to justify the impacts of compulsory compliance with accounting standards on the application of accounting standards. SMEs with limited resources, in the process of applying accounting standards, must always consider the relationship between costs and benefits to decide what kind of information to provide and how to do that without violating state regulations. The effects of the cost-benefit relationship on the application of accounting standards can be explained by stakeholder theory. Characteristics such as the size of SMEs and the development of accounting infrastructure may produce differences in the management systems of SMEs. The contingency theory of organizations is the theory that allows the explanation of the influence of the characteristics and size of a company on accounting standards' application.

2.2.2. Research hypotheses

Based on the research overview and quantitative research results, the first hypothesis for this paper will be:

H1: Compulsory compliance with Vietnamese Accounting Standards has a positive correlation with the application of accounting standards in small and medium enterprises in the Northwestern region.

Several studies were conducted by Schipper (2005), and Al-Shammari et al. (2008), and more proved that monitoring mechanisms play an important role in ensuring compliance with accounting standards. Regulations promulgated by different organizations also affect the level of compliance differently (Al-Shammari et al., 2008). Nelson et al. (2010) recognized the positive relationship between legal intervention and the level of information disclosure. Other empirical studies carried out by Bagudo et al. (2016), Dang-Duc (2011), and Tran (2015) confirmed the close relationship between compulsory compliance with the application of accounting standards in SMEs.

H2: Characteristics of Vietnamese Accounting Standards have a negative correlation with the application of accounting standards in small and medium enterprises in the Northwestern region.

Characteristics of the document system governing accounting work are associated with their application in reality (Epstein & Jermakowicz, 2007). SMEs in the Northwestern region do not have their accounting standards and must apply a cumbersome legal framework — including four levels of documents — with overlapping, inconsistent contents — and wording that is too academic and confusing making they are difficult to apply Tran (2015). These characteristics serve as barriers when applying accounting standards and have been proven to be related to the application of accounting standards in SMEs (Tran, 2015; Tran, 2013).

H3: Characteristics of a company's size have a negative correlation with the application of accounting standards in small and medium enterprises in the Northwestern region.

The larger the size of the company is, the higher the degree of compliance with accounting standards will be and enterprises usually publish more information (Eierle & Haller, 2009; Collis & Jarvis, 2002; Al-Shammari et al., 2008). Within the context of the Northwestern region, SMEs have limitations in management methods, business

environment, low capital, and outdated technology, and are always subject to certain pressures when applying accounting standards.

H4: Lack of business owners' knowledge and concerns in accounting has a negative correlation with the application of accounting standards in small and medium enterprises in the Northwestern region.

In SMEs, most of the managers are the company's owners and the main subjects that use accounting information (Evans et al., 2005). To receive loans from banks, managers — via their administrative acts — will affect the accounting practice in the enterprise. The firm will publish more accounting information when it has good profitability and liquidity, and vice versa (Camfferman & Cooke, 2002). But, due to the region's relatively low level of socio-economic development compared to other regions in the country, knowledge of Northwestern managers is still limited.

H5: Accountants' limited qualifications have a negative correlation with the application of accounting standards in small and medium enterprises in the Northwestern region.

Accountants' qualifications and experience positively impact the degree of compliance with accounting standards (Cohen & Kaimenakis, 2011; Tran, 2013; Tran, 2015). Companies with their accounting department would be more compliant with accounting standards (Atik, 2010). Northwestern Vietnam is an area with difficult socio-economic conditions and it is difficult to attract human resources from other regions, therefore firms in the area mainly use local labour which is Northwestern ethnic people with limited qualifications and experience. Additionally, the act of hiring accountants is also a prominent feature, according to experts, that affects the application of accounting standards.

H6: When costs are greater than benefits it has a negative correlation with the application of accounting standards in small and medium enterprises in the Northwestern region.

When SMEs carry out the national set of accounting standards for large enterprises — a situation similar to Vietnam today, the cost exceeds the benefits (which is proved in studies conducted in the USA (Stainbank, 2008), in the UK (Carsberg et al., 1985; Epstein & Jermakowicz, 2007; Stainbank, 2008; Tran, 2015; Dang & Nguyen, 2008). There is a demonstrated connection between the application of accounting standards and the cost-benefit relationship. Northwestern SMEs have a small market, outdated technology, under-developed management and accounting skills, and face various challenges in access to bank loans. They also operate in a local business environment and are burdened with unofficial costs (Vietnam Chamber of Commerce and Industry [VCCI], 2019), therefore, the cost-benefit relationship is required to be carefully evaluated.

H7: The development of accounting infrastructure has a positive correlation with the application of accounting standards in small and medium enterprises in the Northwestern region.

Accounting infrastructure is considered an essential factor that supports the application of accounting standards in SMEs. This factor is claimed to have a positive impact on the application of accounting standards (Tran, 2015; Dang & Nguyen, 2008). In addition to SMEs' infrastructure (such as the application of informatics, and accounting software), Tran (2013) also claimed that external

factors (consultancy from the accounting community, auditing firms, tax agencies, and friends in the field of accounting) also contribute significantly to the application of accounting standards. Although Northwestern SMEs operate in an underdeveloped area with unsynchronized infrastructure, it cannot be denied that the accounting here has made much progress in terms of methods and organizational structure. The development of information technology has created a lot of changes in the working methods of accountants. The accounting infrastructure of Northwestern SMEs has been significantly improved, especially elements related to the internal infrastructure of enterprises.

H8: Limitations in business results of small and medium enterprises have a negative correlation with the application of accounting standards in small and medium enterprises in the Northwestern region.

Northwestern SMEs have the lowest business results in the country. Only a small number of SMEs in the Northwestern region have access to official credit sources while most of them have to seek informal credit sources. Liabilities also became a burden in addition to low revenue and profits. Low business results and debts also reduce possible investments in accounting. However, firms with good profitability often publish more accounting information (Camfferman & Cooke, 2002) and users of financial statements pay more attention to the business performance, including profitability (Al-Ulul, 2006).

3. RESEARCH METHODOLOGY

3.1. Qualitative research methods

Qualitative methods were used with in-depth interviews by using the semi-structured guide to better understand the individual's points of view. The purpose of qualitative research was to initially identify the factors considered to be important, build the questionnaire used in quantitative research, determine the subjects using accounting information to determine the subjects that will participate in the survey, and help interpret the quantitative research results. Each interview lasted from 30–45 minutes and was conducted in private property or offices after the interviewees were informed in advance about the interview contents, time, and location. The interviews were carefully noted and recorded.

In this study, a theoretical sampling technique is used. First, select object S1, and discuss to collect the necessary data. Select element S2 to collect data and discover information that is meaningful, but different from S1. Continue to select S3 and discover different information from S1 and S2. Until it becomes almost impossible to obtain new meaningful information anymore. At that time, the information saturation point is reached (Tran, 2013). When interviewing the 16th person, nothing new was discovered. So, the sample size in the study is $n = 15$.

In-depth interview subjects include business managers and chief accountants. These subjects were carefully selected to ensure representativeness based on several criteria: working at SMEs operating in the fields of the construction industry; agriculture, forestry, and fishery; trade and services; working in micro, small, and medium enterprises (MSMEs); have different ages and work experiences, working in state-owned or state-origin (equitized) or

private SMEs. Because those factors will make a difference in qualifications, style, and management thinking. Therefore, interview subjects need to be carefully selected to ensure that the information obtained is reliable and valuable.

The results of the adjusted scale are shown in Table A.1 (see Appendix A).

3.2. Quantitative research methods

After in-depth interviews, the scale was adjusted to the observed variable to build a survey questionnaire (see Table A.1 in Appendix A). The questionnaire was designed based on inheriting the scale from previous studies with additions and adjustments to suit the research context. The sections used a 5-point Likert scale, from 1 = “strongly disagree” to 5 = “strongly agree”.

The questionnaire is designed into three parts according to Google Forms:

- Part 1 is “Factors affecting the application of accounting standards”;
- Part 2 is “Business information”;
- Part 3 is “Respondent information”.

The research used convenient sampling. Participants in the survey included SMEs accountants and those using accounting information of SMEs (from qualitative research results) including corporate customer relation officers of commercial banks, tax inspection officers, and managers of SMEs.

First, we sent a test survey before sending the official questionnaire to four university students to preliminarily evaluate the reliability of the scale. Next, the questionnaire was used to directly interview four university lecturers, two accountants, two business managers, one bank officer, and one tax officer. The purpose is to evaluate the questionnaire to see whether the subjects understand the questions correctly, whether they have information and are willing to provide information, and whether the information they provide is exactly the necessary information. Then, the preliminary quantitative survey was discussed, interviewed, tested, and conducted on 152 subjects. Finally, the official questionnaire was discovered for 1,017 subjects and the valid questionnaire number

was 607. The process of discovering and collecting the questionnaire was carried out in the last six months of 2023. The survey was not distributed to a representative sample of the SMEs; instead, the authors solicited the participants pool as a convenience sample. Collection data from the official survey has been coded, ready to be screened, and analyzed. Use SPSS 22 software according to the following steps: use Cronbach's alpha coefficient and item precision — general correlation to check the reliability of the effectiveness measurement scale, perform exploratory factor analysis (EFA), and correlation analysis. Correlation and regression, testing research hypotheses to determine the level of influence of factors on the application of accounting standards in SMEs in the Northwest region of Vietnam.

Of the 607 subjects participating in the survey, 397 subjects worked for SMEs in the following positions: business management (30.6%) and business accounting (34.8%). This is a target group representing people who directly apply technical standards and provide information. This group comprised 65.4% of the study sample. Objects outside SMEs that use the enterprise's accounting information use 34.6%, including tax inspection and payment officers (14%) and corporate officers and customers of commercial banks (20.6%).

In particular, of the 397 subjects who worked for SMEs, 64.2% of accountants and business managers come from small enterprises, followed by micro enterprises (32.2%), and medium enterprises only account for a modest proportion of 3.6%.

4. RESULTS

4.1. The reliability analysis

The research had 31 observed variables for eight factors. Firstly, we analyzed Cronbach's alpha to test the scale's credibility.

Analysis of Cronbach's alpha eliminated four variables (*NQL4*, *NKT5*, *NKT6*, *CPLI1*), hence 27 variables were put in EFA to measure eight factors (see Table 1).

Table 1. Evaluate the reliability of the scale (Part 1)

Variable	Scale means if an item deleted	Scale variance if item deleted	Corrected item-total correlation	Cronbach's alpha if the item deleted
Characteristics of accounting standards system (VBPL): Cronbach's alpha = 0.700				
VBPL1	14.06	5.871	0.397	0.677
VBPL2	14.06	6.192	0.437	0.660
VBPL3	14.35	5.647	0.497	0.634
VBPL4	14.46	5.206	0.537	0.614
VPPL5	14.17	6.010	0.419	0.666
Compulsory compliance of accounting standards system (BBTT): Cronbach's alpha = 0.628				
BBTT1	7.63	1.753	0.390	0.599
BBTT2	7.45	1.770	0.472	0.482
BBTT3	7.57	1.743	0.452	0.508
Characteristics of SMEs (QMDN): Cronbach's alpha = 0.787				
QMDN1	6.51	2.874	0.653	0.682
QMDN2	6.56	2.630	0.664	0.669
QMDN3	6.44	3.109	0.566	0.772
Managers' knowledge and concerns in accounting (NQL): Cronbach's alpha = 0.614				
NQL1	7.94	1.343	0.466	0.451
NQL2	7.93	1.256	0.492	0.408
NQL3	8.03	1.550	0.318	0.655
Characteristics and qualifications of accountants (NKT): Cronbach's alpha = 0.625				
NKT1	6.62	2.902	0.361	0.625
NKT2	7.02	2.313	0.497	0.431
NKT4	6.80	2.774	0.453	0.504
Cost-benefit relationship when applying accounting standards (CPLI): Cronbach's alpha = 0.739				
CPLI2	3.34	0.847	0.588	
CPLI3	3.29	0.974	0.588	

Table 1. Evaluate the reliability of the scale (Part 2)

Variable	Scale means if an item deleted	Scale variance if item deleted	Corrected item-total correlation	Cronbach's alpha if the item deleted
Development of accounting infrastructure (CSHT): Cronbach's alpha = 0.764				
CSHT1	16.21	4.102	0.526	0.723
CSHT2	16.10	4.096	0.551	0.715
CSHT3	16.40	4.137	0.511	0.729
CSHT4	16.28	4.203	0.577	0.707
CSHT5	16.32	4.185	0.503	0.732
Business performance of SMEs (KQHD): Cronbach's alpha = 0.763				
KQHD1	7.12	2.162	0.551	0.730
KQHD2	7.38	1.978	0.574	0.709
KQHD3	7.11	2.032	0.666	0.606

Source: Authors' elaboration.

4.2. Exploratory factor analysis

Consider exploratory factors to assess the convergence and distinction of groups of factors, reaffirming the structure of the scales.

Testing of EFA showed that Kaiser-Meyer-Olkin (KMO) = 0.784 > 0.5 which proved data used for the analysis of factors was suitable. Bartlett's

testing had sig < 0.05 which meant variables had correlation and met the conditions of factor analysis. All eigenvalues > 1 which ensured the validity of factors were large enough. The cumulative variance was 62.076. Six original factors could explain more than 62% of the accounting standards' application in SMEs, while nearly 38% were explained by other factors that were not considered in the research.

Table 2. Rotated component matrix

Variable	Component					
	1	2	3	4	5	6
QMDN2	0.742					
VBPL4	0.712					
QMDN3	0.698					
QMDN1	0.682					
VBPL3	0.649					
NKT4	0.568					
NKT2	0.566					
KQHD3		0.837				
KQHD2		0.790				
KQHD1		0.698				
CSHT4			0.741			
CSHT5			0.723			
CSHT3			0.691			
BBTT3				0.753		
BBTT2				0.740		
BBTT1				0.699		
VBPL2					0.789	
VBPL1					0.764	
NQL1						0.816
NQL2			0.323			0.676

Note: Extraction method: Principal component analysis. Rotation method: Varimax with Kaiser normalization.

Source: Authors' elaboration.

4.3. Regression analysis

With six new factors including characteristics of SMEs, development of accounting infrastructure, business results of SMEs, compulsory compliance of

accounting standards, managers' knowledge and concerns in accounting, characteristics of accounting standards system, the study carried out Cronbach's alpha testing and results demonstrated that all new factors guaranteed the credibility of scale.

Table 3. Evaluate the reliability of the scale

Variable	Scale means if an item deleted	Scale variance if item deleted	Corrected item-total correlation	Cronbach's alpha if the item deleted
Scales of characteristics of SMEs (Cronbach's alpha = 0.809)				
QMDN1	19.86	15.797	0.562	0.781
QMDN2	19.91	14.979	0.622	0.770
QMDN3	19.80	16.046	0.531	0.786
VBPL3	19.68	16.467	0.528	0.787
VBPL4	19.80	15.663	0.579	0.778
NKT2	19.91	15.435	0.517	0.790
NKT4	19.69	16.400	0.478	0.795
Scales of development of accounting information (Cronbach's alpha = 0.712)				
CSHT3	8.05	1.350	0.491	0.673
CSHT4	7.94	1.358	0.606	0.536
CSHT5	7.98	1.354	0.503	0.657
Scale of business results of SMEs (Cronbach's alpha = 0.763)				
KQHD1	7.12	2.162	0.551	0.730
KQHD2	7.38	1.978	0.574	0.709
KQHD3	7.11	2.032	0.666	0.606
Scales of compulsory compliance with the accounting standards system (Cronbach's alpha = 0.628)				
BBTT1	7.63	1.753	0.390	0.599
BBTT2	7.45	1.770	0.472	0.482
BBTT3	7.57	1.743	0.452	0.508

Figure 1. Adjusted research model

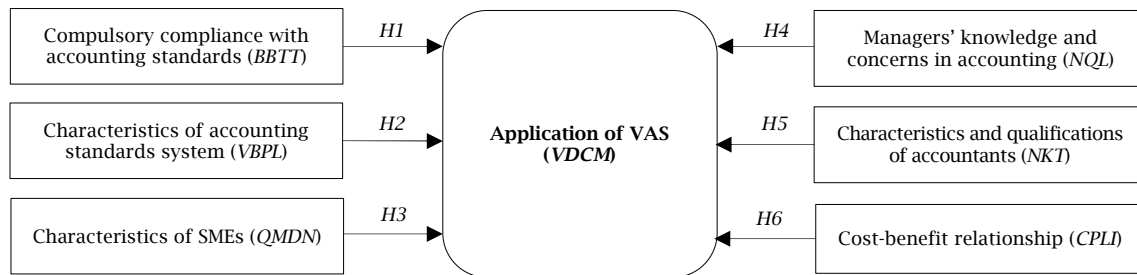


Table 4. Pearson correlation testing

<i>Correlations</i>		<i>VDCM</i>	<i>QMDN</i>	<i>KQHD</i>	<i>CSHT</i>	<i>BBTT</i>	<i>VBPL</i>	<i>NQL</i>
<i>VDCM</i>	Pearson correlation	1	-0.016	0.278**	0.408**	0.268**	0.260**	0.438**
	Sig. (2-tailed)		0.686	0.000	0.000	0.000	0.000	0.000
	N	607	607	607	607	607	607	607
<i>QMDN</i>	Pearson correlation	-0.016	1	0.328**	0.145**	0.229**	0.332**	0.031
	Sig. (2-tailed)	0.686		0.000	0.000	0.000	0.000	0.445
	N	607	607	607	607	607	607	607
<i>KQHD</i>	Pearson correlation	0.278**	0.328**	1	0.269**	0.272**	0.271**	0.226**
	Sig. (2-tailed)	0.000	0.000		0.000	0.000	0.000	0.000
	N	607	607	607	607	607	607	607
<i>CSHT</i>	Pearson correlation	0.408**	0.145**	0.269**	1	0.268**	0.123**	0.373**
	Sig. (2-tailed)	0.000	0.000	0.000		0.000	0.002	0.000
	N	607	607	607	607	607	607	607
<i>BBTT</i>	Pearson correlation	0.268**	0.229**	0.272**	0.268**	1	0.109**	0.235**
	Sig. (2-tailed)	0.000	0.000	0.000	0.000		0.007	0.000
	N	607	607	607	607	607	607	607
<i>VBPL</i>	Pearson correlation	0.260**	0.332**	0.271**	0.123**	0.109**	1	0.172**
	Sig. (2-tailed)	0.000	0.000	0.000	0.002	0.007		0.000
	N	607	607	607	607	607	607	607
<i>NQL</i>	Pearson correlation	0.438**	0.031	0.226**	0.373**	0.235**	0.172**	1
	Sig. (2-tailed)	0.000	0.445	0.000	0.000	0.000	0.000	
	N	607	607	607	607	607	607	607

Note: ** $p < 0.01$.

Source: Authors' elaboration.

To test the correlation between independent and dependent variables and within independent variables, the study used Pearson correlation testing.

Results eliminated variable named characteristics of SMEs before regression as the significance of this variable was 0.686 which proved the relationship with dependent variables was not statistically significant.

Multivariate regression was performed through ordinary least squares (OLS) to consider the degree of factors' influence on the application of accounting standards in SMEs. The theory testing standard has a significance of 5% to conclude the approval and disapproval of the theory, the p-value of statistic t was compared with 0.05.

Table 5. Multiple regression analyses

<i>Factor</i>	<i>B</i>	<i>t-sig.</i>	<i>Tolerance</i>	<i>Variance inflation factor (VIF)</i>	<i>F-sig.</i>	<i>Adjusted R-square</i>
Constant	0.833	0.000				
<i>KQHD</i>	0.073	0.027	0.828	1.207		
<i>CSHT</i>	0.260	0.000	0.804	1.245		
<i>BBTT</i>	0.099	0.006	0.871	1.148	0.000	0.303
<i>VBPL</i>	0.127	0.000	0.913	1.095		
<i>NQL</i>	0.272	0.000	0.822	1.217		

Source: Authors' elaboration.

Multivariate regression illustrated that the adjusted R-square was 0.303. Testing F (see Table 5) showed sig. = 0.000 which meant that the regression model was suitable, and these factors could explain 30.3% of the variation of dependent variables. Based on the way the questions were formed, a conclusion on factors' influence in

descending order was identified as follows: managers' knowledge and concerns in accounting (-), development of accounting infrastructure (+), characteristics of accounting standards system (-), business results of SMEs (-), compulsory compliance of accounting standards (+).

Table 6. Conclusion of research hypotheses

<i>Hypotheses</i>	<i>Factors</i>	<i>Expectations</i>	<i>Empirical results</i>
<i>H1</i>	Vietnam's compulsory compliance of accounting standards	Positive	Approved
<i>H2</i>	Characteristics of the accounting standards system	Negative	Approved
<i>H3</i>	Characteristics of SMEs	Negative	No evidence to approve
<i>H4</i>	Managers' knowledge and concerns in accounting	Negative	Approved
<i>H5</i>	Accountants' characteristics and qualifications	Negative	No evidence to approve
<i>H6</i>	Cost-benefit relationship	Negative	No evidence to approve

Source: Authors' elaboration.

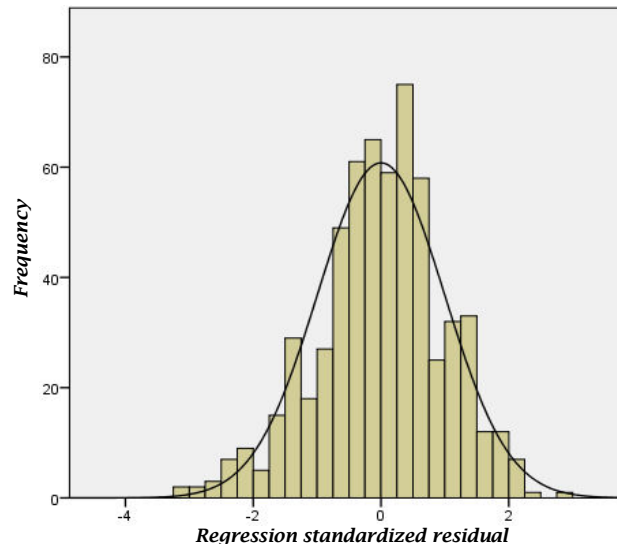
4.4. Testing of the model's defects and search for hypothetical regression violations

Multicollinearity: Factors did not violate multicollinearity due to $VIF < 2$.

Normal distribution of residuals: Histogram demonstrated that a normal curve was presented.

This curve was bell-shaped and suitable for the graph form. The mean was nearly 0, standard deviation was 0.996 (nearly 1), therefore, it can be said that the distribution of residuals was approximate normality. It can be concluded that the normal distribution of residuals was not violated (see Figure 2).

Figure 2. Histogram of normal distribution of residuals



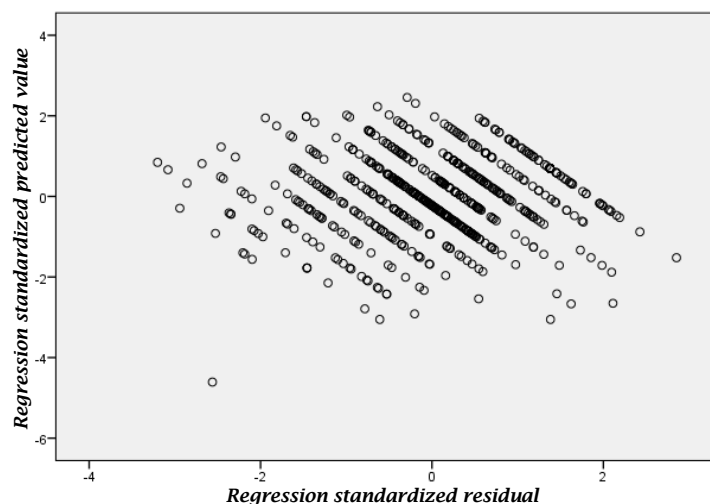
Note: Dependent variable: VDCM. Mean = $2.43e-15$, Std. dev. = 0.996, $N = 607$.
Source: Authors' elaboration.

Linear connection hypothesis (see Figure 3): The residual data points in the scatter plot fluctuate mainly in the period -3 to 3 which is considered a good condition confirming the absence of heteroskedasticity. The research used a scatter plot with a standardized residual on the horizontal axis and a predicted value on the vertical axis. Results showed a standardized residual distributed around

the horizontal axis near 0, hence the linear connection hypothesis was not violated.

Independence of errors hypothesis (there was no correlation between residuals): Durbin-Watson ($d = 1.484$) was nearly 2, residuals did not have a serial correlation with each other, therefore, the hypothesis about the independence of errors was not violated.

Figure 3. Scatterplot to find linear connect hypothesis



Note: Dependent variable: VDCM.
Source: Authors' elaboration.

5. DISCUSSION

Factors affecting the application of accounting standards in SMEs in the Northwestern region can be divided into three groups: positive impacts and negative impacts, external and internal factors of SMEs, and financial and non-financial factors.

Using signal theory, many studies have also demonstrated the impact of the manager factor (Tran, 2015; Beuselink & Manigart, 2007; Dang & Nguyen, 2008). But the interesting thing about this study is that the factor of business managers' understanding and interest in accounting has the strongest influence on the application of accounting standards. Reality shows that recently, the management team has been rejuvenated, management qualifications have been improved, and awareness of the role of accounting information is clearer, which are the conditions for managers to play their role as the person who uses information the most, most often and has the strongest influence on the creation and provision of accounting information for SMEs. This result is completely consistent with the findings of qualitative research showing that accounting work in SMEs often has tax priorities. Because there is little separation between ownership and management rights, when managers minimize the amount of tax payable, they also maximize their benefits. This is the fundamental difference in the goal of maximizing owner benefits in SMEs and large enterprises, with a clear separation of ownership and management rights. However, currently, this factor is having a negative impact, showing that although there has been progress in management methods and levels, there is still a need to further improve the level and understanding of accounting for managers. At that time, managers will play their role well in conditions where there is little separation between ownership and control. When managers run daily activities and make decisions, they are also using capital. Therefore, they are more responsible, and closer, and use accounting information for decision-making more often than other subjects. Besides, they are also aware that the accounting information that businesses provide also serves many other subjects, they are aware of how providing accounting information will bring benefits to businesses and their customers for themselves. Managers have an easier time applying accounting standards to create information, especially when accounting qualifications are still limited.

In the context of the explosion of technology, accounting is one of the industries most affected. The factor "Development of accounting infrastructure" has the second strongest impact on the application of accounting standards, which is also understandable. The development of information technology, and accounting software systems has significantly changed the way SMEs perform accounting work, significantly increasing the level of application of accounting standards in these businesses. In the Northwestern region, where science and technology are backward, this change will probably be recognized more quickly and clearly. The positive impact of Infrastructure has also been proven by many authors such as Dang and Nguyen (2008), Tran (2015), and Tran (2013).

The factor "Characteristics of the technical standards system" is also a factor that affects the application of technical standards. This result is consistent with many previous studies by Tran (2015),

and Tran (2013). The characteristic in Vietnam is that the technical standards system is issued by the Ministry of Finance, so it is also a mandatory legal document. It is this mandatory compliance along with many management, monitoring, and sanctioning measures of the state that make SMEs comply and the level of application of technical standards better. Compulsory compliance has also been mentioned in many studies, such as Bagudo et al. (2016), Dang and Nguyen (2008), Tran (2015), Schipper (2005), Al-Shammari et al. (2008), and Daske et al. (2008).

The study has shown statistically significant evidence of the influence of the factor "Operational performance of SMEs" on the application of technical standards in SMEs. This is the first time financial factors have been considered in Vietnam. Previous research in Vietnam has demonstrated that non-financial factors affect the application of technical standards in SMEs. However, the world there have been many studies showing that in addition to non-financial factors, financial factors also have an influence (Wallace & Naser, 1995; Al-Uluis, 2006; Raffournier, 1995; Owusu-Ansah, 1998).

A notable feature of this research should be remarked on, which is the factor named managers' knowledge and concerns in accounting. This factor has the strongest influence on the application of accounting standards. SMEs in the Northwestern region mainly operated based on household business model meaning there was no clear distinction between ownership and management. Managers of the companies are the ones using their capital, therefore they are stricter and more responsible. The managers easily affect the application of accounting standards to create and provide information, especially when accountants' qualifications in these firms are limited. Nevertheless, the impacts were negative showing that although improvements had been made, managers' knowledge and concerns in accounting in Northwestern SMEs should be enhanced more effectively.

In the context of the technology boom, accounting is one of the fields that has experienced the most impact. Understandably, the development of accounting structure was in the second rank in terms of influence on the application of accounting standards. The enhancement of information technology and system of accounting software has remarkably changed the process of performing accounting in SMEs in the Northwestern region. As the region has the most difficult socio-economic conditions and outdated technology in the country, these changes are swiftly and recognized.

It can also be said that human resources have always been the key factor. Even though the infrastructure has been strongly developed, in the context of managers being owners of SMEs, to enhance the application of accounting standards in these companies, it is essential to improve the administrative mindset as well as knowledge of managers.

Considering the effects of financial factors (business results of SMEs) and non-financial factors (development of accounting structure, managers' knowledge, and concerns in accounting, characteristics in accounting standards system, compulsory compliance of accounting standards system), it can be seen that the impacts of non-financial factors were greater. Within four non-financial factors, one was completely external (characteristics in accounting standards system), one was completely

internal (managers' knowledge and concerns in accounting), and two remaining factors (development of accounting structure, compulsory compliance of accounting standards system) could be considered to have a mix of both external and internal features. Therefore, it is evident that even though SMEs have expectations to control all these factors, it is impossible to perform such a task. To enhance the application of accounting standards, it is necessary to have synchronous support from multiple parties.

The government needs to innovate the VAS system in a modern direction, approaching IFRS for SMEs, suitable to the characteristics of SMEs. Adjust the regulatory system related to accounting work in SMEs to be consistent with VAS. At the same time, strengthening sanctions ensures better compliance with regulations. Create a favourable and equal business environment for SMEs. When SMEs have good business results, they will invest more in accounting work, increasing financial transparency and vice versa. SMEs need to be aware of the role of accounting information, constantly improve the financial and accounting understanding of business owners, and enhance the expertise of accountants.

6. CONCLUSION

Small and medium enterprises make up a vital part of the economy and are identified as the driving force for the economic development of the Northwestern region. However, untransparent financial information is the main reason that leads to SMEs' difficulties in accessing official credit sources. The objective of this study was to identify factors that influence the application of accounting standards to enhance the application in these companies.

REFERENCES

- Abd-El salam, O. H., & Weetman, P. (2003). Introducing international accounting standards to an emerging capital market: Relative familiarity and language effect in Egypt. *Journal of International Accounting, Auditing and Taxation*, 12(1), 63–84. [https://doi.org/10.1016/S1061-9518\(03\)00002-8](https://doi.org/10.1016/S1061-9518(03)00002-8)
- Abdinur, M. A., & Karcioğlu, R. (2023). Factors affecting the adoption of accounting information systems in small medium enterprises in Somalia. *International Journal of Academic Research in Accounting Finance and Management Sciences*, 13(1), 47–65. <https://surl.li/flxxxs>
- Abu Afifa, M. M., Saleh, I., & Taqatqah, F. (2023). Mediating influence of earnings management in the nexus between audit quality and company value: New proof from Jordanian market. *Accounting Research Journal*, 36(2–3), 148–165. <https://doi.org/10.1108/ARJ-03-2021-0102>
- Adela, V., Agyei, S. K., Frimpong, S., Awisome, D. B., Bossman, A., Abosompim, R. O., Benchie, J. K. O., & Ahmed, A. M. A. (2024). Bookkeeping practices and SME performance: The intervening role of owners' accounting skills. *Heliyon*, 10(1), Article e23911. <https://doi.org/10.1016/j.heliyon.2023.e23911>
- Afifa, M. A., & Nguyen, N. M. (2024). An investigation of antecedents and outcomes of accounting information quality: Evidence from SMEs. *Vision*. <https://doi.org/10.1177/09722629241231419>
- Aledo, J., García Martínez, F., & Marín Díazaraque, J. M. (2009). *Firm-specific factors influencing the selection of accounting options provided by the IFRS: Empirical evidence from Spanish market* (Banco de España Working Paper No. 0926). Banco de España. <https://doi.org/10.2139/ssrn.1521474>
- Ali, M. J., Ahmed, K., & Henry, D. (2004). Disclosure compliance with national accounting standards by listed companies in South Asia. *Accounting and Business Research*, 34(3), 183–199. <https://doi.org/10.1080/00014788.2004.9729963>
- Al-Janabi, A., Hesarzadeh, R., & Bagherpour Velashani, M. A. (2021). The impact of international financial reporting standards on financial reporting quality: Evidence from Iraq. *Iranian Journal of Accounting, Auditing & Finance*, 5(2), 11–24. <https://surl.li/nutgnw>
- Alrawahi, F. E., & Sarea, A. M. (2016). An investigation of the level of compliance with international accounting standards (IAS 1) by listed firms in Bahrain Bourse. *International Journal of Islamic and Middle Eastern Finance and Management*, 9(2), 254–276. <https://doi.org/10.1108/IMEFM-07-2015-0077>
- Al-Shammari, B., Brown, P., & Tarca, A. (2008). An investigation of compliance with international accounting standards by listed companies in the Gulf Co-operation Council member states. *The International Journal of Accounting*, 43(4), 425–447. <https://doi.org/10.1016/j.intacc.2008.09.003>
- Al-Uluis, I. (2006). *Corporate financial reporting reform in economics in transition: The extent of compliance with international financial reporting standards disclosure requirements in annual reports*. [Doctoral dissertation, University of Surrey]. <https://surl.li/gkndsb>

By combining qualitative and quantitative methods based on primary data, the study adjusted the scale to be suitable for the research context and carried out necessary testing before regression. Results demonstrated that there were five factors affecting the application of accounting standards in these enterprises. The research results indicate five factors affecting the application of accounting standards in Vietnamese SMEs in descending order: the knowledge and concerns of firm managers related to accounting, the development of accounting infrastructure, characteristics of the Vietnamese accounting system, the compulsory compliance of the accounting system, and business performance. Those findings also compared the degree of influencing of financial and non-financial factors as well as internal and external factors. The research also provided evidence showing that managers' knowledge and concerns in accounting have the greatest impacts on the application of accounting standards in Northwestern SMEs and through that, the authors offered solutions and recommendations on policies to improve the management mindset and qualifications of these individuals in SMEs.

Nevertheless, the research still records some certain limitations. The factor of characteristics of the VAS system was not evaluated in specific contents. Future studies can expand towards the direction of assessing factors' influence on the application of accounting standards in SMEs under the context of good/bad business results, SMEs with/without demands for bank loans, SMEs with/without separated ownership and management which can offer multidimensional viewpoints in the application of accounting standards in SMEs.

- Atik, A. (2010). SME's views on the adoption and application of "IFRS for SMEs" in Turkey. *European Research Studies Journal*, 13(4), 19–32. <https://doi.org/10.35808/ersj/297>
- Bagudo, M. M., Manaf, K. B. A., & Ishak, R. B. (2016). Proactive monitoring and compliance with international financial reporting standard in Nigeria. *International Journal of Economics and Financial Issues*, 6(6), 101–104. <https://dergipark.org.tr/en/pub/ijefi/issue/31991/352810>
- Beuselinck, C., & Manigart, S. (2007). Financial reporting quality in private equity backed companies: The impact of ownership concentration. *Small Business Economics*, 29, 261–274. <https://doi.org/10.1007/s11187-006-9022-1>
- Beuselinck, C., Deloof, M., & Manigart, S. (2004). *Venture capital, private equity, and earnings quality* (Working Paper No. 2004002). Universiteit Gent. <https://surl.li/yjntic>
- Brown, N. C., Huffman, A. A., & Cohen, S. (2023). Accounting reporting complexity and non-GAAP earnings disclosure. *The Accounting Review*, 98(6), 37–71. <https://doi.org/10.2308/TAR-2018-0760>
- Camfferman, K., & Cooke, T. E. (2002). An analysis of disclosure in the annual reports of U.K. and Dutch companies. *Journal of International Accounting Research*, 1(1), 3–30. <https://doi.org/10.2308/jiar.2002.1.1.3>
- Carsberg, B., Page, M., Sindall, A., & Waring, I. (1985). *Small company financial reporting*. Prentice Hall/ICAEW.
- Chow, C. W., & Wong-Boren, A. (1987). Voluntary financial disclosure by Mexican corporations. *The Accounting Review*, 62(3), 533–541. <https://www.jstor.org/stable/247575>
- Cleminson, J., & Rabin, E. (2002). *The reporting problems faced by small business entities in South Africa* [Conference presentation]. Southern African Accounting Association Conference, Port Elizabeth, South Africa.
- Cohen, S., & Kaimenakis, N. (2011). Assessing quality of financial reporting through audit reports: The case of Greek municipalities. *Global Business and Economics Review*, 13(3–4), 187–203. <https://doi.org/10.1504/GBER.2011.041848>
- Collis, J., & Jarvis, R. (2002). Financial information and the management of small private companies. *Journal of Small Business and Enterprise Development*, 9(2), 100–110. <https://doi.org/10.1108/14626000210427357>
- Cooke, T. E. (1989a). Voluntary corporate disclosure by Swedish companies. *Journal of International Financial Management & Accounting*, 1(2), 171–195. <https://doi.org/10.1111/j.1467-646X.1989.tb00009.x>
- Cooke, T. E. (1989b). Disclosure in the corporate annual reports of Swedish companies. *Accounting and Business Research*, 19(4), 113–124. <https://doi.org/10.1080/00014788.1989.9728841>
- Cooke, T. E. (1992). The impact of size, stock market listing and industry type on disclosure in the annual reports of Japanese listed corporations. *Accounting and Business Research*, 22(87), 229–237. <https://doi.org/10.1080/00014788.1992.9729440>
- Dang, S. D., & Nguyen, T. P. (2008). *Nghiên cứu giải pháp cho việc áp dụng các chuẩn mực kế toán trong các doanh nghiệp nhỏ và vừa trong điều kiện nền kinh tế chuyển đổi của Việt Nam* [Solutions to the application of accounting standards in small and medium enterprises in the transitioning of Vietnam] [Ministry level scientific research topic]. <https://dlib.tmu.edu.vn/handle/123456789/21580>
- Dang-Duc, S. (2011). Compliance with accounting standards by SMEs in transitional economies: Evidence from Vietnam. *Journal of Applied Accounting Research*, 12(2), 96–107. <https://doi.org/10.1108/09675421111160673>
- Daske, H., Hail, L., Leuz, C., & Verdi, R. (2008). Mandatory IFRS reporting around the world: Early evidence on the economic consequences. *Journal of Accounting Research*, 46(5), 1085–1142. <https://doi.org/10.1111/j.1475-679X.2008.00306.x>
- Dau, H. H., Vu, T. T. B., Dang, N. H., Hoang, T. V. H., Nguyen, V. H., & Vu, T. T. V. (2023). Financial reporting quality and its determinants: A machine learning approach. *International Journal of Applied Economics, Finance and Accounting*, 16(1), 1–9. <https://doi.org/10.33094/ijaef.v16i1.863>
- Davis, J. G., & Garcia-Cestona, M. (2023). Financial reporting quality and the effects of CFO gender and board gender diversity. *Journal of Financial Reporting and Accounting*, 21(2), 384–400. <https://doi.org/10.1108/JFRA-12-2020-0360>
- Eierle, B., & Haller, A. (2009). Does size influence the suitability of the IFRS for small and medium-sized entities? — Empirical evidence from Germany. *Accounting in Europe*, 6(2), 195–230. <https://doi.org/10.1080/17449480903115779>
- El-Dyasty, M. M., & Elamer, A. A. (2023). Female leadership and financial reporting quality in Egypt. *Journal of Applied Accounting Research*, 24(3), 583–605. <https://doi.org/10.1108/JAAR-11-2021-0315>
- Epstein, B. J., & Jermakowicz, E. K. (2007). International standards for small and medium-sized entities. *The CPA Journal*, 77(10), 38–40. <https://www.proquest.com/openview/aa48640d79c082f384c75e50a2b16d88/1?cbl=41798&pq-origsite=gscholar>
- Evans, L., Gebhardt, G., Hoogendoorn, M., Marton, J., Di Pietra, R., Mora, A., Thinggård, F., Vehmanen, P., & Wagenhofer, A. (2005). Problems and opportunities of an international financial reporting standard for small and medium-sized entities. The EAA FRSC's comment on the IASB's discussion paper. *Accounting in Europe*, 2(1), 23–45. <https://doi.org/10.1080/09638180500378949>
- Fakhrudin, I., Bin Jusoh, M. A., & Noerwani, N. B. M. (2020). Influence cross membership and qualifications of the Shari'ah supervisory board's towards the Shari'ah compliance related SSB information. *Advances in Business Research International Journal*, 6(1), 20–24. <https://surl.li/yebioj>
- Government of Vietnam. (2021). Decree detailed regulations and guidelines for implementation of a number of articles of the law on supporting small and medium-sized enterprises. <https://thuvienphapluat.vn/van-ban/Doanh-nghiep/Nghi-dinh-80-2021-ND-CP-huong-dan-Luat-Ho-tro-doanh-nghiep-nho-va-vua-486147.aspx>
- Grinko, A., Krutova, A., Nesterenko, O., Blyzniuk, O., & Nagorna, I. (2020). Development of an adaptive accounting system on the basis of quality improvement of information resources. *Academy of Accounting and Financial Studies Journal*, 24(5), 1–7. <https://www.abacademies.org/articles/Development-of-an-Adaptive-Accounting-System-1528-2635-24-5-597.pdf>
- Hasan, S., Md Kassim, A. A., & Abdul Hamid, M. A. (2020). The impact of audit quality, audit committee and financial reporting quality: Evidence from Malaysia. *International Journal of Economics and Financial*, 10(5), 272–281. <https://doi.org/10.32479/ijefi.10136>
- Hodgdon, C., Tondkar, R. H., Adhikari, A., & Harless, D. W. (2009). Compliance with international financial reporting standards and auditor choice: New evidence on the importance of the statutory audit. *The International Journal of Accounting*, 44(1), 33–55. <https://doi.org/10.1016/j.intacc.2008.12.003>

- Hung, D. H., Binh, V. T. T., Hung, D. N., Ha, H. T. V., Ha, N. V., & Van, V. T. T. (2023). Financial reporting quality and its determinants: A machine learning approach. *International Journal of Applied Economics, Finance and Accounting*, 16(1), 1-9. <https://doi.org/10.33094/ijaefa.v16i1.863>
- Huong, H. D., Trang, N. T. K., & Duong, N. D. (2021). Factors affecting the application of accounting standards of small and medium enterprises in Vietnam. *Webology*, 18(6), 1893-1900. <https://www.webology.org/abstract.php?id=1896>
- Ikbāl Tawfik, O., Almagtari, F. A., Al-ahdal, W. M., Abdul Rahman, A. A., & Farhan, N. H. S. (2023). The impact of board diversity on financial reporting quality in the GCC listed firms: The role of family and royal directors. *Economic Research-Ekonomska Istraživanja*, 36(1), Article 2120042. <https://doi.org/10.1080/1331677X.2022.2120042>
- Inchausti, B. G. (1997). The influence of company characteristics and accounting regulation on information disclosed by Spanish firms. *European Accounting Review*, 6(1), 45-68. <https://doi.org/10.1080/096381897336863>
- Jami Putri, N., & Kusmila, Z. (2023). Factors affecting the preparation of financial statements based on FAS MSME. *International Journal of Economics Development Research*, 4(3), 1009-1021. <https://journal.yrpiiku.com/index.php/ijedr/article/view/3348/1842>
- Kirsch, H.-J., & Meth, D. (2007). Adressaten einer IFRS-Rechnungslegung für Mittelständische Unternehmen [Recipients of IFRS accounting for medium-sized companies]. *Zeitschrift für Recht und Wirtschaft: Betriebs-Berater Special*, 62(6, special issue), 7-12.
- Maingot, M., & Zeghal, D. (2006). Financial reporting of small business entities in Canada. *Journal of Small Business Management*, 44(4), 513-530. <https://doi.org/10.1111/j.1540-627X.2006.00191.x>
- Ministry of Planning and Investment. (2022). *The white book*. <https://www.gso.gov.vn/wp-content/uploads/2022/11/Sach-trang-DN-2022.pdf>
- Nelson, J., Gallery, G., & Percy, M. (2010). Role of corporate governance in mitigating the selective disclosure of executive stock option information. *Accounting & Finance*, 50(3), 685-717. <https://doi.org/10.1111/j.1467-629X.2009.00339.x>
- Nguyen, T. D. (2022). Factors affecting the application of international financial reporting standards in Vietnamese small and medium-sized enterprises. *Journal of Positive School Psychology*, 6(4), 6032-6042. <https://journalppw.com/index.php/jpsp/article/view/4407/2933>
- Nur, D., Sudarmiatin, S., & Hermawan, A. (2023). Model of accounting information system and SMEs performance in contingency theory perspective. *Asian Journal of Management, Entrepreneurship and Social Science*, 3(3), 47-69. <https://ajmes.com/index.php/ajmes/article/view/396/219>
- Nurbaiti, A., & Elisabet, C. (2023). The integrity of financial statements: Firm size, independent commissioners, and auditor industry specializations. *Jurnal Akuntansi*, 27(1), 1-18. <https://doi.org/10.24912/ja.v27i1.1086>
- Nurohmah, W. (2023). The impact of education level, accountancy comprehension, and readiness level of micro, small, and medium enterprises (MSMEs) in central Jakarta on the preparation of financial reports based on SAK EMKM. *Journal Research of Social Science, Economics, and Management*, 2(11), 2769-2779. <https://doi.org/10.59141/jrssem.v2i11.491>
- Odonkor, B., Kaggwa, S., Uwaoma, P. U., Hassan, A. O., & Farayola, O. A. (2024). The impact of AI on accounting practices: A review: Exploring how artificial intelligence is transforming traditional accounting methods and financial reporting. *World Journal of Advanced Research and Reviews*, 21(1), 172-188. <https://doi.org/10.30574/wjarr.2024.21.1.2721>
- Owusu-Ansah, S. (1998). The impact of corporate attributes on the extent of mandatory disclosure and reporting by listed companies in Zimbabwe. *The International Journal of Accounting*, 33(5), 605-631. [https://doi.org/10.1016/S0020-7063\(98\)90015-2](https://doi.org/10.1016/S0020-7063(98)90015-2)
- Pituch, K. A., & Stevens, J. P. (2015). *Applied multivariate statistics for the social sciences: Analyses with SAS and IBM's SPSS* (6th ed.). Routledge. <https://doi.org/10.4324/9781315814919>
- Qatawneh, A. M. (2023). The role of organizational culture in supporting better accounting information systems outcomes. *Cogent Economics & Finance*, 11(1), Article 2164669. <https://doi.org/10.1080/23322039.2022.2164669>
- Raffournier, B. (1995). The determinants of voluntary financial disclosure by Swiss listed companies. *European Accounting Review*, 4(2), 261-280. <https://doi.org/10.1080/09638189500000016>
- Rahman, S. U., Chen, S., Al-Faryan, M. A. S., Ahmad, I., Hussain, R. Y., & Saud, S. (2023). Audit services and financial reporting quality: The role of accounting expertise auditors. *Cogent Business & Management*, 10(1), Article 2164142. <https://doi.org/10.1080/23311975.2022.2164142>
- Riahi-Belkaoui, A., & Kahl, A. L. (1978). *Corporate financial disclosure in Canada*. Canadian Certified General Accountants' Association.
- Robson, K., & Ezzamel, M. (2023). The cultural fields of accounting practices: Institutionalization and accounting changes beyond the organization. *Accounting, Organizations and Society*, 104, Article 101379. <https://doi.org/10.1016/j.aos.2022.101379>
- Salehi, M., Ammar Ajel, R., & Zimon, G. (2023). The relationship between corporate governance and financial reporting transparency. *Journal of Financial Reporting and Accounting*, 21(5), 1049-1072. <https://doi.org/10.1108/JFRA-04-2021-0102>
- Samaha, K., & Khelif, H. (2016). Adoption of and compliance with IFRS in developing countries: A synthesis of theories and directions for future research. *Journal of Accounting in Emerging Economies*, 6(1), 33-49. <https://doi.org/10.1108/JAEE-02-2013-0011>
- Sappor, P., Atta Sarpong, F., & Ahmed Seidu Seini, R. (2023). The adoption of IFRS for SMEs in the northern sector of Ghana: A case of structural equation modeling. *Cogent Business & Management*, 10(1), Article 2180840. <https://doi.org/10.1080/23311975.2023.2180840>
- Schipper, K. (2005). The introduction of international accounting standards in Europe: Implications for international convergence. *European Accounting Review*, 14(1), 101-126. <https://doi.org/10.1080/0963818042000338013>
- Shuman, J. C., & Seeger, J. A. (1986). The theory and practice of strategic management in smaller rapid growth firms. *American Journal of Small Business*, 11(1), 7-18. <https://doi.org/10.1177/104225878601100101>
- Sian, S., & Roberts, C. (2009). UK small owner-managed businesses: Accounting and financial reporting needs. *Journal of Small Business and Enterprise Development*, 16(2), 289-305. <https://doi.org/10.1108/14626000910956065>

- Silva, A., Jorge, S., & Rodrigues, L. L. (2021). Enforcement and accounting quality in the context of IFRS: Is there a gap in the literature? *International Journal of Accounting & Information Management*, 29(3), 345-367. <https://doi.org/10.1108/IJAIM-08-2020-0126>
- Situmeang, M. F., & Latuamury, S. E. (2023). The effect of intellectual capital, industry experience on the application of financial accounting standards in the tourism industry in Ambon City. *The Eastasouth Management and Business*, 1(3), 95-104. <https://doi.org/10.58812/esmb.v1i03.79>
- Stainbank, L. (2008). The development of financial reporting for SMEs in South Africa: Implications of recent and impending changes. *African Journal of Accounting, Economics, Finance and Banking Research*, 3(3). <https://ssrn.com/abstract=1534176>
- Tran, D. K. N. (2011). Các nhân tố ảnh hưởng vận dụng chuẩn mực kế toán trong các doanh nghiệp nhỏ và vừa tại Đà Nẵng [Factors' influence on the application of accounting standards in small and medium enterprises in Danang]. *Journal of Economy Development*, 252, 9-15. https://jabes.ueh.edu.vn/Home/SearchArticle?article_Id=0afd22fa-74a2-40ba-bd93-42b74232a7b1
- Tran, D. K. N. (2013). Bàn về thang đo các nhân tố phi tài chính ảnh hưởng vận dụng chuẩn mực kế toán trong các doanh nghiệp nhỏ và vừa ở Việt Nam [Discussion of scales of non-financial factors' influence on the application of accounting standards in small and medium enterprises in Vietnam]. *Journal of Economy and Development*, 190, 54-60. <https://dlib.neu.edu.vn/handle/NEU/37806>
- Tran, T. T. H. (2015). An analysis of the factors affecting the adoption of accounting legislation by small and medium-sized enterprises (SMEs) in Vietnam. *International Journal of Business and Management*, 10(2), 176-185. <https://doi.org/10.5539/ijbm.v10n2p176>
- Tsalavoutas, I., Tsoligkas, F., & Evans, L. (2020). Compliance with IFRS mandatory disclosure requirements: A structured literature review. *Journal of International Accounting, Auditing and Taxation*, 40, Article 100338. <https://doi.org/10.1016/j.intaccudtax.2020.100338>
- Verrecchia, R. E. (1983). Discretionary disclosure. *Journal of Accounting and Economics*, 5, 179-194. [https://doi.org/10.1016/0165-4101\(83\)90011-3](https://doi.org/10.1016/0165-4101(83)90011-3)
- Vietnam Chamber of Commerce and Industry (VCCI). (2019). *Môi trường kinh doanh đối với các doanh nghiệp nhỏ và vừa việt nam* [Business environment for Vietnamese small and medium enterprises]. <https://pcivietnam.vn/an-pham/moi-truong-kinh-doanh-doi-voi-cac-doanh-nghiep-nho-va-vua-viet-nam-ct51>
- Vietnam Ministry of Finance. (2020). Decision No. 345/QĐ-BTC 2020 scheme of financial reporting standards. <https://english.luatvietnam.vn/decision-no-345-qd-btc-on-approval-of-the-scheme-on-application-of-financial-reporting-standards-in-v-181513-doc1.html>
- Vitolla F., Raimo N., & Rubino, M. (2020). Board characteristics and integrated reporting quality: An agency theory perspective. *Corporate Social Responsibility and Environmental Management*, 27(2), 1152-1163. <https://doi.org/10.1002/csr.1879>
- Vitolla, F., Raimo, N., Rubino, M., & Garzoni, A. (2019). The impact of national culture on integrated reporting quality. A stakeholder theory approach. *Business Strategy and the Environment*, 28(8), 1558-1571. <https://doi.org/10.1002/bse.2332>
- Wallace, R. S. O., & Naser, K. (1995). Firm-specific determinants of the comprehensiveness of mandatory disclosure in the corporate annual reports of firms listed on the stock exchange of Hong Kong. *Journal of Accounting and Public Policy*, 14(4), 311-368. [https://doi.org/10.1016/0278-4254\(95\)00042-9](https://doi.org/10.1016/0278-4254(95)00042-9)
- Wallace, R. S. O., Naser, K., & Mora, A. (1994). The relationship between the comprehensiveness of corporate annual reports and firm characteristics in Spain. *Accounting and Business Research*, 25(97), 41-53. <https://doi.org/10.1080/00014788.1994.9729927>
- Yamen, A., & Can, G. (2023). The impact of public governance perception on the quality of financial reporting. *Economic Research-Ekonomska Istraživanja*, 36(3), Article 2223264. <https://doi.org/10.1080/1331677X.2023.2223264>
- Yanto, H., Yulianto, A., Sebayang, L. K. B., & Mulyaga, F. (2017). Improving the compliance with accounting standards without public accountability (SAK ETAP) by developing organizational culture: A case of Indonesian SMEs. *Journal of Applied Business Research*, 33(5), 929-940. <https://doi.org/10.19030/jabr.v33i5.10016>

APPENDIX A

Table A.1. Scale descriptions (Part 1)

<i>Factors</i>	<i>Contents</i>	<i>Questions, encoding</i>	<i>Code</i>	<i>Sources</i>
Compulsory compliance with VAS	Degree of sanctions	Stronger sanctions force SMEs to strictly and fully apply regulations.	<i>BBTT1</i>	Nelson et al. (2010)
	Agencies issuing regulations	Regulations from state management agencies have stronger imposition on SMEs in the application.	<i>BBTT2</i>	Schipper (2005), Daske et al. (2008), Dang-Duc (2011), Tran (2015)
	Supervision during the application	Strict supervision of business owners, management agencies, and auditing firms forces SMEs to fully apply regulations.	<i>BBTT3</i>	Bagudo et al. (2016), Al-Shammari et al. (2008)
Characteristics of VAS	Compatibility and consistency with legal documents	The co-existence of multi-level legal and accounting documents obstructs the application of these documents.	<i>VBPL1</i>	Tran (2015)
		Many inconsistencies between the law on accounting, VAS, and guiding circulars in the system of accounting standards.	<i>VBPL2</i>	
	Understandability	The academic wording of VAS creates confusion.	<i>VBPL3</i>	
		The complicated contents of VAS obstruct the application in SMEs.	<i>VBPL4</i>	
	Applicability	VAS is more difficult to apply than accounting policy.	<i>VBPL5</i>	
Size of SMEs	Degree of information disclosure	SMEs do not fully apply legal documents related to accounting which leads to less amount of public information compared to large enterprises.	<i>QMDN1</i>	Chow and Wong-Boren (1987), Wallace and Naser (1995)
	Concerns with the application of accounting standards	The smaller the enterprise is, the less concerned with the application of accounting standards the company has.	<i>QMDN2</i>	Tran (2015)
	Financial resources in applying accounting standards	SMEs do not have enough financial resources for the complete application of accounting standards.	<i>QMDN3</i>	Eierle and Haller (2009), Tran (2015)
Managers' knowledge and concerns in accounting	Managers' qualifications and management skills	Managers are knowledgeable in accounting, so they have not encouraged the application of accounting standards.	<i>NQL1</i>	Tran (2015)
		Managers' qualifications are not sufficient, so they have not encouraged the application of accounting standards.	<i>NQL2</i>	Added from interviews with experts
		Managers rarely use accounting information which leads to being less concerned with the application of accounting standards.	<i>NQL3</i>	Tran (2015)
	Managers' expectations	Managers who are knowledgeable in accounting would want to apply accounting standards to create more added value for companies by providing accurate information.	<i>NQL4</i>	
	Managers' interests	The effective application of accounting standards can reduce managers' interests.	<i>NQL5</i>	
Characteristics and qualifications of accountants	Professional skills, experience, and qualifications	Insufficient qualifications result in accountants' poor awareness of the target of providing information.	<i>NKT1</i>	Tran (2015), Dang and Nguyen (2008)
		Accountants are not well aware of laws, accounting standards, accounting policies, and related documents.	<i>NKT2</i>	Tran (2015)
		Accountants are not knowledgeable enough to apply regulations in companies.	<i>NKT3</i>	
		Accountants are not able to differentiate regulations regarding accounting from documents aiming at calculating tax.	<i>NKT4</i>	
		Accountants' limited working experience in the application of accounting documents.	<i>NKT5</i>	Cohen and Kaimenakis (2011), Tran (2015)
	Organizational structure of the accounting department	The company hires people to do accounting which limits the application of accounting standards.	<i>NKT6</i>	Added from interviews with experts
Cost-benefit relationship when applying accounting standards	Cost for the application of accounting standards	The cost for the application of accounting standards obstructs the application process in SMEs.	<i>CPLI1</i>	Tran (2015), Dang and Nguyen (2008)
	Benefits from the application of accounting standards	Benefits from accounting information for users encourage SMEs to apply accounting standards.	<i>CPLI2</i>	
	Cost-benefit relationship	For SMEs, the cost of applying accounting standards exceeds the received benefits.	<i>CPLI3</i>	Maingot and Zeghal (2006), Dang and Nguyen (2008), Tran (2015)

Table A.1. Scale descriptions (Part 2)

<i>Factors</i>	<i>Contents</i>	<i>Questions, encoding</i>	<i>Code</i>	<i>Sources</i>
Development of accounting infrastructure	Internal infrastructure factors	Computerization of accounting makes the application of accounting standards easier and more convenient.	CSHT1	Dang and Nguyen (2008), Tran (2015)
		The equipment of accounting software enables the application of accounting standards in SMEs to be more effective.	CSHT2	
	External infrastructure factors	Professional organizations develop strongly which encourages the application of accounting standards.	CSHT3	Tran (2015)
		The development of accounting training creates favourable conditions for the application of accounting standards.	CSHT4	
		Consultance from tax agencies, and auditing firms. Friends in the accounting field encourage the application of accounting standards.	CSHT5	Tran (2015)
Business results of SMEs	Return on equity (ROE)	ROE is not high which does not encourage the application of accounting standards.	KQHD1	Wallace and Naser (1995), Owusu-Ansah (1998), interviews with experts
	Return on sales (ROS)	ROS is not high which does not encourage the application of accounting standards.	KQHD2	
	Debt ratio	High debt ratio limits the application of accounting standards in SMEs.	KQHD3	
Applying accounting standards in SMEs	Attitudes of SMEs	SMEs acknowledge that the application of accounting standards is their right and obligation.	VDCM1	Tran (2015)
		SMEs consider the complete application can offer accurate financial information.	VDCM2	
	Willingness to apply accounting standards	SMEs are willing to apply accounting standards.	VDCM3	
	Expectations to apply accounting standards	SMEs express their expectations to be consulted and fully guided methods in applying documents.	VDCM4	

Source: Authors' elaboration.

APPENDIX B

Ladies and gentlemen!

The following table is part of our research. Hopefully, the research results will help SMEs increase the effectiveness of applying technical standards. Hope to receive your help. We commit that all personal information will not be disclosed, all information will only be used for research purposes. Sincerely thank!

Please choose the option suitable for your position:

- ☐ Business manager
 ☐ Accountant
 ☐ Tax officer
 ☐ Bank officer

Part A. Please indicate your level of agreement with the following conventional statements
(1 = Completely disagree, 2 = Disagree, 3 = Partially agree, 4 = Agree, 5 = Completely agree).

Statements	1-5
Apply accounting standards to practical accounting work at SMEs	
1.1. SMEs are aware that applying technical standards is the right and obligation of their business.	
1.2. SMEs see applying full accounting standards as the key to providing truthful financial information.	
1.3. SMEs are ready to apply technical standards.	
1.4. SMEs expressed their desire to be fully advised and guided on how to apply technical standards.	
Factors affecting the application of accounting standards in accounting practice at SMEs	
2.1. Characteristics of the technical characteristics of the accounting standards system (VBPL):	
2.1.1. The simultaneous existence of many levels of legal documents in accounting makes it difficult to apply these documents.	
2.1.2. There are still many inconsistencies between the Accounting Law, VAS, and guiding circulars in the accounting standards system.	
2.1.3. The language of academic VAS is confusing.	
2.1.4. The complex content of VAS makes it difficult to apply in SMEs.	
2.1.5. VAS is more difficult to apply than an accounting regime.	
2.2. Compulsory compliance with accounting standards (BBTT):	
2.2.1. The stronger the sanctions, the more likely it is that SMEs will fully and strictly apply the regulations.	
2.2.2. Regulations originating from state management agencies are more imposing than forcing SMEs to apply.	
2.2.3. Strict supervision by business owners, management agencies, and audit agencies will help SMEs fully apply regulations.	
2.3. Characteristics of small and medium-sized enterprises (QMDN):	
2.3.1. SMEs do not fully apply legal documents to accounting, so they publish less accounting information than large enterprises.	
2.3.2. The smaller the scale of an enterprise, the less interested it is in applying technical standards.	
2.3.3. SMEs do not have enough financial resources to fully deploy and apply technical standards.	
2.4. Business managers' understanding and interest in accounting work (NQL):	
2.4.1. Managers do not understand accounting so they do not encourage the application of accounting standards.	
2.4.2. The level of enterprise management skills is not high, so SMEs are not encouraged to apply technical standards.	
2.4.3. Managers rarely use accounting information, so they do not pay much attention to applying accounting standards.	
2.4.4. Managers who understand accounting will want to apply accounting standards to create added value for businesses by providing truthful information.	
2.4.5. Full application of technical standards can reduce the benefits of managers themselves.	
2.5. Qualifications and characteristics of accountants (PWD):	
2.5.1. Accountants have low education levels, so they have poor awareness of the purpose of providing information.	
2.5.2. Accountants do not clearly understand the provisions of the Law, accounting standards, accounting regime, and related documents.	
2.5.3. Accountants do not understand thoroughly enough to be able to apply the content of regulations and instructions in documents to business practice.	
2.5.4. Accountants cannot distinguish between regulations on accounting records and guiding documents for tax purposes.	
2.5.5. Accountants have limited practical experience in applying accounting documents.	
2.5.6. Enterprises hire accountants, which limits the application of accounting standards.	
2.6. Cost-benefit relationship when applying technical standards (CPL):	
2.6.1. Costs arising from applying technical standards make it difficult for the application process in SMEs.	
2.6.2. The benefits that accounting information brings to users will encourage SMEs to apply accounting standards.	
2.6.3. For SMEs, the cost of applying technical standards exceeds the benefits.	
2.7. The development of accounting infrastructure (CSHT):	
2.7.1. Computerization of accounting work makes the process of applying accounting standards more convenient and easier.	
2.7.2. Equipping accounting software helps apply accounting standards to accounting practices at SMEs more effectively.	
2.7.3. Strongly developed professional organizations promote the application of technical standards.	
2.7.4. Developing accounting training to facilitate the application of accounting standards in practice.	
2.7.5. Consulting from tax propaganda agencies, audit agencies, and friends in the accounting field to promote the process of applying accounting standards.	
2.8. Performance results of small and medium enterprises (KOHD):	
2.8.1. The profit/equity ratio is not high, so it has not motivated SMEs to apply technical standards.	
2.8.2. The profit/revenue ratio is not high, so it has not motivated SMEs to apply technical standards.	
2.8.3. A high NPT/TS ratio will limit SMEs from applying technical standards.	
3.1. The accounting information SMEs currently provide is relevant (i.e., has the potential to influence the decision-making of users).	
3.2. The accounting information provided by SMEs is currently reliable (that is, the information is presented fully, truthfully, respecting content over form, objectively, and cautiously).	
3.3. The accounting information SMEs provide today is comparable.	
3.4. Accounting information provided by SMEs today is easy to understand.	
3.5. The accounting information SMEs provide today is timely.	
3.6. Accounting information provided by SMEs is currently verifiable.	
4.1. Accounting information is frequently used for decision-making by business management.	
4.2. Accounting information is frequently used for decision-making by state management agencies.	
4.3. Accounting information is frequently used for decision-making by business partners.	

Statements	1-5
4.4. Accounting information is frequently used for decision-making by banks and credit institutions.	
4.5. Financial statements prepared according to the general accounting regime for businesses provide better quality information than the financial statements prepared under the accounting regime specifically for SMEs.	
4.6. The smaller the size of an SME, the less accounting information it provides.	
4.7. The smaller the scale, the lower the quality of accounting information provided by SMEs.	
4.8. SMEs operating in the construction industry provide better quality accounting information than SMEs operating in other sectors.	
4.9. SMEs with (once) state ownership provide better quality accounting information than private SMEs.	
4.10. The higher the qualifications of an SME's chief accountant, the better quality accounting information it can provide.	
4.11. The more uniform an enterprise's accounting system is, the more quality accounting information it provides.	
4.12. SMEs that have their accounting department provide better quality information than SMEs that hire accountants.	
Directions for strengthening the application of technical standards in SMEs	
5.1. Technical standards for SMEs need to be designed specifically and simpler, suitable for SMEs.	
5.2. Accounting standards need to update international accounting practices for SMEs.	
5.3. Develop professional organizations to facilitate the application of technical standards.	
5.4. Strengthen advice from the accounting, auditing, and tax propaganda communities to facilitate the application of accounting standards.	
5.5. Raise awareness of parties using accounting information to put pressure on SMEs to provide more complete and quality information.	
5.6. Improve accountant qualifications.	
5.7. Improve the professional ethics of accountants.	
5.8. Improve business management skills.	
5.9. Other	

Part B. Additional information

1. Name: _____ Phone number: _____
2. Name of company: _____
3. Address: _____
4. Gender:
 - ☐ Male
 - ☐ Female
5. Age:
 - ☐ Under 20 years old
 - ☐ 20-39 years old
 - ☐ 40-59 years old
 - ☐ From 60 years old and over
6. Education level:
 - ☐ University, postgraduate
 - ☐ College, intermediate
 - ☐ Other _____

If you work in an SME, please provide information related to the unit:

7. Charter capital:
 - ☐ Under VND 10 billion
 - ☐ VND 10 billion-20 billion
 - ☐ VND 20 billion-50 billion
 - ☐ VND 50 billion-100 billion
8. Revenue of previous year:
 - ☐ Less than VND 20 billion
 - ☐ From over VND 20 billion
9. Field of activity:
 - ☐ Industry, construction
 - ☐ Agriculture, forestry, fisheries
 - ☐ Services
10. Average annual labour:
 - ☐ Under 10 people
 - ☐ From 10 to 50 people
 - ☐ From 51 to 100 people
 - ☐ From 101 to 200 people
 - ☐ From 201 to 300 people
11. Nature of ownership:
 - ☐ Private enterprise
 - ☐ State
 - ☐ State origin
12. Operating time of the business:
 - ☐ Under 5 years
 - ☐ From 5-10 years
 - ☐ Over 10 years
13. Operating time under current management:
 - ☐ Under 5 years
 - ☐ From 5-10 years
 - ☐ Over 10 years
14. Chief accountant qualifications:
 - ☐ University, postgraduate
 - ☐ College, intermediate
 - ☐ Other
15. Management staff qualifications:
 - ☐ University, postgraduate
 - ☐ College, intermediate
 - ☐ Other
16. How to organize the accounting apparatus:
 - ☐ Hire an accountant
 - ☐ Own accounting system