“Factors affecting applied perception and applicability of fair value accounting: The case of construction firms in Vietnam”

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FACTORS AFFECTING APPLIED PERCEPTION AND APPLICABILITY OF FAIR VALUE ACCOUNTING: THE CASE OF CONSTRUCTION FIRMS IN VIETNAM

Abstract

This study determines and measures the factors affecting the perception and applicability of fair value accounting by related personnel in enterprises, including business owners, managers, accountants, and internal auditors. At the same time, it analyzes the relationship between applied perception and the applicability of fair value accounting. 808 respondents, working in 350 construction enterprises in Vietnam, participated in the survey. This study combines qualitative and quantitative methods using SPSS and AMOS 20 with different techniques and structural equation modeling. The study results show that the applied perception significantly affects the applicability of fair value accounting at construction enterprises in Vietnam. Besides, eight different factors influence the applied perception of fair value accounting. Notably, six factors positively influenced the applied perception, including usefulness, reliability, cost-benefit relationship, size of the enterprise, qualification of accountants, and independent auditors. In contrast, two factors, legal matters and tax pressure, negatively affected the applied perception. This study suggests that managers of Vietnam's construction enterprises develop solutions to improve the applied perception and applicability of fair value accounting, thereby perfecting the system accounting and improving business performance.

Keywords fair value accounting, applied perception, applicability, construction enterprises, structural equation modeling

JEL Classification M40, M41

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INTRODUCTION

The IFRS are vital during economic integration and development because these standards create the same accounting language in preparing and presenting financial statements (FS) consistently and reliably worldwide. Besides, IFRS also reflect the value of organizations and enterprise more accurately compared to accounting standards of different countries and the old international accounting standard (IAS) from 1973–2000. As of April 2018, up to 144/166 countries surveyed (87%) officially require IFRS in financial-related processes. Most of the remaining 22 countries are currently implementing or approving the applicability of IFRS (IFRS, 2018).

Research on FVA investigated benefits, barriers, or factors affecting the application of FVA in many countries. FVA shows clear benefits, providing accurate financial information based on the market value and ensuring comparability between enterprises in an accounting period (Kazmouz & Wearing, 2010). It is more convincing because it accurately reflects the value of income, assets, and accountabilities of enterprises, increases the reliability, transparency, and comparability

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of FS, consolidates the investors' trust and gives more favorable circumstances for enterprises to appeal to investments. However, there are challenges and barriers when applying FVA, such as language, environment, culture, the qualifications of accountants (Benjamin et al., 2012; Bewley et al., 2018), and the perceptions of accountants, financial managers, or CEO (Jung et al., 2013).

The Vietnamese government has officially issued the legal requirements for the IFRS adoption process from 2025. Nevertheless, the change from historical costs accounting to FVA completely under IFRS, including IFRS 13, to determine the assets and liabilities values is facing many difficulties, especially in Vietnam, where most enterprises are small and medium businesses. Lan (2017), Linh (2018), Phuong (2019), Ngoc (2020), and Vu and Bui (2021) investigated the factors affecting the applicability of FVA in Vietnam. Human resources have always been an essential factor that affects the applicability of FVA in enterprises. However, there is a need for more profound research on the factors that affect the applied perception and understanding of the FVA application by human resources in enterprises. Thus, this study fills in the research gap in ways to evaluate the ability of Vietnamese enterprises to adopt FVA.

1. LITERATURE REVIEW AND HYPOTHESES

Evidence that supports the adoption of FVA was researched from different perspectives, such as investors (Koonce et al., 2011), enterprises (Jung et al., 2013), legal agencies (Navarro-Galera et al., 2010), professionals and researchers, university lecturers (Ijeoma, 2014), and auditors (Kumarasiri & Fisher, 2011).

In Vietnam, according to the definition in accounting principles 88/2015/QH15, fair value is the measured value at market value that can be received on the sale of an asset or the settlement of a liability at the time of valuation. Furthermore, according to VAS 14, fair value is the value of the asset that can be exchanged or the value of a liability that can be settled voluntarily between parties with a full understanding of equal exchange (National Assembly of Vietnam, 2015).

On the other hand, perception is the process of receiving, explaining, filtering, and organizing information. Applied perception is understanding; capturing information of business owners, managers, and staff working in accounting departments; importance; measurements of assets and liabilities using fair value to ensure the accuracy of provided information come from the enterprises. Such personal characteristics as gender, experiences, qualifications, and working ability can measure, evaluate, and affect this applied perception.

Applicability of FVA is assessed as the consideration and evaluation of enterprises' external and internal factors to perform transactions related to assets or liabilities related to the market prices. This applicability could also be supported or opposed depending on the timing and scope of the research.

The advantage of applying FVA is that when using FVA, FS would reflect the management activities and asset responsibility (Gebhardt et al., 2004; Siam & Abdullatif, 2011). Applying fair value accounting would help smooth the international accounting standards in the global comparability and fair evaluation between enterprises (Barlev & Haddad, 2007). The ability to take loans would be higher for enterprises adopting FVA because the creditors know the actual value of the assets as well as the liquidity of enterprises through their FS. FVA also helps enterprises to negotiate loan agreements with bondholders (Christensen & Nikolaev, 2013). Especially in construction enterprises, adopting FVA could help FS increase the comparability of financial ratios between enterprises, more accurately evaluate the financial performance between enterprises, and help investors decide based on financial ratio analysis (Navarro-Galera et al., 2010).

On the other hand, there are opposing views on FVA since it can destroy stable historical cost accounting (Evans, 2003). Moreover, FVA may increase income volatility, causing harm to enterprises in risky businesses and countries that do

not have a fair value system (Penman, 2007). The adoption of FVA can cause bankruptcy and failures of many banks and international financial organizations (Ryan, 2008).

The legal system of many countries in the world is separated into two directions: common law and code law. Common law countries usually issue fewer accounting standards (Nobes, 2006). Baig and Khan (2016) concluded that the legal matters affecting IFRS and fair value accounting adoption in European countries are more judgment-based and principle-based than rule-based. Georgiou and Jack (2011) studied the history of FVA, from the historical cost principle to the FVA. They proved that the decision to adopt accounting standards depends on each country's political policies and legal matters. In Vietnam, according to Linh (2018), Phuong (2019), and Ngoc (2020), the legal environment, tax, and professional environment significantly affect the adoption of the IAS.

Besides the legal requirements on accounting in general, the legal concerns on tax also affect the development of the accounting system and FS (Doupnik & Salter, 1995). There is a connection between accounting and tax as they always influence each other; accounting standards determine tax responsibilities, and tax influences accounting (Alley & James, 2005; Fekete et al., 2012). There is a trend to choose the less dependent tax-accounting relationship. Large enterprises would use more accounting and fewer tax standards than small firms. In addition, taxes could affect the adoption of IFRS and FVA (Phuong, 2010; Linh, 2018; Hien, 2020).

Providing information to users when applying FVA is beneficial because it ensures the transparency of FS, creates valuable accounting information, and helps enterprises easily access investments and international funds (Ting & Soo, 2005; Laux & Leuz, 2009). Therefore, when applying FVA, the usefulness of FS will be improved to better evaluate the liquidity of enterprises. Moreover, this process can enhance the correlation and understandability of FS (Navarro-Galera et al., 2010). Thus, there will be a greater chance to obtain more helpful information on FS because applying FVA would ensure faithfulness, quickly check the accounting information and financial performance of enterprises (Kazmouz & Wearing, 2010), and promote transparency to create more valuable accounting information for investors compared to historical costs (Palea, 2014; Ijeoma, 2014).

Faithfulness ensures that accounting information is correct and presented in the transactions or economic events consistently, carefully, and thoroughly (Loc, 2010). Therefore, faithfulness when applying FVA plays a critical role in merging Vietnam Accounting Standards (Thanh, 2017). Furthermore, FVA is more trustworthy for decision-making because it accurately reflects the income, assets, and liabilities of enterprises and helps investors to make accurate decisions promptly (Yichao, 2010; Rajni et al., 2012; MatiÅŸ et al., 2013; Sundgren et al., 2018; Bewley et al., 2018).

Managers are concerned about the cost-benefit relationship when applying FVA for enterprises. Enterprises can get enhanced FS reliability, transparency, and comparability. This would consolidate investors' trust in making their decisions, offer a possibility for enterprises to appeal to investments, and boost profits by maximizing productivity (Bewley et al., 2018; Yichao, 2010; Ahmad & Aladwan, 2015; Chen et al., 2020). However, applying fair value accounting or IFRS would increase both benefits and the cost associated with it (Hung, 2016; Lan, 2017). Besides the benefits mentioned above, enterprises also bear other costs, such as the training cost to increase staff qualification and the investment cost of the software system; operation management within enterprises would change dramatically (Ngoc, 2020).

Internal audit activities affect compliance with accounting standards; audit companies are essential factors in this complying process (Samara, 2013). According to Odia (2016), independent auditing significantly affects IFRS in Nigerian enterprises. If a company is audited by one of the Big 4, it will strongly and positively impact the enterprises. In Vietnam, independent auditing affects the decision to adopt FVA because the consultant's advice during the audit process would increase the usefulness and change the managers' perception of the applicability of updated accounting standards per the company's resources (Phuong, 2019; Hoan, 2018).

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The size of an enterprise affects the applicability of FVA because large enterprises usually obey the accounting standards more than medium and small businesses (Watts & Zimmerman, 1978). The reason is that large enterprises have internal and external constraints to provide quality information on the FS. Meanwhile, small enterprises would reject the usage of FVA because the measurement costs are high (Fargher, 2001). According to Marta et al. (2008), small enterprises tend to adopt national accounting standards, and large enterprises would execute high-quality accounting standards or international standards. Large businesses usually depend on external financial resources and try to make a distinction by providing quality FS. However, such enterprises would apply FVA because they can bear the measurement costs.

Meanwhile, small enterprises could adopt fair value accounting to reduce the difference in information comparability (Jung et al., 2013). In Vietnam, the larger the enterprises, the more coverage they will have in the market and the more attention they will get from investors; therefore, the applicability of fair value accounting is much needed (Thanh, 2017; Linh, 2018; Ngoc, 2020). However, Phuong (2019) showed that size does not influence the intention to apply IFRS in Vietnam.

Accounting principles and standards are becoming more and more sophisticated every day. Therefore, the applicability of new accounting principles depends on the qualification and the academic level of the people performing accounting functions. Countries with developed education systems and a high-quality labor force could reduce the cost of applying the accounting standards (Choi & Meek, 2008). Accountants' qualification positively affects the selection of IFRS; the lack of understanding of accounting technique would be a barrier to accountants (Shima & Yang, 2012; Kumarasiri & Fisher, 2011). Besides, Bewley et al. (2018) noted that the failure reason when applying FVA in China was the level of the accountants' perception. Yichao (2010), Cairns et al. (2011), and Ijeoma (2014) indicated that the perceived level of accountants reflects the reliability of recording fair value on FS. In Vietnam, accountants play a very critical role in applying FVA. The experience and educational level of accountants significantly influence the adoption of accounting standards (Nguyen, 2013; Hai, 2015; Hoan, 2018; Ngoc, 2020).

The adoption of IAS/IFRS is challenging and complicated. To fully understand these sophisticated principles, managers need a solid understanding of not only accounting but also different professions (Doupnik & Salter, 1995). Especially owners of small and medium enterprises rarely use the FS to make decisions; they usually care more about tax claiming than accounting principles. This will affect the quality of information on FS. In addition, managers are also the owners, and the FS' users are government agencies or creditors. To approach the financial funding from the banks or tax claiming, owners execute management activities that directly affect the accounting functions to publish the FS. Therefore, educational level, management perception, and professional competencies would make it easier to apply IFRS and FVA (Collis & Jarvis, 2000). In Vietnam, managers' qualifications and perceptions would strongly affect the applying accounting standards. Therefore, managers need to understand the accounting field and improve their knowledge through professional consulting organizations to better understand the accounting standards (Hoan, 2018; Vu & Bui, 2021).

Therefore, this study aims to determine and measure the factors affecting the applied perception of human resources in fair value accounting. At the same time, it analyzes the correlation between applied perception and the applicability of fair value accounting to understand the readiness of Vietnam enterprises to adopt IFRS, especially the construction enterprises in Ho Chi Minh City – the most developed city in Vietnam.

Based on the literature review, this study suggests the research model (Figure 1) and the following hypotheses:

H1: Legal matters negatively affect applied perception.

H2: Tax pressure negatively affects applied perception.

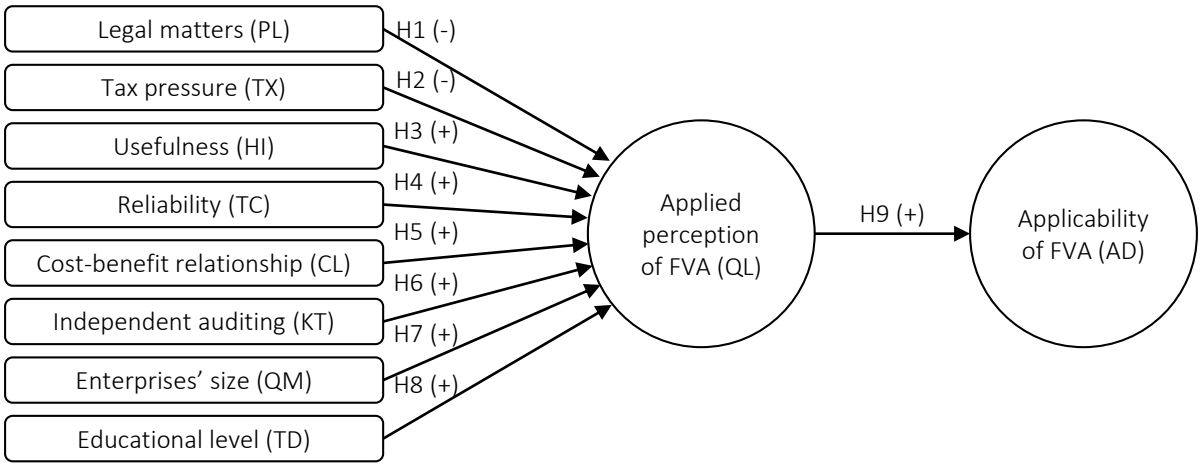

Figure 1. Conceptual model

H3: Usefulness positively affects applied perception.

H4: Reliability positively affects applied perception.

H5: The cost-benefit relationship positively affects applied perception.

H6: Independent auditing positively affects applied perception.

H7: Enterprises' size positively affects applied perception.

H8: Educational level and qualifications of accountants positively affect applied perception.

H9: Applied perception positively affects the applicability of FVA.

2. METHODOLOGY

2.1. Data collection and study subjects

The study created the measurement methods from the proposed research model and performed the qualitative research using interviews with 16 specialists. These respondents are members of the bodies and agencies issuing accounting standards, university lecturers, researchers, financial directors, chief accountants, business owners, tax administration officers, and independent auditors in Vietnam. This study aims to adjust the measurements for the research model. The hypotheses were tested during two phases: preliminary quantitative research and official quantitative research. Preliminary research was performed in about three months, from July to September 2021, through questionnaires using Google Forms and sending emails to the respondents. The study collected and processed 300 responses (with a response rate of 76.9%).

Based on the analytics results using SPSS and AMOS 25, the study proceeds with the official quantitative research. The samples were collected from October 2021 to March 2022 with 808 respondents (response rate 85.7%). The participants are divided into five groups from 350 construction enterprises in Ho Chi Minh City, Vietnam, including owners, senior managers (CEO, CFO), financial directors, chief accountants, accountants, and internal auditors. The selected enterprises with participants needed to meet these criteria: (1) working in the construction industry or industrial installation; (2) at least 100 employees; (3) the initial investment of 50 billion VND (2.5 million USD); and (4) currently operating which can be listed or unlisted on Vietnam stock market.

2.2. Data measurement

This investigation uses questionnaires with 63 measurements and a 5-point Likert scale, from 1, "totally disagree" to 5, "totally agree." These questionnaires and measurement scales were reviewed and adjusted based on the advice of 16 specialists and group interviews result from preliminary research of the sample size n = 300. The measurements' content is inherited and modified from Baig and Khan (2016),

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Kazmouz and Wearing (2010), Sangchan et al. (2020), Christensen and Nikolaev (2013), Jung et al. (2013), Collis and Jarvis (2000), Nguyen (2013), Lan (2017), Ngoc (2020), Hoan (2018), and Vu and Bui (2021) (Appendix A).

2.3. Data analysis

SPSS and AMOS 20 are used to analyze the data, using Cronbach's Alpha, Exploratory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA), and Structural Equation Modeling (SEM). The measurements are accepted when the value of Cronbach's Alpha is at least 0.6, and the total variable correlation is greater than 0.3 (Peterson, 1994). In addition, EFA analysis used the principal components' analysis extraction method along with varimax rotation. As a result, the minimum value of the KMO coefficient is 0.6, and the value of factor weight is at least 0.3 (Hair et al., 2010). With CFA and SME analysis, the model is evaluated based on the CMIN/df less than 3, other factors GFI, CFI, TLI greater than 0.9, the RMSEA factor less than 0.08 08 (Hu & Bentler, 1999; Hair et al., 2010).

3. RESULTS

Table 1 shows the demographic characteristics of the respondents. Thus, 40.5% are accountants or chief accountants, 19.6% are finance directors, and 18.9% are internal auditors. They are directly involved with accounting at enterprises with high experience; most of them have a college degree (50.4%). These respondents come from 350 enterprises in the city, many of which are not recorded in the stock market (97.8%), and all have a large capital size and many employees.

Table B1 (Appendix B) illustrates that the measurements are highly reliable. The Cronbach's Alpha factors range from 0.860 to 0.936. Thus, 63 observables are kept after EFA analysis to perform CFA analysis in the next step.

Table 2 demonstrates that the reliability of measurements is higher than 0.7, given the high reliability of the scale. AVE values are all higher than 0.5; this result supports the convergence. When testing the variable discriminant, the factor's values range from 0.715 to 0.821, greater than 0.7; therefore, they are qualified (Fornell & Larcker, 1981). The CFA model with the Chi-square value/df = 1.529 (< 3), RMSEA = 0.026 (< 0.08). Indicators GFI = 0.903, TLI = 0.966, CFI = 0.968, greater than 0.9 (Bentler & Bonett, 1980; Hair et al., 2010). Therefore, the measurements of variables are qualified for convergent validity, discriminant validity, directionality, and relia-

Table 1. Demographic characteristics of respondents

Source: Own elaboration.

Particulars	Items	Frequency (n = 808)	Percentage
Position	Business owners	69	8.5
	Senior managers	101	12.5
	Finance directors	159	19.6
	Chief accountants, accountants	328	40.5
	Internal auditors	151	18.9
Experience	More than five years	181	22.4
	From five to ten years	429	53.1
	Over ten years	198	24.5
Educational level	University – Undergraduate level	407	50.4
	Graduated level	98	12.1
	Other	303	37.5
Number of employees	100 employees	165	20.4
	100-150 employees	287	35.5
	More than 150 employees	356	44.1
Capital size	50-100 billion VND	181	22.4
	100-150 billion VND	59	7.3
	150-200 billion VND	198	24.5
	More than 200 billion VND	370	45.8
Trading on the market	Unlisted	790	97.8
	Listed	18	2.2

Table 2. Reliability and convergence of the scale

Source: SPSS output.

Concept	Symbol	Number of obs. variable	C.R.	AVE
1. Applicability of fair value accounting	AD	7	.880	.513
2. Cost-benefit relationship	CL	12	.938	.560
3. Tax pressure	TX	8	.918	.616
4. Enterprises' size	QM	5	.879	.592
5. Legal matters	PL	5	.861	.511
6. Accountants' educational level	TD	6	.864	.560
7. Independent auditing	KT	5	.899	.641
8. Usefulness	HI	5	.912	.675
9. Reliability	TC	5	.863	.560
10. Applied perception of fair value accounting	QL	5	.898	.638

Note: C.R.: Composite Reliability; AVE: Average Variance Extracted.

Table 3. Discriminant reliability

Source: SPSS output.

Constructs	AD	CL	TX	PL	TD	KT	HI	TC	QM	QL
AD	.716									
CL	.077	.748								
TX	–.197	.020	.785							
PL	–.064	–.108	–.156	.770						
TD	.194	.103	–.026	–.040	.715					
KT	.192	.106	–.231	.092	.375	.749				
HI	.307	.237	–.303	–.060	.076	.194	.800			
TC	.188	.154	–.234	.003	.113	.212	.295	.821		
QM	.349	.137	–.018	–.121	.331	.248	.182	.104	.748	
QL	.321	.233	–.382	–.127	.368	.586	.439	.504	.389	.799

Note: The diagonal figures are the square root of AVE for the constructs.

bility. Therefore, the model is qualified for the following research step.

The SEM model is acceptable with the chi-square/df = 1.562 < 2; GFI = 0.901 > 0.8; CFI = 0.966 > 0.9, TLI = 0.964 > 0.9 and RMSEA = 0.026 < 0.08, p = .000.

Table 4 confirms nine hypotheses, in which two hypotheses have a negative effect on the applied perception of fair value accounting (β = –0.201, β = –0.152), and six hypotheses have a positive effect. In addition, the results show a direct relationship between applied perception and the applicability of FVA. This show that the higher the applied perception of FVA, the higher chance that these enterprises would apply fair value accounting.

4. DISCUSSION

This study used the SEM analysis to test the effects of 8 factors on the applied perception of

Table 4. Hypotheses testing

Source: AMOS output.

Path			β	S.E.	C.R.	*p*-value	Decision
QL	←	CL	.062	.019	2.278	.023	Accepted
QL	←	TX	–.201	.020	–6.693	***	Accepted
QL	←	HI	.162	.027	–5.321	***	Accepted
QL	←	TD	.111	.030	3.532	***	Accepted
QL	←	PL	–.152	.030	10.618	***	Accepted
QL	←	TC	.292	.020	5.291	***	Accepted
QL	←	QM	.180	.019	9.698	***	Accepted
QL	←	KT	.368	.028	5.866	***	Accepted
AD	←	QL	.347	.038	8.653	***	Accepted

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FVA and determine the relationship between applied perception and the applicability of FVA in Vietnamese enterprises. The results demonstrate that six factors have a positive impact (usefulness, reliability, cost-benefit relationship, independent auditing, enterprises' size, and accountants' educational level), and two factors (legal matters and tax pressure) have a negative impact on the applied perception of FVA. In addition, there is a direct relationship between applied perception and the applicability of FVA.

The results showing two factors (legal matters and tax pressure) with a negative impact on the applied perception of fair value accounting are consistent with Bewley et al. (2018), Sangchan et al. (2020), and Ngoc (2020). This is because related employees in Vietnam believe that there is no complete independence between tax and accounting, and these two factors always influence each other (Fekete et al., 2012) because agencies have different purposes that lead to different regulations (Duhanxhiu & Kapllani, 2012).

For other factors such as usefulness, reliability, cost-benefit relationship, independent auditing, enterprises' size, and accountants' educational level, the results support Hsu et al. (2019), Sangchan et al. (2020), Thanh (2017), Lan (2017), Ngoc (2020), Odia (2016), and Hai et al. (2020). Thus, the related personnel in Vietnam realized the reliability and other benefits of improving FS quality when applying FVA in practice. This finding also confirms the role of independent auditing in the applicability of FVA.

The study confirmed the direct impact of size on the applied perception of FVA. This finding fits with Jung et al. (2013), Ngoc (2020), and Thanh (2017). However, it conflicts with the finding of Fargher (2001). The results also show that training to improve the knowledge of IFRS and IFRS 13 is crucial in Vietnam, supporting Nguyen (2013) and Ngoc (2020).

The results concluded a direct relationship between applied perceptions and the applicability of FVA in Vietnamese enterprises. This result is suitable with Navarro-Galera et al. (2010), Wallace et al. (1994), Cooke (1992), Lan (2017), and Duy (2021). Therefore, nations that have yet to apply IFRS, such as Vietnam, should increase the applied perception of related personnel in enterprises, especially owners, senior managers, accountants, and internal auditors, to make it easier to apply FVA. The higher the applied perception, the simpler it is to adopt FVA.

This study has certain limitations. First, it concentrated on Ho Chi Minh City and used a short period; therefore, the coverage should be higher. Second, the questionnaires and sample size of 808 only satisfy the research purpose; however, it should be done with a larger sample size. Besides, this paper used the convenient random sampling method; scientifically, this method has low reliability. Therefore, future research should replace it with analytic sampling, grouping, and stratification to achieve a higher value. Furthermore, subsequent studies can consider the extension of space and time to have a more comprehensive and complete assessment.

The results of this study are similar to the earlier studies, showing that the reliability is relatively high. The agreement in these findings could be explained through the similarity of economic contexts among the study sites. Another possible explanation might be the similar regional economic growth during the studied period. Thus, future studies can focus on regions with other socio-economic characteristics to further evaluate and consolidate these conclusions.

CONCLUSION

This study identifies and measures the factors affecting the applied perception and applicability of fair value accounting in the context of large construction companies operating in Ho Chi Minh City, Vietnam. Based on the quantitative and qualitative research, this study confirms that the applied perception of related persons in enterprises would affect the applicability of fair value accounting. Using the SEM model, the findings confirm that usefulness, reliability, cost-benefit relationship, independent

auditing, enterprises' size, and accountants' educational level have a positive effect on the applied perception of FVA. In contrast, legal matters and tax pressure have a negative effect on the applied perception of FVA.

The study suggests the government reform laws and tax policies for businesses. In addition, enterprises also need to improve training for relevant staff to improve their perception of FVA in particular and the entire application of IFRS. However, once stakeholders' perception is high, the applicability of FVA to improve financial information is also high, contributing to the business performance in developing countries like Vietnam.

AUTHOR CONTRIBUTIONS

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Funding acquisition: Tung Nguyen Thanh.
Investigation: Tung Nguyen Thanh, Tien Vo Thi Thuy, Thuong Mai Thi.
Methodology: Tung Nguyen Thanh, Hai Phan Thanh, Nhan Ho Van, Tien Vo Thi Thuy, Thuong Mai Thi.
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Resources: Tung Nguyen Thanh, Hai Phan Thanh, Tien Vo Thi Thuy.
Software: Hai Phan Thanh, Thuong Mai Thi.
Supervision: Tung Nguyen Thanh, Hai Phan Thanh, Nhan Ho Van.
Validation: Tung Nguyen Thanh, Nhan Ho Van, Tien Vo Thi Thuy, Thuong Mai Thi.
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APPENDIX A

Table A1. Constructs, indicators, and questionnaire items

Source: Own elaboration.

Constructs	Items of the questionnaire	Indicators	References
Legal matters (PL)	There is no basis for the application of fair value accounting in Vietnam	PL1	Bewley et al. (2018); Vergauwe and Gaeremynck (2019); Ngoc (2020); Vu and Bui (2021)
	There is vague guidance on applied perception of fair value accounting	PL2	
	Fair value accounting in price valuation activities is not consistent	PL3	
	There are conflicts in the legal system	PL4	
	Fair value accounting should be considered on the principle-based rather than rule-based issues	PL5	
Tax pressure (TX)	There is a dependence between tax and accounting; they always influence each other due to the pressure from tax authorities	ALT1	Fekete et al. (2012); Duhanxhiu and Kapllani (2012); Phuong (2010); Thuan (2016); Hoan (2018); Hien (2020)
	Tax principles would help in the tax declaration and settlement more than accounting principles	ALT2	
	Tax significantly impacts financial statements and makes investors hesitate when using financial statements	ALT3	
	Tax principles are used to determine tax and profit when auditing the enterprises	ALT4	
	Enterprises avoid applying accounting standards due to the pressure from tax authorities	ALT5	
	Tax authorities usually make it difficult for enterprises when they adjust the accounting information	ALT6	
	The purpose of personnel preparing the financial statements is mainly to serve the tax authorities	ALT7	
Usefulness (HI)	Fair value accounting is a better choice compared to historical cost accounting because it ensures the reliability and transparency of the financial statements	HI1	Ting and Soo (2005); Laux and Leuz (2009); Kazmouz and Wearing (2010); Navarro-Galera et al. (2010); Palea (2014); Ijeoma (2014); Loc (2010); Thanh (2017)
	Financial statements about assets and liabilities are more useful for investors in making economic decisions	HI2	
	If there are changes in assets or liabilities' current values with their book value, they should be recorded on the books and present in the financial statements	HI3	
	Fair value accounting is a new trend in accounting due to the clarification of information in the developed market economy	HI4	
	Fair value accounting represents truthfulness, verifiable accounting information, and financial position of the enterprise	HI5	
Reliability (TC)	Fair value is valued by users when making economic decisions, especially in the real estate industry	TC1	Ting and Soo (2005); Navarro et al. (2010); Kazmouz and Wearing (2010); Ghosh et al. (2020); Sangchan et al. (2020); Loc (2010); Thanh (2017)
	Fair value estimates are not dominant by barriers such as auditing and disclosing transparent information on the financial statements	TC2	
	There should be only one measurement model for the financial instruments, and it should be fair value, which could help to improve the transparency of financial statements	TC3	
	There are many estimates of the fair value; therefore, they can reduce the accuracy and verifiability of accounting information	TC4	
	The reliability of fair value accounting is difficult to determine because it is subjective and complex	TC5	
Cost-benefit relationship (CL)	Fair value accounting increases reliability, transparency, and comparability. From there, it is the basis for the decision-making for investors and managers	CL1	Laux and Leuz (2009); Christensen and Nikolaev (2013); Phan et al. (2014); Bewley et al. (2018); Ngoc (2020); Vu and Bui (2021); Nguyen (2013); Hung (2016); Lan (2017)
	It increases the confidence of users in financial statements and business performance	CL2	
	It offers easier access to international capital markets and lower costs of capital	CL3	
	It promotes the formalization of international accounting practices	CL4	
	It helps management agencies understand the actual value of the business and reduce the information asymmetry	CL5	
	Fair value accounting could strengthen the trust of shareholders, thereby expanding the relationship with creditors	CL6	
	It can control the increase of capital in enterprises	CL7	
	It enhances national prestige by complying with international standards	CL8	
	Fair value accounting does not have consensus from accountants, managers, and users	CL9	
	There are almost no or very few curricula on education in universities; therefore, it is costly for staff training	CL10	
	Applying fair value accounting will cost a lot to collect and process information	CL11	
	Financial statements are volatile even in normal conditions, making investors skewed in perception when the market is in a crisis	CL12	

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Table A1 (cont.). Constructs, indicators, and questionnaire items

Constructs	Items of the questionnaire	Indicators	References
Independent auditing (KT)	The auditors must ensure that they have the necessary qualifications for the audit	KT1	Odia (2016); Samara and Aggeliki (2013); Hai et al. (2020); Thuy (2016); Duy (2021)
	Enterprises applying IFRS/Fair value accounting are strongly affected by independent audit	KT2	
	Enterprises audited by Big 4 will have financial statements that bring better quality to other auditing firms	KT3	
	The audited enterprise is a vital monitoring mechanism of the awareness process of applying IFRS/Fair value accounting	KT4	
	Independent audit helps investors to assess the overall performance of the business and the level of accounting policies compliance	KT5	
Enterprises' size (QM)	Large enterprises will choose to apply fair value accounting because they can bear the measurement costs	QM1	Jung et al. (2013); Thanh (2017); Ngoc (2020); Duy (2021)
	Enterprises will choose to apply fair value accounting when the number of employees is large enough	QM2	
	Enterprises will choose to apply fair value accounting when the revenue is large enough	QM3	
	Enterprises will choose to apply fair value accounting when the total assets are large enough	QM4	
	The larger the enterprise, the more necessary is the application of fair value accounting	QM5	
Accountants' educational level (TD)	The qualifications of the accountants in the enterprise meet the application of fair value accounting	TD1	Ijeoma (2014); Bewley et al. (2018); Sangchan et al. (2020) Ngoc (2020); Vu and Bui (2021); Nguyen (2013); Thuan (2016); Hoan (2018)
	The experience of accounting staff makes it easy to apply fair value accounting	TD2	
	Accountants can understand and apply accounting regulations in practice	TD3	
	Accountants understand the nature of business operations	TD4	
	Accountants are regularly trained, retrained, and updated with accounting knowledge and tax laws	TD5	
	Accountants understand the business process and characteristics of the business	TD6	
Applied perception of FVA (QL)	It facilitates performance measurement; therefore, it is reliable in assessing managers' qualifications	QL1	Phan et al. (2014); Vu and Bui (2021); Lan (2017); Thuan (2016)
	Fair value accounting is built on principles, so it is pretty complex, and the understanding of managers requires a solid knowledge not only of accounting but also of other industries	QL2	
	Managers understand the importance of applying fair value and are often interested in the organization and operation of the unit's accounting work	QL3	
	Managers of small and medium-sized enterprises have little interest in accounting, thus decreasing the quality of financial statements	QL4	
	Managers plan, conduct training or support accounting staff to participate in training courses related to professional knowledge	QL5	
Applicability of fair value accounting (AD)	The legal system will promote the application of fair value accounting in enterprises	AD1	Navarro-Galera et al. (2010); Wallace et al. (1994); Cooke (1992); Lan (2017); Duy (2021)
	Pressure from the tax will promote the ability to apply fair value accounting	AD2	
	The usefulness and reliability of transparent financial statements will promote the applicability of fair value accounting	AD3	
	The size of the business will promote the ability to apply fair value accounting	AD4	
	Experience and capacity of accounting staff and awareness of managers promote the ability to apply fair value accounting	AD5	
	Applying fair value accounting in enterprises is more transparent and reliable when independently audited	AD6	
	Applying fair value in businesses helps increase profitability and attract investment capital due to cost savings	AD7	

APPENDIX B

Table B1. Rotated component matrix and Cronbach's Alpha

Source: SPSS output.

Symbol	Component										Cronbach's Alpha
	1	2	3	4	5	6	7	8	9	10	
CL7	.831										
CL8	.811										
CL9	.790										
CL2	.782										
CL5	.778										
CL1	.776										.939
CL11	.743										
CL12	.722										
CL3	.717										
CL6	.712										
CL4	.682										
CL10	.652										
TX8		.831									
TX1		.830									
TX2		.808									
TX5		.790									.932
TX3		.787									
TX7		.770									
TX6		.763									
TX4		.756									
AD1			.752								
AD6			.735								
AD5			.730								
AD7			.710								.882
AD4			.701								
AD2			.697								
AD3			.693								
TC3				.863							
TC4				.841							
TC5				.799							.911
TC1				.797							
TC2				.796							
TD1					.790						
TD5					.780						
TD4					.763						.863
TD6					.695						
TD3					.656						
TD2					.594						
HI3						.851					
HI2						.832					
HI1						.799					.901
HI5						.788					
HI4						.743					
PL1							.805				
PL3							.801				
PL2							.774				.884
PL5							.769				
PL4							.739				
KT4								.806			
KT5								.756			
KT2								.728			.860
KT3								.710			
KT1								.633			
QM4									.805		
QM1									.784		
QM3									.756		.871
QM2									.736		
QM5									.717		
QL4										.834	
QL5										.788	
QL2										.750	.902
QL1										.740	
QL3										.718	

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