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Analyzing the Impact of Financial Eporting on Investment Decisions: A Comparative Study of IFRS and GAAP in Vietnam

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Abstract

In the context of globalization and the rapid development of international capital markets, the quality of financial information has become extremely important. As Vietnam continues its international economic integration, the country faces both challenges and opportunities in adopting International Financial Reporting Standards (IFRS), which are currently mandatory in over 140 countries, including the European Union, Australia, and several countries in Asia (IFRS, 2024). Many nations have voluntarily adopted IFRS, recognizing its role in enhancing global competitiveness and strengthening investor confidence. The Ministry of Finance of Vietnam, through Decision 345/QĐ-BTC, has laid out a two-phase plan for IFRS adoption: voluntary until 2025 and mandatory from 2025 onwards. To meet these deadlines, companies must adjust not only their accounting systems but also their processes and human resources to be able to prepare IFRS-compliant financial statements by 2025. Globally, the standardization of financial reporting aims to improve the quality and comparability of financial data, thus supporting investment decision-making. This research explores the impact of IFRS and GAAP in Vietnam, a transitioning economy, examining how these standards affect transparency, reliability, and investor behavior. By highlighting the differences between IFRS and GAAP, as well as their effects on investment strategies, the research contributes to the development of better financial management policies, which is a critical factor in Vietnam's economic integration efforts.

Keywords: *IFRS, GAAP, Investment Decision, Financial Reporting, Vietnam.*

Introduction

Vietnam, a country on the path of international economic integration, faces significant challenges and opportunities in adopting international financial reporting standards. The transition from GAAP (Generally Accepted Accounting Principles) to IFRS (International Financial Reporting Standards) has been promoted as part of financial reform efforts aiming to improve the quality of financial information, thereby supporting more efficient investment decisions. This study seeks to analyse and compare the specific impacts of IFRS and Vietnamese GAAP (which are broadly based on US-GAAPs) on investment decisions within the unique business environment of Vietnam and to delve deeper into the transparency and reliability that these two standards offer. By using a comparative analysis framework, along with collecting and analysing data from financial statements of listed companies and opinions from financial experts, this research proposes policy suggestions and practical guidelines for managers, investors, and policymakers to maximize the benefits of adopting international financial reporting standards while minimizing potential risks and limitations that may arise. Through this approach, the research aims to contribute significantly to the understanding of financial reporting standards' impact on investment strategies and to the broader academic and practical discourse on financial management and investment in a transitioning economy like Vietnam's. Therefore, the author chose this research to provide investors with a comprehensive and accurate overview in making investment decisions.

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Theoretical Foundation and Research Methodology

Theoretical Foundation

Theory Of Reasoned Action (TRA)

In 1967, psychologists Martin Fishbein and Icek Ajzen developed the theory of reasoned action (TRA) to explain the relationship between attitudes and behavior. The theory suggests that individuals act based on their attitudes, intentions, and expected outcomes. Attitudes are shaped by beliefs about outcomes and their evaluations. However, TRA assumes that behavior is fully under volitional control, limiting its applicability to habitual or unconscious actions. TRA has been widely used in recent studies, such as examining online accounting training during COVID-19 [1], life insurance purchase intention in Bangladesh [11], and technology switching behavior influenced by ChatGPT [8]. These studies show that factors like subjective norms, perceived usefulness, risk aversion, and innovation influence behavioral intentions.

Theory of Planned Behavior (TPB)

The Theory of Planned Behavior (TPB), developed by Icek Ajzen in 1991, builds on the Theory of Reasoned Action (TRA) by adding the concept of perceived behavioural control (PBC) to better predict and explain individual behaviour. TPB suggests that behaviour is driven by three factors: attitudes toward the behaviour, subjective norms, and PBC, which reflects an individual's perceived control over performing the behaviour. These factors influence behavioural intentions, which predict actual behaviour. Attitudes stem from beliefs about outcomes, subjective norms from social pressure, and PBC from control beliefs about available resources and obstacles. TPB has been widely applied in various fields, such as investment, technology, and education. For example, in the study "Blockchain Technology Acceptance by Investment Professionals" [10], the TPB model was integrated with the Technology Acceptance Model (TAM), adding factors like perceived usefulness and ease of use. While most TPB and TAM factors were statistically significant, the additional factor of Compatibility showed no significance.

Concepts of Factors in Research

GAAP Financial Reporting System

GAAP (Generally Accepted Accounting Principles) in Vietnam, originally developed by the Financial Accounting Standards Board (FASB) and the Government Accounting Standards Board (GASB) of the U.S., are principles used to manage financial reporting across various organizations, including for-profits, nonprofits, and government entities. These principles became necessary after the 1929 Stock Market Crash and the Great Depression, which highlighted the lack of standardized accounting methods. The Securities Act of 1933 and the Securities Exchange Act of 1934 mandated companies to follow standard accounting principles for transparency and comparability. Over time, GAAP evolved into twelve core principles, which ensure that financial statements are complete, consistent, and reliable, facilitating investment analysis. In Vietnam, ten of these GAAP principles have been adapted for use, emphasizing standardized practices in financial reporting across industries.

*Consistency Principle***:** This principle requires companies to use the same accounting methods and procedures from one accounting period to another. Consistency ensures that financial statements can be compared and analysed over time. If there is to be change, this must be based on the need for better financial management or compliance with a new regulation.

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Principle of Cost: An accountant is required by this accounting principle to record all items at the time of occurrence in cash or its equivalent. This cost is not adjusted for market inflation or predicted changes in value.

Non-Compensation Principle: This principle states that companies should not offset debt with an asset and that all aspects of an organization's operations, whether positive or negative, must be reported. This ensures that the financial statements provide an honest and reasonable view of the company's financial position.

Prudence Principle: This principle requires companies to report factual, reasonable, and non-speculative financial data. It emphasizes the importance of accuracy and reliability in financial statements. This principle advises the reporting accountant to record expenses and liabilities immediately. On the other hand, revenues and assets should only be put on the record when the accountant is certain about them.

Regular Principle: This principle means that all accountants must comply with GAAP consistently. It ensures that accounting practices and procedures are standardized in all companies. For example, the business should be considered a separate entity in all companies, including those run as sole proprietorships. The owners' and businesses' finances should not be mixed up. Failing to adhere to this can lead to losses and financial mix-ups

Honesty Principle: This principle requires accountants to perform and report with a basic level of honesty and accuracy. It emphasizes the importance of honesty and ethical behaviour in financial reporting. This is similar to the principle of Full Disclosure in the US GAAP which requires that all financial information should be provided without omission. To follow this principle, footnotes that are often part of the financial statements are included. Disclosing all the information gives the investor or lender the tools to decide whether or not they should go into business with the reporting entity or not

Principle of Good Faith: Known as "uberrimae fidei," or utmost good faith, this principle requires honesty and integrity in financial reporting. It ensures that financial information is reliable and reflects the company's true health. By adhering to this principle, business owners demonstrate their commitment to sustaining operations and achieving long-term goals, allowing accountants to make the "going concern" assumption, meaning the business is expected to continue operating in the foreseeable future.

Materiality Principle: This principle requires companies to disclose all financial information relevant to the understanding of the company's financial position. Any item of reporting that would have a significant impact on an investor's perception of the company must be disclosed separately. This, of course, can be done within the financial statements themselves or the notes which form an integral part of the financial statements.

Continuity Principle: Also called the Going concern principle in the US GAAP, this principle states that all asset valuations in the financial statements are based on the assumption that the business or other entity will continue to operate in the future. This is why the reporting entity is required to provide for depreciation based on wear and tear but no provision is required for potential forced sale value.

Recurring Principle: This refers to entities that comply with universally accepted financial reporting periods, such as quarterly or annually. It ensures that financial information is reported regularly, allowing stakeholders to track a company's financial performance over time.

IFRS Financial Reporting System

International Financial Reporting Standards (IFRS) were introduced in 2001, replacing the earlier International Accounting Standards (IAS) from 1973. Now adopted by over 140 countries, IFRS creates a unified global accounting framework, enhancing transparency and trust in financial reporting. While some IAS standards remain, IFRS simplifies global business comparisons, benefiting investors, auditors, and companies by providing a consistent financial language and reducing reporting costs. By promoting accountability and efficiency, IFRS supports long-term global economic stability and growth.

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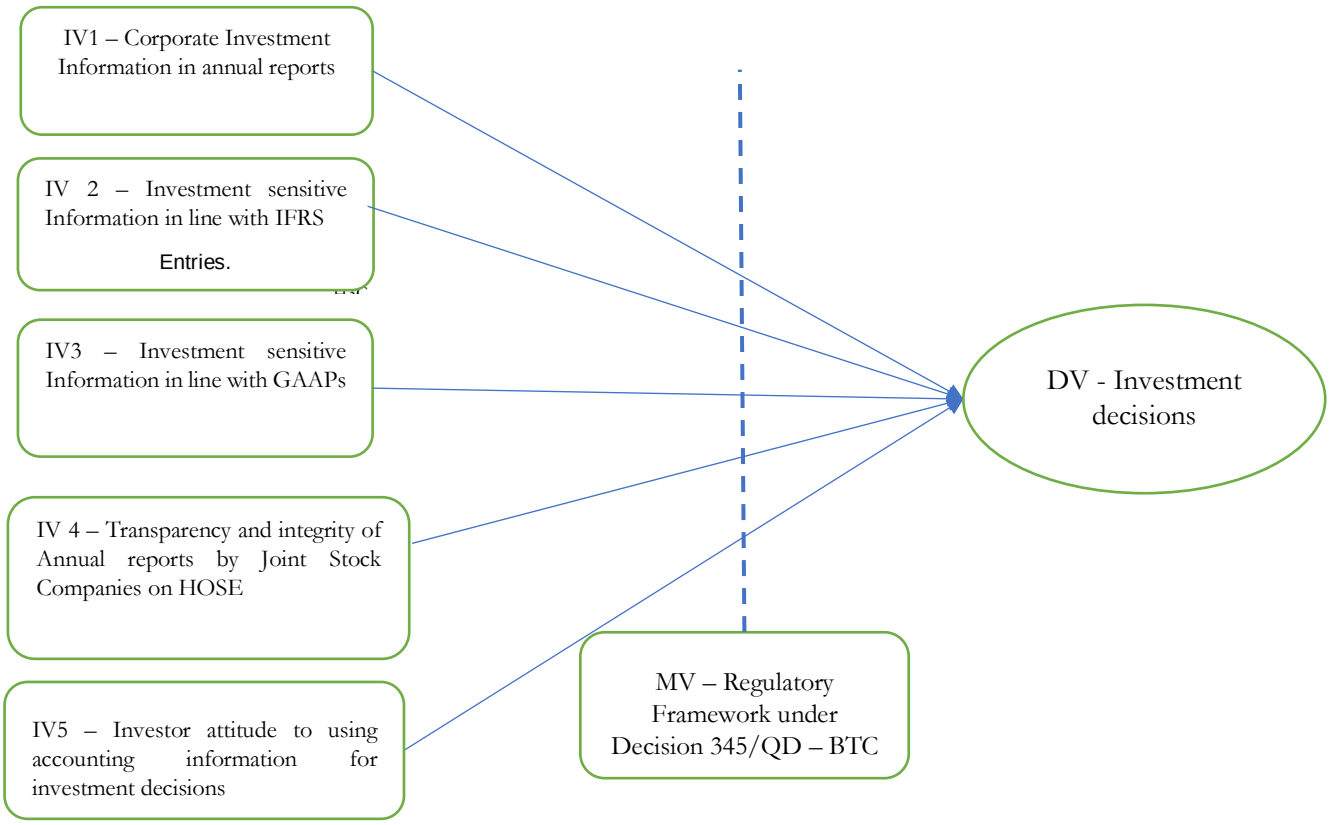
Market Reaction Index

The market reaction index is an external factor influencing investor decisions, shaped by behaviors such as herd behavior, overconfidence, loss aversion, and mental accounting. Herd behavior occurs when investors mimic others perceived as more informed, rather than relying on their own analysis, impacting stock prices and creating trading opportunities. Overconfidence leads investors to trust their own information excessively, often resulting in poor decision-making and market anomalies. Loss aversion, from Kahneman's prospect theory, shows that investors are more sensitive to losses than gains, affecting their risk tolerance and decision patterns. Mental accounting explains how individuals manage their financial decisions to maximize perceived happiness, often leading to irrational spending behaviors, particularly with luxury items. Together, these psychological biases significantly shape market dynamics and investor behavior.

Investor Behavior

Based on the Theory of Planned Behavior (TPB), investor behavior is influenced by attitudes, subjective norms, perceived behavioral control, and past behavior. Attitudes shape intentions, where a positive attitude leads to stronger investment intentions. Subjective norms, or social pressures, can sway individuals to act against their personal preferences, impacting financial decisions. Perceived behavioral control refers to the ease or difficulty of performing a task, influencing effort and persistence. Past behavior serves as an additional predictor, with investors relying on prior experiences to guide current decisions. This model emphasizes the role of psychological and social factors in shaping investment intentions and actions.

Research Method



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Research Hypotheses

H1: Regulatory Framework of Accounting has an impact on securities investment decisions.

H2: Corporation Investment Information in annual reports has a Regulatory Framework of Accounting.

H3: Investment sensitive Information in line with IFRS has a Regulatory Framework of Accounting.

H4: Investment sensitive Information in line with GAAPs has a Regulatory Framework of Accounting.

H5: Transparency and integrity of Annual reports has a Regulatory Framework of Accounting.

H6: Investor attitude to using accounting information for investment decisions has a Regulatory Framework of Accounting.

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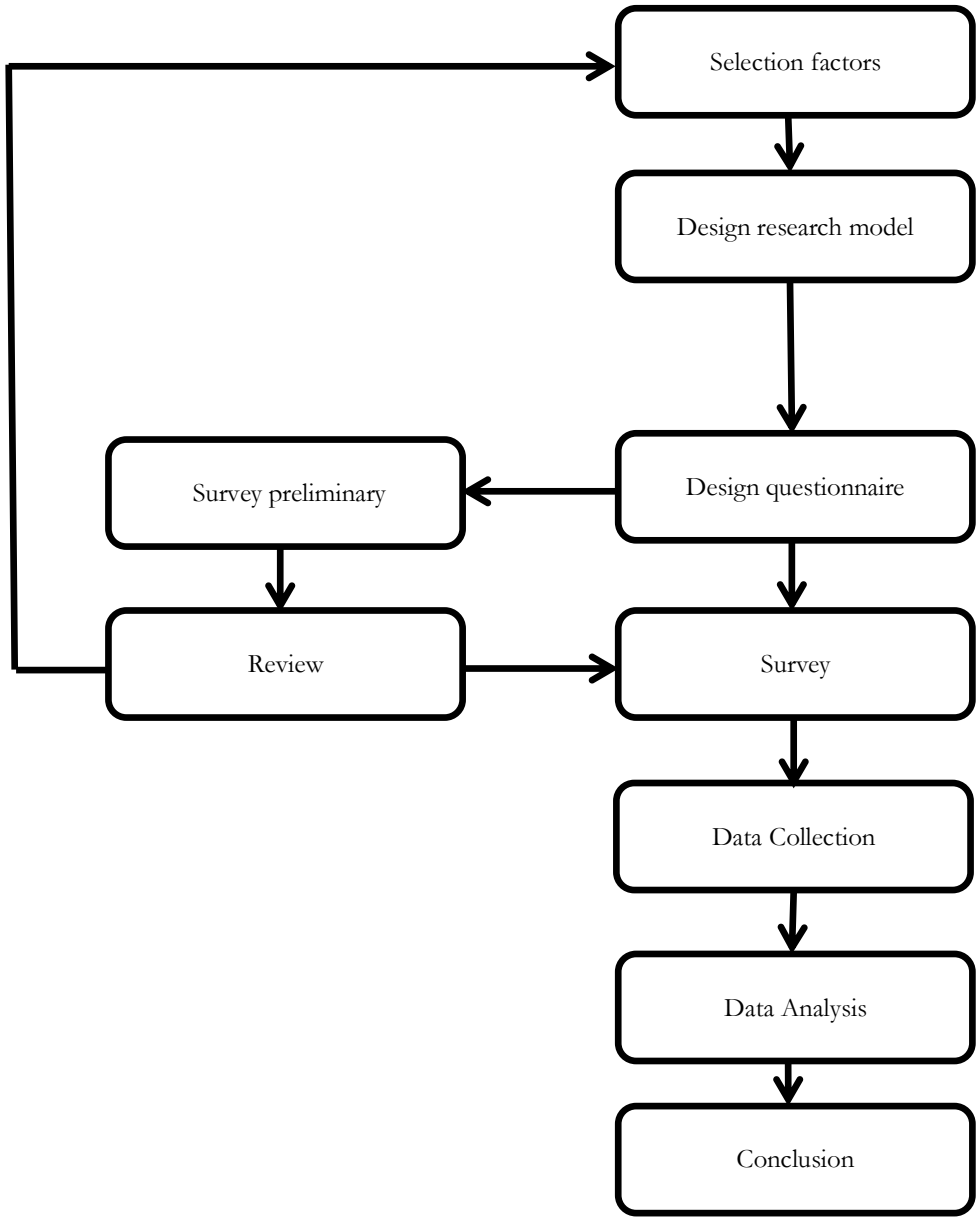
Research Process



The Research Design will incorporate the following phases of research:

Phase One: Literature Review of academic articles and annual reports of Joint Stock Companies listed on HOSE

Phase Two: Roll out of questionnaire to selected investors (random selection) and investment professionals

Phase Three: Quantitative Analysis of the survey results

Phase Four: Deriving analytics from the quantitative analysis

Phase Five: Developing the conclusions from the research

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Sampling Design

Determine the sample size unknown overall

According to Yamane Taro in 1967 [12], the determination of sample size will be divided into two cases: not knowing the whole and knowing the whole. Since this is an unknown study overall, the minimum number of samples is.

$$n = Z^2 \times \frac{p \times (1-p)}{e^2}$$

Where:

- *N:* The sample size to be determined.
- *Z:* The value of the Z distribution table lookup is based on the reliability selection. Typically, the confidence used is 95% which corresponds to Z = 1.96.
- *P:* Sample size estimation rate n successful. Usually, we choose p = 0.5 so that the product p(1-p) is the largest, which ensures the safety of the estimated sample n.
- *E:* Permissible error. Usually three error ratios are used: ±01 (1%), ±0.05 (5%), ±0.1 (10%), of which the most common is ±0.05.

With a confidence of 95%, or the permissible error level must not exceed 5%, the sample size must be at least 385 questionnaires:

$$n = 1.96^2 \times \frac{0.5 \times (1 - 0.5)}{0.05^2} = 384.16$$

EFA Sample Size Determination

According to Hair et al. in 2014 [5], the minimum sample size to use EFA is 50, preferably 100 or more. The ratio of observations to an analytical variable is 5:1 or 10:1, which some researchers suggest should be 20:1. "Observation number" simply means the number of valid surveys required; "Measurement variable" is a measurement question in a survey.

Determine sample size by regression

For the minimum sample size for regression analysis, Green in 1991 [4] gives two cases. In case one, if the regression purpose is only to assess the general relevance of the model such as R^2, the F... test then the minimum sample size is 50 + 8m (m is the number of independent variables, also known as predictors involved in regression). In case two, if the purpose is to evaluate the elements of each independent variable such as the t-test, the regression coefficient ... then the minimum sample size should be 104 + m (m is the number of independent variables). Since this is a two-level structural model, the minimum sample required is 2*(100 +6) = 208

Data Collection

The questionnaire will be distributed to those who are investing on the stock market on the Ho Chi Minh City Stock Exchange (HOSE). For the reason that enterprises on the HOSE stock exchange are usually large enterprises and meet the conditions of the second phase Decision No. 345/QD-BTC issued by the Minister of Finance: "Voluntary application period: from 2022 to the end of 2025: Applied at the level of consolidated financial statements for some specific enterprises such as the parent company of State

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economic groups, parent companies being listed companies, large-scale public companies being unlisted parent companies; and other large-scale Parent Company".

Analysis And Findings
Exploratory Factor Analysis (Efa)

Exploratory Factor Analysis (EFA) is used to identify groups of observed variables (factors) for regression analysis, helping to condense and summarize data. Each observed variable has a Factor Loading, indicating its association with a specific factor. Factor Loadings must be ≥ 0.5 to be considered practically significant, with thresholds of > 0.3 (minimum), > 0.4 (important), and > 0.5 (practically significant). Sample size requirements vary with loadings, from ≥ 0.75 for samples of 50-100 to ≥ 0.3 for samples of at least 350. For the EFA model to be valid, Total Variance Explained must exceed 50%, and Eigenvalues, representing the variance explained by each factor, should be > 1.

Exploratory Factor Analysis of Independent Variables and Mediating Variables

Pattern Matrix (Factor Loading)

	Factor					
	1	2	3	4	5	6
IV4_2	.778					
IV4_4	.742					
IV4_5	.729					
IV4_1	.722					
IV4_3	.720					
IV3_1		.806				
IV3_2		.756				
IV3_3		.739				
IV5_3			.772			
IV5_2			.766			
IV5_1			.743			
IV1_2				.788		
IV1_3				.761		
IV1_1				.745		
MV_1					.823	
MV_3					.763	
MV_2					.729	
IV2_1						.778
IV2_3						.756
IV2_2						.725
KMO						0.770
P-value						0.000
Eigenvalues						1.122
Total Variance Explained (%)						57.985

(Source SPSS Results)

The factor analysis is appropriate with a KMO coefficient of 0.77 and a p-value of 0.000, indicating significant correlation among the variables. The total variance explained is 57.985%, exceeding the 50% threshold, and the eigenvalue of 1.122 meets the requirement. As a result, the initial 20 questions were reduced to 6 factors using the Promax rotation method with Kaiser normalization.

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Factor Analysis to Explore the Dependent Variable

After EFA for the dependent variable, we see that KMO=0.712 (0.5≤ KMO≤1) and p-value =0.000 <0.05, belonging to the same factor group and having the same variance extracted. equal to 71.444%>50%. Therefore, all 3 observed variables of the dependent variable have factor loading coefficients >0.5. Therefore, all three observed variables meet the conditions for EFA analysis and will be used for subsequent correlation and regression analysis.

The dependent factor is Investment Decision (DV), including the following 3 observed variables:

DV_1: Our company's investment decisions are highly influenced by the type of financial reporting standards adopted.

DV_2: The transparency provided by IFRS positively affects our decision-making process.

DV_3: GAAP provides the necessary detail and clarity for assessing potential investments.

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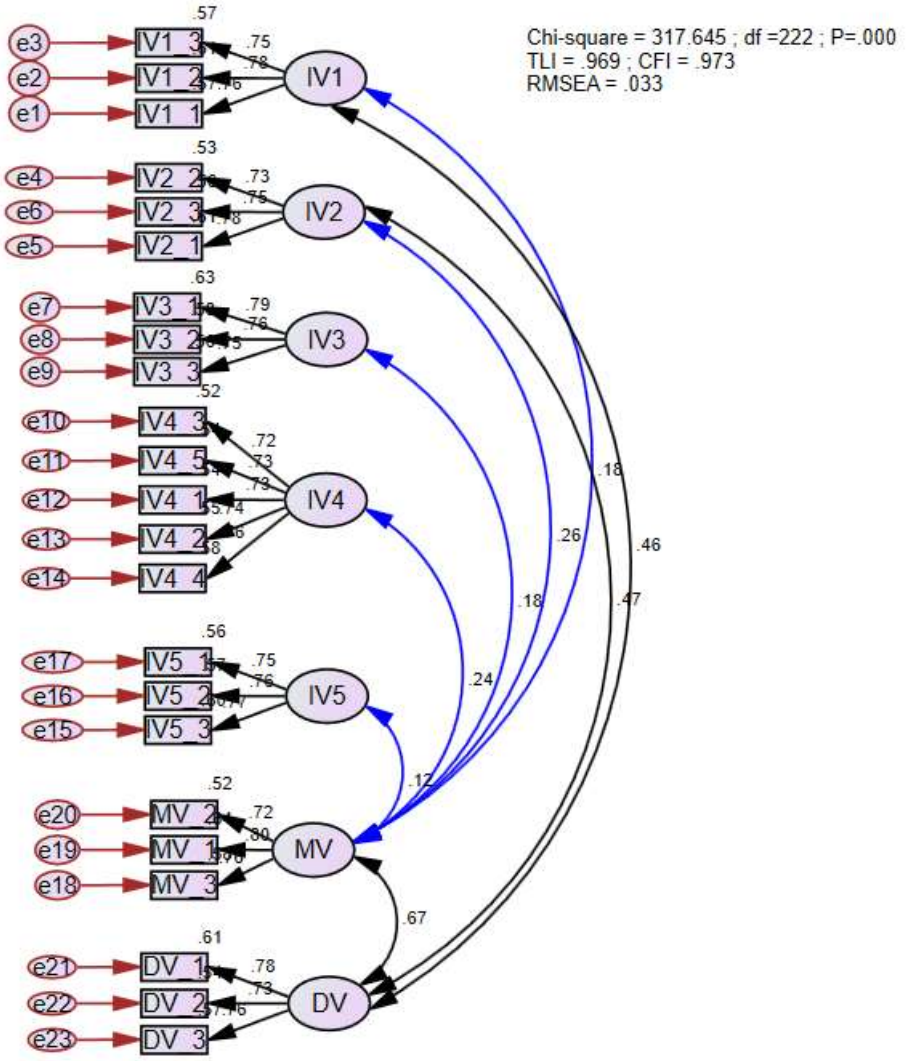
Confirmatory Factor Analysis (CFA)



(Source Amos 24 Results)

Confirmatory Factor Analysis Model (CFA)

Confirmatory factor analysis (CFA), a key tool in social and behavioral sciences, assigns indicators to specific structures, preventing cross-loading, and uses covariance matrices for more precise comparisons. CFA also validates constructs by testing convergent and discriminant validity. The CFA model in this case meets the p-value threshold (0.000 < 0.05) and shows good fit with CFI = 0.973, TLI = 0.969, and RMSEA = 0.033, indicating high relevance and model appropriateness.

Analyse Convergent Validity

	Convergent Validity			
	CR	**AVE**	**Cronbach's Alpha**	**MaxR(H)**
IV4	0.856	0.544	0.856	0.857
IV5	0.804	0.578	0.801	0.805
IV2	0.797	0.566	0.795	0.799
MV	0.819	0.602	0.816	0.823

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IV1	0.808	0.583	0.806	0.808
IV3	0.811	0.589	0.810	0.813
DV	0.8	0.571	0.800	0.801

(Source "Master Validity Tool", AMOS Plugin)

To assess convergent validity, Fornell and Larcker [3] suggest calculating the Average Variance Extracted (AVE) for each construct. AVE is derived by summing the R^2 values of the indicators and dividing by the total number of indicators, with a value above 0.50 indicating convergence. If a construct's Composite Reliability (CR) and Cronbach's Alpha are between 0.6 and 0.95, and its AVE exceeds 0.5, the construct is considered to have convergent validity.

Analyse Discriminant Validity

	Discriminant Validity -Fornell and Larcker								**Discriminant Validity - Heterotrait-Monotrait Ratio of Correlations (HTMT)**						
	AVE	**IV4**	**IV5**	**IV2**	**MV**	**IV1**	**IV3**	**DV**	**IV4**	**IV5**	**IV2**	**MV**	**IV1**	**IV3**	**DV**
IV4	0.544	**0.737**													
IV5	0.578	-0.003	**0.76**						0.002						
IV2	0.566	-0.004	0.015	**0.753**					0.003	0.015					
MV	0.602	0.308***	0.367***	0.244***	**0.776**				0.307	0.365	0.251				
IV1	0.583	-0.043	-0.047	-0.017	0.151*	**0.764**			0.045	0.05	0.018	0.15			
IV3	0.589	0.028	0.03	0.005	0.247***	-0.048	**0.767**		0.03	0.024	0.004	0.25	0.047		
DV	0.571	0.134*	0.474***	0.461***	0.721***	0.455***	0.120†	**0.756**	0.128	0.472	0.46	0.717	0.458	0.116	

(Source "Master Validity Tool", AMOS Plugin)

The Fornell and Larcker method in 1981 [3] assesses discriminant validity by comparing the square root of AVE for each construct with its correlation coefficients with other constructs. If the AVE square root exceeds the correlation coefficients, the construct shows differentiation. However, Henseler et al. [9] criticized this method for lacking statistical robustness and introduced the Heterotrait-Monotrait Ratio (HTMT) as a superior alternative. HTMT compares the average correlation between different constructs, with a threshold of 0.9 indicating poor differentiation and ≤ 0.85 indicating acceptable discriminant validity. In the provided analysis, all HTMT values are below 0.85, confirming discriminant validity.

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Correlation Matrix

Through the correlation matrix table, we can see that all the correlations of each pair are statistically significant because the p-value is less than 0.05

Relationships			Estimate	S.E.	t-value	P-value
MV	<-->	IV1	**0.182**	0.033	3.011	*0.003*
MV	<-->	IV2	**0.258**	0.033	4.058	***
MV	<-->	IV3	**0.181**	0.029	3.46	***
MV	<-->	IV4	**0.243**	0.025	4.502	***
MV	<-->	IV5	**0.116**	0.03	2.269	*0.023*
DV	<-->	IV1	**0.461**	0.041	6.78	***
DV	<-->	IV2	**0.468**	0.04	6.748	***
DV	<-->	MV	**0.668**	0.042	8.351	***

****= P-value < 0.01*

(Source Amos 24 Results)

In there:

IV1 – Corporation Investment Information in annual reports

IV 2 – Investment sensitive Information in line with IFRS

IV3 – Investment sensitive Information in line with GAAPs

IV 4 – Transparency and integrity of Annual reports by Joint Stock Companies on HOSE

IV5 – Investor attitude to using accounting information for investment decisions

MV – Regulatory Framework of Accounting

DV - Investment decisions

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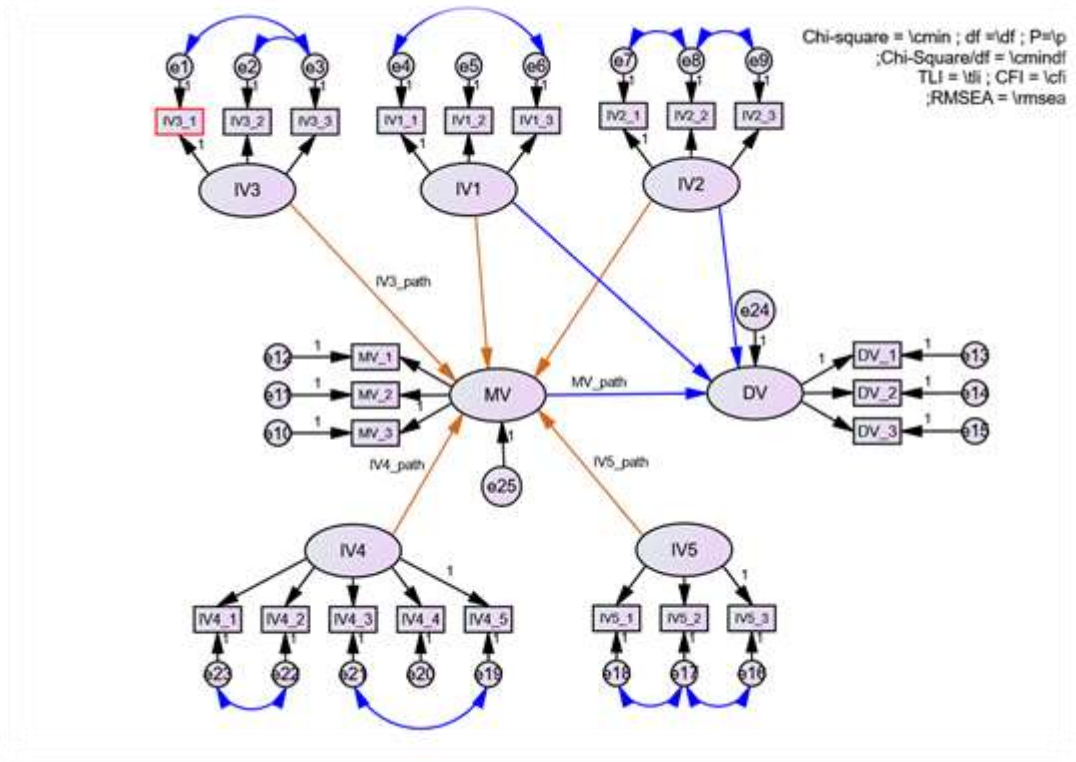
Structural Equation Modeling (SEM)



In this structural model, the researcher will analyze the impact of factors on investment decisions (DV). From the figure above, we can see that there are three types of impacts on investment decision dependent variables (DV) including: Direct Effect, Indirect Effect and Total Effect.

Finally, the total effect on the dependent variable (DV) is calculated by combining direct and indirect impacts.

Direct Effect Analysis

Dependent Variable	Independent Variable	Beta	S.E.	t-value	P-value	Label
Regulatory Framework of Accounting (MV)	IV3	0.230	0.057	4.011	***	IV3_path
	IV1	0.168	0.052	3.257	0.001	
	IV2	0.190	0.047	4.065	***	
	IV4	0.318	0.057	5.604	***	IV4_path
	IV5	0.416	0.068	6.138	***	IV5_path
	R2 = 0.409					
Investment decisions (DV)	IV1	0.352	0.054	6.516	***	
	MV	0.638	0.059	10.772	***	MV_path
	IV2	0.263	0.046	5.762	***	
	R2 = 0.766					

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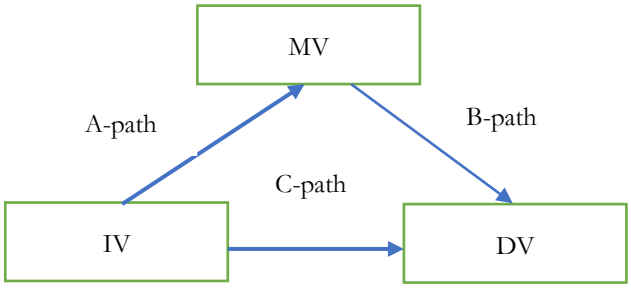
*"*** = P-value < 0.01* *(Source Amos 24 Results)*

Factors influencing investment decisions (DV) include Corporation Investment Information in annual reports (IV1), Investment sensitive Information aligned with IFRS (IV2), and the Regulatory Framework of Accounting (MV). The strongest factor is MV, with a Beta of 0.638 ($p < 0.05$), meaning a 1-unit increase in MV leads to a 0.638-point rise in investment decisions on a 5-point Likert scale. IV1 follows with a Beta of 0.352, and IV2 with a Beta of 0.263, both statistically significant. IV1 and IV2 also affect DV indirectly through MV, while IV3, IV4, and IV5 only affect DV via MV, indicating full mediation.

Indirect Effect Analysis

Baron and Kenny's in 1986 [2] framework for testing mediation involves four steps: testing the effect of IV on DV (step 1), testing IV's effect on MV (step 2), examining the effects of IV on MV and MV on DV (step 3), and evaluating both direct and indirect relationships (step 4). Initially, significance in path C (IV to DV) was required, but later research, including Hayes in 2018 [7], showed that mediation can exist without significance in path C. The Sobel test was also replaced, and significance in paths A or B is no longer mandatory for mediation. Steps 2 and 3 in the current study were successfully completed, and step 4 results are presented below.



Relationships			Indirect Effect (Beta)	Lower	Upper	P-value	Conclusion
IV4 -> MV-> DV			0.203	0.125	0.286	0.006	Full Mediation
IV5 -> MV-> DV			0.265	0.162	0.402	0.004	Full Mediation
IV3 -> MV-> DV			0.146	0.08	0.24	0.003	Full Mediation

Note: *Unstandardized coefficients report. Bootstrap sample = 500 with replacement.*

(Source Amos 24 Results)

All indirect effects are statistically significant with the p-value being less than 0.05.

Total Effect Analysis

Dependent Variable	*Independent Variable*	*Total Effect (Beta)*	*Lower*	*Upper*	*P-value*	*Conclusion*
	IV1	**0.459**	0.345	0.585	***0.002***	Significance

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Investment decisions (DV)	**IV2**	**0.384**	0.288	0.508	***0.004***	Significance
	IV3	**0.146**	0.080	0.240	***0.003***	Significance
	IV4	**0.203**	0.125	0.286	***0.006***	Significance
	IV5	**0.265**	0.162	0.402	***0.004***	Significance
	MV	**0.638**	0.500	0.751	***0.007***	Significance

Note: *Unstandardized coefficients report. Bootstrap sample = 500 with replacement.*
(Source Amos 24 Results)

All independent variables impact the dependent variable (DV), with some having direct effects (IV1, IV2, MV) and others indirect effects through MV (IV1, IV2, IV3, IV4, IV5). The combined impact on investment decisions (DV) is ranked as follows: (1) MV – Regulatory Framework of Accounting, (2) IV1 – Corporation Investment Information in annual reports, (3) IV2 – Investment sensitive information aligned with IFRS, (4) IV5 – Investor attitude toward using accounting information, (5) IV4 – Transparency and integrity of annual reports, and (6) IV3 – Investment sensitive information aligned with GAAPs.

Results of Hypothesis Testing

We can see that all factors related to the hypothesis have a positive and statistically significant impact (p-value less than 0.05%).

Direct Effect

Dependent Variable	Independent Variable	Beta	S.E.	t-value	P-value	*Conclusion*
Regulatory Framework of Accounting (MV)	IV3	0.23	0.057	4.011	***	H4 Supported
	IV1	0.168	0.052	3.257	0.001	H2 Supported
	IV2	0.19	0.047	4.065	***	H3 Supported
	IV4	0.318	0.057	5.604	***	H5 Supported
	IV5	0.416	0.068	6.138	***	H6 Supported
Investment decisions (DV)	IV1	0.352	0.054	6.516	***	
	MV	0.638	0.059	10.772	***	H1 Supported
	IV2	0.263	0.046	5.762	***	

**** = P-value < 0.01*
(Source Amos 24 Results)

In which, the detailed hypotheses are:

- H1: Regulatory Framework of Accounting has an impact on securities investment decisions.
- H2: Corporation Investment Information in annual reports has a Regulatory Framework of Accounting.
- H3: Investment sensitive Information in line with IFRS has a Regulatory Framework of Accounting.
- H4: Investment sensitive Information in line with GAAPs has a Regulatory Framework of Accounting.
- H5: Transparency and integrity of Annual reports has a Regulatory Framework of Accounting.
- H6: Investor attitude to using accounting information for investment decisions has a Regulatory Framework of Accounting.

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Conclusions and Recommendations

RO1: GAAP (Generally Accepted Accounting Principles) was developed by the FASB and GASB, with ten key principles guiding financial reporting, including consistency, sincerity, prudence, and transparency. GAAP is widely used in the U.S., while IFRS (International Financial Reporting Standards) is globally adopted, overseen by the IASB. Differences between GAAP and IFRS include inventory valuation (GAAP allows LIFO, IFRS does not), treatment of development expenses (capitalized under IFRS), and asset revaluation (IFRS permits revaluation at market value). In Vietnam, a study on GAAP and IFRS impacts on investment decisions found IFRS fosters transparency and strategic planning, while GAAP aids in risk management. However, transitioning to IFRS is costly for businesses. Further research is needed to understand investment behavior variations across demographics.

Dependent Variable	***Independent Variable***	***Total Effect (Beta)***	***Sign***	***Conclusion***
DV	IV1 – Corporation Investment Information in annual reports	**0.459**	**+**	RO4 Supported
	IV 2 – Investment sensitive Information in line with IFRS	**0.384**	**+**	RO2 Supported
	IV3 – Investment sensitive Information in line with GAAPs	**0.146**	**+**	RO2 Supported
	IV 4 – Transparency and integrity of Annual reports by Joint Stock Companies on HOSE	**0.203**	**+**	RO3 Supported
	IV5 – Investor attitude to using accounting information for investment decisions	**0.265**	**+**	RO4 Supported
	MV – Regulatory Framework of Accounting	**0.638**	**+**	RO3 Supported

(Source Amos 24 Results)

Thus, At the same time, all factors have a positive impact on investment decisions and support research objectives.

RO2: the impact of IFRS and GAAP on investor decision-making in Vietnam. Investment-sensitive information aligned with IFRS (IV2) has the greatest influence on investment decisions, with a Beta coefficient of 0.384, indicating that a 1-unit increase in IV2 results in a 0.384-point rise in investment decisions on a 5-point Likert scale. Similarly, GAAP-aligned information (IV3) also affects decisions, though less significantly, with a Beta of 0.146, leading to a 0.146-point increase for each 1-unit rise in IV3.

RO3: the transparency and reliability of financial reporting under IFRS and GAAP and their effects on investment strategies. The Regulatory Framework of Accounting (MV) has the most significant impact on investment decisions, with a Beta coefficient of 0.638, meaning a 1-unit increase in MV leads to a 0.638-point rise in decisions on a 5-point Likert scale. Additionally, the transparency and integrity of annual reports by joint-stock companies on HOSE (IV4) also influence decisions, with a Beta of 0.203, indicating a smaller yet notable effect.

RO4: The study examines how investor behavior influences the use of investment information for companies listed on HOSE. Corporation Investment Information in annual reports (IV1) has a significant impact on investment decisions, with a Beta coefficient of 0.459, meaning a 1-unit increase in IV1 results in a 0.459-point rise in decisions on a 5-point Likert scale. Additionally, investor attitudes toward using accounting information (IV5) also play a role, with a Beta of 0.265, reflecting a smaller yet notable effect on investment decisions.

The study analysed the impact of factors on investment decisions, the level of decreasing impact includes: (1) MV – Regulatory Framework of Accounting, (2) IV1 – Corporation Investment Information in annual

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reports, (3) IV 2 – Investment sensitive information in line with IFRS, (4) IV5 – Investor attitude to using accounting information for investment decisions, (5) IV 4 – Transparency and integrity of Annual reports by Joint Stock Companies on HOSE , (6) IV3 – Investment sensitive information in line with GAAPs.

MV – Regulatory Framework of Accounting

The factors that have the strongest impact on investment decisions belong to the accounting legal framework, including the following contents:

Code	Content	Average
MV_1	I am aware of the differences between IFRS and GAAP.	***3.25***
MV_2	Transitioning to IFRS from GAAP would benefit the financial market in Vietnam.	***3.22***
MV_3	I prefer financial reports prepared under IFRS for making investment decisions as they provide more complete information.	***3.32***

(Source SPSS descriptive statistics results)

Corporation Investment Information in Annual Reports

The investors favor financial statements prepared under IFRS for making investment decisions, with an average rating of 3.22, indicating a preference for the comprehensive information IFRS provides. This suggests that adopting IFRS will benefit investors by encouraging long-term value investments over short-term speculation. However, the lowest consensus, also rated 3.22, acknowledges that while the shift from GAAP to IFRS benefits Vietnam's financial market, it poses challenges for businesses, including higher costs, updated accounting processes, and additional training, leading to increased short-term operational expenses.

The second factor with the strongest impact on investment decisions belongs to corporate investment information in the annual report, including the following contents:

Code	Content	Average
IV1_1	Financial reports under IFRS allow for better comparison with international companies.	***3.46***
IV1_2	GAAP reports are more suitable for understanding the short-term financial health of the company.	***3.13***
IV1_3	We have found that GAAP provides a more conservative approach to financial reporting which is crucial in risk management.	***3.15***

(Source SPSS descriptive statistics results)

The content "IFRS financial statements allow for better comparison with international companies" has the highest average value = 3.46. This shows that IFRS financial statements provide good information while making it easier for investors to manage their portfolios when investing in both international companies and investments into domestic enterprises. The "GAAP report is better suited to understand the company's short-term financial position" also has weak support because the mean value = 3.13 (greater than the 3 on the 5-point Likert scale). This shows concerns about the increase in conversion costs that businesses will have to bear when changing accounting standards from VAS to IFRS.

IV 2 – Investment Sensitive Information in Line With IFRS

Code	Content	Average
IV2_1	Financial statements prepared under IFRS are more transparent than those prepared under GAAP.	***3.14***
IV2_2	Training for IFRS compliance poses a significant cost burden to the company.	***3.20***

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IV2_3	The government should play a more active role in facilitating the transition to IFRS for Vietnamese companies.	***3.45***

(Source SPSS descriptive statistics results)

The content "IFRS financial statements are more transparent than GAAP reports" has the weakest support = 3.14. It shows that up to now, businesses have been very cautious about the requirement to convert VAS to IFRS by the Ministry of Finance. At the same time, businesses are also preparing resources to convert to IFRS when required. However, the transition to IFRS cannot be mandated for all enterprises immediately, as it requires thorough preparation. Key steps include assessing the transition scope, training staff on IFRS, upgrading accounting systems, adjusting procedures and policies, and testing financial statements. Active government support is crucial for a smooth transition, with the highest consensus (3.45) reflecting strong governmental assistance. This underscores that businesses are receiving significant backing from the government in preparing for IFRS adoption.

IV5 – Investor Attitude to Using Accounting Information for Investment Decisions

Code	***Content***	***Average***
IV5_1	I believe that the choice of financial reporting standards used to prepare financial statements can significantly influence investment decisions.	***3.48***
IV5_2	I believe that the Vietnamese market will benefit from aligning more closely with IFRS in the future.	***3.34***
IV5_3	Our company would support more initiatives aimed at educating and training on IFRS standards.	***3.32***

(Source SPSS descriptive statistics results)

The choice of financial reporting standards, with an average support value of 3.48, significantly influences investment decisions, particularly for long-term investors who rely on financial statements for valuation. Short-term investors focus more on market trends and volatility. The belief that Vietnam's market will benefit from closer alignment with IFRS holds the second-highest consensus, reflecting high expectations from both investors and businesses despite the initial challenges of transitioning to IFRS.

IV 4 – Transparency And Integrity of Annual Reports by Joint Stock Companies On HOSE

Code	*Content*	*Average*
IV4_1	GAAP is better suited for the regulatory environment in Vietnam.	***3.05***
IV4_2	The level of detail in GAAP reports is more effective for internal management decision-making.	***3.25***
IV4_3	IFRS better facilitates long-term strategic planning due to its emphasis on future outcomes and commitments.	***3.37***
IV4_4	The adoption of IFRS has led to increased foreign investment in companies operating in Vietnam.	***3.51***
IV4_5	Understanding of IFRS among staff and management in your company is adequate for its effective implementation.	***3.20***

(Source SPSS descriptive statistics results)

The statement that IFRS adoption has increased foreign investment in Vietnamese companies holds a high consensus with an average value of 3.51, reflecting investor expectations that IFRS enhances transparency and simplifies international investments. Additionally, IFRS supports long-term strategic planning by emphasizing future outcomes, making financial statements clearer and facilitating the adoption of international financial management practices in Vietnam.

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IV3 – Investment Sensitive Information in Line with Gaaps

Code	Content	Average
IV3_1	GAAP financial reports provide a clearer picture of the fiscal responsibilities of businesses.	***3.10***
IV3_2	The adoption of IFRS significantly impacts the investment strategies of our company	***3.38***
IV3_3	Our company has faced challenges in transitioning from GAAP to IFRS.	***3.19***

The statement that IFRS application significantly impacts a company's investment strategy holds the highest consensus with an average value of 3.38, highlighting short-term pressures related to human resources, software, and accounting processes. Currently, IFRS is only mandated for consolidated financial statements of certain large enterprises, such as state-owned economic groups and listed companies. Private and public companies outside these categories still have time to prepare for the transition.

The study highlights that the accounting legal framework (MV) has the strongest influence on investment decisions, with the transition from GAAP to IFRS offering significant benefits through greater transparency and comprehensive information, despite the cost and resource challenges for businesses. Investment information in annual reports (IV1) and sensitive information under IFRS (IV2) also have substantial impacts, particularly with government support. Investor attitudes (IV5) show strong interest in IFRS, while transparency in annual reports (IV4) is expected to increase foreign investment. Although GAAP-sensitive information (IV3) has the weakest influence, it remains relevant. IFRS offers superior benefits over GAAP for global investment, promoting transparency, future-focused planning, and easier comparisons between international companies, thus attracting foreign investors. Government support through legal frameworks, financial aid, training, incentives, and monitoring is crucial for the successful application of IFRS.

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