

## The impact of IFRS adoption and IFRS readiness on businesses' global value chain participation: A case study in Vietnam

 Thi Anh Dao Phan<sup>1\*</sup>,  Huong Thi Thanh Tran<sup>2</sup>,  Thi Quynh Hoa Nguyen<sup>3</sup>,  Thanh Huyen Hoang<sup>4</sup>,  Ha Thi Thu Le<sup>5</sup>

<sup>1,2,3,4</sup>Banking Academy of Vietnam; daopta@hvn.edu.vn (T.A.D.P.) huongttt76@hvn.edu.vn (H.T.T.T.) hoantq@hvn.edu.vn (T.Q.H.N.) huyenht@hvn.edu.vn (T.H.H.) haltt@hvn.edu.vn (H.T.T.L.).

**Abstract:** In the context of globalization and the restructuring of global value chains (GVCs), active engagement in GVCs is viewed as a vital way for companies in emerging economies to improve their competitiveness. In addition to the conventional factors of scale and technology, International Financial Reporting Standards (IFRS) are increasingly becoming important in facilitating the engagement of companies with international partners. However, there is a lack of empirical evidence at the enterprise level regarding the relationship between IFRS and GVC integration, particularly in the context of developing countries like Vietnam. The purpose of this study is to explore the effect of International Financial Reporting Standards (IFRS) on the extent of integration into GVCs of businesses in Vietnam. Based on survey data from 177 businesses and employing both Ordinary Least Squares (OLS) estimation and Bayesian modeling (MCMC), we find that the adoption of IFRS and the level of readiness to adopt IFRS have a significant positive effect on the ability of businesses to deeply engage in GVCs. Moreover, technological capability is an important driving force in this process. This study has significant implications for policymakers in promoting the IFRS adoption roadmap to improve the competitiveness of businesses.

**Keywords:** Bayesian modeling, Global value chains (GVCs), GVC participation, IFRS adoption, IFRS readiness, Vietnam.

### 1. Introduction

In the context of globalization, participation in global value chains (GVCs) has become a critical strategy for firms in developing countries to enhance their competitiveness and access advanced technology. In the case of developing countries such as Vietnam, engagement in GVCs not only offers opportunities for firms to access global markets but also helps to enhance technological capabilities and management. However, the ability to engage with GVCs depends not only on traditional factors such as labor costs and firm size but also on institutional factors, particularly information transparency and corporate governance. Among the most critical challenges that have impeded local firms from fully engaging in international production networks are information asymmetry and the lack of a financial reporting language. In this regard, International Financial Reporting Standards (IFRS) are regarded as a financial language that helps reduce information asymmetry and enhances trust among firms in the GVC.

The adoption of IFRS is more than a change in accounting systems; it also signifies a commitment to transparency and corporate governance worldwide. However, empirical evidence on how IFRS adoption benefits businesses in their efforts to integrate into GVCs remains limited, especially at the enterprise level in transitional economies. Most existing literature focuses on the national level or uses macroeconomic variables, while the actual engagement process occurs at the enterprise level. Additionally, the literature treats IFRS as a binary variable (adopters vs. non-adopters), without considering the entire process of preparation, capacity, and readiness of businesses to implement IFRS.

Within the framework of Vietnam's current roadmap for adopting IFRS and the country's desire to participate more in GVCs, it is important to investigate the impact of IFRS on GVC participation at the enterprise level. The aim of this study is to address the knowledge gap by answering the question: Does the adoption of IFRS and IFRS readiness affect the level of GVC integration of Vietnamese enterprises?

Using OLS regression analysis and Bayesian simulation (MCMC) based on survey data from 177 Vietnamese enterprises, we find that the adoption of IFRS and IFRS readiness have a significant positive effect on the level of GVC integration. The results imply that IFRS not only serve as a simple accounting system but also as a strategic tool to help enterprises minimize information asymmetry and facilitate technology linkages. Furthermore, technological capability is confirmed as a key factor in enhancing the position of domestic businesses on the global manufacturing map. At the same time, the research results indicate that business size is not a decisive factor, while the number of years in operation has an inverse impact, reflecting the adaptation challenges faced by long-established businesses in the face of increasingly stringent institutional and technological requirements in the GVCs.

The study offers several contributions. Firstly, unlike previous research examining the impact of IFRS on GVC participation at the national level [1-4], our study investigates the impact of IFRS on GVC participation at the enterprise level. Secondly, to measure the IFRS impact on GVC integration, we use both the adoption status (dummy variable) and the readiness to adopt IFRS. In the specific context of Vietnam, the distinction between IFRS adoption and IFRS readiness is crucial for two reasons. First, while official adoption remains limited to a small group of pioneering firms, a much larger segment of the economy is actively preparing, including upgrading IT infrastructure, training personnel, and aligning internal controls. Measuring only adoption status would underestimate the true impact of international standards on GVC integration. Second, IFRS readiness acts as a powerful signaling mechanism. Even without a full set of IFRS financial statements, a firm's investment in readiness signals its commitment to transparency and global benchmarks, reducing information asymmetry and building trust with foreign partners in the GVC ecosystem. Lastly, by combining OLS regression with Bayesian modeling (MCMC), the study provides a modern analytical perspective, ensuring the robustness of results even with the specific sample size of the survey data.

The organization of the paper is as follows: Section 2 presents the theoretical background and hypothesis formulation; Section 3 presents the methodology and data; Section 4 presents the findings and discussions; and finally, Section 5 presents the conclusion and policy recommendations.

## 2. Literature Review

The term GVC is used to refer to a network of interconnected production stages for the production of goods and services spanning international borders [5]. A country can participate in a GVC by performing a step in a sequential production process, or assembling components from multiple sources [6]. Participation in GVCs is a crucial driver of labor productivity and economic growth, while also allowing participating countries to benefit from a portion of the added value of the goods and services produced World Bank [7]. Bair's [8] study confirms that participation in GVCs has greatly benefited Asian, African, and Latin American countries in international trade. To facilitate quantitative research on GVCs, a longitudinal GVC measurement method was developed by Koopman et al. [9] in which GVCs are measured by the sum of the GVC participation rates in both backward and forward linkages, or the intensity of GVC participation.

Previous studies have provided evidence of the benefits that GVCs bring to businesses. First, participation in GVCs can significantly enhance a business's bargaining power. Companies engaging in GVCs can influence other entities through trade credit [5]. Second, participation in GVCs allows businesses access to new technologies and know-how, as well as access to global markets and technological and managerial knowledge [10], thus enhancing their competitiveness compared to businesses that do not participate in GVCs. Third, participation in GVCs reduces the problem of

information asymmetry. According to Taglioni and Winkler [11], businesses participating in GVCs need to be reliable, predictable, and responsive to demand. GVC participation certificates enhance a business's creditworthiness because leading businesses can facilitate access to financing by acting as guarantors through trade credit and loan financing. These reputational effects make businesses more attractive to financial institutions and suppliers, and act as a signaling mechanism to financial intermediaries regarding their financial reliability.

## *2.1. Theoretical Basis for the Impact of IFRS on GVC Participation*

### *2.1.1. Information Asymmetry Theory*

Akerlof [12] provides the foundation for the theory of information asymmetry, analyzing how uncertainty about quality can make market mechanisms less efficient. Akerlof [12] illustrates this by using the used car market, where if sellers have more information than buyers, "low-quality" goods (lemons) will drive out "good" products from the market. In the GVC scenario, IFRS is a "quality certification" that ensures suppliers are not labeled as "lemons" by the international community, thereby improving trust and cooperation.

### *2.1.2. Network Effects Theory*

A research framework that connects accounting standards with global trade is offered by Ramanna and Sletten [3]. The authors show that the adoption of the IFRS by a country is frequently a reaction to the behavior of its trading partners. As more and more countries within the same production network adopt IFRS, the relative benefits for the remaining countries also increase, thus creating a "network effect" of the GVC ecosystem.

## *2.2. Empirical Studies on the Impact of IFRS on GVC Participation*

Previous studies have shown that IFRS increases trade activities and participation in GVCs.

Li et al. [13] investigate the economic consequences of IFRS adoption in a sample of firms from countries in the Compustat Global database during the period 2002 – 2007. The study points out that the mandatory adoption of IFRS increases the level of information separation in financial reporting, as evidenced by the more detailed presentation of intangible assets and long-term investments on the balance sheet, and the expanded level of disclosure for operating expenses, depreciation, and amortization, as well as non-operating income and expenses on the income statement. This level of detail plays a key role in the stewardship and contracting functions of accounting, as it helps lead firms in GVCs to more easily monitor and control their foreign partners. And companies that demonstrate significantly greater improvements in information disclosure achieve greater liquidity and lower information asymmetry, which helps reduce barriers to cross-border contract signing and oversight throughout the value chain.

Márquez-Ramos [1] investigates the impact of IFRS on trade and FDI in Europe, Asia, and the US during the period 1999 – 2007. The results show that IFRS adoption reduces information costs and uncertainty levels, and is associated with increased bilateral trade between IFRS-adopted countries. This impact is particularly strong in transition economies, consistent with significantly improved transparency and comparability, thereby facilitating cross-border transactions and supplier relationships.

The study by Çatuk and Uygur [14] provides an assessment of the effect of IFRS on international trade in Turkey. The findings show that IFRS adoption in Turkey has a positive association with both imports and exports. These results confirm that the adoption of IFRS contributes to reducing barriers to trade, especially on exports, thus confirming the role of IFRS in improving Turkey's trade deficit.

Specific evidence from the gravity model for the Czech Republic in the study by Ugurlu and Jindrichovska [15] shows that IFRS has a positive and significant correlation with both imports and exports (coefficients of approximately 0.16 for imports and 0.14 for exports in the sustainability

estimation models), suggesting a measurable increase in trade, consistent with the reduction of information and contractual barriers in cross-border purchasing and selling.

Li et al. [16] examine the effect of the mandatory adoption of IFRS on trade credit from 36 countries in the Compustat Global dataset from 2000 to 2014. The results indicate that companies in nations that adopted IFRS received more trade credit, which is in line with the idea that financial reporting quality is associated with the provision of trade credit. The increase is higher in nations with low levels of social trust and poor pre-IFRS information environments. These results indicate that the conditions surrounding the disclosure of high-quality information affect the suppliers' provision of trade credit. Finally, the authors find that companies in nations that adopted IFRS also provide trade credit to their clients. Overall, the findings indicate that reporting quality has an effect on trade credit.

Some studies have identified the effect of IFRS adoption on foreign direct investments (FDI) and cross-border mergers and acquisitions, which can form the basis of businesses' engagement in GVCs. Gordon et al. [2] investigate the effect of IFRS adoption on FDI in 129 countries over the period 1996-2009. The results show that IFRS adoption is associated with increased FDI inflows. The aggregate increase in FDI inflows resulting from IFRS adoption is largely driven by the increase in FDI inflows into developing countries, rather than developed countries. Siriopoulos et al. [4] examine the effects of IFRS adoption and governance quality on FDI in the GCC countries from 1996 to 2017. The findings confirm the strong and significant positive relationship between IFRS and FDI, based on the consistent results obtained from all the estimation methods. The findings are consistent with the previous studies conducted by Márquez-Ramos [17] and Chen et al. [18]. As Louis and Urcan [19] highlight, accounting harmonization also has a direct effect on cross-border mergers and acquisitions (M&A). Specifically, the mandatory IFRS adoption in 2005 is found to have a large positive effect on cross-border M&A into countries that adopt IFRS, since comparability can reduce information costs for the acquirer. The evidence suggests that having the same system, rather than just the quality of reporting at the enterprise level, is the key factor that drives this effect.

Other studies have shown the impact of IFRS on fundamental factors of capital markets for participation in GVCs, such as liquidity, cost of capital, and disclosure. Daske et al. [20] analyze the impact of IFRS on market liquidity and cost of capital in 26 countries using a large sample of companies required to adopt IFRS. The results show that, on average, market liquidity increased at the time IFRS was introduced. The research also documents a decrease in the cost of capital for companies and an increase in equity valuation. Florou and Pope [21] find that institutional investor holdings increase in businesses subject to mandatory IFRS adoption, especially in the first year of IFRS adoption, suggesting improved international capital mobility to support expansion along GVCs.

Several studies have indicated other factors influencing participation in GVCs.

### 2.3. Foreign Ownership

Foreign ownership is recognized as a crucial factor influencing participation in GVCs. Foreign ownership allows businesses to learn from foreign experience in operations and marketing. Furthermore, access to and learning from foreign technology and management experiences can support businesses in increasing operational efficiency. Wignaraja [22] shows a positive correlation between foreign ownership and GVC participation of businesses in 5 ASEAN countries. Studies by Gould [23] and Liu and Steenbergen [24] both support the positive impact of foreign ownership of enterprises on GVC participation through backward linkages. Foreign ownership creates backward linkages with foreign suppliers, leading to technology diffusion and increased productivity of domestic enterprises in the supply chains [25]. For Vietnam, foreign ownership is considered an important lever for Vietnam to participate deeply in GVCs [26].

### 2.4. Firm Age

Numerous studies have analyzed the influence of firm age; however, the direction of this influence on activities such as exports and enterprise linkages in GVCs remains inconsistent. Some researchers

argue that increasing years of operation helps enterprises accumulate more experience and increase their participation in the chain [27]. Supporting this view, Ha et al. [28] suggest that SMEs with more years of operation in their industry are more likely to participate in GVCs. However, many other researchers argue that older enterprises tend to be reluctant to change and less willing to participate in GVCs. For example, Wignaraja's [22] study in five ASEAN countries confirms that the number of years a business has been operating has an inverse effect on its ability to participate in GVCs. Younger businesses are more adaptable to new technologies and markets, and therefore more flexible in accessing domestic and international knowledge.

### 2.5. Firm Size

Large-scale businesses are able to take advantage of relative strengths, thus reducing product costs compared to smaller businesses. Larger businesses also have more resources to cover fixed costs for participating in the value chain, such as information, marketing, and technology costs. Wignaraja [22] confirms that larger firm size increases the likelihood and probability of SMEs participating in GVCs; specifically, businesses with 1-25 employees have a 10% probability of participating in GVCs, while this rate rises to 35% for businesses with 75-100 employees. Arudchelvan and Wignaraja [29] support the view that increasing the number of personnel could increase the probability of GVC participation.

### 2.6. Industry Competitiveness

Industry and its capabilities are also significant factors that determine GVC participation. Zhao [30], in his study using the Competitive Industrial Performance (CIP) index on industry competitiveness, finds that nations that are more competitive in certain industries have a greater tendency to participate in GVCs. Industry is said to be globally competitive if it satisfies international standards for products and services. Gould [23] asserts that the speed of participation in forward-linked GVCs is slower in the agriculture and service sectors.

### 2.7. Technological Capability

The study conducted by Morrison et al. [31] highlights the importance of access to technology, including both hardware and software, for developing countries' businesses to improve and innovate, thus helping them overcome technical issues and become an integral part of the GVC. In support of this opinion, Harvie [32] and Krammer et al. [27] also state that access to technology is a crucial factor for businesses' export intensity.

### 2.8. Internal Accounting Capability

Alshbiel and Al-Awaqleh [33] offer empirical support for the positive association between the professional competence of accountants and the quality of financial reporting. Under the GVC framework, the quality of financial reporting is viewed as an institutional variable that can reduce information asymmetry and improve trust among enterprises. Cheng et al. [5] argue that improving financial transparency would facilitate better coordination and cooperation between GVC participants. The evidence suggests that improving internal accounting capabilities would not only have positive implications for enterprises at the firm level but would also have implications for international trade and the macroeconomic environment. With improved transparency and accuracy, internal accounting capabilities are viewed as a strategic variable that can help enterprises in their deeper involvement in GVCs.

Thus, prior studies have shown that the adoption of IFRS has a positive impact on firms' ability to participate in GVCs. Besides the formal adoption of IFRS, the readiness of businesses to adopt IFRS can also affect their participation in GVCs. IFRS readiness is the measure of the preparation of firms in creating the institutional framework, technical capabilities, professional skills, and organizational capacities for the effective implementation of IFRS. Therefore, a company's readiness to adopt IFRS

contributes to reducing information asymmetry, enhancing financial transparency, and improving governance quality, thereby increasing the credibility of the company with international partners and investors. IFRS readiness has its main impact through signaling and organizational capacity, which indicates the level of preparation in accounting infrastructure, human resources, information technology, and integration orientation, thus having the potential to encourage businesses to engage in GVCs even before the adoption of IFRS. On the other hand, the adoption of IFRS has a more direct impact through the full standardization of financial reporting in accordance with international standards, which helps businesses to easily access global capital markets and improve their status in the value chain.

In the current context of Vietnam, the adoption of IFRS is not yet mandatory; however, the government has issued roadmaps for the transition from the Vietnamese accounting standards system to IFRS. Therefore, in addition to some pioneer businesses that have already adopted IFRS, some other businesses, although not yet adopted, have also prepared in terms of technology, information systems, and human resources to transition to IFRS. Given that Vietnam has relatively few businesses officially adopting IFRS, distinguishing between IFRS readiness and IFRS adoption is particularly important when analyzing the impact of IFRS on the ability to participate in GVCs. Based on a review of existing studies, we develop two research hypotheses.

*H<sub>1</sub>: IFRS adoption increases a company's ability to participate in GVCs.*

*H<sub>2</sub>: IFRS readiness increases a company's ability to participate in GVCs.*

### 3. Data Sources and Research Methods

#### 3.1. Research Model

Based on the literature review of the impact of IFRS and other factors on businesses' participation in GVCs, we propose the following research models:

Model 1: The impact of IFRS adoption on GVC participation:

$$GVC_i = \alpha_0 + \alpha_1 IFRS\_adopted_i + \alpha_2 ACC_i + \alpha_3 TECH_i + \alpha_4 YEAR_i + \alpha_5 SIZE_i + \alpha_6 TYPE_i + \alpha_7 SECTOR_i + u_i \quad (1)$$

Model 2: The impact of IFRS readiness on GVC participation:

$$GVC_i = \beta_0 + \beta_1 IFRS\_ready_i + \beta_2 ACC_i + \beta_3 TECH_i + \beta_4 YEAR_i + \beta_5 SIZE_i + \beta_6 TYPE_i + \beta_7 SECTOR_i + u_i \quad (2)$$

Where: *GVC* is the level of a business's participation in GVCs; *IFRS\_adopted* is whether a company adopts IFRS; *IFRS\_ready* is a company's the level of readiness to adopt IFRS; *ACC* is accounting capacity; *TECH* is technological capacity; *YEAR* is the number of years the firm is in operation; *SIZE* is the size of the firm; *TYPE* is the form of ownership; *SECTOR* is the industry in which the enterprise operates; *i* is the surveyed enterprise; *u<sub>i</sub>* is the random error.

To measure IFRS application, we use two variables: *IFRS\_adopted*, which indicates whether the business has adopted IFRS, where 1 indicates that the company has already adopted IFRS, and 0 otherwise; and *IFRS\_ready*, which indicates the extent to which the business is ready to adopt IFRS if it has not yet adopted it.

#### 3.2. Data Source

In this study, we use primary data collected from Vietnamese businesses. Businesses are selected in the sample using a convenience sampling method. Survey questionnaires are collected from businesses via Google Forms from October to December 2025. The respondents are accountants and managers from various businesses. The indicators of the variables are constructed following prior literature, as shown in Table 1.

In our model, there are seven explanatory variables and one dependent variable. The sample size should be at least  $n \geq 8m + 50$ , where *n* is the sample size and *m* is the number of independent variables,

as suggested by Tabachnick and Fidell [34]. Thus, the minimal number of samples needed is  $8 \times 7 + 50 = 106$ . Our survey produced 177 valid questionnaires, thereby satisfying the sample size criteria established by Tabachnick and Fidell [34].

The questionnaire has four parts. Part A includes general information about the business; Part B includes information on IFRS adoption or readiness to adopt IFRS by the business; Part C measures the level of GVC participation by the business; Part D measures other determinants of GVC participation.

The indicators of *GVC*, *IFRS\_ready*, *ACC*, and *TECH* are measured on a Likert scale from 1 to 5, where 1 indicates complete disagreement with the survey question, and 5 indicates complete agreement. A higher value of *GVC*, *IFRS\_ready*, *ACC*, and *TECH* indicates a higher level of GVC participation, a higher level of IFRS readiness, a higher level of accounting capability, and a higher level of technology capability, respectively.

**Table 1.**  
Measurement of the variables.

Symbol	Variables	Scale	Expected signed	Sources
<i>GVC</i>	The level of a firm's GVC participation			
GVC1	The company regularly engages in trade with foreign partners	Likert	+	Cheng et al. [35], Fumagalli et al. [36], OECD [10]
GVC2	The company participates in the supply chains of multinational corporations or companies.			
GVC3	The company is involved in many stages of the global supply chain.			
GVC4	The company establishes technology partnerships (technology transfer, technical training) with foreign partners.			
GVC5	The company regularly purchases/supplies raw materials/components from foreign partners.			
GVC6	The company participates in specialized activities within the value chain.			
GVC7	The company participates in high-value-added stages.			
GVC8	The proportion of value added from export activities in the company's total revenue is significant.			
<i>IFRS_adopted</i>	Does the company apply IFRS?	1 = Yes 0 = No		
<i>IFRS_ready</i>	The company's level of readiness to adopt IFRS.			
IFRS1	The company's staff has studied or received training on IFRS.	Likert	+	Nguyen et al. [37], Deloitte [38]
IFRS2	The company has implemented a transition of its accounting system to IFRS.			
IFRS3	The company's management is committed to adopting IFRS.			
IFRS4	The current accounting system can meet the requirements of IFRS.			
IFRS5	The accounting staff has sufficient expertise to implement IFRS.			
IFRS6	The company applies technology to support the preparation of financial statements in accordance with IFRS			
IFRS7	Preparing financial statements in accordance with IFRS improves the quality			

	of information disclosure.			
IFRS8	Preparing financial statements in accordance with IFRS helps to increase transparency in information presentation.			
IFRS9	The costs of adopting IFRS are reasonable compared to the benefits.			
IFRS10	Adopting IFRS helps the company increase its credibility and access to international investors.			
<i>ACC</i>	Internal accounting capability			
ACC1	The company has highly qualified accounting staff.	Likert	+	Alshbiel and Al-Awaqleh [33], Kewo and Afiah [39], Cheng et al. [5], Liu et al. [40]
ACC2	The company regularly organizes training courses to improve accounting skills.	Likert		
ACC3	The accounting system is computerized.	Likert		
ACC4	The accounting department has experience in applying international accounting standards.	Likert		
ACC5	The accounting department is deeply involved in the strategic management decision-making process of the business.	Likert		
ACC6	The company has an independent external consulting/auditing team to support the transition and adoption of IFRS.	Likert		
ACC7	The company has robust and reliable internal control processes for accounting data.	Likert		
<i>TECH</i>	Technological capability			
TECH1	The company uses advanced technology in production or management.	Likert	+	Morrison et al. [31], Harvie [32], Krammer et al. [27]
TECH2	The company has an R&D department.	Likert		
TECH3	The company can easily share data with international partners through the technology system.	Likert		
TECH4	The company has invested in upgrading/developing its information technology system.	Likert		
TECH5	The company's technology system has high integration and compatibility with the supply chain management systems of international partners.	Likert		
TECH6	Businesses use technology to analyze big data to support supply chain-related decision-making.	Likert		
TECH7	Businesses implement advanced IT security solutions when exchanging information with partners.	Likert		
<i>SIZE</i>	Firm size	1= Small 2= Medium 3= Big	+	Wignaraja [22], Ramanna and Sletten [3]
<i>TYPE</i>	Type of ownership	1= State-owned 2 = Private 3 = Foreign direct invested 4 = Others		
<i>SECTOR</i>	Industry/Business Activities	1= Production 2 = Commerce		Zhao [30], Gould [23], Ramanna and

		3 = Services 4 = Others		Sletten [3]
<i>YEAR</i>	Number of years in operation	Number of years in operation	+/-	Wignaraja [22], Krammer et al. [27], Ha et al. [28]

We employ principal component analysis (PCA) to measure *GVC*, *IFRS\_ready*, *ACC*, and *TECH* because they are latent variables that can be measured by more than one observable indicator. We use Bartlett and Kaiser-Meyer-Olkin (KMO) tests to see if the data are appropriate for PCA. Table 3 shows the results of the Bartlett and Kaiser-Meyer-Olkin (KMO) tests. The KMO values for *GVC*, *IFRS\_ready*, *ACC*, and *TECH* are all more than 0.5 and fall between 0 and 1. The p-values for all variables in the Bartlett test are less than the significance level of 0.01. According to Tabachnick and Fidell [34] and Hair et al. [42], these results demonstrate that PCA is appropriate to measure *GVC*, *IFRS\_ready*, *ACC*, and *TECH*.

**Table 2.**  
Scale validity and reliability test results.

<b>KMO and Bartlett's Test</b>		<i>GVC</i>	<i>IFRS_ready</i>	<i>ACC</i>	<i>TECH</i>
Kaiser-Meyer-Olkin measure of sampling adequacy.		0.942	0.934	0.902	0.931
Bartlett's Test of Sphericity	Approx. Chi-Square	1734.884	2407.567	1281.567	1458.063
	df	28	45	21	21
	Sig.	0.000	0.000	0.000	0.000

Table 3 reports the total explained variance of *GVC*, *IFRS\_ready*, *ACC*, and *TECH*.

**Table 3.**  
Total variance explained.

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
<b>Total Variance Explained for the <i>GVC</i> Variable</b>						
1	6.586	82.320	82.320	6.586	82.320	82.320
2	0.404	5.048	87.368			
3	0.259	3.237	90.605			
4	0.232	2.901	93.506			
5	0.158	1.979	95.485			
6	0.143	1.787	97.271			
7	0.117	1.458	98.730			
8	0.102	1.270	100.000			
<b>Total Variance Explained for the <i>IFRS_ready</i> Variable</b>						
1	7.977	79.766	79.766	7.977	79.766	79.766
2	0.728	7.278	87.045			
3	0.339	3.391	90.435			
4	0.239	2.394	92.829			
5	0.187	1.867	94.696			
6	0.165	1.648	96.344			
7	0.137	1.367	97.712			
8	0.093	.929	98.640			
9	0.080	.804	99.445			
10	0.056	.555	100.000			
<b>Total Variance Explained for the <i>ACC</i> Variable</b>						
1	5.469	78.135	78.135	5.469	78.135	78.135
2	0.531	7.589	85.725			
3	0.316	4.519	90.244			
4	0.275	3.933	94.177			
5	0.171	2.443	96.621			

6	0.127	1.817	98.437			
7	0.109	1.563	100.000			
<b>Total Variance Explained for the <i>TECH</i> Variable</b>						
1	5.804	82.920	82.920	5.804	82.920	82.920
2	0.330	4.708	87.627			
3	0.258	3.682	91.309			
4	0.214	3.063	94.373			
5	0.168	2.404	96.777			
6	0.136	1.943	98.719			

Extraction Method: Principal Component Analysis.

## 4. Results and Discussions

### 4.1. Results

We present descriptive statistics of the variables in Table 4. *GVC*, *IFRS\_readiness*, *ACC*, and *TECH* all have average scores above 3 points. Of the 177 businesses, 45.2% apply IFRS and 54.8% do not. The average number of years of operation is 14.21 years, with the highest being 68 years and the lowest being 1 year. Of the 177 businesses surveyed, 38.4% are small businesses, 40.7% are medium-sized, and 20.9% are large; state-owned enterprises account for 78.5%, private enterprises 10.2%, FDI 6.8%, and the other 4.5%. Businesses in the manufacturing sector account for 30.5%, trade 32.8%, services 27.1%, and other sectors 9.6%.

**Table 4.**  
Descriptive statistics.

	N	Minimum	Maximum	Mean	Std. Deviation
GVC1	177	1	5	3.33	1.452
GVC2	177	1	5	3.24	1.486
GVC3	177	1	5	3.16	1.462
GVC4	177	1	5	3.22	1.508
GVC5	177	1	5	3.33	1.468
GVC6	177	1	5	3.15	1.538
GVC7	177	1	5	3.19	1.502
GVC8	177	1	5	3.08	1.496
IFRS1	177	1	5	3.40	1.328
IFRS2	177	1	5	3.18	1.489
IFRS3	177	1	5	3.45	1.344
IFRS4	177	1	5	3.40	1.341
IFRS5	177	1	5	3.49	1.297
IFRS6	177	1	5	3.51	1.306
IFRS7	177	1	5	3.81	1.214
IFRS8	177	1	5	3.83	1.194
IFRS9	177	1	5	3.62	1.243
IFRS10	177	1	5	3.83	1.213
ACC1	177	1	5	3.81	1.075
ACC2	177	1	5	3.77	1.126
ACC3	177	1	5	3.92	1.097
ACC4	177	1	5	3.64	1.254
ACC5	177	1	5	3.78	1.149
ACC6	177	1	5	3.48	1.382
ACC7	177	1	5	3.86	1.120
TECH1	177	1	5	3.80	1.206
TECH2	177	1	5	3.49	1.411
TECH3	177	1	5	3.39	1.426
TECH4	177	1	5	3.73	1.240
TECH5	177	1	5	3.55	1.335
TECH6	177	1	5	3.52	1.332

TECH7	177	1	5	3.78	1.216
YEAR	177	1	68	14.21	14.981
IFRS_Adopted	1: 80 (45.2%) 2: 97 (54.8%)	-	-	-	-
SIZE	1: 68 (38.4%) 2: 72 (40.7%) 3: 37 (20.9%)	-	-	-	-
TYPE	1: 139 (78.5%) 2: 18 (10.2%) 3: 12 (6.8%) 4: 8 (4.5)	-	-	-	-
SECTOR	1: 54 (30.5%) 2: 58 (32.8%) 3: 48 (27.1%) 4: 17 (9.6%)	-	-	-	-
Valid N (listwise)		-	-	-	-

First, we use an ordinary least squares (OLS) regression to estimate the influence of factors on *GVC*. However, the model shows multicollinearity, with a mean VIF of 3.10, where the VIF value for *ACC* is 7.19, and *TECH* is 6.28. To overcome multicollinearity, we remove the variable *ACC* (with the highest VIF) from the model. After removing *ACC*, we obtain the model estimation results (1) and (2) reported in Table 5.

**Table 5.**  
Estimation results using the OLS method.

Variables	OLS (Model 1)		OLS (Model 2)	
		VIF		VIF
<i>IFRS_adopted</i>	0.3139 (0.1028)**	1.30	-	
<i>IFRS_ready</i>	-		0.4578 (0.0668)***	2.66
<i>TECH</i>	0.7083 (0.0518)***	1.32	0.4152 (0.0677)***	2.73
<i>SIZE</i>	0.0108 (0.0725)	1.47	0.0534 (0.0661)	1.47
<i>YEAR</i>	-0.0075 (0.0036)**	1.44	-0.0082 (0.0033)**	1.44
<i>TYPE</i>	-0.0245 (0.0586)	1.09	-0.0455 (0.0534)	1.09
<i>SECTOR</i>	-0.0799 (0.0480)*	1.07	-0.0725 (0.0435)*	1.06
<i>Constant</i>	0.1211 (0.1739)		0.2377 (0.1483)	
		Mean VIF 1.28		Mean VIF 1.74
Observations	177		177	
F (6,170)	53.73		70.94	
Prob >F	0.0000		0.0000	
R <sup>2</sup>	0.6548		0.7146	
Root MSE	0.5979		0.5436	

Note: standard errors in parentheses; \*\*\*, \*\*, \* correspond to significance levels of 1%, 5%, and 10%, respectively.

To achieve stable, reliable estimation results with limited data (177 samples), we continue to use the Bayesian simulation to examine the influence of factors on the level of integration of Vietnamese businesses into GVCs. To achieve full convergence and mixing of the Metropolis-Hastings chain, we

perform the stochastic Metropolis-Hastings algorithm with 12,500 iterations, a burn-in period of 2,500, and a posterior sample size of 10,000.

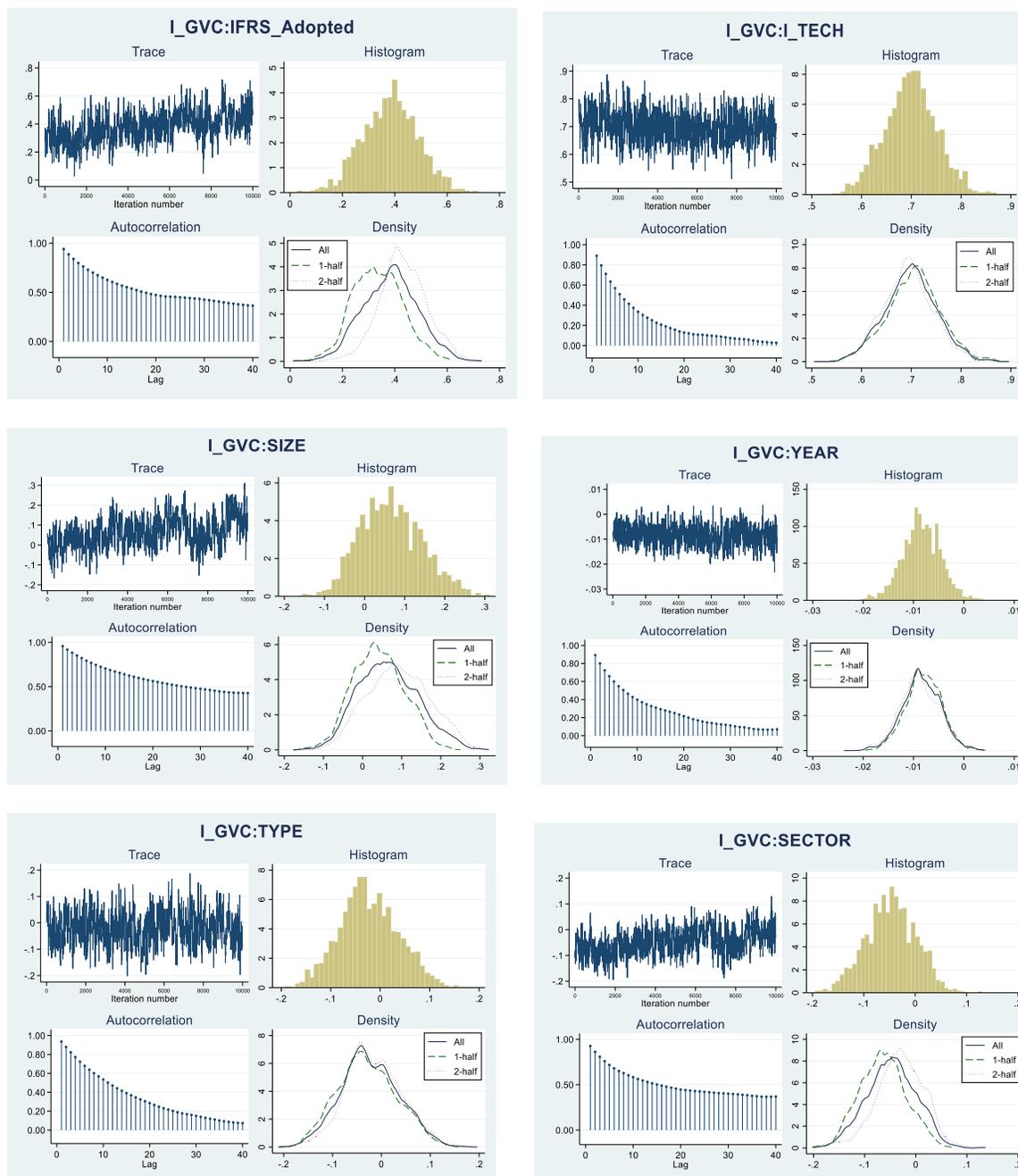
Based on the results in Tables 6 and 7, the acceptance rate of the research model is acceptable (0.3410 and 0.3140, respectively), which are in the optimal range (0.15-0.5) as suggested by Roberts and Rosenthal [43]. Both models have an average efficiency that is higher than the alarm level (0.01). Even though the efficiency is not great, a large posterior sample size (10,000) is employed to reduce serial correlation and ensure that the posterior distribution is well-represented. All the Monte Carlo Standard Errors (MCSE) are small, which shows that the MCMC sequence has converged well and that the posterior mean estimation is accurate. Following the recommendations of Hosmer et al. [44], the models have achieved accuracy and convergence of posterior estimates.

Moreover, to make sure that the Bayesian inference using the pattern of the MCMC is valid, we further check the convergence of the MCMC of the estimates of the parameters using a graphical visualization diagnostic test. As stated by Balov [45], the diagnostic plots for the convergence of the MCMC series are the trace plot, the posterior distribution plot, the autocorrelation plot, and the density estimate plot. As shown in Figures 1 and 2, the trace plots do not show a distinct upward or downward trend but rather oscillate around the mean value, indicating that the MCMC series is stationary, thus satisfying the convergence criterion. The histogram shows that all the parameters are distributed almost symmetrically, and the bell-shaped graph shows that the posterior distribution is normally or almost normally distributed. The density plot shows that the 1-half and 2-half density curves are very close to the curve. This is very strong evidence that the series is stationary and converging, which means that the properties of the posterior distribution do not change much in the second half of the sampling process compared to the first half. The autocorrelation plot drops off quickly (<40), and the posterior distribution plot and density estimates are flat. So, the convergence tests reveal that Bayesian inference works well in both models, and the MCMC series meets the convergence conditions for both models 1 and 2.

**Table 6.**

Simulation results of Model 1.

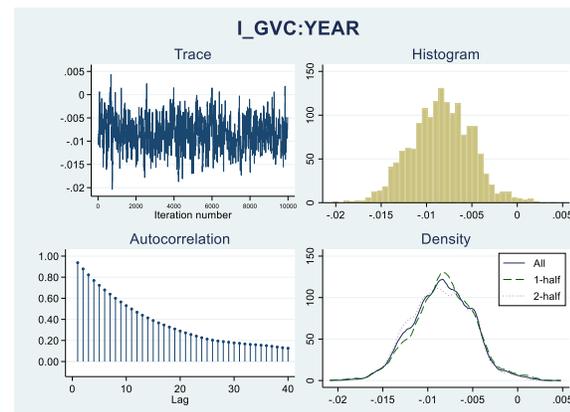
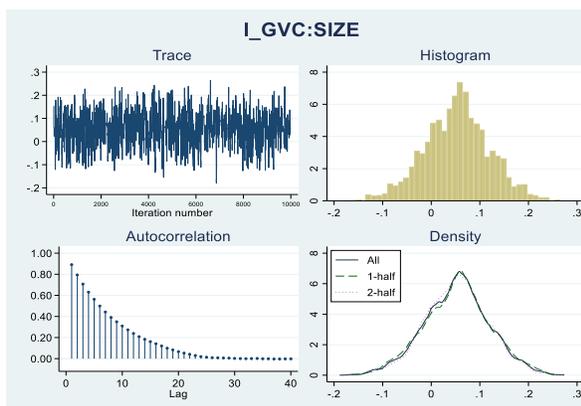
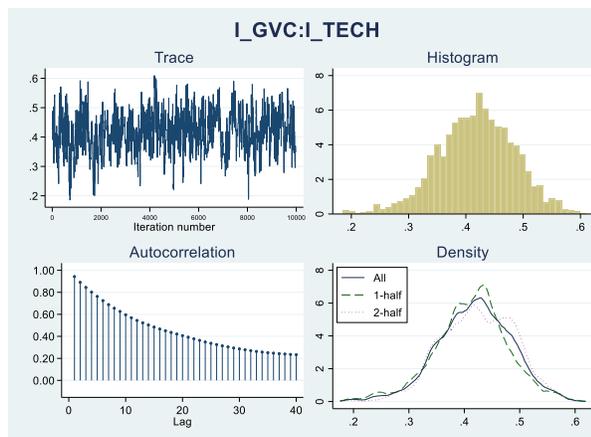
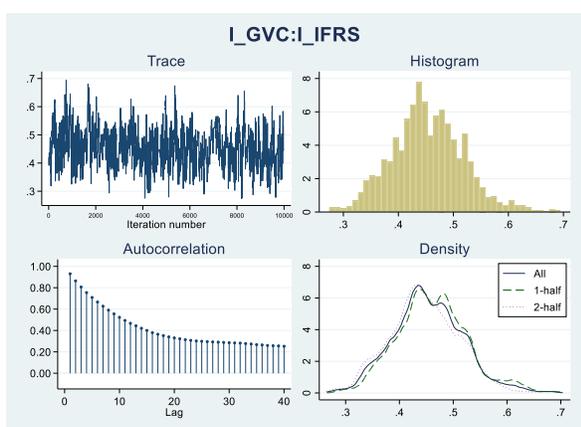
Predictors	Mean	Std.dev.	MCSE	Median	95% Credible interval of the mean	
<i>IFRS Adopted</i>	0.3831	0.1045	0.0176	0.3872	0.1829	0.5910
<i>TECH</i>	0.6992	0.0517	0.0025	0.6998	0.5973	0.8049
<i>SIZE</i>	0.0661	0.0763	0.0134	0.0629	-0.0659	0.2255
<i>YEAR</i>	-0.0084	0.0037	0.0002	-0.0085	-0.0158	-0.0010
<i>TYPE</i>	-0.0225	0.0591	0.0037	-0.0270	-0.1376	0.0962
<i>SECTOR</i>	-0.0473	0.0484	0.0769	-0.0461	-0.1444	0.0403
<i>Constant</i>	-0.0962	0.1839	0.0498	-0.0799	-0.4541	0.1966
MCMC sample size	10.000					
Number of obs.	177					
Acceptance rate	0.3410					
Efficiency Avg	0.036					

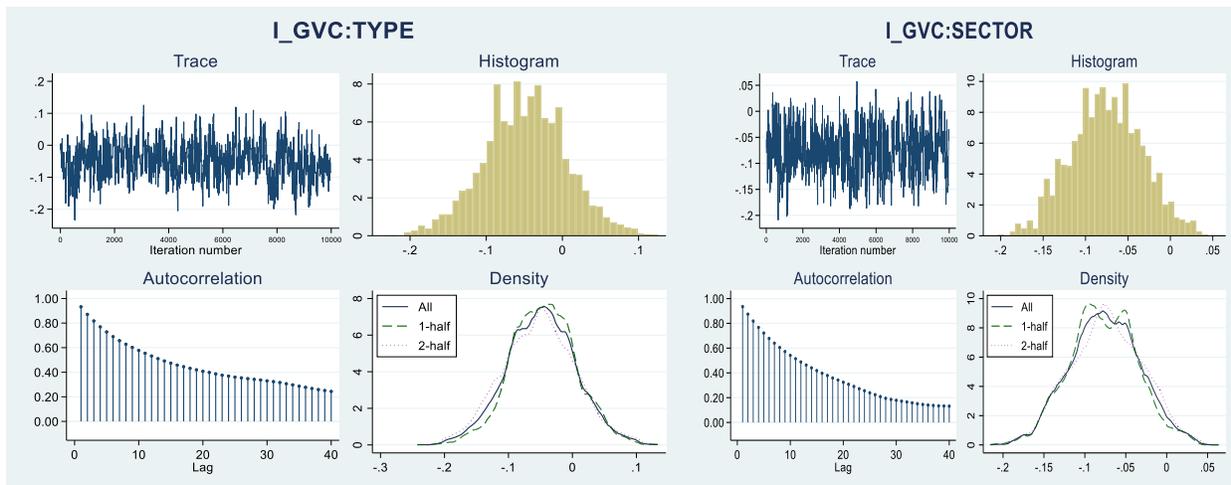


**Figure 1.** Convergence diagnostics of MCMC chains of Model 1 (*IFRS\_adopted*).

**Table 7.**  
Simulation results of Model 2.

Predictors	Mean	Std.dev.	MCSE	Median	95% Credible interval of mean	
<i>IFRS_ready</i>	0.4535	0.0652	0.0047	0.4499	0.3337	0.5924
<i>TECH</i>	0.4184	0.0660	0.0050	0.4208	0.2788	0.5446
<i>SIZE</i>	0.0527	0.0667	0.0026	0.5468	-0.0817	0.1879
<i>YEAR</i>	-0.0084	0.0033	0.0002	-0.0084	-0.0148	-0.0017
<i>TYPE</i>	-0.0049	0.0538	0.0048	-0.0483	-0.1569	0.0583
<i>SECTOR</i>	-0.0754	0.0424	0.0029	-0.0757	-0.1545	0.0072
<i>Constant</i>	0.2528	0.1480	0.0067	0.2541	-0.3306	0.5344
MCMC sample size	10.000					
Number of obs	177					
Acceptance rate	0.3144					
Efficiency Avg	0.0476					





**Figure 2.** Convergence diagnostics of MCMC chains of Model 2 (*IFRS\_ready*).

The study uses two approaches to measure IFRS application: (1) whether the enterprise has adopted IFRS (*IFRS\_adopted*), and (2) the level of readiness to adopt IFRS (*IFRS\_ready*). The estimation results from the Ordinary Least Squares (OLS) method are presented in Table 5, and Bayesian simulation (MCMC) is presented in Tables 6 and 7. According to the results in Table 5, both models are statistically significant ( $\text{Prob} > F = 0.0000$ ). The  $R^2$  is 0.6548 (Model 1) and 0.7146 (Model 2), respectively, indicating that the independent variables explain between 65% and 71% of the variation in the level of integration into the global value chain of the enterprises (*GVC*). The low average VIF index (1.28 - 1.74) confirms that no serious multicollinearity occurs.

With Model 1 (*IFRS\_adopted*), when considering the actual adoption of IFRS, the coefficient reaches 0.3139 at 5% significance using OLS. This result supports H1 that the adoption of IFRS is a tool for businesses to connect more deeply with global production and supply networks. This result is reinforced by Bayesian simulation (Table 6) with a mean value of 0.3831. This confirms that businesses that have switched to IFRS have a significantly higher level of *GVC* integration compared to those that have not adopted it.

The impact of IFRS in Model 2 (*IFRS\_ready*) shows an estimated coefficient of 0.4578 with a 1% significance level ( $p < 0.01$ ). This indicates that businesses with a higher readiness to adopt IFRS have a higher level of integration into the *GVCs*. This result strongly supports the research H2. This result is reinforced by Bayesian simulation (Table 7) with a mean of 0.4535, which falls entirely within the 95% confidence interval (0.3337 to 0.5924).

Comparing the results of Model 1 and Model 2 shows that *IFRS\_readiness* has a greater impact on *GVC* participation, as evidenced by the higher OLS regression coefficient (Table 5) and the higher mean value in the Bayesian simulation (Table 7).

A comparison of the results of Model 1 and Model 2 shows that *IFRS\_readiness* has a greater impact on *GVC* participation, as evidenced by the higher OLS regression coefficient (Table 5) and the higher mean value in Bayesian simulation (Table 7). This suggests that being ready to adopt IFRS may offer more benefits than merely being formally "already adopted".

Technological capability (*TECH*) has the highest positive effect on *GVC* integration (coefficients between 0.4152 and 0.7083, significance at the 1% level). This verifies the importance of technology in facilitating businesses' integration into *GVCs*. On the other hand, business size (*SIZE*) and business type (*TYPE*) fail to demonstrate a statistically significant effect in this research, implying that *GVC* integration in Vietnam is not the exclusive right of large and state-owned businesses. *YEAR* has a

slightly negative but stable effect (-0.008), implying that younger businesses are more agile in engaging in GVCs, while older businesses are faced with “institutional inertia” or a lack of adaptability to new global norms and business practices.

#### 4.2. Discussions

The findings from the survey, collected from 177 enterprises in Vietnam, are significant in providing evidence of the importance of international financial reporting standards in encouraging Vietnamese enterprises' engagement in global value chains.

First, the findings indicate that the impact of readiness to adopt IFRS is stronger than IFRS adoption, suggesting that IFRS adoption is an institutional transformation process rather than a yes-or-no decision. This implies that the determinants of integration are not just "compliance with standards on paper," but organizational capacity, governance commitment, and investment in new accounting systems and technologies.

Secondly, the findings highlight the complementary relationship between IFRS and technological capabilities. IFRS assists in enhancing the transparency and comparability of financial information, whereas technology helps connect and integrate businesses into the global supply chain management system. The complementary relationship between IFRS and technology aids Vietnamese businesses in moving from the low-value to the higher-value-added stage of the GVCs. The strong and positive effect of *TECH* indicates that GVC integration is not only related to financial information but also to operational capabilities. The results from Bayesian simulation (Tables 6 & 7) show that even with the presence of IFRS, the coefficient of the technology variable remains high. This suggests a synergistic relationship: IFRS helps businesses capitalize on their technological capabilities by presenting them transparently, thereby attracting technology transfer and technical training activities from foreign partners.

Thirdly, regarding the role of specific business factors, business size (*SIZE*) does not have a significant statistical meaning. This reflects the reality in Vietnam that not only large businesses can participate in GVCs. Small and medium-sized enterprises (SMEs), if well-prepared in accounting systems and technological capabilities, can still find a "niche" in the value chain. The negative impact of years of operation (*YEAR*) also warns of the "inertia" of long-established businesses; newly established businesses tend to immediately adopt international standards to seek export opportunities and linkages from the outset. Long experience does not necessarily equate to better integration ability, especially in the context of globalization based on standards and technology. Young, flexible businesses that are ready to adopt IFRS can integrate faster and deeper than long-established businesses that are slow to innovate.

#### 4.3. Robustness of the Results

The use of Bayesian MCMC simulation with a sample size of 10,000 and an acceptance rate of approximately 31-34% has ensured the stability of the estimates. The median values are very close to the mean values, indicating a stable posterior distribution, reinforcing the conclusion that IFRS is an important "passport" for Vietnamese businesses to venture into the global market. In general, the consistency between OLS and Bayesian methods shows the strong validity of the research findings and the proposition that IFRS serves as an institutional device to facilitate the removal of information barriers and improve connectivity in GVCs.

## 5. Conclusion and Recommendations

### 5.1. Conclusion

This study conducts an empirical analysis of the impact of IFRS adoption and readiness to adopt IFRS on the GVC integration of Vietnamese enterprises. Unlike previous studies, this research focuses

on the enterprise level with a clear distinction between readiness to adopt IFRS and the adoption of IFRS by enterprises, thus providing new empirical insights into the emerging economic context. By combining OLS regression analysis and Bayesian simulation (MCMC), the results show that IFRS adoption and readiness to adopt IFRS have a positive and significant impact on GVC integration. The results indicate that IFRS adoption not only serves as a fundamental accounting system but also as a strong tool for enterprises to overcome information asymmetry and facilitate technology connections. In addition, technological capability is found to be an important factor in enhancing the role of local enterprises in the global manufacturing environment. At the same time, the results of this study show that business size is not a determining factor, but the number of years of operation has a negative effect, which reflects the difficulties of adaptation of long-established businesses in the context of more stringent institutional and technological standards in the GVCs.

### 5.2. Policy Recommendations

On the basis of the research findings, we propose key solutions to improve the current status of Vietnamese businesses.

Firstly, the government and policymakers must view the IFRS adoption roadmap with a focus on business capacity, not just formal compliance. Support policies should prioritize enhancing IFRS readiness through in-depth training, technical assistance, and developing high-quality accounting and auditing human resources.

It is necessary that the government launches initiatives to facilitate the digital transformation of accounting. The government should launch tax or credit assistance packages for enterprises investing in accounting software systems compatible with international standards, as technological capability and accounting capability are inextricably linked.

Special assistance policies are required for SMEs in their IFRS implementation plan, particularly in consulting and information technology infrastructure. At the same time, there is a need to promote communication about the link between international accounting standards and the possibility of exploiting new-generation Free Trade Agreements, so enterprises have the initiative to switch.

Secondly, firms need to recognize that implementing IFRS is more than just a compliance issue; it is a long-term investment approach to improve reputation, attract international partners, and enhance GVC participation. Financial transparency will help lower interest and search costs for partners, generating resources to invest in technological capabilities (*TECH*), which has a strong synergistic effect on GVC involvement.

The training of accounting staff, the improvement of information technology, and the enhancement of the role of the accounting department in strategic management should be given high priority. This is a long-term strategy that will enable businesses to acquire the "passport" to cooperate with multinational corporations. Business managers should understand that the implementation of IFRS is not a cost but a strategy for competitiveness. Financial transparency on a global basis will enable businesses to obtain capital at a lower cost, which will be used to improve technology and move further into the high-value-added stage.

Thirdly, it is necessary for universities, professional bodies, and consulting companies to play an active role in creating an environment that facilitates the implementation of IFRS through training programs related to business activities, industry-specific training, and consulting models that suit the Vietnamese business environment. Combining IFRS training with other topics such as supply chain management, technology, and international integration will improve the efficiency of IFRS implementation.

### 5.3. Limitations and Directions for Further Research

Although the study has provided substantial empirical evidence, it also has some limitations. Firstly, the study uses data from a cross-sectional survey, which does not capture the dynamic process of IFRS

adoption and GVC integration. Although the sample of 177 firms is representative, it does not capture the differences between sub-sectors in the manufacturing and service industries. Secondly, the study is more inclined toward quantitative factors and does not examine the factors of corporate culture in the adoption of the accounting standards in depth. Future studies could expand the sample size or use mixed methods to further clarify the mechanisms of IFRS impact at each specific stage of the value chain.

### Transparency:

The authors confirm that the manuscript is an honest, accurate, and transparent account of the study; that no vital features of the study have been omitted; and that any discrepancies from the study as planned have been explained. This study followed all ethical practices during writing.

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