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### Professional Association with the Development of Accounting-Auditing in Vietnam

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#### Abstract

The digital transformation process has a profound impact on almost all sectors of the economy, and accounting and auditing are no exception to this impact. Professional associations play an important role in the development of the field of accounting and auditing in the digital transformation. However, Vietnamese organizations and professional associations have not yet promoted their guiding and accompanying roles in the activities of the field of accounting and auditing during the current digital transformation period. The article uses qualitative research

methods to evaluate the role of the Vietnamese accounting and auditing professional association in digital transformation, integration trends, and professional organizations around the world. The article also analyzes the current state of operations of professional associations in Vietnam, thereby proposing some solutions to enhance the role of Vietnamese accounting and auditing professional associations in current conditions to help the enterprise develop sustainably and integrate deeply into the international market.

**Keywords:** Professional Association, Accounting, Auditing, Digital Transformation, Economic Integration

#### 1. Introduction

Digital transformation and the development of the 4.0 industrial revolution require industries to change to adapt to the development of technology. Therefore, promoting digital transformation in accounting and auditing is an urgent need. In American and European countries, attention has been paid to the changes that the accounting profession will experience in the digital age for many years (Nguyen Phuoc Bao An, 2021) <sup>[1]</sup>. According to Islam (2017) <sup>[7]</sup>, the accounting profession will face significant changes over the next three decades, and professional organizations, members, and educational institutions should seek to adapt to these changes.

In Vietnam, clearly aware of the role of digital transformation in the development of the economy, the Prime Minister issued Decision 749/QD-TTg on approving the "National Digital Transformation Program to 2025, Orientation to 2030" which clearly states "Vietnam becomes a digital, stable, and prosperous country, pioneering in testing new technologies and models; fundamental innovation;... developing a safe, humane, and widespread digital environment". The article analyzes the development of accounting and auditing in digital transformation, the activities of professional associations, and makes some recommendations to enhance the role of professional associations in the field of accounting. Accounting and auditing in the current digital transformation period in Vietnam.

#### 2. The Theoretical Basis

##### 2.1 Digital Transformation in the Field of Accounting and Auditing

According to Microsoft, digital transformation is restructuring thinking in the coordination between data, processes, and people to create new values (Henriette *et al.*, 2015) <sup>[3]</sup>.

According to the information technology research and consulting company Gartner, digital transformation is the application of technology to change an enterprise's business model, thereby creating new opportunities and values and helping businesses increase their value. Accelerate growth and achieve better sales. (Henriette *et al.*, 2015) <sup>[3]</sup>.

Digital transformation for accounting and auditing is the application of digital technology to accounting and auditing operations to automate accounting processes and auditing activities to help operations be deployed quickly and effectively, helping to improve operations and reduce costs for businesses (Nguyen Dien Duan, 2022 <sup>[10]</sup>; Tran Thi Quyen, 2022).

Accounting and auditing are two of the fields greatly affected by the 4.0 industrial revolution in general and the digital transformation trend in particular. Accordingly, accounting practices in businesses around the world and in Vietnam in the context of digital transformation applications are summarized through five technologies: the Internet of Things (IoT), artificial intelligence (AI), big data, cloud computing, and blockchain (ACCA, 2016) <sup>[1]</sup>. These are all technologies that help the accounting process be performed in real time, quickly, anytime, anywhere, and more securely. Accounting organizations in businesses also become more flexible, and financial reports provide valuable multi-dimensional information. A number of digital technologies are currently being applied by many businesses in the field of accounting and auditing, such as electronic invoice software, electronic accounting software, electronic sales software, and electronic office software. Digital technology affects the processes, methods, and functions of accounting and auditing activities to comply with IFRS International Financial Reporting. That shapes the trend and future of accounting and auditing in the 4.0 industrial revolution.

## 2.2 The Role of Professional Associations in Digital Transformation in the Field of Accounting and Auditing

Professional associations in the period of digital transformation with modern technologies in the field of accounting and auditing play a very important role. Nguyen Phuoc Bao An (2021) <sup>[11]</sup> pointed out the roles of professional associations as follows:

Firstly, contribute to perfecting and developing Vietnamese accounting and auditing. Actively contribute to the process of perfecting economic institutions, building laws, and economic and financial policies.

The second, improve capacity, skills, and professional ethics for members. Developed training programs for accountants and internal auditors, organized training programs to improve professional skills and information technology for members, implemented practice registration, and managed practicing accountants and practicing auditors.

The third, promote scientific research and international publication. Carry out scientific research projects, organize scientific conferences on information technology topics, and transfer knowledge into practice.

The fourth, link and coordinate with educational organizations, schools, and digital businesses in training, coaching, and career development towards digital transformation.

The fifth, help develop scientific consulting activities and criticize the state's legal and economic-financial policies.

The sixth, international professional cooperation, contributing to accelerating the integration process of Vietnamese members with international organizations, helping members fully meet their competencies and skills, becoming international experts, and being accepted in the region and the world.

## 3. The Current Status of Digital Transformation in the Field of Accounting-Auditing in Vietnam and the Role of Professional Associations

### 3.1 Current Status of Digital Transformation in the Field of Accounting and Auditing

Researchers have predicted that accounting and auditing are industries strongly affected by the 4.0 industrial revolution (Surianti, 2020; Hoffman, 2017 <sup>[4]</sup>), and in the future, about

40% of accounting jobs will change. Loss (Berikol & Kili, 2021) <sup>[2]</sup>. The accounting and auditing industry in Vietnam has been applying digital transformation flexibly through information technology applications and specifically through accounting software and management software in a comprehensive and effective manner fruit. The system of legal documents is also issued in accordance with the development of activities in the digital economy. Typically, the amended and supplemented Accounting Law of 2015 has introduced regulations on the application of information technology in accounting: regulations on electronic documents, signatures on documents, establishment, and storage. Documents, opening, recording, closing books, and storage work.

In the study, Nguyen Phuoc Bao An and colleagues (2021) <sup>[11]</sup> summarized the impacts of accounting and auditing in digital transformation as follows:

Firstly, accounting software and enterprise resource planning (ERP) systems

Second, extensible business reporting language (XBRL)

Third, cloud computing and global accounting technology (cloud computing)

Fourth, big data and data analysis (big data)

Fifth, artificial intelligence (AI)

Sixth, block chain technology (Blockchain)

Among these technologies, only accounting software is considered to be known to accounting and auditing practitioners (level 4/5). Technologies including applications based on blockchain technology, ERP systems, clouds, etc. are known but at a level lower than 4, meaning not all accounting practitioners know this technology. Data analysis results also show that many new technologies can be applied in the field of accounting and auditing, such as robotic process automation tools, natural language processing tools, and intelligence. General artificial intelligence, machine learning and deep learning, radio frequency identification applications, artificial neural networks, etc. are not known to practitioners (lower than level 3/5) (Nguyen Phuoc Bao An, 2021) <sup>[11]</sup>.

According to Pham Thi Lan Huong (2019) <sup>[12]</sup>, the results of a 2016 survey by the Association of Chartered Certified Accountants (ACCA) on future professional accounting took place in 22 countries globally (including Vietnam). shows: Regarding the trends expected to have the highest impact in the next 3-10 years, up to 55% of people surveyed said that the development of automated accounting systems is evaluated for impact. highest among trends, besides trends such as harmonization of accounting standards (42%), penetration of cloud computing in business (41%), economic fluctuations (42%),

Accounting includes stages such as collecting, processing, analyzing, and providing information. However, under the current 4.0 technology trend, all of these stages can be replaced by machines. At this time, accountants must understand technology and be proficient in using technology in their work practices. Thus, each individual and organization operating in the field of accounting and auditing must be aware of the importance of technology and apply it to suit trends, save resources, and increase work efficiency.

ACCA has conducted many research surveys. General research results show that, to survive and develop in the digital era, future accountants and auditors not only need factors such as intelligence and emotional quotient but must

also add additional factors such as intelligence and emotional intelligence. Necessary factors for career development, such as technological skills, vision, in particular, the research report "Professional accountants in the future: Factors Leading to Change and Future Skills" ACCA The 2016 announcement also shows that, in the digital era, each professional accountant will have their competencies and skills reflected in seven areas: professional skills and professional ethics, experience, intelligence, and skills. Digital skills, creativity, emotional quotient, and vision.

### 3.2 Current Status of the Role of Professional Associations in Vietnam Today

#### *Accounting and auditing professional associations in Vietnam*

In Vietnam, in the field of accounting and auditing, there are professional associations such as the Vietnam Association of Accounting and Auditing (VAA), established in 1994, and the Vietnam Association of Certified Public Accountants (VACPA), established in 1994. 2005 and a number of other associations such as the Vietnam Association of Certified Public Accountants (VICA), the National Chief Accountants Club (VCCA).

International professional organizations of accountants such as ACCA, CPA, Australia, ICAEW, etc. are also present in Vietnam, contributing to increasing quality and closing the gap in expertise among accountants. Vietnam to the world. In the field of auditing, in addition to the Big Four (PwC, KPMG, E&Y, and Deloitte), the whole country has 14 auditing companies that are members of international auditing firms, 10 auditing companies that are members of the association, and 3 auditing companies that are members of international auditing firms. company is an associate member.

Associations and professional organizations in Vietnam are growing stronger and gradually promoting their important role in the development of accounting and auditing in particular and the economy in general.

#### *The role of Vietnamese accounting and auditing professional associations*

Accounting and auditing professional associations have made great contributions to the country's socio-economic development, promoting and participating in creating elements of the market economy in Vietnam, and proactively opening and integrating with the accounting and auditing profession in countries around the world, and first of all, countries in the Asian region.

According to the VAA report (2022), the Vietnam Accounting and Auditing Professional Association has achieved certain results and contributions, specifically as follows:

First, associations have contributed to raising social awareness about the accounting and auditing profession in an open and integrated economy.

Second, Vietnamese accounting and auditing have actively contributed to improving the quality of economic and financial information, making business operations transparent, and making state finances healthier and more transparent.

Third, scientific consulting activities and criticism of the state's legal and economic-financial policies have been very active and effective.

Fourth, with the Ministry of Finance transferring a number of state management functions on accounting and auditing, since 2006, VAA has implemented practice registration and management for practicing accountants and practicing auditors. profession.

Fifth, professional training and fostering, improving qualifications, capacity, and professional skills for accountants, financial officers, and auditors Access accounting and auditing training programs in the region and the world; actively prepare for the process of unifying training programs and recognizing practicing certificates among countries in the ASEAN region.

Sixth, scientific research activities are promoted: topics have a high theoretical and practical nature; associations have organized many scientific conferences, creating forums for members to discuss issues related to scientific research. new topics of the profession and also create opportunities for members to participate in scientific consulting, social criticism, etc.

Seventh, cooperation with international professional organizations that have representative offices in Vietnam, such as the Association of Chartered Certified Public Accountants (ACCA), the Australian Accounting Association (CPA Australia), and the Association of Management Accountants UK (CIMA). The Institute of Chartered Accountants in England and Wales (ICAEW), However, accounting and auditing professional associations in Vietnam have many differences compared to other countries. Unlike most professional associations in the world, professional associations in Vietnam do not have the authority to promulgate accounting and auditing standards, regulations on quality control of audit services, or organize auditing services. Exams and professional certification... This authority still belongs to the Ministry of Finance. The Ministry of Finance only authorizes or transfers funds to professional associations to perform certain functions. Recently, professional associations such as VAA and VACPA have had many activities contributing to improving their international position in the professional field, making many efforts to liberalize competition in price and quality. accounting services; improving training for accountants, practicing auditors, and managers in the field of accounting; strengthening inspection, examination, and control of service quality... However, the role of professional associations is still quite blurred. The main reason is that state management agencies have not boldly assigned delegated and given initiative in professional activities to professional associations.

#### *Evaluate the role of accounting and auditing professional associations in Vietnam in the current digital transformation period.*

In general, professional associations still do not really have a decisive role or a strong impression on the perfection of the system of standards, regimes, and policies related to the accounting and auditing systems. In Vietnam, only state management agencies such as the Ministry of Finance and relevant accounting agencies clearly demonstrate their power and impact in the system. On the other hand, associations have not shown their prestige and position in the business community and professional community. There have not been many innovations in fostering and training programs. Faced with digital transformation in the field of accounting and auditing, the activities of professional

associations also need to change to adapt and promote their true role. VAA and VACPA are aiming to meet the standards of effective professional associations but still depend heavily on state management agencies. The activities of the associations are limited by a number of criteria prescribed by the government. The Ministry of Finance is responsible for training and international cooperation. Because they belong to the governing body, the financial resources of these associations are still dependent on the support of the Ministry of Finance and have not yet created a sustainable source of revenue to be able to develop and implement projects aimed at development. Career development.

#### **4. Some Recommendations to Improve the Role of Professional Associations in the Field of Accounting and Audit during the Current Digital Conversion Period**

Professional associations play an important role in the sustainable development of accounting and auditing activities. To enhance the role of professional associations in the field of accounting and auditing during the digital transformation period in Vietnam, it is necessary to synchronously implement a number of specific solutions, as follows:

*Firstly, it is necessary to strengthen the independent position of professional associations.*

Vietnamese accounting and auditing professional organizations must truly become self-governing, highly professional, prestigious, and reputable organizations to attract high-level members towards the same goal. Regional and international. Vietnam needs to change to conform to international practices, avoiding too much state intervention in professional activities.

Accounting and auditing professional organizations in Vietnam, such as VAA and VACPA, need to improve their operational capacity and be more proactive in organization and operation as truly independent, highly professional organizations. In addition, Vietnam still does not have an internationally recognized professional organization, which is an obstacle in the integration process of the accounting and auditing professions.

*Second, improve the application of modern and advanced training and professional development programs; organize scientific seminars with digital businesses and educational organizations.*

Article 70 of the Accounting Law (No. 88/2015/QH13) stipulates: "Accounting professional organizations are provided with training and updating knowledge for accountants and practicing accountants and carry out a number of tasks related to accounting activities prescribed by the government. Professional skills, digital skills, experience, vision, etc. of accountants and auditors will be skills that need to be fostered and enhanced by professional organizations to keep up with industry trends. Digital transformation and the industrial revolution. Strengthen the organization of scientific conferences with the participation of digital businesses (such as Misa) and educational organizations (universities specializing in accounting and auditing).

*Third, apply international practices in organization and management.*

The state needs to create favorable conditions for international professional organizations operating in Vietnam to take advantage of opportunities to learn professional knowledge according to international practices for state managers, lecturers, and professionals. Besides, there is an increase in the choice of suitable international certification exams for Vietnamese people. The state needs to have a roadmap to transfer practice management, auditor certification training, accounting, and auditing quality control to VAA and VACPA. Thereby, creating the initiative and role of professional associations is consistent with the management models of countries around the world today.

Responsibilities that should be performed by VAA and VACPA associations may include: ensuring the quality of members; monitoring and handling compliance with the requirements of professional ethical standards; and handling complaints. Complain and issue disciplinary measures that are strict enough to deter acts of manipulating financial reports, provide training, etc.

*Fourth, the direction is consistent with the roadmap for regional integration and international cooperation*

To help improve the quality of accounting and auditing services in Vietnam, especially in the context of the formation of the ASEAN Economic Community (AEC), auditing services are one of eight fields allowed to move physically. In the ASEAN region, Vietnam needs to have at least one credible domestic professional association with the power and authority to regulate and replace its members in the accounting profession for the benefit of the public. This means that forming new accounting professional associations is the best way forward.

*Fifth, improve capacity, skills, and professional ethics.*

The Accounting and Auditing Professional Association needs to deploy many activities to develop and enhance the capacity of its members to meet the new needs and demands of the profession in many forms: Scientific research; participation in policy development; organizing scientific consulting and social criticism activities; organizing scientific conferences; professional activities; professional certification training courses; training classes; updating new knowledge, policies, and regimes for members; participating in domestic and international conferences and seminars. In addition, professional organizations and accounting and auditing associations also need to pay special attention to fostering the qualities, professional ethics, and social responsibility of their members through promulgating ethical regulations. Professional ethics; Strengthen propaganda, education, and proactive control of professional ethics; control the quality of accounting and auditing services. At the same time, promptly encourage and reward members with achievements; strictly discipline organizations, individuals, and violations. Thanks to that, members' professional knowledge and capacity have improved, meeting the increasing demands and requirements of the profession.

## 5. Conclusion

In the market economy, accounting and auditing are no longer purely an economic management tool but have become a service activity—a business support service. Many members of accounting and auditing associations have participated in the accounting and auditing service market and not only actively support businesses in organizing information systems and complying with the law, but also significantly contribute to economic growth, increasing the proportion of the service sector in GDP.

The Ministry of Finance, in "Accounting and Auditing Strategy to 2020, Vision to 2030," also identifies the need to strengthen domestic professional associations and the position of these organizations by delegating responsibilities. Additional responsibilities and give them more autonomy. In particular, it is necessary to continue to strengthen cooperation with prestigious accounting and auditing associations in the world, such as the British Association of Certified Public Accountants, the American Association of Certified Public Accountants, etc. Enhance the role, and the authority and autonomy of organizations and professional associations contribute to the professional development of the accounting and auditing fields and sustainable economic development in the current digital transformation period in Vietnam.

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