

**CONSERVATISM, CHANGE AND RESISTANCE: A BOURDIEUIAN  
STUDY OF THE VIETNAMESE ACCOUNTING FIELD**

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## Abbreviations

ACCA	Association of Chartered Certified Accountants
BTC	Bo Tai Chinh (translation of MOF)
CDKT	Che Do Ke Toan (Translation of The Accounting Policy of Rules)
CICPA	Chinese Institute of Certified Public Accountant
CIMA	Chartered Institute of Management Accountants
CPA (Australia)	Certified Public Accountants of Australia
DAP	Department of Accounting Policy
DAP	Department of Accounting Policy
FASB	Financial Accounting Standards Board
GAAP	Generally Accepted Accounting Principles
IAS	International Accounting Standards
IASB	International Accounting Standard Board
IASC	International Accounting Standards Committee
ICAEW	Institute of Chartered Accountants in England and Wales
IFAC	International Federation of Accountants
IFRIC	International Financial Reporting Interpretations Committee
IFRS	International Financial Reporting Standards
IMF	International Monetary Fund
MNE	Multinational Enterprises
MOF	Ministry of Finance
NZICA	New Zealand Institute of Chartered Accountants
OEDC	Organisation for Economic Corporation and Development
QD	Quyét Dinh (Translation of Decision)
QH	Quoc Hoi (Translation of National Assembly)
SEC	Securities and Exchange Commission
SME	Small and Medium Enterprises
SOE	State-Owned Enterprises
TC	Tong Cuc (Translation of General Department)
TTg	Thu Tuong (Translation of Prime Minister)
VAA	Vietnamese Association of Accountants and Auditors
VACPA	Vietnam Association of Public Accountants
VAS	Vietnamese Accounting Standards
VIB	Vietnam International Bank
WTO	World Trade Organizations



## Related Research Outputs

The following are research outputs relating to this study or literature review:

### Publication in journals:

- Nguyen, L., & Hooper, K. (July, 2011). Accounting in New Zealand: A Comparison with Accounting in Vietnam. *Vietnam Accounting and Auditing Journal*, 94.
- Nguyen, L., & Hooper, K. (August, 2011). Standard setting restructuring in New Zealand: Converging to the Vietnamese Model. *Vietnam Accounting and Auditing Journal*, 95.
- Nguyen, L., & Hooper, K. (November, 2011). Obtaining Western accounting professional opportunities. *Vietnam Accounting and Auditing Journal*, 98.
- Nguyen, L., & Hooper, K., Sinclair, R. (December, 2012). Social Closure and disparity in Vietnam: a Bourdieuan analysis. *Asian Journal of Business and Accounting*, 5(2).
- Nguyen, L., & Hooper, K. (January, 2012). Seizing opportunities in Western accounting professions. *Vietnam Accounting and Auditing Journal*, 100.
- Nguyen, L., & Tran, K, A. (January, 2013). IFRS 9 - Financial Instruments: the problem of rules versus principles. *Vietnam Accounting and Auditing Journal*.
- Nguyen, L., & Hooper, K., Sinclair, R. (2013). Conservatism versus change in the Vietnamese accounting field?. *Corporate Ownership and Control Journal*, 10.

### Papers presented at conferences:

- Nguyen, L., & Hooper, K., & Sinclair, R. (2011). Social Closure and disparity in Vietnam: a Bourdieuan analysis. Auckland Regional Accounting Conference 25 November 2011 at Auckland University of Technology, Auckland, New Zealand.
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- Nguyen, L., & Hooper, K., & Sinclair, R. (2012). Applying IFRS principles in a rule-based environment: The case of Vietnam. Research seminar of the Business & Labour History Group, 18 May, 2012, AUT Business School.
- Nguyen, L., & Hooper, K., & Sinclair, R. (2012). Contestable domination in Vietnamese accounting field. The Accounting Research Group (ARG), 27 September 2012, AUT Business School.

Nguyen, L., & Hooper, K., & Sinclair, R. (2012). Resistance or change in the Vietnamese accounting field? Auckland Regional Accounting Conference 30 November 2012 at Massey University, Auckland, New Zealand (CPA Best Paper by a PhD Student Award).

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## **Attestation of Authorship**

I hereby declare that this submission is my own work and that, to the best of my knowledge and belief, it contains no material previously published or written by another person (except where explicitly defined in the acknowledgements), nor material which to a substantial extent has been submitted for the award of any other degree or diploma of a university or other institution of higher learning.

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## Abstract

The International Financial Reporting Standards (IFRS) are currently proposed as a global set of standards which will provide high quality, transparent, comparable and understandable information to capital markets and other users. Since the Anglo-Saxon environment is embedded in the IFRS, this leads to doubt about the quality of the IFRS implementation in countries that do not follow common-law or market practices. Vietnam is a large country of 86 million people with a communist government directing a centralised and planned economy. It can be argued that the IFRS fits uneasily into a non-market economy where government dominance is ubiquitous. This thesis aims to investigate the probability of substantive change in the Vietnamese accounting field, given that as viewed from Bourdieu's perspective of the *habitus*, most participants are likely, but not necessarily, to resist change.

Vietnam has agreed to adopt IFRS, but the fundamental question is, is the accounting field in Vietnam ready for change? Will the 2 million bookkeepers in the Vietnamese accounting field look forward to changes to the structure of the accounting field and to the methods they practise? How will the 2,000 professional accountants, half of them members of foreign professions, react to change? How does the Ministry of Finance (MOF) adjust to being part of an accounting field where its total dominance has had, more in theory, to give way to Anglo-Saxon institutions such as large accounting firms, international institutions, multinational enterprises and to the entry of foreign professions?

Semi structured interviews were conducted to draw from respondents their feelings and thoughts on the possibility of change. Some 44 interviews were conducted with informed parties such as professional accountants who were members of the Vietnam Association of Public Accountants (VACPA) or other Western professionals, together with other participants in the field such as bookkeepers, businessmen, and accounting academics.

The 44 interviewees believe that the majority of bookkeepers in Vietnam will not welcome changes to the structure of the accounting field and to their practice methods. It is thought that they prefer a compliance mode of accounting, which relies on government instruction as to accounting treatments and that accounting primarily serves the needs of tax collection. However, the findings indicate that although the government officials and bookkeepers resist change and view any real change as unlikely, most of the representatives of other groups, such as professional accountants, managers and academics were more open to change and saw merit in following accounting principles

rather than government rules. In terms of domination in the accounting field, the government shows no sign of relaxing its dominance but with increasing and, sometimes coercive, globalisation some changes are inevitable. Another finding is the possibility of a more independent profession may evolve. However, such a change involving more independence of “players” in the field can, worryingly for the government, possibly trigger changes in other fields within the Vietnamese economy. A further finding is that the Government is reducing the role of Western professionals by bringing in new rules requiring professionals to undertake Vietnamese language conversions tests. Such a development will slow the impact of Western professionalisation in the field.

The literature refers to “a paucity of studies on developing countries” with respect to the effects of exogenous changes to local accounting fields. The paper explores the Vietnamese accounting field to assess the extent and effects of such exogenous induced changes among the practitioners in the field. Whether the Vietnamese accounting field will change and how it will change is worth investigating, not the least, because of the knock-on effect on the Vietnamese economy.

# CHAPTER 1: INTRODUCTION

## 1.1 Topic, goal, purpose and angle

The purpose of this study is to answer the questions framed below using Bourdieu's theory (e.g. 1984, & 1986) to explain how the accounting field is established in Vietnam. There are important questions to be investigated as Vietnam is a large country of 86 million people with a communist government directing a centralised and planned economy. It can be argued that the IFRS are an Anglo-Saxon based accounting system which fits uneasily into a non-market economy where government dominance is ubiquitous.

Vietnam has agreed to adopt the IFRS, but is the accounting field in Vietnam ready for change? Will the largely silent, two million backstreet bookkeepers in Vietnam welcome changes to the structure of the accounting field and to the methods they practise? How will the 2,000 professional accountants, half of them members of foreign professions, react to change? How does the MOF adjust to being part of an accounting field where its total dominance has to give way to Anglo-Saxon institutions such as large accounting firms, international institutions, multinational enterprises and the entry of foreign professions?

## 1.2 The problem and how it is to be solved. Why you chose the problem. The research questions

Vietnam is transforming itself into a market economy and the globalisation process in the Vietnamese accounting field appears to be a significant issue. The outcome of such a process could be similar to that in China when two accounting associations were merged and given the power to set professional examinations. Even though the accounting field is still controlled by the Chinese government, the Chinese professional association operates in a similar manner to Western associations of which accountants want to be part. On the other hand, the Vietnamese government could follow Romania's example. Albu, Albu, Bunea, Calu, & Girbina (2011) comment that coercive pressure from the World Bank resulted in the adoption of the IFRS in Romania. However, the main purpose of having the IFRS has been distorted, because Romania has turned it into rule-based compliance (Ding, Hope, Jeanjean, & Stolowy, 2007). Instead of applying principles and



promoting professional judgments, Romania continues to issue sets of rules that people must comply with (Ding et al., 2007). Alternatively, Vietnam could follow Zimbabwe's example. Chamisa (2000) points out that Zimbabwe cherry-picks the parts of the IFRS it wants while others are deemed irrelevant and ignored. Whether the Vietnamese accounting field will change and how it will change is worth investigating because changes in the accounting field may trigger changes elsewhere in the Vietnamese economy.

In terms of Bourdieu's theory the generic research question is: How does the struggle for domination within the accounting field position the various competing agents? To answer this generic question the following sub-questions are asked: (1) Why is the Vietnamese accounting field an "arena of struggle"? (2) How are the various parties to the struggle positioned? (3) What is it about the rules of "the game" that serves the interests of the dominant and keeps the dominated contented in their position – what Bourdieu calls "symbolic violence"? (4) How effective in the field will new players with capital be in reconstructing the rules of "the game" to serve their interests? In other words, how much will change in accounting in Vietnam and how much will stay the same? (5) How does the construction of professional identity relate to the position within the accounting field? To answer these questions, some 44 interviews were conducted with informed parties such as professional accountants who were members of the VACPA or other Western professionals such as bookkeepers, businessmen, and accounting academics.

### **1.3 What has been done in the area and how you bridge the gap**

There are two principal works in this area, both PhD theses, by Bui (2011) and Chu (2004). Bui's thesis is a historical descriptive study of Vietnam from the French period until recent times. It focuses on the development of accounting in Vietnam, examining the role of the state in the field of accounting in the colonial and post-colonial periods. Accounting practice using French colonial rule is examined, and this is followed by an examination of accounting development in the post-colonial periods and the role of the state, reflected in accounting regulations and the law.

The main findings from Bui's study include the following. Despite French rule for more than 80 years, the development of the accounting profession in Vietnam in the colonial and post-colonial periods was not initiated or influenced by the French or the Americans. There is a distinct difference between the development of accounting practice in Vietnam,

an ex-French colony, and that which occurred in most ex-British colonies. Bui's thesis is useful in presenting the background and overview. However, unlike this study, it does not ask 'why' questions but rather concentrates on what has been the case and what is the current situation.

Similar to Bui's thesis, Chu (2004) also presents a descriptive study which explores the process of accounting changes in the Vietnamese transitional economy. Its main focus was to investigate the influence of both historical and current factors on accounting systems, such as Vietnamese culture, the role of the government and the possible impact of socialist ideology. He found that the origin and development of Vietnamese accounting were strongly impacted by overseas countries which had had political, ideological and economic influences on Vietnam. His study does not look into the contemporary influences of Western professional accounting bodies on the Vietnamese accounting field. Chu (2004) also found that, in the current transition, there were some issues regarding incorporating market accounting concepts and standards into the current accounting systems because of the difference in economic systems. As with Bui's thesis, Chu's thesis describes the issues but there is no analysis to explain them.

The present thesis meets a gap in the literature by investigating the accounting field as an "arena of conflict" (Bourdieu, 1977) where the dominant and dominated struggle for position. In addition, it explains the impact of the entry of Western institutions such as the 'Big 4' international accounting firms, multinational enterprises, the International Accounting Standard Board (IASB), the International Monetary Fund (IMF), the World Bank and professional accounting bodies in the accounting field. Furthermore, this research considers the reaction and attitude of the dominated to changes resulting from exogenous influences. For such reasons, this study is unique.

#### **1.4 Outline of methodology and method**

While the methodology and methods for this study are discussed in detail in *Chapter Five*, this section gives an outline of them. The research reported in this thesis looks into the question: How does the struggle for domination within the accounting field position the various competing agents?

The choice of methodology is important as it guided the manner in which the research was conducted. Qualitative social research is considered to be the most appropriate for this type of study as it allows the researcher to obtain a story by observing,

communicating and listening carefully to the interviewees (Lincoln & Guba, 1985). In addition, naturalistic inquiry based on qualitative social research allows the researcher to explore and describe the multiple realities and perceptions of different people and their experience in the accounting domain (Lincoln & Guba, 1985). In line with the approach suggested by Covalleski, Dirsmith, Heian, and Samuel (1998) and Gendron and Suddaby (2004), this study investigates the realities from the perspectives of interviewees. As agreed by Lincoln and Guba (1985), Patton (2002) and Berry & Otley (2004), qualitative research follows the naturalistic paradigm as the research takes place in real-world settings and the researcher does not make any attempt to manipulate the phenomena of interest. The naturalistic inquiry emphasises the creation of an organisational reality which is accepted as it is without expressing any judgments about its appropriateness (Putnam, 1983). Lincoln and Guba (1985) consider a qualitative discovery-oriented approach as a form of naturalistic inquiry and the phenomena, as a whole, should be understood within their context. A naturalistic paradigm appears to be the most relevant as it responds to the main aim of this study, which is to explore the question: How does the struggle for domination within the accounting field position the various competing agents? The method used for discovering and understanding the little-known phenomena is semi-structured interviews.

The researcher interviewed 44 interviewees: bookkeepers, professional accountants, academics, government officials and business people. The different aspects of conducting the interviews (before the interviews; negotiating access; during the interviews and taping and transcribing the interviews) are discussed. A number of authors (Ghauri & Gronhaug, 2005; Moll, Major, & Hoque, 2006; O'Dwyer, 2004; Patton, 2002; S. J. Taylor & Bogdan, 1998) provided insight into how interview evidence can be analysed. The researcher analysed the data using a matrix, as shown in *Chapter Five*, to establish patterns of responses in accordance with the adopted Bourdieu's theoretical framework, as is discussed in *Chapter Four*. The next section lists the key terms used and their definitions.

### **1.5 Key texts (Bourdieu)**

The work of Bourdieu reflects the distinct and eclectic influence of classical sociology. Bourdieu was inspired by Marx's idea of social reproduction and his theory incorporates the idea that class conflicts and material interests are the main pillars of social inequality. However, Bourdieu objects to the idea of class reductionism common in Marxist discourse. Bourdieu refers to the idea of false consciousness regarding material life as

misrecognition or symbolic violence of power relations and explains why individuals (dominated) are not aware of their own subordination to dominants (Navarro, 2006). Misrecognition or symbolic violence expresses “the representations of legitimacy [and provide] the exercise of power” (Bourdieu & Passeron, 1977, p. 5).

Bourdieu differs from Foucault (who perceives power as “ubiquitous” and beyond agency or structure) in that he sees power as culturally and symbolically constructed, and constantly re-legitimised through an interaction of agency and structure. This happens through what Bourdieu calls *habitus* or socialised norms or tendencies that guide the behaviour and thinking of people in the field such as bookkeepers and professional accountants.

*Habitus* is created through social rather than individual processes and leads to patterns that are enduring and transferrable from one context to another, but that also shift in relation to specific contexts and over time. *Habitus* “is not fixed or permanent, and can be changed under unexpected situations or over a long historical period” (Navarro, 2006, p. 16). Individuals do not easily conform to the constraints and opportunities offered to them. They tend to adapt, resist, seize the moment, or miss the chance. They naturally bring their past experience into the present without realisation (Swartz, 2002).

*Habitus* is neither a result of free will, nor determined by structures, but created by a kind of interplay between the two over time: dispositions that are both shaped by past events and structures, and that shape current practices and structures and also, importantly, that condition our very perceptions of these practices (Bourdieu, 1984). In this sense *habitus* is created and reproduced unconsciously, “without any deliberate pursuit of coherence... without any conscious concentration” (Bourdieu, 1984, p. 170). Such dispositions of *habitus* are acquired informally through the experience of social interactions by processes of imitation, repetition, role-play, and game participation (Swartz, 2002) and thus require no mental effort. The term “disposition” is key to Bourdieu’s theory as it offers a way of understanding *habitus* that is quite different from the common idea of repeated routine practices. If routine repetition of past experience is one side of *habitus* showing its structure, the other side of *habitus* is the disposition which suggests capability and reliability. In addition, past socialisation encourages individuals to act out what they have internalised from past experience but does not determine that they do so. In other words, dispositions of *habitus* shape and orient an individual’s practice but they do not determine it (Swartz, 2002) in the way that Bourdieu (1984) suggests that *habitus*-shaped behaviour

occurs. As Wacquant (2005, p. 316) suggests, *habitus* is “the way society becomes deposited in persons in the form of lasting dispositions, or trained capacities and structured propensities to think, feel and act in determinant ways, which then guide them”.

Two additional concepts which are added to Bourdieu’s model of human practice are capital and field. Individuals are motivated by valued resources, or what Bourdieu calls “forms of capital”, which he extends beyond the notion of material assets, and which may be social, cultural or symbolic (Bourdieu, 1986). These forms of capital are unequally distributed across the social classes. They may be equally important, and can be accumulated and transferred from one arena to another (Navarro, 2006). Cultural capital – and the means by which it is created or transferred from other forms of capital – plays a central role in societal power relations, as this “provides the means for a non-economic form of domination and hierarchy, as classes distinguish themselves through taste” (Gaventa, 2003, p. 6). For example: those who have considerable economic capital but little cultural capital can enhance their cultural capital by converting some economic capital into cultural investments such as higher education. The shift from material to cultural and symbolic forms of capital is to a large extent what hides the causes of inequality. It may be argued that in a communist state membership of the party confers symbolic capital without directly adding material capital.

These ideas are elaborated at length in Bourdieu’s classic study of French society, *Distinction* (Bourdieu, 1984), in which he shows how the “social order is progressively inscribed in people’s minds” through “cultural products” including systems of education, language, judgements, values, methods of classification and activities of everyday life (Bourdieu, 1984, p. 471). These all lead to an unconscious acceptance of social differences and hierarchies, to “a sense of one’s place” and to behaviours of self-exclusion (Bourdieu, 1984, p. 141). This unconscious acceptance of difference and hierarchy is evident in the accounting field where poorly paid bookkeepers form the vast majority of “players”.

*Habitus* is associated with human practice in structured social contexts which Bourdieu calls “fields”, which are arenas of struggle over different kinds of capital. The concept of fields posits that social situations are structured spaces in which actors compete against one another for capital. The driving force of *habitus* is mediated by fields, and the constraints and the opportunities imposed by fields are mediated through the dispositions of *habitus* (Swartz, 2002). This concept of field has been likened by Bourdieu to a football

field where the players adopt certain positions and accept the rules of “the game” without conscious deliberation. That someone has determined the rules of “the game” is not something the players think about. The point is made by Bourdieu when he states: “I can say that all of my thinking started from this point: how can behaviour be regulated without being the product of obedience to rules” (Bourdieu, 1990a, p. 65).

The concepts of capital and field are part of Bourdieu’s framework and they indicate that human practice is not generated by *habitus* alone. For Bourdieu, human practice cannot be explained by either *habitus*, capital, or field alone, but by the interaction of all three concepts.

## 1.6 Organisation

*Chapter Two* provides a background to this study. It concentrates on the history and organisation of the accounting field to explain how it came to be as it is, thus facilitating a better understanding of the thesis for the readers. The literature review is undertaken in *Chapter Three*. This chapter focuses on the research questions and identifies the gaps in knowledge that established the research questions under investigation in this thesis. *Chapter Four* discusses Bourdieu’s theory and considers the rationale for its appropriateness for this study. *Chapter Five* explains the methodological approach and the methods used in collecting and analysing the research evidence. *Chapter Six* presents the findings, which outline five important themes of this study. The last chapter, *Chapter Seven*, is a discussion and provides a final conclusion. This chapter also states the actual contributions of the study, notes research limitations, suggests future research, and presents responses to the research questions.

## **CHAPTER 2: HISTORICAL, CULTURAL AND ACCOUNTING BACKGROUND**

### **2.1 Introduction**

Shaped like an elongated 'S', Vietnam stretches the length of the Indochinese Peninsula and covers a surface area of 128,000 square miles, making it roughly the size of Italy or slightly bigger than New Zealand. China lies to the north, Laos and Cambodia to the west, and the South China Sea to the east. Topographically, Vietnam is a verdant tapestry of soaring mountains, fertile deltas, primeval forests inhabited by exotic fauna, sinuous rivers, mysterious caves, otherworldly rock formations, and heavenly waterfalls and beaches. Despite its natural beauty, life has not been so paradisiacal, as Vietnam's early history – like its recent history – is characterised by a nearly continuous struggle for autonomy. First came an entire millennium of Chinese domination, which was finally thrown off in the 9th century. External control was imposed once again in the 19th century, when Vietnam was occupied by the French. French dominance lasted until 1954 and the Geneva Accords left Vietnam divided into two: a communist zone in the north and an anti-communist zone in the south. By this time the US had replaced France as the primary sponsor of the anti-communist government. Because of its ongoing struggle against foreign dominance, Vietnam is often seen through the lens of wars by many Westerners (InterKnowledge Corporation, n.d.).

Sociocultural and political factors together with historical circumstances have brought Vietnam into being. An exploration of these aspects aims to provide readers with background knowledge of the traditional values and cultural traits of the Vietnamese people. This chapter presents the most significant and representative events in Vietnam's history as well as important Vietnamese traits and characteristics, as changes in social, economic and political environments are regarded as having a strong impact on local accounting structures and practices (Choi & Mueller, 1992; D. J. Cooper & Sherer, 1984; Meek & Saudagaran, 1990; Mueller, 1967, 1968; Nobes, 1998; Saudagaran, 2001). Other researchers also endorse the fact that the accounting system of a country reflects its socioeconomic and political characteristics (Burchell, Clubb, & Hopwood, 1985; Ezzamel, Xiao, & Pan, 2007; Miller, 1994).

Nobes and Parker (2008) emphasise that “...no country has broken completely with the past...” (p. 245). Even though Vietnam has gained independence from China, France and the US, it is important for this chapter to first recall the key historical events which have potentially influenced the Vietnamese accountancy sector as well as its “players”, such as bookkeepers and professional accountants. Such influences, in Bourdieuan terms, are referred to as *habitus*, capital, power and domination. The second section focuses on the historical development of accounting practice in Vietnam. It is then followed by a discussion of socialist legality in Vietnam. This section introduces the flows of legal documents, the negative effects of socialist legality and disparities between Vietnamese social classes. The final section differentiates the general concept of state capitalism in former and present socialist countries from capitalism in western countries. It aims to provide a better understanding of the legal system which Vietnam has adopted compared with those of other countries.

## 2.2 Brief historical background

Throughout its history, Vietnam has experienced several invasions – from China, France and the US. It has often been involved in wars, as Taylor (1983, p. 18) commented: “No theme is more consistent in Vietnamese history than the theme of resistance to foreign aggression”. Gillespie (2006) observed that contemporary legality in Vietnam has been inspired by the precepts and practices derived from China, France, the Soviet Union and, most recently, from western capitalist economies.

### 2.2.1 The Chinese invasion (III BC-938 AD)

Vietnam is known as a country whose heritage is its “struggles against foreign aggression” (Engholm, 1995, p. 13). Vietnam was occupied by the Chinese for more than 1,000 years and, during that time, China brought into Vietnam its moral, political and legal thinking which has informed Vietnamese elite perceptions of legality. As McLeod & Nguyen (2001, p. 16) state:

*The Chinese bureaucrats and their indigenous collaborators would implant much of Chinese high culture, including legalist bureaucratic techniques and Confucian ethics, art, literature, and language.*

As in Chinese belief, the Vietnamese Confucian elite found no conflict between promoting rules through ritual principles (*duc tri*) and controlling social behaviour by using draconian penal laws (*phap tri*) (Gillespie, 2006). Confucian scholars viewed the



state law as a means of codifying, but not replacing, virtue-rule (Ta, 2001). According to Confucian scholars, when people become virtuous, educated and compliant, laws are no longer necessary (Peerenboom, 1998).

In 939 AD the Chinese were driven out of Vietnam and this opened up a new era of Vietnamese independent monarchies. Chinese culture was mostly retained under the new monarchies. At this early stage of Vietnamese independent monarchies, a centralised bureaucracy existed and followed Chinese-style bureaucratic government, Confucianism and political thought. The emperors controlled and taxed people on the basis of legal concepts. Civil service examinations were based on the Chinese beliefs of Taoism, Buddhism and Confucianism. Confucian thought has left a strong imprint on Vietnamese society and continues to be manifested in many aspects of daily life, especially with regard to human relationships and politics (Engholm, 1995).

Before the French colonial period, Confucian concepts of society were adopted by the Vietnamese elites. Classes in society were also ranked along Confucian lines: (1) scholars were ranked highest as they supplied ethical leadership; (2) peasants were ranked second highest because they provided resources; (3) artisans were ranked third as they made life beautiful with their works of art; (4) merchants were the lowest because they profited from trading. According to the Confucian view, profits did not receive much attention and material gain was even disregarded. This was the reason why the merchant class was considered undignified. Such rankings theoretically reflected the contribution of each class to society (McLeod & Nguyen, 2001).

Vietnamese agriculture was well known for its wetland rice, a consequence of its tropical, wet climate and numerous rivers (N. Phan, 1998; N. T. Tran, 2001). Agriculture was considered critically important and this is reflected in the characteristics of Vietnamese people (McLeod & Nguyen, 2001; N. Phan, 1998; N. T. Tran, 2001; Q. V. Tran, 1997). Vietnamese society was organised based on principles of sentiment and emotions rather than enforcement by rules. Tran (2001) explained that Vietnamese farmers who were involved in an agricultural way of life learned to live in peace and cooperate with others. This ultimately resulted in good relationships and ethical behaviour was therefore valued. This sentimental/emotional way of life was demonstrated in the equality and democracy found among members of communities – a result of their ethical behaviour towards each other. Tran (1999) called it “community democracy” and associated the sentimental/emotional way of life with a “community democracy” that rationalises the

preference for “collectivism” over “individualism” by Vietnamese farmers. Indeed, collective power was a crucial force in the struggle of the Vietnamese people against foreign invasion. Tran (2000) believed that, when dealing with foreign enemies, the Vietnamese people were “pliable” and “tolerant”.

Village-based rural communities in Vietnam stressed the homogeneity of the members of a village, and villagers were from the same family groups, locations and professions (N. T. Tran, 2000; Q. V. Tran, 1997). Homogeneity was identified as resulting in extinction of the consciousness of individuality. Homogeneity also encouraged the Vietnamese reliance and dependence on the community, as members were equally valued (N. T. Tran, 2000; Q. V. Tran, 1997).

Farmers played a key role in wars and rebellions against foreign invaders. Villages, which were units of Vietnamese society and almost autonomous, were run by notables and the state rarely interfered with them. On behalf of the state, the notables imposed obligations on each family and collected the taxes. The state kept records of how many people lived in a village and made its demands to the notables. The state interfered only when a village failed to meet its obligations. There is a common saying “Phep vua thua le lang”, which means “The laws of the emperor give way to the customs of the village” (McLeod & Nguyen, 2001). The autonomy of the villages was also associated with some negative aspects, such as self-interested behaviour and selfishness of village members. Autonomy and collectivism are features of Vietnamese behaviour, and their negative or positive aspects aside, shaped the culture and protected the country against foreign invaders (N. T. Tran, 2000). After gaining independence from the Chinese, once again the Vietnamese people had to engage in another war which lasted almost one hundred years: the war against the French.

### ***2.2.2 French colonialism (1858-1954)***

On 31 August 1858 French military vessels invaded *Da Nang* harbour (Da Nang, nd). As a result, Vietnam was divided into three regions: the southern region (Cochin-China); the central region (Annam) and the northern region. Indochinese territories came under the control of the Governor General who acted on behalf of France. The Governor General was also the chairman of the Supreme Council which was the most powerful organisation. Most members of the Council were French with only one or two Vietnamese members. Working for the Governor General were six departments: administration, policy, military, human resources, security and education (X. L. Dinh & Nguyen, 2000). French officials

held all the key positions in this ruling machinery while locals were assigned to lower levels.

Because of the availability of natural resources and an abundance of cheap labour, Vietnam became a provider of natural resources for the French. French exploitation resulted from a policy of sacrificing long-term colonial economic development for French instant profit (Buttinger, 1972). Under French domination, the Vietnamese economic system moved from a feudal self-contained economic system to a colonial capitalist system. As a result, two sectors were officially formed: the modern sector which included light industry, trade and finance; and the traditional sector which maintained agricultural and handicraft activities (X. L. Dinh & Nguyen, 2000).

French colonialism created many changes in Vietnamese society. Apart from the peasant class, which represented 90% of the Vietnamese population, new classes – such as workers, a national capitalist class and a bourgeoisie – were introduced into Vietnamese society, and quickly became involved in the drive for economic development. The workers came from villages and many were illiterate with no professional training. Their tasks were largely manual and they were severely exploited. Skilled workers accounted for only 0.43% of the total working class. Within the peasant class, there were three divisions: average, poor and very poor. The average peasants had land and production tools and became landlords of the very poor peasants who had no property. Poor peasants had a small piece of land but no tools for cultivation, so they had to lease them from the average peasants. As a result of exploitation by their landlords, the very poor peasants tended to move to cities to become workers. Poverty eventually led the very poor peasants to espouse socialist ideals and thus provide a major impetus for the Vietnamese Communist Party (X. L. Dinh & Nguyen, 2000).

French colonialism had brought into Vietnamese society the new flavour of Western culture which had been strictly prohibited by the Nguyen kings. The Vietnamese people came to know Western democracy as well as they knew socialism (H. G. Phan, 2000; N. Phan, 1998). Most importantly, the Vietnamese script, which is still being used today, was introduced into Vietnam by French and Spanish missionary priests. This script was based on Latin characters and was simpler than the one based on Chinese characters. It therefore soon became the preferred form of writing and ultimately replaced the one using Chinese characters (N. T. Tran, 2000).

During this period, many spontaneous uprisings occurred but they were not successful and the French army cruelly suppressed them. Ultimately Ho Chi Minh – a prestigious and prominent leader of the Communist Party of Vietnam (CPV) – reunited all the Vietnamese revolutionary forces on 3 February 1930 (Chu, 2004).

During World War II French colonial rule became weaker and France was forced to accept the presence of the Japanese army in Indochina. Vietnam was partly invaded by the Japanese in 1941. In March 1945 the French domination of Vietnam was completely overthrown by the Japanese army. Japan had entered Vietnam with the same purpose as the French, that is, to exploit and usurp while maintaining the old administrative system set up by French colonialism. Finally, under the direction of the CPV, a Vietnamese uprising was successful, and on 2 September 1945 Ho Chi Minh officially declared the existence of the Democratic Republic of Vietnam (X. L. Dinh & Nguyen, 2000).

The Democratic Republic of Vietnam commenced to reinforce its rule with a general election to the National Assembly on 2 March 1946. The first Vietnamese Constitution was proclaimed on 9 November 1946. At this early stage of building the state apparatus, the Democratic Republic of Vietnam faced a great number of difficulties. One hundred and fifty thousand soldiers of the Chinese National Party had entered North Vietnam in the name of the allied army to disarm the Japanese army. In July 1945 a British force had entered South Vietnam also to disarm the Japanese army and support the French in their second invasion of Vietnam (The History Place, n.d.). The allied powers included France, Poland and the UK, which were soon joined by the British Commonwealth countries (Australia, Canada, New Zealand, Newfoundland and South Africa). After 1941, the leaders of the British Commonwealth, the Soviet Union, and the US were known as the "Big Three". The allies agreed that France was the rightful owner of French Indochina but because France had been critically weakened by the German occupation, the British-Indian force was installed in order to help the French in re-establishing control over their former colonial possession (Buttinger, 1967).

It took nine years, until 7 May 1954, for Vietnam to finally defeat the French at the battle of Dien Bien Phu. The cease-fire agreement was finally made at the Geneva Conference in 1954 and included a provisional division of Vietnam into two regions at approximately the 17th parallel. North Vietnam was controlled by the Democratic Republic of Vietnam while South Vietnam was administered by the State of Vietnam. The agreement left open

the possibility of reuniting North and South Vietnam in 1956 at the planned national election.

### **2.2.3 The Vietnamese war (1954-1975)**

France gradually withdrew its troops after its defeat at Dien Bien Phu because it realised that it could no longer maintain a presence in Vietnam. In 1955, the US wanted to continue its opposition of the communists. The US took control of the southern territory using Bao Dai, the last Emperor of Vietnam, and the State of Vietnam in its fight against North Vietnam. With financial aid, the US encouraged Bao Dai to appoint Ngo Dinh Diem to the position of Prime Minister. Later, Diem overthrew Bao Dai and became the President of the Republic of Vietnam (Anderson-Gough, Grey, & Robson, 2005; C. P. Nguyen & Richard, 2011). North Vietnam adopted a Soviet political and socioeconomic model and generally followed a socialist path while South Vietnam, financially and politically supported by the US, followed a capitalist path (V. M. T. Bui, Yapa, & Cooper, 2011; C. P. Nguyen & Richard, 2011). It was not until 30 April 1975 that the Democratic Republic of Vietnam defeated South Vietnam. On 2 July 1976, North and South Vietnam were finally united under the Socialist Republic of Vietnam governed by the Communist Party.

## **2.3 The historical development of accounting in Vietnam**

The development of the Vietnamese accounting system can be divided into four time-periods as shown in Table 2.1 below:

	<b>Year</b>	<b>North Vietnam</b>	<b>South Vietnam</b>
1	1864-1945	French accounting system	French accounting system
2	1945-1975	Russian/Chinese systems	French accounting system
3	1975-1986	Russian/Chinese systems	Russian/Chinese systems
4	From 1986 onward	Establishment of a Vietnamese accounting system including selectively adopted international accounting standards.	

Table 2.1 A summary of the historical development of accounting in Vietnam

### **2.3.1 Period 1: 1864-1945**

Bopta, Yapa, & Jacobs (2007) described how the first western accounting system was introduced into Indochina in the 19th century by the French to support their colonial commercial development. There was initially little demand for professional accountants and most of the accounting work was undertaken by French accountants rather than locals. In fact, the French made little effort to educate the Indochinese. The Vietnamese

simply played bookkeeping roles under the instructions of the French accountants (V. M. T. Bui et al., 2011). Thus, not many Indochinese were trained to be professional accountants in French offices and small trading companies, and only a few Vietnamese became *experts-comptables* (professional accountants) during the French occupation of Vietnam. The French laws and accounting practices were embedded in the Vietnamese accounting system (Bopta et al., 2007).

The French showed no inclination to establish an accounting profession in Vietnam. Bui et al. (2011) claimed that “The development of accounting in Vietnam in the colonial and post-colonial era was not established by the French during their domination” (p. 4). However, the French came to Vietnam to exploit its natural resources, such as rice, coal, rare minerals and rubber to supply French industry. They therefore needed to introduce their accounting system to support their commercial operations. From 1864, French accounting practices and civil codes were implemented in Vietnam’s accounting system. From the mid-20th century there were other historical influences (Chinese, Russian and American) which have impacted on the structure of the Vietnamese accounting profession. Nonetheless, from this period to the present, French influence remained dominant. In particular, the elitist and narrowly based membership of the French profession became the standard model in Vietnam. From 1864-1945, French influence on accounting practices spread over both North and South Vietnam. From 1945, continuing French influence was confined to South Vietnam after the success of the August Revolution which is discussed next.

### 2.3.2 Period 2: 1945-1975

#### ***North Vietnam***

In 1945 the revolutionary government – the Democratic Republic of Vietnam – was established. Unfortunately, after less than a year of independence, the French returned to Vietnam and the subsequent war against France lasted nine years. In 1954, North Vietnam gained independence. South Vietnam continued to be dominated by France and later the US.

During the period 1945-1954, the economic system of North Vietnam was very straightforward as it served only small factories producing simple military products and small civil entities. The first accounting regulation, the “Regulation on Revenues and Expenditure and the General Accounting of the Democratic Republic of Vietnam”, was

issued according to Decree No. 1535 VP.TQD on 25 September 1948. Its aim was to replace the French accounting system (French cash basis) which had been used by the Nguyen Dynasty and the French colonial authority (V. M. Bui, 2001b). The new accounting system was simply used to record the expenditure and revenues of the state budget.

Nine years later, on 11 October 1956, the Department of Accounting Policy (DAP) was established according to Decree No. 1076 –TTg. The DAP is a department of the MOF and focuses on developing and managing the accounting system. The Democratic Republic of Vietnam considered accounting its management tool. On 28 October 1961, the DAP issued a legal document: the “regulation on the organisation of State accounting” according to Decree No. 175/CP. This document was the foundation for the development of the accounting mechanism. This system was considered a product of Soviet accounting practice. However, some Vietnamese accounting experts argued that it came from China (Department of Accounting Policy, 2001). The Soviet style of accounting system was used by the government together with a centralised administrative system as a means of controlling the economic activities of the state-owned enterprises (SOEs) (C. P. Nguyen & Richard, 2011).

Soviet accounting was a combination of accounting and statistics and was expected to be a source of information for managers at different levels. As a result of this importation, the Voucher-Journal accounting system was adopted with detailed instructions from Soviet accounting experts. The Soviet accounting system used 17 journal vouchers although, because of the simplicity of the Vietnamese market, only 12 journal vouchers were applied in Vietnam (V. M. T. Bui, 2011). During this period, the role of chief accountant in SOEs was highly regarded as a result of the promulgation of a “new regulation for chief accountant”, Decree No. 176/CP on 10 September 1970 (Chu, 2004).

North Vietnam was the victorious party and started the work of economic development, nation building and supporting South Vietnam in the war of national liberation. In 1954 in the North and then after 1975 in the South, the accounting system of Vietnam was formed. With limited knowledge and experience, Vietnam asked for assistance from other socialist countries such as China (since 1957) and then the Soviet Union (from 1970) (Than & Tan, 1993; N. B. Tran & Pham, 2003). Based on the experience of a former senior official of the MOF, Bui et al. (2011) comment:

*Since North Vietnam was completely liberated [from the French] in 1954, with the assistance of Chinese and Soviet Union specialists, together with the economic restoration and development, the Government issued a range of accounting regulations for each economic sector of the national economy, based on the Chinese accounting model, including budget accounting, (heavy) industry accounting, capital construction accounting, supply and consumption accounting, trade accounting etc (p. 16).*

In addition, during the period 1968-1970, to enhance the skills of the Vietnamese officials, the state sent them to the Soviet Union to study and also invited Soviet Union specialists to train officials in Vietnam (V. M. T. Bui, 2011).

### ***South Vietnam***

Sarikas, Vu, and Djatej (2009) state that despite the US presence in Vietnam the French accounting system was profoundly embedded in South Vietnam's accounting practices. However, it was observed that American-owned companies in Vietnam used the American accounting system because they had to report to their headquarters in the US. With regard to the matter of taxes, companies which were operating in South Vietnam had to report to the local government using the French accounting system. At this time, South Vietnam's government was quite flexible about which accounting system was being used.

Generally, from 1954 to 1975, the French accounting system was the main system applied in South Vietnam together with aspects of the American accounting system.

### **2.3.3 Period 3: 1975-1986**

When North and South Vietnam were unified in 1975, Chinese and/or Soviet accounting systems were promulgated throughout Vietnam because North Vietnam had been victorious and US troops had finally withdrawn from the country. Some government officials from the North who had some knowledge of French and US accounting systems were sent to the South to take over companies and convert the existing system (the French accounting system) to the Chinese and/or Soviet systems. When the new systems were implemented in the South, Vietnamese professional accountants who had been using the French and/or American accounting system were sent to learn the Chinese/Soviet accounting systems. In fact, it was not an easy task to retrain the Vietnamese accounting staff who had been inculcated with the French accounting practice (V. M. T. Bui, 2011).



#### 2.3.4 Period 4: From 1986 onwards

Vietnam was transitioning from a centrally planned economy to a market-oriented economy following socialism orientation. This transition occurred in response to the "*doi moi*" (renovation) policy which was intended to transform Vietnamese society and encourage economic growth. The *doi moi* policy allowed the formation of a private sector with limited capacity. A certain level of decentralisation of economic planning was instituted and it was accepted that market forces were the determinant of prices and production (Anderson-Gough et al., 2005). Decision-making was shared by national and provincial governments and agencies. However, policy-making remained centralised (Engholm, 1995). Pierre (2000) observed that Vietnamese culture paid great attention to education – there was a 92% literacy rate and a strong work ethic existed. Vo (2005) also showed that prior to *doi moi* people had dreamed of becoming government employees with lifetime employment guaranteed (unless they committed fraud). This was a top criterion in determining the social status of a person. The *doi moi* policy provided opportunities for young people as they could access stable, high-income jobs even though these were not government-related.

In accordance with Decision 1141-TC/QĐ/CĐKT of the MOF, the Accounting Policy of Rules was established on 01/11/1995. It consisted of accounting rules and detailed instructions issued by state organisations. All businesses operating in Vietnam were required to comply with it (Article 9) (Vietnamese National Assembly, 2003). On 20 March 2006, the MOF issued Decision 15/2006/QĐ-BTC, which promulgated a new Accounting Policy of Rules to replace the existing one (Ministry of Finance [MOF], 2006). The new Accounting Policy of Rules includes the contents of the VAS in the form of rules. A rule-based system is considered a key governing tool of the Vietnamese government. Next the socialist legality which was adopted in Vietnam is discussed.

#### 2.4 Socialist legality: The rule-based system in Vietnam

By 1960 the Democratic Republic of Vietnam had begun to comprehensively adopt the legal doctrines and institutions of the Soviet Union (Gillespie, 2006). According to Gillespie (2006), even though there are some differences in legality between France and the Soviet Union, both countries' legal systems still influence contemporary Vietnamese thinking. The Communist Party adopted a Leninist model of mass organisation which functioned as an instrument of top-down control, despite paying lip service to the notion of being representative of group interests (T. T. T. Tran, 2002).

According to Nguyen and Richard (2011), Vietnam adopted certain variants of the Soviet model and that the accounting system in Vietnam prior to the 1995 reforms bore the characteristics of the Soviet accounting model (C. P. Nguyen & Richard, 2011). During the war against the South, Vietnam received financial aid from the Soviet Union, which possibly explains its influence on the Vietnamese system.

All economic activity followed a central planning model and was controlled by the government. The government took ownership or collective ownership of all means of production (McCormick, 1998). In particular, agriculture was collectivised and prices were set and administered by the government. SOEs dominated the market. The government took control of everything – even interest and exchange rates (Harvie & Tran, 1997). The influence of the Communist Party could be found in the planning process and in all key managerial positions in the economy (Bergeret, 2002; McCormick, 1998). This was a result of the establishment of a Leninist state with dominance over infrastructure (McCormick, 1998). Because of the strong centralisation, enterprises had very little autonomy in making decisions and took little responsibility for the effective use of economic resources. The government set specific production targets for enterprises. To achieve the given targets, the government provided enterprises with capital and direction. Prices and customers were determined by the government (Bergeret, 2002). The decision to join the US-Vietnam Bilateral Trade Agreement and the WTO is considered a step forward in reducing the power of the state in economic management (Gillespie, 2006). The next section presents the flow of legal documents regarding socialist legality in Vietnam. It aims to show the effects of centralisation and domination by the government and its agencies in Vietnamese society.

#### **2.4.1 The hierarchy of legal documents in Vietnam**

Figure 2.1 shows a simplified structure of legal documents in Vietnam. The complete structure can be seen in *Appendix One*. The legal terminology is explained in the *Appendix Seven*

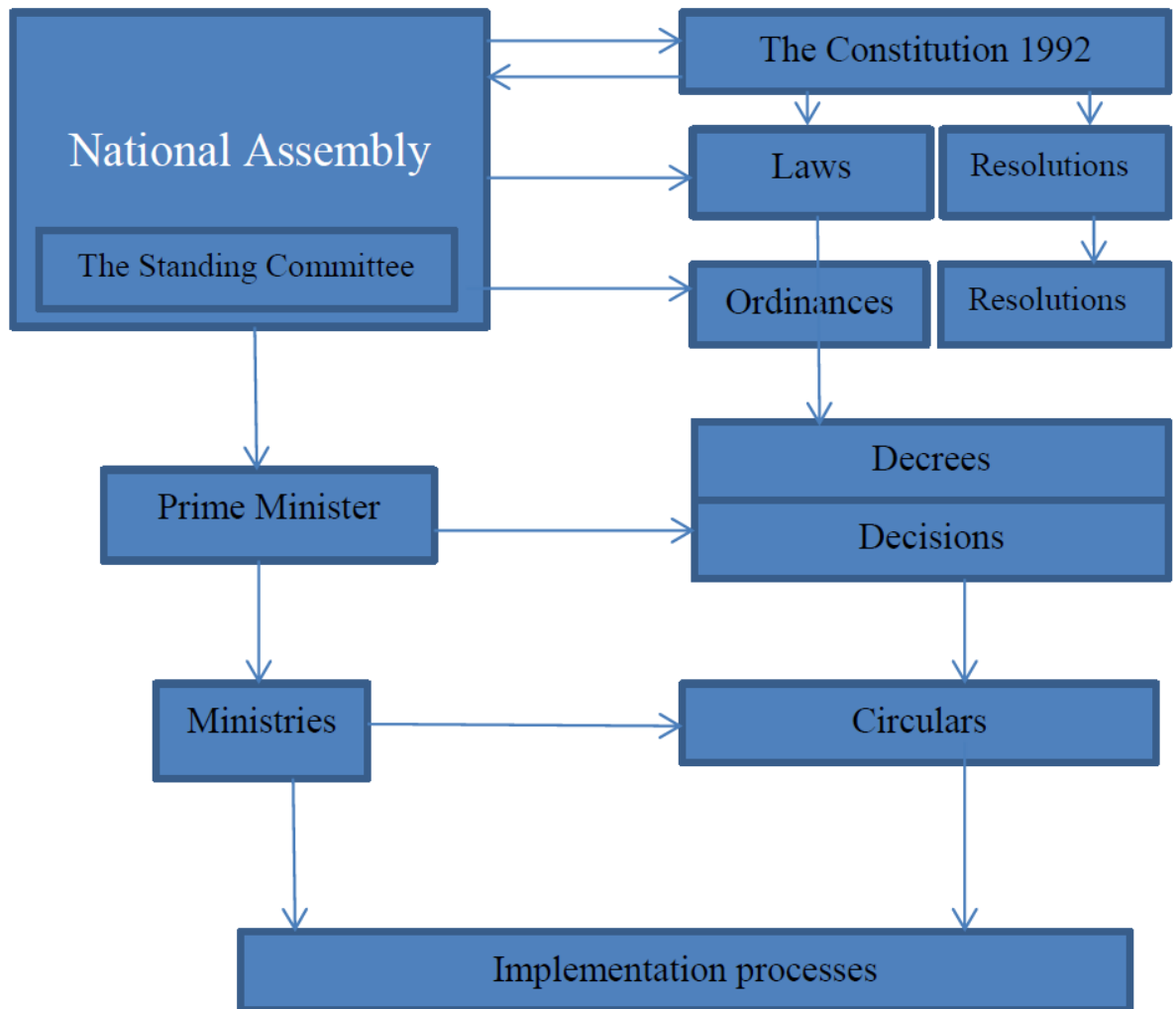


Figure 2.1: Law-making bodies and the legal system in Vietnam (InterKnowledge Corporation, n.d.).

According to the 1992 Constitution, which was amended by Resolution No. 51-2001-QH10 of Legislature Ten of the National Assembly at its 10th Session on 25 December 2001, “the State of the Socialist Republic of Vietnam is a State of the people, by the people, for the people. All State power belongs to the people whose foundation is the alliance between the working class and the peasantry and the intelligentsia” (Article 2)(Constitution 1992). Also, “the Communist Party of Vietnam, the vanguard of the Vietnamese working class and loyal representative of the interests of the working class, the working people and the whole nation, who adheres to Marxism-Leninism and Ho Chi Minh's thought, is the force assuming leadership of the State and society. All organisations of the Party shall operate within the framework of the Constitution and the law” (Article 4).

The National Assembly is the only body vested with constitutional and legislative powers. The Standing Committee of the National Assembly is the permanent body of the National

Assembly that has the duties and powers to explain the constitution, laws and ordinances (Article 91, Constitution 1992).

Executive organisations, at the national level as well as the local level, also have power to promulgate legal documents. The President is the Head of the State, acting on behalf of the Socialist Republic of Vietnam in domestic and foreign affairs (Article 102, Constitution 1992). He also issues orders and decisions to ensure the discharge of his duties and powers (Article 106, Constitution 1992). The government, which consists of the Prime Minister, the Deputy Prime Minister, Ministers and other members, is the executive body of the National Assembly and the highest administrative state body of Vietnam (Article 109, 110, Constitution 1992).

According to the Law on promulgation of legal documents No 17/2008/QH121, which was passed by the National Assembly on 3 June 2008, legal documents are defined as documents issued or jointly issued by state organisations in compliance with this law or the Law on promulgation of legal documents of the People's Councils and People's Committees. They consist of common rules of conduct with compulsory effectiveness. Their implementation is guaranteed by the government to regulate social relations (Article 1) (Law on promulgation of legal documents, 2008). Accordingly, the legal documents of Vietnam are divided into laws/regulations and secondary regulations. Laws and ordinances are legal documents passed by the National Assembly, the highest constitutional body of the Socialist Republic of Vietnam – the only body vested with constitutional and legislative powers. The procedures and formation of these laws/regulations are regulated within Articles 84, 88 and 147 of the 1992 Constitution (as amended), and consist of the Constitution as well as other laws and resolutions. Laws/ordinances shall be applied as regulations with the supreme legal force of the legal system in Vietnam. Should other legal documents not be promulgated in accordance with the Constitution, laws and resolutions, they cannot be considered legal documents (Article 146, Constitution 1992; Article 1, Para.2 of the Law on promulgation of legal documents, 2008). The fundamental rights of Vietnamese citizens including their civil, political, economic, and social rights are recognised in the 1992 Constitution (as amended), which is applied as the basic regulation (T. P. L. Nguyen, 2010). The next section presents some negative aspects of the socialist legal system of Vietnam.

#### 2.4.2 Drawbacks of the socialist legal system of Vietnam

The socialist legal system of Vietnam and the organisation of public administration have created many executive bodies at various levels within the mechanism of the government. A number of obstacles which result in ineffectiveness of the law-based administrative governance and due administrative process have also been pointed out. For example: unclear boundaries for substantive areas in various government agencies; legislative and quasi-legislative powers of local executive and jurisdictional bodies; and permission for different agencies to impose regulations pertaining to the same substantive areas. These factors lead to overlaps and inconsistencies, the non-uniform application of legal provisions and fragmentation of administrative power (D. H. Dinh, Pham, Nguyen, & Hoang, 2000; Hoang, Uong, & Vu, 2000; Rose, 1998).

According to Tuong (1997), there has been some negative feedback regarding the market-oriented economy in Vietnam, such as social stratification and an increasing gap between rich and poor. Engholm (1995) argued that corruption and nepotism occurred because of low wages: if a person had a powerful connection, then a decent job at a lucrative organisation would be waiting for him/her upon completion of tertiary studies. Smith, Esmond and Pham (1996) claimed that society is based on an interconnected network of personal relationships in which all parties have obligations. In support of this, Engholm (1995) made the bold statement that “relationships are everything in Vietnam” (Engholm, 1995, p. 211).

Excessive regulations and awkward administrative procedures also result in opportunities for the abuse of power and the corruption of state officials. In addition, flaws in the implementation of legislation, inefficient direction, and failure to investigate violations of laws also lead to the same issues (D. H. Dinh et al., 2000; Hoang et al., 2000). The Communist party of Vietnam remains the dominant political force and has reaffirmed its stance against the formation of a multiparty system. However, it has also admitted that “bureaucracy, abusive power and corruption have surfaced among not a small section of officials in the Party and State apparatus” (Engholm, 1995, p. 36).

Decreasing unnecessary bureaucracy or ‘red-tape’ and corruption are believed to result in more effectiveness, efficiency and transparency in the operation of state agencies (Asian Development Bank, 2003; Ministry of Home Affairs, 2006). The government has imposed regulations with strict rules and procedures guiding the organisations and public

administrative agencies in the hope of reducing opportunities for or risk of corruption or other forms of abuse of power (Bartholomew, 2005; Buhmann, 2001). As well as discussing corruption due to red-tape or bureaucracy, the section below reveals the disparities between social classes in Vietnam resulting from socialist legality.

#### **2.4.3 Disparities between social classes in Vietnam**

As a result of an interregnum of high socialist social organisation (from 1954 to 1986 for North Vietnam and from 1975 to 1986 for South Vietnam), Vietnamese society developed unevenly and different classes were created. During this period, the middle class was actively punished and virtually eradicated. Individuals and families identified as bourgeois had their goods and properties confiscated and/or nationalised, and many were sent to re-education camps (Bélanger, Welch Drummond, & Nguyen Van, 2012).

Many successful entrepreneurs are, on closer inspection, highly dependent on the state. In fact, many ‘private’ companies had been owned by government ministries and were spun off from SOEs or were privatised SOEs sold to former managers. Heberer (2003) in his study of entrepreneurs estimates that 40-50% of entrepreneurs are former civil servants or party cadre. Contact with government officials is crucial to the working of the private sector. In other words, entrepreneurs and others in the middle class are often highly dependent upon government contacts, patronage, and protection (Bélanger et al., 2012).

Socialist legality is derived from Marxist theory, which specifies workers as controllers of societies where the proletariats have aspirations. There is a connection between law and class. Law reflects the “will of the ruling class” (*y chi cua giai cap thong tri*) and its domination. Socialist legality is also linked to “state discipline” (*ky luat nha nuoc*) – rule through law (Gillespie, 2006). Rule is emphasised in the Vietnamese legal system. The “asking-permitting” system has been used as a tool within the “state economic management” power of regulators (Pham, 2002, pp. 84-85). In other words, the scope of business activities for entrepreneurs is unclear and they can be penalised for any infractions. Regulators are given “state economic management” power.

The appointment of managers is often based on qualifications and experience. However, during the post-war periods, rewards for war achievements have been widely used to recognise past loyalty to the Communist Party. Whether a person is at a higher or lower

level of management can be determined by their number of war medals, duration of Party membership or number of years exiled in the ‘imperialist prison’ (Vo, 2005).

According to King, Nguyen, and Minh (2008), one of the consequences of *doi moi* has been increasing social inequality, and a widening wealth gap between rich and poor, and urban and rural communities. Hoang (1994, p. 21), a key Ministry official, stated: “Not all people are allowed to participate in business processes and conduct business activities”. Echoing this view, Duong (2000) suggested that business is a playground for rich people who enjoy privileges that ordinary people are denied. Such economic inequality has the potential to create social harm because of business failures and unemployment. A new urban rich middle class has emerged, comprising people with administrative power, economic capital, or education and employable skills (Bresnan, 1997; Trinh, 1993). This middle class includes civil servants, businessmen and independent professionals. Bookkeepers can be seen as not part of the privileged middle class. Gainsborough (Gainsborough, 2002) concludes that the middle class is still closely connected to and dependent on the Vietnamese State. The result is that the size and importance of the middle class will continue to increase and those in power in Vietnam will have to make a sustained effort to accommodate their interests, needs and aspirations (King et al., 2008). Therefore, some commentators still strongly support the proactive and ongoing role of the State in economic management (Tu, 1994). These commentators argue that state managerial role is very important as it can ensure social equality by reducing the gap between rich and poor, town and countryside, industry and agriculture, and between regions within the country. This would maintain stable growth and economic efficiency (Mai, 2001).

These observations are important to this thesis as Bourdieu links class with professional identity. Professional accountants can be seen as members of the middle class. The literature shows that they will enjoy the benefits that the future will bring. On the other hand, bookkeepers, who can be considered petty bourgeoisie, will not enjoy future benefits to the same extent, as the literature shows that their class position is little better than that of the working class. The latter possess no economic and cultural capital as, according to the literature, they are the economic victims of *doi moi* (H. M. Nguyen & Nguyen, 2005).

While Vietnam is not a post-socialist society in political terms, it shares with Eastern European socialist societies the experience of a communist class structure prior to the

dismantling of their centralised economies (Bélanger et al., 2012). There is a wide range of inequalities based on occupational title since the introduction of market reforms in Eastern Europe. The entrepreneur class has retained its elite position and this is expected to continue. By contrast the peasants and the working class have reported a decline in their economic situation but they are hopeful about the future though less confident than the bourgeoisie. Other writers such as Kitschell (1992) expect that under the new market system class division will be accentuated over time. The following section discusses the differences between socialist economic systems and capitalist economic systems.

## **2.5 The concept of state capitalism: Former and present socialist countries versus capitalism in Western countries**

There are many factors differentiating socialist economic systems from capitalist economic systems. Buick and Crump (1986) state that “the substitution of state for private (individual or corporate) ownership does not mean the abolition of capitalism. . . it merely means that capital has come to be embodied by the state, or rather, in practice, by several different state-enterprises” (p. 15). The differences between socialist and capitalist regimes are explored by Guesnerie (1996) on the basis of the difference between a fully planned economy and a market economy [cited in (C. P. Nguyen & Richard, 2011)]. Gouldner (1955) considers that the nature of the interrelationships between production units is not a critical factor in differentiating between the two economic systems. According to Gouldner (1955) and Buick and Crump (1986), labour relations are important within the units of production, such as whether workers dictate their firm’s policies, or are simply wage earners dominated by private employers or state bureaucrats.

According to Buick and Crump (1986) wage labour and its market are considered key determinants of a capitalist economy. Such elements indicate the existence of profit-driven investment which ultimately belongs to the dominant class. Therefore, capitalism is perceived as a system where there is an “investment of capital in production with a view to profit” (Buick & Crump, 2013, p. 7). This also means that there are instances of a labour market where “exploitation of wage labour” occurs (Buick & Crump, 2013, p. 9). Buick and Crump (1986, p. 72) record seven attributes of a state-capitalist regime:

1. state ownership of the principal means of production,
2. generalised wage labour,
3. generalised use of money and monetary calculation,



4. a free market for consumer goods in the form of agricultural products and light industrial products,
5. a market for means of production which is closely monitored and directed by the state,
6. wide-scale planning activity, although a fully planned economy is not achieved, and
7. a sizeable black market.

The so-called socialist regime of the former Soviet Union is characterised as "state capitalism" (C. P. Nguyen & Richard, 2011). Nguyen and Richard (2011) cite three main points that were explained by Sapir (1984) as contradicting the conventional perceptions of the Soviet Union: "First, there were at least four categories of economies existing in the Soviet Union: A state-planned economy for some companies, small companies carrying a legal private economy, a non-legal private economy resulting from exchanging for raw materials between the directors of big officially 'planned' companies, and a criminal economy" (p. 26). Second, state planning rapidly "disappeared" (p. 11) because it was difficult and/or authorities lacked the will to control the division of activities between the four types of "economies" (p. 11). Third, "the planning system was never directly applied to labour" and there was always a "labour market" characterised by "strong competition to obtain supplements of labour force" in times of growth and the possibility of dismissing workers on the pretext of work errors in times of crisis (p. 13-14). The existence of a labour market which is supporting state capitalism is not compatible with the traditional view of the Soviet Union. According to Buick & Crump (1986), capitalists were supervising the extraction of surplus value from the working class. However, the irony is that heads of the communist party, the upper level of the state bureaucracy, the senior management in state economic enterprises and the top ranks of the military and police forces now enjoy special privileges not available to the working class. Such people in high positions reap greater incomes than normal workers (Harvie & Tran, 1997).

## 2.6 Chapter conclusion

Vietnam is a small country with a long and complex history of invasion by the Chinese, the French and the Americans. The Vietnamese people continuously opposed these invasions in order to achieve national independence and liberation. Ultimately, Vietnam gained independence. The Democratic Republic of Vietnam was formed and followed the

Soviet Union model. The rule-based socialist legal system was adopted. It has resulted in many issues such as red-tape, corruption, and the creation of classes in Vietnamese society. The history and socialist legal system of Vietnam have also had a significant influence on the Vietnamese accounting field and “the players” within the field. The importance of this chapter is to emphasise the effect of successive waves of foreign occupiers, and more recently a highly centralised socialist government has eroded the judgement and independence of accountants in the accounting field. The French colonial legacy left Vietnam with thousands of rule-bound bookkeepers trained to perform repetitive, inflexible accounting procedures and with few professional accountants who could act independently or were capable of making judgments with regard to best practice. The government has taken over where the French colonial occupiers left off. The following chapter on Bourdieu’s Theoretical Framework (*Chapter Four*) will explain how the army of bookkeepers have become entrenched in their positions and passive with regard to change. However, next chapter (*Chapter Three*) presents the gap in the academic literature with a discussion of why this thesis offers contributions to an understanding of the development of accounting practice in Vietnam.

## CHAPTER 3: LITERATURE REVIEW

### 3.1 Introduction

Using Bourdieu's theory, the thematic questions asked in this chapter are: Why is the accounting field so subjugated to other fields? How did this situation come about? The Bourdieuan concept of field refers to objective structures which exist in the field and which individuals within the field must internalise (Bourdieu, 1990b). In addition, tracing the history of the accounting profession and more narrowly that of the VAA and the VACPA sets the context of the research. Further context is achieved through understanding the role of the regulatory body, the MOF, which provides guidance to the accounting profession. Such a context results in a development of *habitus of "players"* within the field.

The key “players” within the field are professional accountants and bookkeepers, whose role has not been explored sufficiently by researchers. From observations, Chu (2004) explores the structure of the accounting field in Vietnam. Bui (2011) traces the historical development of accounting in Vietnam together with the influences of French, Chinese and Russian accounting practices. None of these researchers have investigated why the Vietnamese profession is constructed in the way it is, why compliance bookkeeping is preferred by most bookkeepers and some professional accountants, why so few of them belong to the VAA and/or the VACPA, how operating practices together with class and status construct identity (Bourdieu, 1984), or how such structures impact on the identity of bookkeepers and professional accountants. This research aims to fill such a gap and examine the accounting field where class, status and practices distinguish bookkeepers from professional accountants. The Bourdieuan analysis outlined in the theoretical framework chapter provides insights and explanations. This matter has not been explored in the literature on Vietnam, and this is the focus of this research.

The chapter first considers the differences between rule-based and principle-based systems. The discussion covers two aspects: the nature of rule-based systems and the origin of principle-based systems. Second, this chapter discusses the application of the IFRS in communist and ex-communist countries. It also includes some of the arguments around rules or principles, and especially explanations as to why communist and ex-communist countries have a preference for rules. Third, it explains how the accounting

profession creates objective structures within the field. Such structures are important to Bourdieuan theory, which argues that their internalisation by individuals establishes the rules of “the game” in the accounting field. The history of these structures is traced back to the French professional structure which was imposed on Vietnam during the French occupation. Following the generalised discussion of the accounting profession is a more specific description of the Vietnamese accounting profession and how it is organised by the government. The final section explores the formation of identity in literature and how the identity of bookkeepers and professional accountants in Vietnam is developed in its own context.

### **3.2 Rule-based versus principle-based systems**

Rule-based and principle-based systems are quite different from each other and are influenced by many factors such as cultural, legal and educational systems. It is widely accepted that culture plays a major role when choosing one accounting system over another. A country tends to adopt an accounting system which is inspired by countries with the same or a similar culture (Nobes, 1998). The progress of harmonisation is conditioned by the particular “constellation” (Colebatch, 1989) of social, economic, political, legal and other forces in the designated country and these may continue to modify the meaning and implementation of both accounting and auditing standards to reflect a country’s culture as is happening in China (Deng & Macve, 2012). Many researchers consider that influences may also have come through colonial practices, powerful investors or multinational corporations (Chandler & Holzer, 1984; Perera, 1980; Radebaugh, 1975; Wilkinson, 1965). Below is a review of the nature of rule-based systems, the origin of principle-based systems and how differences between these systems impact on the process of adopting, converging or harmonising them with, the IFRS.

#### **3.2.1 Nature of rule-based systems**

When discussing the rule-based approach, the collapse of Enron is often used as an example of the failure of such an approach (Nelson, 2003; Schipper, 2003). Opponents of the US Generally Accepted Accounting Principles (US GAAP) claim that the Financial Accounting Standards Board (FASB) provides an abundance of guidance which did not keep Enron away from circumventing accounting rules. By using the IFRS, failure to consolidate would have signalled significant issues in the restatement of Enron financial statements. However, for those who are loyal to the US GAAP defends that the IFRS

leaves far too much room for interpretation or professional judgments (Jermakowicz & McGuire, 2002).

Rule-based accounting standards are considered to be detailed, complex, and have numerous scope exceptions (Nelson, 2003; Schipper, 2003). Bradbury and Schröder (2011) find that rule-based standards involve “more rules, more justification, acknowledge less judgment..., have more ‘bright-light thresholds’, have more scope exceptions, and are more verbose and complex” (p. 2). The US accounting standards are considered to be rule-based because of the way the definitions are drafted (Bradbury & Schröder, 2011; Hoogendoorn, 2006). They are more verbose (Benston, Bromwich, & Wagenhofer, 2006) and complex than principle-based accounting standards (Schipper, 2003). Explaining the formation of rule-based standards, in October 2002, the FASB issued a proposal called Principle-based Approach to US Standard Setting:

*In the Board’s view, much of the detail and complexity in accounting standards has been demand driven, resulting from (1) exceptions to the principles in the standards and (2) the amount of interpretive and implementation guidance provided by the FASB and others for applying the standards (Financial Accounting Accounting Standard Board [FASB], 2002, p. 9).*

Such exceptions are considered to be driven by the dominant interest groups, the FASB (2002) adds:

*The exceptions resulted from the Board having to make compromises with presumably powerful interest groups that prevented it from implementing its desired principles. The Proposal makes particular mention of FAS 133, Accounting for Derivative Instruments and Hedging Activities, the complexities of which resulted from the Board having to make numerous exceptions from the general principles promulgated in FAS 133 (paragraph. 3).*

To fulfil the objectives of comparability and verifiability, the FASB considers ‘principle-only’ standards as insufficient. As a result, they “*could lead to situations in which professional judgments, made in good faith, result in different interpretations for similar transactions and events, raising concerns about comparability*” (FASB, 2002, p. 9).

Since there is a big demand from key constituents such as management and auditors for a clear answer to each and every perceived accounting issue, rule-based standards have been developed. Accountants in the US and in many countries have a great incentive to ask for rules to avoid the risk of lawsuits which may be a result of alleged incorrect accounting (Benston et al., 2006). In particular, accountants require more guidance with

a hope of protecting themselves from criticism. Standard setters and regulators seem to believe that rule-based standards would reduce the risk of earning managements as a result of using judgments (Schipper, 2003).

The Securities and Exchange Commission (SEC) (2003) has issued the following report:

*Unfortunately, experience demonstrates that rules-based standards often provide a roadmap to avoidance of the accounting objectives inherent in the standards. Internal inconsistencies, exceptions and bright-line tests reward those willing to engineer their way around the intent of the standards. This can result in financial reporting that is not representationally faithful to the underlying economic substance of transactions and events. In a rules-based system, financial reporting may well come to be seen as an act of compliance rather than an act of communication. Moreover, it can create a cycle of ever increasing complexity, as financial engineering and implementation guidance vie to keep up with one another (note 13).*

Adding to such a comment of the SEC (2003), McLean and Elkind (2003) explain that Enron manipulated the process in subverting the FASB rules and the GAAP:

*Interpreting those rules has always been more art than science, reliant in no small part on the good faith of those applying them in everyday situations. For very smart people who saw the rules as something to be gotten around, well, it wasn't all that hard to do – in fact; some former Enron employees argue that the rules themselves provided a road map. And Enron, which prided itself on employing only the very smartest people took that view further than any company that's ever existed. 'We tried to aggressively use the literature to our advantage,' admits a former Enron accountant. "All the rules create all these opportunities. We got to where we did because we exploited that weakness" (p. 142).*

A rule-based system with voluminous detailed guidance creates a great opportunity for the distortion that McLean and Elkind (2003, pp. 142-143) report:

*Here's how another former employee describes the process: 'Say you have a dog, but you need to create a duck on the financial statements. Fortunately, there are specific accounting rules for what constitutes a duck: yellow feet, white covering, and orange beak. So you take the dog and paint its feet yellow and its fur white and you paste an orange plastic beak on its nose, and then you say to your accountants, 'This is a duck! Don't you agree that it's a duck?' And the accountants say, 'Yes, according to the rules, this is a duck.' Everybody knows that it's a dog, not a duck, but that doesn't matter because you've met the rules for calling it a duck.*

In addition to the discussed weaknesses of rule-based standards, Kershaw (2005, pp. 596-597) points out “rules can become useless and, worse yet, dysfunctional when the economic environment changes or as managers create innovative transactions around them”.

### *3.2.2 Origin of principle-based systems*

Given a set of transactions from which accountants have to prepare financial statements, accountants in different countries or even in the same country will not produce identical financial statements (Nobes & Parker, 2008). There are several reasons for this. Accountants may follow the same set of rules, but no set of rules seems to cover every eventuality. There is also room for professional judgment. Professional judgments commonly depend on an accountant’s environment and country. In addition, accounting rules differ between countries and even between companies. Multinational enterprises operate in more than one country and they may find it hard to produce transparent and consistent financial statements. In other words, it is hard for multinational enterprises to know what set of standards they should comply with. Investors may find it hard to make investment decisions when they cannot efficiently compare financial statements prepared by overseas companies with financial statements used in their own country (Nobes & Parker, 2008).

Since its inception in 1973, the London-based International Accounting Standards Committee (IASC) has attempted to reduce cross-national differences in financial reporting practices. With a desire to become more independent of professional accounting bodies and cooperate closely with national standard setters, the IASC went through restructuring by changing its constitution, strategy, structure, and name. In April 2001, the International Accounting Standards Board (IASB) began full-time operations (Jermakowicz & McGuire, 2002). The main objective of the IASB is to establish a single set of globally accepted standards which will provide high quality, transparent, comparable and understandable information to capital markets and other users (International Accounting Standard Board [IASB], 2002). The IASB emphasises the fundamental importance of standards that focus on principles drawn clearly from the IASB’s conceptual framework, rather than on detailed rules. Preparers of financial statements are expected to supply a truthful and faithful representation of all transactions. Furthermore, this approach also postulates that both companies and their auditors will exercise professional judgment in the public interest (Jermakowicz & McGuire, 2002).

The IFRS was designed for all profit-oriented entities that provide information to external users who have limited access to information for their investment decisions (Perry & Crook, 2007).

The dominant view of financial practice has been carried around the world by an alliance of predominantly Anglo-Saxon institutions such as the Big 4 international accounting firms, the World Bank, multinational corporations, international investment banks, the Anglo-Saxon accounting professions, the IMF, the IASB, international law firms, the World Trade Organisations (WTO), the United Nations, and even Western universities. They ideologically reinforce the international accounting and auditing standards (Gillis, 2011). They may be seen as enjoying an alliance because they are so connected as to enjoy mutual benefits. The multinationals fund the IASB and the Big 4 international accounting firms follow the multinationals around the world while recruiting from the accounting professions who enjoy input into the IASB – and the World Bank and the IMF are equally persuaded as to the merits of the IFRS and the International Accounting Standards (IAS) accounting practices. Sir David Tweedie (Tweedie, 2011) – past chairman of the IASB – considers the spread of international standards is important because “these standards, applied consistently, will provide high quality, transparent, and comparable information” (paragraph 4). Sir David (1985) makes the further point that government standard setting imposes negative features on the accounting field such as bureaucracy, insensitivity, focus on form rather than substance, and a reduction of professional independence. Other studies make the same points that the adoption of the IFRS principles will result in better comparability, transparency and quality of financial reporting (Jermakowicz, 2004; Veneziani & Teodori, 2008). All of these benefits may well apply, just as liberal thinkers once argued that the British Empire brought the benefits of progress and free market liberalism to countries ruled by local autocrats (Mehta, 2001; Sullivan, 1983).

The adoption of IFRS should enhance a jurisdiction’s reputation as a “modern, organised and well-regulated place to do business” (Jermakowicz & Gornik-Tomaszewski, 2006, p. 191). Along with such benefits, the implementation process of IFRS could also encounter some difficulties or failures resulting from a lack of government support, cultural differences preventing the implementation of new concepts, a strongly built national outlook (Callao, Jarne, & Laínez, 2007), high implementation costs (Sucher & Jindrichovska, 2004) and different legal systems (R. K. Larson & Street, 2004; Vellam,



2004). Compared with rule-based systems, principle-based accounting standards involve the use of more professional judgment (Benston et al., 2006).

Can principle-based standards overcome the evident weakness of rule-based standards? An SEC report (SEC, 2003) defines principle-based standards as “high-level standards with little if any operational guidance” (at note 13). In addition, there are some concerns related to principle-based standards (at note 15): “[1] a greater difficulty in seeking remedies against ‘bad’ actors either through enforcement or litigation, and [2] a concern by preparers and auditors that regulatory agencies might not accept ‘good faith’ judgments” (SEC, 2003). Schipper (2003) points out that the impairment of the recorded goodwill and the revaluation of the assets are complicated and result in a series of questions which ultimately demand more rules and guidance. Schipper (2003, pp. 64-65) asks:

*At what level in the organisation should goodwill be tested for impairment, and how often? Since goodwill cannot be separately measured, how should the impairment test be carried out? If goodwill is found to be impaired, how should it be remeasured? The standard setting issue: How many of these questions should be answered in the standard and at what level of detail?*

The adoption of fair-value measurement by the IASB is considered inconsistent with principle-based accounting standards as the fair-value practice requires many rules and guidance (Benston et al., 2006). The accounting standards for business enterprises have been mandatory for listed Chinese enterprises since January 2007 and are considered to be in line with the IFRS and cover almost all of the topics in the current IFRS (Deloitte Touche Tohmatsu, August 2006). However, there are some modifications related to fair values such as the treatment of impairments and disclosures of related party transactions, which are accepted in the Chinese business environment (Deloitte Touche Tohmatsu, August 2006). To prevent accountants from following rules by letter instead of intention, true and fair override appears to be necessary. The increase in rules is included in the standards; the increase in override provision follows. Its aim is to allocate more professional responsibilities to accountants for the content and disclosure of financial statements to ensure sufficient transparency for users (Benston et al., 2006). The proposed adoption date of the IFRS 9 is for accounting periods starting on or after 1 January 2015 (Ernst & Young, 2012) but is likely to be postponed as the topic area is so controversial. Some entities may choose early adoption but most entities will probably continue to apply the current standard (IAS 39/32) until the new standard is further clarified. Vietnam is

likely to continue with the IAS 39/32 for as long as possible. The current standards on financial instruments, especially when dealing with classification and measurement, are complex and rule-driven. They are rule-driven in that the standards take the form of posing questions such as: How can the eligibility of the fair value option be assessed? How can the rule-based reclassification criteria be applied? How can the complex rules on the treatment of derivatives and embedded derivatives be applied? How can a strict interpretation of hedge accounting documentation together with prospective and retrospective hedge effectiveness testing rules be applied? Nonetheless, some businesses like what they are familiar with, which is the IAS 39/32, while others may apply a mixture of models over the next few years.

Furthermore, Hoogendoorn (2006) found that the IFRS encourages professional judgments and interpretations which apparently results in some diversity in practice. However, trying to avoid such diversity would result in a rule-based approach, as he states:

*There is an area of tension between a principles-based interpretation of IFRS and a rules-based interpretation. Trying to avoid diversity in practice results in a rules-based approach. If IFRS leaves room for judgment and interpretation, some diversity in practice is unavoidable. Under a principles-based approach, the test is not whether accounting treatments are identical but whether they are appropriate in the particular circumstances. So if the IASB or the securities regulators want to avoid diversity in practice, the only solution would be to have more and more detailed rules or official International Financial Reporting Interpretations Committee (IFRIC) interpretations (Hoogendoorn, 2006, p. 24).*

Comparability of financial reports becomes critical in the international business environment. Various interpretations of accounting standards made by local accountants or regulators seem to be a big issue and may result in the formation of rule-based standards (Benston et al., 2006; Hoogendoorn, 2006).

Diversity in implementing the IFRS is apparent and is very unlikely to disappear because of differences in accounting cultures. In addition, interpretation also varies between countries as a result of past experiences, practices and events (Alexander & Servalli, 2009; Hoogendoorn, 2006; Schipper, 2005; Soderstrom & Sun, 2007; Tokar, 2005). Since the IFRS is derived from Anglo-Saxon institutions with a common-law background, they are considered to be less conservative than those with code-laws (La Porta, Lopez-de-Silanes, Shleiffer, & Vishny, 1998). Despite issues around the adoption and implementation of the IFRS, the IFRS adoption could provide a good prospect for many

developing countries as it would allow them to attract overseas investors and resources (Abd-El Salam & Weetman, 2003; Irvine & Lucas, 2006; Zeghal & Mhedhbi, 2006). Most of the developing countries are not voluntarily adopting, or adapting to, the IFRS. They are under pressure from the World Bank and the IMF (Irvine & Lucas, 2006) to do so. As the dominant financial supporters of the IASB's standards, the World Bank and the IMF have acknowledged that they are playing a prescriptive role in establishing the IAS/IFRS in developing countries (Abd-El Salam & Weetman, 2003; Annisette, 2004; Chamisa, 2000; Irvine & Lucas, 2006; Mir & Rahaman, 2005; Zeghal & Mhedhbi, 2006). Many researchers also consider that systems used in developing countries have been inherited from Western capitalist countries, such as the UK and US. These systems were either imposed through colonial influence, by powerful investors or multinational corporations (Chandler & Holzer, 1984; Perera, 1980; Radebaugh, 1975; Wilkinson, 1965). In addition, international accounting firms have also been important vehicles for transferring Western-style accounting to developing countries (Briston, 1978). Multinational corporations have a voluminous demand for removing differences in national accounting practices to facilitate their operations, which is a motivation for international harmonisation of accounting standards (Faraz, 1974; Nair & Frank, 1981; Needles, 1976; Organisation for Economic Corporation and Development, 1980).

### **3.3 Application of the IFRS in communist and ex-communist countries**

Since the Anglo-Saxon culture is embedded in the IFRS, this leads to doubt about the quality of the IFRS implementation in countries that do not follow common-law practices (Ball, 2006). The evidence from ex-communist Romania has shown that the transfer of an accounting system is a slow and controversial process (Albu et al., 2011). Such changes in accounting systems are often facilitated by coercive pressure from external bodies who, however, cannot easily alter the routines of people in the field, especially when they are of foreign origin. It is also important to note that the mentality of practitioners in the field cannot be comfortably changed (Albu et al., 2011), as Wilkinson (1965) states "the accounting principles and practices of Western capitalist countries were never 'sold' to developing countries on the basis of convincing arguments in support of their superior quality in terms of local needs" (p. 11-12).

Substance over form is a principle originating from Anglo-Saxon accounting practices (Albu et al., 2011), and it raises a controversial issue for it requires professional judgment. Coercive pressure from the World Bank forced Romania to adopt the IFRS. However, the

main purpose of having the IFRS has been distorted, because Romania has turned it into rule-based compliance (Ding et al., 2007). Instead of using principles and promoting professional judgments, Romania continues to issue sets of rules with which people must comply (Ding et al., 2007). The persistent adherence of ex-communist accountants to rules can be explained by the roots of their knowledge and skill and their tendency to look for a high level of prescriptive regulation and a narrow choice of accounting treatments (Vellam, 2004). Observations made by Ding et al. (2007) again revealed a need for the IFRS in developing countries because their accounting standards are less sophisticated and comprehensive as a result of weak accounting professions. Indeed, successfully implementing the IFRS in emerging economies is a huge challenge (Ding et al., 2007; Jermakowicz & Gornik-Tomaszewski, 2006; Mir & Rahaman, 2005).

Carmona and Trombetta (2008) found that developing countries have great difficulty in applying fair values based on market movements, as their economies are not sufficiently developed and their institutional contexts are different from those in Anglo-Saxon countries. Albu et al. (2011) do not think Romania has successfully implemented the IFRS because their tax department plays a dominant role, while other factors that favour the change process, such as users' needs, professional skills, educational training and enforcement bodies, are poor. A study of the Czech Republic, another ex-communist country, by Sucher and Jindrichovska (2004) found that bookkeeping and tax regulations still receive strong emphasis even if the focus is on substance over form and investors. Because of the specificities of the code-law system and the weakness of the accounting profession, the application of the IFRS in Romania is flawed (Albu et al., 2011).

The way the IFRS is adopted or adapted differs in developing countries. In Zimbabwe, all the IFRS are subject to a review process and those deemed irrelevant are deleted (Chamisa, 2000). By contrast, in Kuwait and Pakistan, the IFRS has been fully adopted without modification but with a very low level of compliance so ultimately the adoption process is a failure (Mir & Rahaman, 2005). The process in Mauritius is considered successful because of the staggered adoption phases (Boolaky, 2010). China is a communist country which is considered to be successfully undertaking a process of convergence. The progress of the Chinese GAAP towards the IFRS increased from 20% to 77% between 1992 and 2006 (Peng & van der Laan Smith, 2010; Qu & Zhang, 2010). This impressive increase has been obtained by first adopting standards containing common issues with the Chinese GAAP and then gradually converging other standards

(Peng & van der Laan Smith, 2010). Even though Chinese listed companies have adopted standards which are considered to be very similar to the IFRS, they still do not completely understand how to implement them due to the fact that such standards were not developed in accordance with the economic and cultural environment of China. They can claim that they are operating to the same standards as the Big 4 and second-tier international accounting firms, but, realistically, they still have much to learn in order to catch up and compete with their international counterparts (Deng & Macve, 2012). Mennicken (2008) points out that, despite the potential interest in international standardisation projects, apart from a few isolated studies, there is a paucity of research that investigates how such standardisation projects are articulated in local settings and how local interactions enable the connecting of worlds through the often intricate and laborious translation of international standards. In the case of adopting the IAS, they have shown that two factors, i.e. familiarity and language, seem to favour countries in the Anglo-American group, mainly because of the predominant Anglo-American influence in the development of the IAS and also because English is the language of communication within the IASB (Zeghal & Mhedhbi, 2006). In this respect, the IFRS are considered as being issued from the Anglo-Saxon culture, and thus their implementation in communist countries could presumably encounter certain difficulties given the differences between the two accounting cultures (Albu et al., 2011).

Considering all of these different contexts, the question asked is: Which model is Vietnam likely to follow? Obviously, such a question cannot be resolved in this thesis, but by interviewing a range of people involved in the Vietnamese accounting field it is hoped some clearer understanding of possible resistance to change may be achieved. In the context of a clearer understanding of the increasing convergence and implementation of the IFRS, Albu et al. (2011) refer to “the paucity of studies exploring the country-specific factors, especially in developing countries” (p. 78). Albu et al. (2011) explored the implementation of the IFRS in Romania, a former communist country, from the lens of a Whig theory of history, viewing the IFRS adoption as part of a process of enlightenment and progress. However, Nobes and Parker (2008) emphasise “...no country has broken completely with the past, and influences remain both from the pre-communist period and from the communist period” (p. 245). This study uses the case of Romania as an exemplar but Vietnam is viewed through a different lens. Vietnam is also a developing country with a strong centralised system (rule-based system) governed by the Communist Party. Following the theoretical line of Bourdieu, this study does not see history as about

progress, but power and domination. No research has been done about Vietnam from this perspective. In the following chapter, I cover the concepts of Bourdieu that are integral to the arguments advanced in this thesis. The following section discusses the objective structure and status of accounting profession.

### **3.4 Objective structure: The accounting profession**

A profession is generically involved in the acquisition and application of a sophisticated level of technical knowledge and competence in deciding on when, where and how such knowledge should be used (Bottery, 1998; Ozga, 1995; C Paisey & Paisey, 2000; 2006). A profession as defined by Madden and Mitchell (1993) is related to a provision of a service to clients and it is also “a special form of occupational organisation” (Elliott, 1972, p. 10). Credentials are an embodiment of a recognised and privileged occupational description (e.g. chartered accountant with designatory letters: CA) and they signal competence to offer expert services to clients. Credentials are a powerful feature of the professionalisation process (Collins, 1979). They are also a critical strategy in exclusionary closure (Kedslie, 1990; Walker, 1991; Walker & Shackleton, 1995). Paisey and Paisey (2000) also refer to such closures, showing how controlling the entry of members can be used to uphold standards. Such a situation can only be effectively reached when an accounting professional body can self-regulate (Bruce, 1996; C Paisey & Paisey, 2000; 2006). Bruce (1996) further adds that a form of social and economic elitism would be guaranteed when third parties are kept away from the selection and regulation process. This is a significant issue in Vietnam as both the VAA and VACPA are not self-regulated. In fact, both the entry requirements and regulation process are solely undertaken by the MOF. Accounting professional bodies in Vietnam do not have the power or authority of those in other countries. Even though Vietnam has been a member of the International Federation of Accountants (IFAC) since 1998, it cannot fulfil IFAC (d) (2003) requirements, which are to show the high expectation society should have of the accounting profession.

Parker (2005) signifies that, within the accounting domain, “certain designations, notably ‘chartered accountant’ and ‘CPA’, have evolved as brand names” (p.7). The first two accounting professional bodies established in Scotland in the 1850s created “the already prestigious term ‘chartered’ with the less prestigious term ‘accountant’ to produce a designation of great potential, if not yet actual, value” (R. H. Parker, 2005, p. 11).

Parker (2005) also comments below on the role of identity and credentialism in enhancing the ambitions of accountants and the organisational bodies to which they belong:

*A brand is a name that distinguishes a service or the provider of that service from competing services or providers. A successful brand name for an accountant or an accountancy body should provide the services offered with an identity; differentiate those services from those of other providers; segment the market; and remove uncertainty in the mind of the client (p. 11).*

As Edwards and Anderson (2011) observe “as with any ambitious occupational group, its members had aspired to raise their economic and social status by pursuing what would today be described as a professionalisation process” (p. 700). Accounting professional bodies also have to commit to provide a long-term vehicle for accountants who wish to obtain professional status. Velayutham and Perera (1993) suggest that a traditional model of a profession is where “professional activity consists of incremental problem solving made rigorous by the application of scientific theory and practice” (p. 290). Schon (1983) studies the necessity for professionals to reflect their competence in action by specifically exercising professional judgments rather than uniformly applying a formulaic solution to a problem. Such an action is an aggregation of technical knowledge and past experience. Gammie and Lines (2004) also add that a professional “has to make sense of the information supplied...by actively constructing his own meaning” (p.17). As explained by McPhail (2006), a professional is historically required to have good technical knowledge, be able to apply their expertise to practice and to be a member of a professional accounting body. Abbott (1988) suggests that professionals also need to have high moral standards and good technical knowledge (Richardson, 1988). Bolt-Lee and Foster (2003) consider the status of professionals to be associated with the process of examination and selection, which examines technical knowledge learned through workshops or self-study. Competence-based training is adopted by many accounting professional bodies to train professionals (Boritz & Carnaghan, 2002; Walsh, 1999). Many researchers believe that competence should be examined in context (Hyland & Johnson, 1998; Nespor, 1994; Nijhoff, 1998). Boritz and Carnaghan (2002) also add that “competence is commonly viewed as being able to perform a work role to a defined standard with reference to real working environments” (p.1). Such training is critical as it is expected to provide a lifelong basis of knowledge, skills and values to assist professionals in an ever-changing global environment (Adamson, Doherty, & Viney, 2002; Albrecht & Sack, 2000).

Vietnam was a French colony for nearly 100 years. Therefore, the Vietnamese accounting profession, to a certain extent, has been influenced by that of the French. It is helpful to

explore the formation of the French accounting profession to have a better understanding of the Vietnamese profession.

#### 3.4.1 Profession in France

In the professional field, legitimacy is the outcome of collective action, which is the product of internal conflict and the mimicking of other professional bodies. For instance, in France accountants have modelled their institutions on the legal and engineering professions. It was even suggested that accountants in France be called accounting engineers, although as Ramirez (2001) points out such imitations ensure inferiority in a hierarchy of professional fields. The low prestige of accounting is derived in part from it being educationally ignored by the *grandes écoles* (Ramirez, 2001). France has a dual university system: the *universités* and the *grandes écoles*. A *grande école* is a “great school” whose graduates will be guaranteed an elite degree and a piece of symbolic capital (Bourdieu, 1996).

In France, between 1880 and 1920, financial accounting experts with high social capital such as top civil servants, economists, and leading academics became experts in accounting (known as *experts-comptables*) (Ramirez, 2001). Most of the experts were graduates of the prestigious *grandes écoles*. The experts were careful to distinguish themselves from those involved in accounting practice, especially from the inferior *teneurs de livres* or door-to-door bookkeepers who served small businesses with basic bookkeeping. French accountants built their professional fields by constructing the distinction between the *experts-comptables* (professional accountants) and *teneurs de livres* (bookkeepers) who worked in commerce (Ramirez, 2001). In 1912 the *experts-comptables* formed a professional association in Paris, but they were careful to exclude the unworthy – those without social capital. In 1914 the membership was still only about 100 because of the restrictions. However, after the First World War there was a great demand for accountants, who began to form their own small associations. In France by 1922, there were no less than 25 associations of practitioners working in industry calling themselves different types of accountants. In 1920, the practices of the *teneur de livre* developed because of the increase in tax rules. Eventually the *teneurs de livres* established their own association called *société-teneurs de livres* in 1938. Ramirez (2001) comments that small businesses preferred to use the services of the *teneurs de livres* even though the work of the *teneurs de livres* was considered superficial by the elite *experts-comptables*. In summary, France developed and exported into Vietnam these distinctions between



professional accountants and bookkeepers: the elite *experts-comptables* (very few of them worked in Vietnam); and the *teneurs de livres*.

Professions are social and historical constructs which according to the neo-Weberian school (Berlant, 1975; M. S. Larson, 1977; Macdonald, 1985) developed around strategies of social closure. According to Macdonald (1985), the followers of Max Weber have utilised the concept of social closure to explain how social classes and status are established and maintained and how collective social mobility is attained. Bledstein (1976) observes that organised professions are the means by which the middle class exercised cultural control and established its social status. Larson (1977) argues that professions are organised to gain market control of their respective service fields by establishing monopolies, entry prerequisites, and examinations. Furthermore, Macdonald (1985) considered the important part of the process of closure involves the professional occupations and their registration under statute. Such closures, as occurred in France and later as a result of colonisation in Vietnam, are employed to monopolise economic social rewards through the institutionalisation of their profession. The following section traces a formation of the accounting profession in Vietnam.

#### *3.4.2 The profession in Vietnam*

During the French colonial era in Vietnam, the French established no local accounting profession or society and tended to use French accountants. However, the Vietnamese bookkeepers copied the French accounting system and formed a small society called “*Câu lạc bộ kế toán trưởng*” (Ho, 2010)(paragraph 2). This translates as “chief accountants’ club” and it was similar to the “*teneurs de livres*” in France. Such a society was not a profession in that it commanded no system of standards like the French system, and accounting standards were centralised by the government. As Collins (1979) points out “the most widely accepted sociological description” of a profession is “a self-regulated community” which possesses “exclusive power, usually backed up by the state, to train new members and admit them to practice” (p. 132).

The VAA was established on 10 January 1994; it is a professional body of accountancy in Vietnam and has been a member of the IFAC since 1998, and belongs to the Asean Federation of Accountants (Dang, 2010). The VAA is an accounting organisation in Vietnam from the viewpoint of international bodies. However, its operation is quite different from those of Western countries as many functions which should be handled by the VAA are still under the control of the Department of Accounting Policy (DAP). The

DAP is currently taking direct responsibility for setting up accounting and auditing standards, improving the professional qualifications of accountants and auditors, encouraging research, and organising the quality control of independent auditing firms (Professional Infrastructure, n.d., p. 29) .

According to Dang (2010), the VAA is a social-occupational organisation whose members are expected to be operating in the accounting and auditing field. Its aim is to strive for better practice and to align with the procedures of the accounting profession in neighbouring countries as well as in the international arena. The “chief accountants’ club” was the precursor of the VAA and it was established in 1989 (Ho, 2010). The birth of the “chief accountants’ club” was a result of the promulgation of an accounting and statistical ordinance in 1988. Following the Decree No 212/TC-CDKT on 15/12/1989, a uniform accounting system was promulgated and applied to state-owned enterprises (SOEs). Such an accounting system was comprised of a financial accounting system, an accounting vouchers system, an accounting ledgers system and an accounting report system. Many more systems were subsequently published (Dang, 2010). During the periods of centralised planning and transition to a market-oriented economy, the role of chief accountants in SOEs were considered important as they were also playing a role as government-assigned inspectors of enterprises. It is important to note that during these periods, SOEs were the main drivers in the Vietnamese economy and ‘chief accountant’ was a functioning title of importance within the state sector. For maintaining and developing the accounting profession, the VAA’s mission is to: (1) unify organisations and individuals who are practising in the accounting and auditing fields, (2) enhance professional competence and maintain a good level of ethical behaviour of their members and (3) coordinate with accounting professions in nearby regions and internationally (Vietnamese Association of Accountants and Auditors [VAA], 2012).

The VAA has progressively become a poorly functioning social organisation, and the VACPA was established by the MOF on 15 April 2005 and started to operate from 1 January 2006. On 14 July 2005, with the issuance of Decision No. 47/2005/QĐ-BTC, the Minister of Finance officially authorised the VACPA to manage and supervise auditing practice (Vietnam Association of Certified Public Accountants [VACPA], 2012). Neither the VAA nor the VACPA is an independent association. As is the case in China, the government has entirely failed to recognise the economic role of the Certified Public Accountants (CPA) industry. The Chinese government perceives auditing as an

expansion of the government's administrative arena. The Chinese Institute of Certified Public Accountants (CICPA) remains closely linked to the MOF (Deng & Macve, 2012).

From the perspective of international practice, professional accounting associations are independent and directly control the CPA and audit firms. However, they now seem to be subject to regulatory oversight by government and quasi-government bodies. In China, the government directly commands and delegates tasks to the professional body, albeit established in a continuing close relationship with the MOF (Deng & Macve, 2012). According to Chu (2004), the Vietnamese government wants to retain its tight control of power. The mode of compliance has become internalised in enterprises and organisations as they wait for orders and instructions from higher government authorities. There is accordingly an absence of cooperation and communication as compliance is directed from the centrally planned economic system and is concerned about how each and every task is geared towards promoting a smoothly functioning national system. This reinforces the observation of Sinthudeacha (1996) that the line of government communication is vertical, not horizontal. It is argued that such vertical lines will be hard to shift. Domination by the government may result in some negative effects: there is a tendency of governments to satisfy their own information needs while ignoring the accounting information needs of others. Also, by seeking to maintain government control over the SOEs, governments may institute difficulties that effectively block the adoption of Western accounting concepts and principles (Bailey, 1995; Boross, Clarkson, Fraser, & Weetman, 1995; C. Cooper & Johnston, 2012; Lin, Chen, & Tang, 2001).

The predominant dependence of accounting practices on rules which are issued by the government has weakened the development of the profession (Chu, 2004). To some extent the weakness of the profession is a factor in the acceptance and retention of a compliance based system. As Perera (1989, p. 152) observes: "If, in a society, accounting is not regarded as a profession of high public esteem, and accountants are not trusted for their honesty and integrity, then accounting uniformity may seem to be a better alternative for the protection of that society". Many developing countries seem to fit into a situation where the government imposes rules and uniformity (Perera, 1989). Gray (1985) also finds that collectivism often exists in large power distance countries. It also means that they tend to willingly accept uniformity in systems and procedures. Accounting is not an exception, as Gray (1985) observes "[there is] greater acceptability for: (a) more authority for accounting systems; (b) stronger force of application of accounting rules and

procedures; (c) greater use of a given set of measurement rules; and (d) greater emphasis placed on compliance as against disclosure” (p. 153). This section addressed some characteristics of the Vietnamese accounting profession, but not unrelated to the features of the Vietnamese accounting profession is the question of how accountants in Vietnam are trained.

#### *3.4.3 Bookkeepers and professional accountants*

In Vietnam, accountants are divided into two types: bookkeepers, and professional accountants. Professional accountants specified in this research are those who hold membership of Western professional bodies such as the Certified Practising Accountants of Australia (CPA Australia), the New Zealand Institute of Chartered Accountants (NZICA), the Association of Chartered Certified Accountants (ACCA), and/or membership of the VACPA. Professional accountants are normally employed by foreign investment companies and ensure compliance with the international standards. Bookkeepers are those taking care of bookkeeping, i.e. preparing the financial records for a variety of mainly small businesses. These bookkeepers may have obtained an accounting qualification from a Vietnamese university but have no experience with international financial reporting standards while professional accountants generally have an accounting qualification from a Western university.

The current Vietnamese accounting system has experienced significant transformations with influences from France, China, Russia and America. In particular, the French have left Vietnam with an elitist tradition in the field of accounting with their two status stratifications: professional accountants known formerly to the French as *experts-comptables* and bookkeepers formerly known as *teneurs de livres*. Such a legacy has left Vietnam with over two million bookkeepers, and 2000 professional accountants (Tu, 1994) With the adoption of international financial reporting standards the key issue currently facing Vietnam is who is going to apply these standards as there are insufficient professional accountants to undertake this task. Hence there is a need to ‘transfer’ some of the bookkeepers to professional accountants.

The question then arises as to how do these bookkeepers and professional accountants see their identities and furthermore how can the bookkeepers’ sense of identity, class and status (*habitus*) be transformed into that of functioning professional accountants.

### 3.5 Professional identity

#### 3.5.1 Practice of bookkeepers and professional accountants

Because of an increasing global and technologically competitive environment, the traditional “bean-counting” or bookkeepers’ role, i.e. preparing the financial records, notion of accounting practice is no longer used to describe the role of professional accountants. In other words, to be viable as an independent and valuable profession, the accounting profession has repositioned itself by upgrading from bookkeeper type roles towards the top hierarchical levels: strategic/general management, risk management, change management, or senior advisory services (Ahrens & Chapman, 2000; Burns, Ezzamel, & Scapens, 1999; L. D. Parker, 2001; Warren & Parker, 2009). The growing demand for professional accountants is leading to a recruitment and retention crisis for many organisations. Also, responding to a survey by the ACCA (2007), 88% of respondents agreed that exercising professional judgment is becoming more important in their role. This indicates the growing flexibility of professional accountants. Today, professional accountants have to exercise more specialised discretionary skills while becoming members of international professional bodies. Carnegie and Edwards (2001) theorise the acquisition of professional status to be a committed or dynamic process involving “signals of movement” towards vocational ascendancy which encompasses “the creation of a specialist knowledge base, the emergence of an identifiable occupational group, the holding of oneself out to the public as an expert provider of specialist services” (p.303). At the same time, the IFAC also defines a professional accountant as one who:

*Meets the standards of a professional, defined as having skills, knowledge, and expertise tested by examination and continuous development in a structured and monitored context; is committed to the values of integrity, objectivity, professional competence and due care, confidentiality, and professional behaviour (via code of ethics); and is subject to oversight by a body with disciplinary powers (IFAC, 2010, p. 11).*

While accounting bodies may define the characteristics of professional accountants, the question of their image, as perceived by the general public and media at large may differ.

#### 3.5.2 Images of bookkeepers and professional accountants

The image of the individual professional accountant addresses the differences between how they are portrayed and how they wish to be seen by others. The gap between desired

and perceived professional image through impression management is examined by Roberts (2005). By integrating social identity and impression management theories, the discrepancy between desired and perceived professional image will be reduced (Roberts, 2005). With regard to the management theory of impression of Goffman (1959), Anderson-Gough, Grey, and Robson (1998) argue that the “smartly dressed guy” does not have much to do to prove his professional standing. Personal appearance plays a vital role in conveying a first impression. The work on impression and stigma management which illustrates the visual and material elements of professional accountants’ identity are addressed in the work of Jeacle (2008) and Baxter and Chua (2008). In addition, Anderson-Gough et al. (1998) found that being a professional accountant is a matter of playing the role, rather than being a professional accountant. The desired manner or behaviour of professional accountants at work is a feature of their professionalism. For example: at the workplace or when dealing with clients, professional accountants should exhibit professional behaviour by acting in a specific manner. Outside their work, professional accountants can have a completely different lifestyle – just as casual as others. The findings of Haynes, Briggs, and Copeland, (2008) are similar to those of Anderson-Gough et al. (1998). In the fast-changing technological and business environment, the notion of “bean-counting” work and the role of a “bean counter” (bookkeeper) are no longer appropriate as representing the accounting profession. The work and role of professional accountants who possess communication skills and technical expertise offer a fresh professional image. How this question of image is achieved is the focus of the next section.

### *3.5.3 Becoming and belonging*

To obtain a better understanding of the historical development of accounting, many researchers have started their investigations on the potential of identity as a sociological concept (Anderson-Gough, Grey, & Robson, 2001; Covalleski, Dirsmith, Heian, & Samuel, 1998; Grey, 1998; Jeacle, 2008; Sveningsson & Alvesson, 2003). Such studies have focused on “what it means to be a professional accountant and on shaping identities within large professional firms” (Edwards & Anderson, 2011, p. 691). Many researchers also explore the notion of credentialism in advancing the status of members of modern professional accounting bodies (Kedslie, 1990; R. H. Parker, 2005; Verma & Gray, 2006; Walker, 1991; Walker & Shackleton, 1995). Richard Jenkins – a sociologist – suggests: “without repertoires of identification . . . we would not have the vital sense of who’s who

and what's what"(Jenkins, 2004, p. 7). Indeed, "without identity there could be no human world" (Jenkins, 2004, p. 7).

According to Ivanic (1997) and Chappell et al. (2003), identity formation is a process. For Wenger (1998, p. 168) "identity is not merely a category....identity is a becoming". Jenkin (2004, p. 22) has a term called "identity negotiation" which is the process of individuals interacting with society to create identity. Such a process of "identity negotiation" is formed to develop a consistent set of response patterns to reinforce the status of an individual or a group as identity is about both the individual and the collective (Augoustinos & Walker, 1995; Jenkins, 2004). Jenkins is also concerned about the insufficient focus on identity formation:

*...insufficient attention to how identity "works" or "is worked", to process and reflexivity, to the social construction of identity in interaction and institutionally. Understanding these processes is central to understanding identity. Indeed, identity can only be understood as process, as "being" or "becoming"(Jenkins, 2004, p. 5).*

Therefore, the hunt is not solely to identify identities of bookkeepers and professional accountants in Vietnam, but to understand their identity development. Identity formation is not a "fixed condition" but it is influenced by many facets of life where the social construction of self has risen (Ivanic, 1997, p. 12). Olesen and Whittaker (1968) also believe that external factors or specific objective events also facilitate the changing self-concept of individuals. Social construction of self is a connection of individual life histories and the "interpretation they are currently putting on their life history" (Ivanic, 1997, p. 16). The construction of self can also tell different stories as different individuals have different interpretations of their life history. Wenger (1998, p. 156) refers to "a history collapsed into a present" and how it changes individual identities. Bourdieu (1990b) also refers to the *habitus* of individuals as a product of history:

*The habitus, a product of history, produces individual and collective practices — more history — in accordance with the schemes generated by history (p. 54).*

Maton's observation shows that:

*Habitus focuses on our ways of acting, feeling, thinking and being. It captures how we carry within us our history, how we bring this history into our present circumstance, and how we then make choices to act in certain ways and not others (Maton, 2008, p. 52).*

Echoing Maton's observation, Woodward (2002) believes that "identity belongs to the future as much as to the past" (p. 136). It is about the planning of bookkeepers and professional accountants for their futures; what training processes they are going to participate in to make themselves different and who they imagine they are to become. Then identity is a complexity of knowing or a complexity of self (Hall, 2000). The concepts of self and identity overlap and fuel each other. Such concepts are also quite subjective so are not easy to describe or interpret (Sveningsson & Alvesson, 2003).

Identity is explored by Wenger (1998) through the concept of "communities of practice" which includes four components: "meaning, practice, community and identity" (p.4). He believes that learning can change the way we are and it also develops a sense of belonging to a community (Wenger, 1998). Such a concept is explored by Lave and Wenger (1991). Belonging to a community and participation in its practices are central to identity formation (Colley, James, Diment, & Tedder, 2003; Wenger, 1998). Colley et al. (2003) use the concept of vocational *habitus* which is depicted as "a set of dispositions derived from both idealised and realised identities (p. 493) and leads the person to a "sense of one's proper place" (p.493), to explicate the trainees' adjustment when entering vocational training. Colley et al. (2003) also acknowledge Bourdieu's concept of *habitus* which encompasses aspects of identity and collective predispositions constructed by social class and gender. *Habitus* must be related to a context of "field" where individuals practise. Sveningsson and Alvesson (2003) also acknowledge that role or *habitus* plays a crucial part in the work of identity. The recognised development of specific dispositions is very crucial in constructing a legitimate position within the field (Colley et al., 2003). The book *Understanding Identity* by Woodward (2002) explores different facets of identity to make sense of "who we are" (p. xi) and her perception is that we conceive our formation of identity in conjunction with our boundaries, which give us a sense of becoming and belonging. She also explains that identity focuses on differences which help us to understand what identity is. Generally, we often "struggle for inclusion" (Woodward, 2002, p. 165) because of the differences. Wenger (1998) refers to identity as related to participation, seeking for inclusion which Woodward (2002) signifies would create a sense of becoming and belonging.

Glynn (1998) points out that organisational identity is defined in the literature as "focused more on a static sense of being identified rather than becoming identified" (p. 238). In other words, its definition is that "organisational identification is the degree to which a



member defines him – or herself by the same attributes that he or she believes define the organisation” (Dutton, Dukerich, & Harquail, 1994, p. 293). However, Sveningsson and Alvesson (2003) do not believe that the concept of organisational identity has been explored in depth. Sveningsson and Alvesson (2003, p. 1164) argue that “... identity work...emphasising dynamic aspects and on-going struggles around creating a sense of self and providing ...answers to the questions ‘who am I’ (or ‘who are we’) and what do I (we) stand for?”. The process of becoming in social and discursive contexts is defined by Sveningsson and Alvesson (2003) as a “...process in which individuals create several more or less contradictory and often changing managerial identities (identity positions) rather than one stable, continuous and secure, manager identity” (p. 1165). Sveningsson and Alvesson (2003) argue that “individuals are assumed to strive for comfort, meaning and integration and some correspondence between a self-definition and work situation” (p. 1188). Similarly, Anderson-Gough et al. (2001) add that a professional accountant must acquire the “value, norms and behaviours of the profession” (p. 101). Grey (1998) considers “technical expertise was the lowest common denominator of professionalism” (p. 575). He also suggests that the organisation and training firms actually lay down the behavioural norms that are not coming from the professional accounting bodies (Grey, 1998). Many researchers have also explored accounting identity by looking at organisational identity (Anderson-Gough et al., 2001; Bamber & Venkataraman, 2002; Empson, 2004; Norris & Niebuhr, 1984). Hamilton (2007) considers that CA students enjoy their sense of belonging when they are being trained by the Big 4 international accounting firms.

The development of accounting professional identity is a means of distinguishing itself from other vocations and professions (Empson, 2004). In this sense, becoming a professional accountant requires differentiation from others and setting boundaries. This can be obtained through the “possession of a specialist, esoteric, technical knowledge (and) the internalisation of a set of values about what it means to be a professional,...[or] at least the ability to convince others by displaying the appropriate behaviours” (Empson, 2004, p. 762). It also means that professional accountants in Vietnam have to possess such values as “public accountants develop a shared understanding of what it means to be a professional and that this professional identity directly influences their behaviour and self-concepts” (Empson, 2004, p. 759).

According to Loft (1986), the uniqueness of professional identity is attributable through examination by professional accounting bodies. Foucault (1979) perceives the ritualised nature of examination as a ceremony of power and professional accountants possess power through examinations. China's more autocratic political system illuminates understanding of how various economic actors and institutions within that system construct their identities (Hoffman, 2006; Sigley, 2006).

Bates's studies (1991, 1994) argue that a sense of job "suitability" is constructed socially and culturally. Her study shows how trainees are selected and further sifted and acculturated for a job in a higher status occupation. Those who prove unable to develop the requisite dispositions for the job become isolated and then excluded. Successful trainees get the high status jobs and they are referred to as the right person for the job. Such a tight reconstruction of occupational choice and of trainees' own identities is redolent of what Bourdieu (1986) terms "the choice of the necessary" (p. 373). In the globalisation process, if bookkeepers in Vietnam are unable to upgrade themselves in terms of knowledge and competence, it would be highly likely that they would be isolated and excluded from the field.

Increasing participation in the profession is also an opportunity for enhancing knowledge which is an important element of professional identity development:

*The practitioner's sense of identity as a master is enhanced as he or she offers graded contributions, from low to high accountability, and through being presented with work opportunities of increasing 'challenge and value' the individual develops a heightened sense of professional identity (Swanwick, 2005, p. 864).*

Professional identity development is also explored in nursing by Gregg and Magilvy (2001) who depict it as a circular process with six categories: "(i) learning from working experiences; (ii) recognising the value of nursing; (iii) establishing one's own philosophy of nursing; (iv) gaining influence from education; (v) having a commitment to nursing and (vi) integrating a nurse into self" (p. 47). One important aspect of self is a belief in knowledge and attitudes toward the uncertainty of knowledge that often changes during the socialisation process. Such an aspect is believed to be crucial to the process of the internalisation of the professional role (Lingard, Garwood, Schryer, & Spafford, 2003). Within a changing environment, attitudes appear to evolve from a basic belief about the certainty of knowledge to a sophisticated belief that knowledge changes according to context. At the same time, the focus also shifts from one's own restriction of knowledge

to the acceptance of the restriction of knowledge within the field (Knight & Mattick, 2006; Lingard et al., 2003). Within the internalisation process of the professional role, some forms of feedback on performance are expected by trainees (Olesen & Whittaker, 1968). As they are believed to enhance the trainee's confidence and foster high self-esteem which results in a growing mastery of the professional role (Eraut, 2000; Swanwick, 2005). However, such confidence and self-esteem can also be demolished or strained as a result of role conflict which refers to the imbalance between the demand on one's time and the demand on one's levels of skills and knowledge (Hardy, 1978). Internalisation of conflicts results in "anxiety, tension, frustration and a sense of futility" (Kahn, Wolfe, Quinn, Snoek, & Rosenthal, 1964, p. 65). It further reduces job satisfaction: demoralisation, deterioration in attitude towards the individual causing the conflict, towards the job and the organisation as a whole, and increased proclivity to quit (Ortqvist & Wincent, 2006). Such role conflicts are also concerns in Vietnam. Most bookkeepers seem to accept the limitations of their knowledge and their low position in the field. However, quite a large number of auditors are not entirely pleased with their salaries as they believe it is not appropriate to their devotion, knowledge and skills. As a result, their inclination is to use the auditing job to build goodwill, then ultimately quit the auditing job and move to the accounting field for less pressure.

### **3.6 Chapter conclusion**

This chapter reviews the literature on identity and, while such an outline is important, for the purpose of this thesis a concentration on the work of Bourdieu is adopted and explored further in the next chapter. The questions to be resolved are: How much will the objective structures as described be subject to change – arguing that they must change in order for the field to change – and how much will the government as the dominant player in the field be subject to change? Furthermore, this study asks: If the field is changing how will these changes be internalised to impact on the minor actors in the field and their perceptions of identity? Moreover, will such minor actors welcome changes to what they know? The impact of practice (role), image and class on the identity formation of Vietnamese bookkeepers and professional accountants is discussed in the next chapter using the work of Bourdieu as a framework.

## CHAPTER 4: BOURDIEU'S THEORETICAL FRAMEWORK

### 4.1 Introduction

Bourdieu's concepts of "field", "form of capital" and *habitus* are central to his work and are considered the most relevant to this study. They facilitate his dual agency-structure focus as well as his linking of both the socio-economic and cultural-symbolic dimensions of mobility and power (Davis, 2010).

Bourdieu sees education as potentially transformative. Such transformation is possible because Bourdieu argues that students and professors are given a vantage point from which to see the world from a larger and wider perspective than that available to those who are preoccupied with acting within it according to immediate demands and necessities (Webb, Schirato, & Danaher, 2002). For Bourdieu, the French waiter is preoccupied with the immediate needs of his customers and is not granted an objective perspective which Bourdieu sees as vital for him to reflect on his practice. Webb et al. (2002) point out that academics can see the disparities in dispositions occupied by people with evident access to power and capital and those who lack such access. They gain some sense of the historical, geographical and cultural forces that have shaped identities within the community. This study employs the work of Bourdieu as a means to form an objective perspective with regard to people occupying the accounting field in Vietnam. In this respect, to tell an interesting story and to link theory with practice this chapter will show how Bourdieu's theoretical claims are linked to observations of Vietnamese practice. In particular, Bourdieu is concerned with the disparities in communities in terms of power and domination which are also integral to this study.

### 4.2 Bourdieu's theory

#### 4.2.1 *Accounting as a subjugated field*

There are many different fields of practice such as business, health, education etc. Within each field, different positions are defined and distinguished relationally and defended with a position's history (such as those of bookkeepers and professional accountants). These positions are embodied and objectified through practical accomplishment (Bourdieu, 1998b). Bourdieu (2000) describes field as a "form of life" (p. 115) which has its own contextualised patterning of practices. However, the advancement and distinction of position within a field is not a simple and straightforward process.

For Bourdieu, the term field is a metaphor in which we can identify institutions, agents, discourses, practices, values and so on. A government has a responsibility to regulate and govern the community. Its power is the mechanism which is used to fulfil such responsibility. In other words, the government is one of the sites in which power operates. Its power comes from its relationship to other dominant fields, and from its position as part of the meta-field, the field of power, which acts on other fields and influences their practices (Webb et al., 2002).

The field is a site of ongoing struggle between the dominant and dominated, where there is no ultimate winner (Thomson, 2008). Xu and Xu (2008) concur and add that a field is:

*...never a levelled playing ground, but a social space where actors or agents are situated in different positions and endowed with different resources, powers or capital and where certain power relations among agents and the domination of some over others obtain (p. 76).*

The field thus encompasses social agents that have capital (dominant), and those that have very little capital (dominated) and all their dispositions are governed by their *habitus*. The guiding principle of Bourdieuan theory is the idea that social communication is not a process of information sharing; instead, information seems to reflect an asymmetrical relationship between social actors who constantly manoeuvre and struggle over limited resources (Shenkin & Coulson, 2007). This may be seen in the asymmetrical relationships in Vietnam where the accounting field is set up as a rule-based compliance model and as a subjugated field within a greater economic framework. Requiring compliance is the hallmark of relations between the dominators and the dominated. Bourdieu (2000) draws attention to the cultivation of disposition or *habitus* among those who are required to be compliant. Their role is such that it inculcates an identity which is like that of the French waiter, whose position inhabits his body and whose body inhabits the position (Baxter & Chua, 2008).

Those possessing capital in the accounting field are professional accountants occupying positions of power and prestige, especially partners in the Big 4 international accounting firms. Different positions in a field will be distinguished by their varying access to forms of capital (such as economic, social, cultural and symbolic capital) as exemplified by the varying levels of access between the bookkeeper and the professional accountant. However, it is the competence of individuals which ultimately influences their ability to mobilise their capital to enable their greater participation in a field (Bourdieu, 1998a).

Bourdieu (1977) proposes that there are three steps which can be used to investigate a given field. The first step is to analyse the position of the field as a field of power in terms of other fields. The result can influence the identity of individuals within the field. The second step is to map out the structure of relations between individuals and institutions who compete for authority within the field. In Vietnam, this may involve dominant agents and institutions such as the state audit firms, the Big 4 international accounting firms, and professional accountants; dominated agents such as bookkeepers are included. The third step is to analyse the *habitus* of social agents and the different dispositions they have acquired by internalising their social and economic conditions (Thomson, 2008).

Thomson (2008) claims that Bourdieu's recognition of the stratification of power in fields is sometimes unclear regarding the extent to which this domination is exercised. For Bourdieu some fields are dominant and others are subordinate, and this may result from their operational structures. In Vietnam, the accounting field has a lower status in comparison with finance, banking and other fields.

Individuals enter a field and move through the positions offered by that field according to its specific 'laws' (norms, values, hierarchies). In order to be admitted into a particular field an actor must first possess the appropriate mix and quantity of forms of capital. In effect, an individual must have the right mix of education, skills, and contacts to join a professional field (Bourdieu, 1986, p. 205).

According to Chua and Poullaos (1998), the neo-Weberian school consists of a plurality of contending group-classes, status groups and parties, whose economic, social and political interests could differ or overlap. In addition, struggles for domination go on "inside" each of these fields of social action as well as between them (Chua & Poullaos, 1998). Ramirez (2001) mobilises Bourdieu's notion of field and capital to account for the failure of French accounting practitioners in achieving social closure before the Second World War. In particular, he points to the ongoing lobbying of large companies which viewed the creation of a profession of auditors endowed with public status as a threat to their discretionary power, not least with respect to the construction of financial statements and accounts. Ramirez (2001) also shows that the legitimacy attached to a particular position in a professional field depends on collective actions. Ramirez (2001) further claims that the notion of field is more flexible because the forms of determination and domination that it induces are less constraining for individuals. Ramirez (2001) adds "the constitution and evolution of professional fields are in this way related to their embedding

in the broader mechanisms that establish, in each and every society, hierarchies among bodies of knowledge and practice, and determine the way capital accumulated in one field is transformed into assets that can be used in another field” (p. 412-413). The concept of *expert-comptable* was borrowed from other professional fields.

Neu, Friesen and Everett (2003) suggest that in comparison with prior work on professionalisation, one of the benefits of Bourdieu’s theorisation is to illuminate the constitution of solidarity within professional fields. Not only are ethical discourses instrumental in justifying the existence of professional associations in the eyes of their members, but they also embody knowledge and timeless ideals which remove from visibility questions concerning professional privileges and lack of access to the profession for those like the *teneur de livre*, whose capital is deemed insufficient to merit professional status.

The accounting field in Vietnam rests on a compliance system. Individuals within the field feel comfortable and at peace with such a system which has become embedded. It is where their *habitus* matches the field and they are attuned to the underlying practices of the field (Maton, 2008). For the purpose of this study, such social comfort may apply to bookkeepers/professional accountants in Vietnam as they have become inculcated into the norms of the accounting field. Professional accountants who come to the Vietnamese accounting field from overseas countries may find it hard to adjust to the field and to the rules of the "game". Similarly, those who enter the Anglo-Saxon accounting field may also struggle to adapt to a different accounting practice when they carry with them the Vietnamese accounting experiences.

In summary, the concept of field used by Bourdieu (1986) is a social arena where people in different positions manoeuvre and struggle to gain capital. This appears to be relevant to this study in terms of the different positions of bookkeeper and professional accountant. Bourdieu categorises the capital into four types: economic, cultural, social and symbolic, and these will be discussed in the next section.

#### ***4.2.2 Disparity in capital between dominants and dominated***

There are four forms of capital which are clearly distinguished by Bourdieu (1984, 1986). Bourdieu’s (1986) framework of capital (economic, cultural, social and symbolic) provides a mechanism to explain and predict how new knowledge transpires within a field. Capital can be understood as the energy that drives the development of a field

through time. In one form, capital is objectified. It is represented in things such as books, galleries, museums, and artworks. In another form, capital is embodied. Here, the principle of a field is incorporated within the body of a person's *disposition*, as in principles of consciousness, in predispositions, and in physical features like body language, intonation and lifestyle choices. Unlike objectified and embodied capital, *habitus* does not have material existence in itself since it includes attitudes and dispositions (Moore, 2008).

Economic capital is self-explanatory. Greater wealth is utilised to advantage individuals and groups in several ways. These include access to more exclusive forms of education and occupation. Economic capital involves wealth. Bookkeepers who earn a fraction of what professional accountants earn exemplify the lack of economic capital. Economic capital allows the purchase of social capital and cultural capital.

Cultural capital can be represented in different forms and can be purchased and personally transferred. It is comprised of institutional cultural capital, which refers to academic qualifications, titles and awards; objectified cultural capital, which refers to material goods such as written material, paintings and so on; and embodied cultural capital, which cannot be bought or exchanged but accumulates through a mix of formal education, informal education and social experience. Embodied cultural capital also includes styles, modes of presentation, the use of language, forms of social etiquette and competence, as well as the degree of confidence and self-assurance (Bourdieu, 1984, 1986; Davis, 2010). Cultural capital is also accrued in occupations and other social settings as individuals gain specific forms of cultural capital that are related to the social worlds they enter into. They accumulate a mix of specialist skills and the knowledge required to succeed and, importantly, these include an understanding of the social relations and rules of that social space (Davis, 2010).

Bourdieu (1986, p. 286) defines social capital as an “aggregation of actual and potential resources which are linked to possession of a durable network of more or less institutionalised relationships of mutual acquaintance and recognition”. Two aspects of social capital can be described: First, social networks and connections which have been articulated by Bourdieu (1993, p. 143) as “contacts and group memberships which, through the accumulation of exchanges, obligations and shared identities, provide actual or potential support and access to valued resources” (p.143); and second, the necessary skills and dispositions that are needed to sustain such social networks. Morrow (2001)



highlights the main concerns of Bourdieu when he explains “how economic capital underpins these other disguised forms and how these forms of capital interact with wider structures to reproduce social inequalities and how the day-to-day activities of social actors draw upon and reproduce structural features of wider social systems” (p.41). Bourdieu has also theorised about the link between professional closure and social capital (McPhail, Paisey, & Paisey, 2010). Besides this concept of capital, there are concepts of *habitus* and field that involve social inheritance and habit demonstrated by individuals in a defined field. Bourdieu (1990b) describes such fields as artistic, literary, scientific or academic. There are social spaces in which individuals possess unequal social capital which may be subject to change. Bookkeepers and professional accountants in Vietnam appear to illustrate a vast difference in social capital. Thus the field is never stable because of the inequality of capital between bookkeepers and professional accountants, who struggle to gain power and ultimately be dominant. In Vietnam, such inequalities between bookkeepers and professional accountants are becoming more apparent. However, such asymmetrical relationships are inevitable between bookkeepers and professional accountants and related government departments. Such institutions make the rules of the game and bookkeepers/professional accountants simply internalise the rules. Indeed, there is an obvious inequality of power and domination in the Vietnamese accounting business environment.

Davis (2010) also examines the complexity of symbolic capital and notes varied meanings in Bourdieu’s writing. Bourdieu (1985) considers symbolic capital “the form in which the different forms of capital are perceived and recognised as legitimate” (p. 724). Symbolic capital is a reflection of other forms of capital in aggregate. Symbolic capital produces changes in the given hierarchy and facilitates self-awareness among individuals exposed to its form. For example, the Big 4 international accounting firms possess a considerable amount of symbolic capital. Their emergence in Vietnam has created a strong awareness in small accounting firms and bookkeepers of the importance of, and distinction associated with, obtaining symbolic capital (Shenkin & Coulson, 2007). Obtaining a recognised position in a profession automatically brings symbolic capital. It is also something that individuals can accumulate, as a form of capital in its own right. It is described by Bourdieu as “symbolic capital, credit founded on credence or belief or recognition or, more precisely, on the innumerable operations of credit by which agents confer on a person” (Bourdieu, 1991, p. 192). Davis (2010) also recognises that forms of mass communication such as the media facilitate the accumulation of symbolic capital at

various levels and among varied audiences. The majority of bookkeepers in Vietnam are not keen on taking up membership of the VAA as there is little benefit (if any) attached to it. According to Morrow (2001), the symbolic capital of a profession or association can be passed on to its members. In other words, symbolic capital is clearly related to the sense of belonging.

To be a member of the accounting profession, prospective members have to go through “painful” tests. Bourdieu (2000, p. 243) points out that becoming a member of a recognised profession is not easy “...in preparatory suffering or painful test. He must be personally invested in his investiture, that is, engage his devotion...”. After years of suffering “painful” examinations the trainee accountant may be granted membership and become a professional accountant. According to Bourdieu (1986), examination plays a part in a reproduction of all three types of capital. Thus membership of the accounting profession may be a product of the middle class monopoly of symbolic capital which allows the offspring of this class to pass examinations and achieve professional status. Individuals are positioned in a field according to the capital available to them: bookkeepers would have little capital while the Big 4 international accounting firms’ partners would have much more. Capital enables individuals to deploy a range of possible strategies and actions in the struggle to gain ascendancy in a respected field.

The mobility of individuals within a field is influenced by *habitus*, pre-accrued forms of capital and the structure of the field itself. An actor in a field has the ability to accumulate field-specific forms of capital which are obtainable only after initial entry. Individuals continue to accumulate, exchange, and lose each of these forms of capital as they move up and down within field-defined hierarchies. Specifically, they continue to develop social networks, master the knowledge and laws of operation related to the field and gain symbolic and/or economic capital. The ideal *habitus*, types and quantity of capital required to progress vary considerably from field to field. In Vietnam in accounting field, possession of economic capital has become more important than symbolic capital. This is also in agreement with Davis (2010), who uses banking as an example to illustrate the importance of different forms of capital in different fields.

In summary, Bourdieu has identified four types of capital: economic, social, cultural and symbolic. There is a disparity in capital between bookkeepers and professional accountants. By undergoing painful tests, bookkeepers obtain professional qualifications together with some capital. This discussion of the concepts of capital and field is followed

in the next section by an examination of the concept of *habitus* that individuals bring into their professional field.

#### 4.2.3 Habitus: *A perception of practices within a field*

Bourdieu (1977) describes *habitus* as the predictable way that individuals use to connect with the social world. It also provides a set of “operating principles” (p.18) of behaviour in different situations. Bourdieu (2005) further explains that *habitus* is structured by one’s past and present circumstances such as family upbringing and educational experiences. Thus the structured *habitus* shapes one’s present and future practices. Daily issues may be dealt with in an acceptable or predictable manner which Bourdieu (1977, p. 72) calls “disposition”. There are certain circumstances which are repeated across an individual’s occupational life that would create a basis for them to deal with such circumstances when they occur. Maton (2008) observes:

*Habitus focuses on our ways of acting, feeling, thinking and being. It captures how we carry within us our history, how we bring this history into our present circumstance, and how we then make choices to act in certain ways and not others (p. 52).*

Bourdieu (1977, 1990b, 1998b, 2000) indicates that vocational practice is facilitated by skilful individuals. Regardless of whether a person is a waiter, a bookkeeper, a professional accountant, a politician, a nurse or a school teacher, they understand and respond to the range of possible behaviours that may be involved in their workplace situation. In other words, they absorb the position and know how to perform in it. Bourdieu calls it “practical knowledge” which can only be understood from a study of action. It has a logic of ordinariness that is a combination of principles and convenience (Bourdieu, 1977, p. 109).

In general, practices are reproduced through *habitus* with amalgamation or incarnation of the logic that facilitates practical functioning in various situations—our bodies have been appropriated by the social world, and at the same time are enabled to appropriate the social world through the mastery of practices (Bourdieu, 1977, p. 89). Practice and position in a field mutually inform and sustain each other. Bourdieu’s view is that when practices are enacted or re-enacted, history of the position is then connected or communicated.

Achievements facilitate communication between *habitus* and habitat, between disposition and position, between one's historical development and the objectified history informing one's situation (Bourdieu, 2000, p. 152). Practices and position tend to inform each other over time but are often taken for granted by individuals. The logic of practices is internalised as second nature, and could be forgotten as history (Bourdieu, 1990b, p. 56). Bourdieu refers to this as a *doxical* relationship. Essentially, when dominant practices are naturalised and appear as self-evident or basic and common ways of organising various aspects of personal and professional lives, they are referred to as truths or *doxai* that are an aspect of common parlance (Bourdieu, 1977, 1998b). For example, the practice of historical cost accounting in accounting is a practice which has been normalised through the association of the embodied histories of accounting practitioners and the objective structures of the accounting discipline.

Despite this homogeneity attributed to the *habitus* of individuals over time, Bourdieu (1977) also acknowledges the differences in personal styles of individuals occupying a particular position. For example, one chief financial officer may have a different personal lifestyle from another. Style is considered to be the personal stamp or deviation in relation to the habitual practices of a time or class resulting from the different social trajectory or ordering of life experiences of practitioners (Bourdieu, 1990b). For example, professional accountants who work in a large, city-based company may have a different style when compared with those professional accountants who work in a small, rural company. In addition, the lifestyles of professional accountants such as CPAs or CAs may be different from those of bookkeepers. Such differences in styles result from differences in capital and *habitus* within the same field. Furthermore, there is also a growing gap between individuals as their expectations and experiences of practice increase. This facilitates changes in *habitus* as they discover new ways of perceiving, recognising and behaving or engaging in a reflective and reconstitutive conversation with a series of past positions that they have occupied (Bourdieu, 2000). This may result in a growing and conscious re-awareness of the normalised nature of the *doxical* experience that has been embedded in the day-to-day operation.

*Habitus* organises practices and the perception of practices within a field. These perceptions are internalised by the individuals themselves (Bourdieu, 1984). One criticism involves the extent to which *habitus* changes because of the experiences individuals can have as they go through their lives (Everett, 2002). The accounting field

in Vietnam is a fully compliance-based system (rule-based approach). Individuals within the field feel comfortable with such a rule-based system which has become the common approach. It is where their *habitus* matches the field and they are attuned to the underlying practices of the field (Maton, 2008). For the purpose of this study, such social comfort may apply to bookkeepers/accountants in Vietnam as they have fully absorbed the rules of work within the accounting field. Accountants who come to Vietnam's accounting field from the West or accountants who go to the Western accounting field from Vietnam may find it hard to get along since their *habitus* may be inapplicable.

Bourdieu (1990b) considered that individuals would never know what they were doing because their practices would largely reflect their *habitus*. Malsch, Gendron, and Grazzini (2011) argue:

*Reliance on the concept of habitus would allow, for example, an examination of the ways in which French accountants' life experiences and trajectories influence their dispositions and interpretive schemes which, in turn, shape how they choose and elaborate their tactics from the repertoires of contention that prevail within their field and society (p.218).*

According to Neu et al. (2006), the notion of field, capital and *habitus* are useful in understanding the static and dynamic aspects of the institutional field. Whereas fields are seen as theoretical spaces constructed by discourse, Bourdieu (1998b) refers to *habitus* as a real political space constituted by action. The discourse and position gaining authority in a field determine the boundary conditions for action that is played out in the *habitus* (Bourdieu, 1998b). Thus, when professional accountants seize the discourse and gain authority in the field of accounting, the boundary conditions may be set to exclude bookkeepers by a process of professional closure. De Clercq and Voronov (2009) further argue that "*habitus* is field specific, and no field exists without agents who embody it by adopting field-appropriate *habitus*" (p.805).

In summary, Bourdieu's analysis of social identity and his efforts to theorise the way individuals internalise the social world are based on the concept of *habitus*. *Habitus* provides individuals with a disposition to accept their role and position within a field. Such acceptance enables power and domination to flourish within a field. This point is the next to be considered.

#### ***4.2.4 Bourdieu's concepts of power and domination***

According to Cooper, Ezzamel and Willmott (2011), central to Bourdieuan theory is the idea of domination and the relationship between the dominator and the dominated. De Clercq and Voronov (2009) maintain that fields are occupied by dominant and dominated social agents. The capital possessed by the dominant in the field enables them to establish the rules of the “game” which define the principles of the field in which agents are engaged. The dominated agents then adopt and internalise these rules (De Clercq & Voronov, 2009). The social world is characterised by individuals holding different positions within the power structure. Perceptions of the power structure are derived from symbolic power which promotes a hierarchy as legitimate (Everett, 2002). In Vietnam, institutions such as the MOF and its accounting related departments, and individuals such as politicians who are members of the communist party possess symbolic power which legitimises their hierarchy. Rahaman, Everett and Neu (2007) in their study of Ghana found that the IMF and the World Bank possessed sufficient economic and symbolic capital to enable them to dominate Ghana’s water privatisation process and related national policies.

Symbolic power is embodied in the *habitus* and contributes to the reproduction of domination. Bourdieu’s theory recognises the symbolic interaction between *habitus* and the social structure which connects relations of power with the social and institutional agents of domination. Neu et al. (2006) illustrate how accounting is involved in a process of domination. According to Xu and Xu (2008), domination is the indirect effect of a complex set of actions engendered within a network of intersecting constraints operating in a particular field.

Malsch et al. (2011) consider that Bourdieu has allowed researchers to gain a better understanding of accounting as a field that participates in a process of domination, especially with regard to professionalisation and accounting regulation. In respect of professionalisation, many studies refer to the quest for occupational closure, as is observed by Cooper and Robson (2006). For Bourdieu, closure theory is focused on how the profession seeks market dominance by monopolising social and economic opportunities and by restricting membership (Chua & Poullaos, 1998). According to Bourdieu (1998a), fields are characterised by force and struggle where individuals attempt to create a dominant mode of practice. In many developing countries, Anglo-Saxon accounting models are replacing traditional, domestic accounting practices (Perera, 1989). According to Bourdieu (1977), the struggle is played out between the

dominated who wish to challenge *doxa* and the dominant who wish to defend it. Practices which survive such challenges become part of the acceptable discourse of a field and a workable set of practices will dominate the system. However, as Xu and Xu (2008) explain, the effectiveness of power as domination is enhanced when disguised or rendered invisible by the naturalisation and misrecognition of its sources and modes of operation. Some would argue that the IFRS are an example of such a disguise, being the creation of the IASB, a body funded by multinational corporations advocating free-market liberalism (Perera, 1989).

Bourdieu's theory is about the idea of power and domination, together with the relationship between dominator and dominated. Bourdieu explores the attempts and struggles of individuals and agencies to create a dominant mode of practice. Ultimately, domination and power are derived from agencies possessing capital, generally a combination of symbolic and economic capital. The communist government in Vietnam is potentially one such agency.

The government-controlled mechanisms in Vietnam are strongly centralised. Accounting in Vietnam is designed as a subjugated field as it is tightly controlled by the MOF. As Bourdieu observes: "Symbolic capital enables forms of domination which imply dependence on those who can be dominated by it, since it only exists through the esteem, recognition, belief, credit and confidence of others, and can only be perpetuated so long as it succeeds in obtaining belief in its existence" (2000, p. 166). The government has symbolic capital in this communist country and can maintain tight control over every aspect of life because it enjoys the recognition, belief, esteem and confidence of the people. For example: The DAP's duty is to manage the subjugated field of accounting. Its work is to prescribe regulations and standards. It is a problem that staff at the DAP have a poor knowledge of accounting practices. Such limitations create a gap between accounting policy and accounting practice, but this does not necessarily matter if the DAP is not subject to criticism from those who, as practitioners, are outside the government and have low capital status.

Cooper and Johnston (2012) observe that low status accounting practitioners (e.g. bookkeepers) can be recognised by a source of superior status. To gain recognition, accounting practitioners have, as Cooper (1992, p. 9) observes, to "mould and structure themselves to please those they identify with". Accounting practitioners also return to the DAP for clarification whenever some area of professional judgment arises because it

is a way of pleasing those they identify with, as any judgment displaying independence is restricted in Vietnam (Chu, 2004). Rule-based accounting has resulted in a *habitus* of compliance. The mode of compliance has become a *habitus* among accountants, enterprises and organisations as they wait for orders and instructions from government authorities.

In Bourdieuan terms the government plays the dominant role and sets up the rules of the “game”. However, every field, however subjugated, is an arena of conflict. Exercising judgment may be outside the rules of the “game”, but as Bui Van Mai (2001b) observed, players will try to breach the rules and find ways within them to protect their interests. Evasion of government regulations is considered a common practice in enterprises. On the surface, the players appear to internalise and conform to the rules, but in fact they always try to get around them.

#### 4.2.5 Symbolic violence

To explain how symbolic violence is practised, it is necessary to refer again to the elements from Bourdieu’s formidable conceptual arsenal—including the central notions of capital, *habitus*, and field. Bourdieu claims that these practices of capital and *habitus* within a field serve to constitute social collectivities—that is “status groups”—by establishing symbolic boundaries between individuals occupying different locations in the class structure. The process through which this occurs is a contentious one, taking the form of what he calls a “classificatory struggle”. And, finally, Bourdieu demonstrates that this struggle amounts to only one of the many [pathways] through which “symbolic power is exercised” (Weininger, 2002, p. 125).

The distinctions between class, status and identity may be seen purely as an analytical convenience, but it is one which Bourdieu is inclined to disallow. The upshot of this is an insistence that class analysis cannot be reduced to the analysis of economic relations; rather, it simultaneously entails an analysis of symbolic relations, roughly along the lines of the “status communities” referred to by Weber (1958).

The concept of capital is important in determining class, status and identity. Bourdieu regards as capital “the set of actually usable resources and powers” (Bourdieu, 1984, p. 114). He insists, moreover, that there exist multiple species of capital which cannot be subsumed under a single generic concept. In the present context, the most important of



these are economic and cultural capital (Bourdieu, 1986; Bourdieu & Wacquant, 1992). Put simply, the notion of cultural capital refers to a cultural specific competence, albeit one which is efficacious—as a resource or a power—in a particular social setting such as membership of the communist party in Vietnam. In highly differentiated societies, two social agencies are primarily responsible for inculcating cultural capital: the family and the school. In France, for instance, family and schooling are important in determining status. Bourdieu develops his model of the class structure by means of an analysis of survey data which includes a wide variety of indicators of the economic and cultural capital possessed by individuals located in positions throughout the occupational system.

The survey data that Bourdieu (1984) uses reveal that members of occupational categories such as industrialists, private sector executives, and college professors occupy overlapping positions at the upper end of the social axis, and hence share the same upper class location. Bourdieu refers to these occupational categories collectively as the dominant class (or sometimes the *bourgeoisie*). Members of important professions such as doctors and accountants can be called *bourgeoisie*. Similarly, manual workers and farm labourers occupy overlapping positions at the other end of the axis, indicating that they share a class location opposed to that of the occupations making up the dominant class; these categories are collectively designated the working class (or *les classes populaires*). In between, there are overlapping occupational categories occupied, for example, by small business owners, technicians, secretaries, and primary school teachers. These are collectively termed the *petty bourgeoisie* (Bourdieu, 1984, pp. 128-129). Bookkeepers, not being manual workers, are members of the *petty bourgeoisie*.

Thus occupational categories within the dominant class are differentiated from one another such that professors and “artistic producers”—the occupations whose incumbents hold the greatest cultural capital and the least economic capital—are opposed to industrialists and commercial employers. Situated in between these two poles of the dominant class are the professionals and (especially) the senior executives, who, eschewing both the overt luxury of the employers and the “asceticism” of the intellectuals, exhibit a lifestyle built around aesthetic commitments to “modernism”, “dynamism”, and “cosmopolitanism”: embracing new technology and open to foreign culture, they view themselves as “liberated” and espouse a “laid back” way of life (Bourdieu, 1984, pp. 295-315). Bourdieu’s data reveal, for example, that members of the professions are more likely than any other members of the bourgeoisie to have been born into this class.

*Habitus* is also important in preserving class location, as it is a disposition that enables, under “typical” circumstances, action to proceed on a pre-reflexive basis—that is without recourse to conscious reflection on rules or estimations of results. *Habitus* is defined as a socially constituted system of dispositions that orient “thoughts, perceptions, expressions, and actions” (Bourdieu, 1990b, p. 55). Sometimes dispositions may generate actions—or as Bourdieu prefers to say, practices—that are highly spontaneous and inventive. When such spontaneous practices occur, they involve neither rational calculation nor intentional reference to rules. Nevertheless, they are considered to be a “derivative” form of practice, in the sense that they are most likely to occur when the *habitus* finds itself compelled to cope with an unfamiliar environment (for example, the classically trained musician who agrees to perform with a jazz ensemble).

These dispositions amount to what Bourdieu sometimes calls a “generative formula”. He defines them as “an acquired system of generative schemes...[that] makes possible the...production of...thoughts, perceptions and actions” (Bourdieu, 1990b, p. 55). These schemes enable actors to apprehend their specific situation and its elements as meaningful, and to pursue—typically without reflection or calculation—a course of action which is appropriate to it. Thus, a Big 4 audit partner may apprehend business situations in a different manner from that of a bookkeeper. Their thoughts and perceptions will differ as will the courses of action they are likely to follow. Among the members of the dominant class, a unitary lifestyle emerges around what Bourdieu calls “the sense of distinction” (Bourdieu, 1984, p. 283). This will show in the way they dress, speak, walk and eat. On the other hand, for the working class there is no such sense of distinction. The working class *habitus* is “antithetical” to that of the dominant class. The “taste for necessity” characterises the lifestyle of members of the working class and inclines them to assign an absolute priority to function over form. They will demand choices that evidence conformity with their class as a whole (which are viewed as an implicit demonstration of solidarity) such as following certain team sports. For its part, the *petty bourgeoisie* exhibits a lifestyle born of the combination of an aspiration to the bourgeois lifestyle, on the one hand, and insufficient economic or (especially) cultural capital to attain it, on the other. Its members are therefore inclined to a “cultural goodwill”; but lacking “culture” (in the bourgeois sense) they tend to embrace “popularised” aesthetic forms (e.g. musicals) and to commit themselves to activities intended to achieve cultural self-betterment, exemplars being libraries, churches and golf clubs (Weininger, 2002, p. 131).

Such differences of lifestyle are, for Bourdieu, profoundly implicated in conflicts over individuals' location in social space and the structure of that space itself. This implies that conflicts between classes and between class fractions have an ineluctably symbolic component. In this context, conflict over differences recalls a battlefield, arena or a playing field, and more specifically, the fact that the individuals who confront one another will enter into conflict or competition with one another, each from a more or less advantageous position (Bourdieu & Wacquant, 1992). On this basis, Bourdieu's social space can equally be termed a "field of social classes" (e.g. Bourdieu 1984, p. 345). In the context of distinction, this means that lifestyles are caught up in social struggles. In this form of competition, which is quasi-imitative, the dominant class or one of its fractions invariably takes the leading role and acts as "taste-maker" (Bourdieu, 1984, p. 247).

According to Bourdieu (1984), as a result of both its lack of capital and its antithetical disposition, the working class is generally incapable of asserting itself in such competitions. Members of this class tend to stand aloof from competition, and thus involuntarily act as a negative reference point or "foil" against which the petty bourgeoisie and the dominant class can attempt to affirm their cultural distinction.

If contestation of cultural hierarchies on the part of the working class remains exceedingly rare, it is more frequent in the conflicts over the legitimate style of life that are waged between the petty bourgeoisie and the dominant class. Thus, it is likely that bookkeepers may see in their lifestyle and work an importance of which a Big 4 partner would be dismissive: for example, the bookkeepers' practices of compliance accounting and their failure to interpret for themselves accounting standards. The full importance of the classificatory struggles that are waged through the medium of lifestyle becomes clear as soon as we recognise that before there can be any kind of "class conflict", there must be shared symbolic processes and a collective recognition of what counts for each class as a common identity. There also has to be a collective recognition of what counts for its opponent(s)—along with the interests that can form the object of conflict (Bourdieu, 1990a). The boundaries of class are necessarily indeterminate and fuzzy (Bourdieu 1991, p. 234). They have no permanence, existing only in the changes of ongoing practices (Bourdieu, 1990b). Hence, they are undeniably porous. Nevertheless, as "symbolic differences" (Bourdieu, 1991, p. 238), they are crucial to the maintenance or transformation of the underlying class structure. The ongoing practices through which

these processes of mutual classification unfold are guided by principles of taste that are lodged in the *habitus*, and thus situated below the threshold of reflexive consciousness.

It is Bourdieu's fundamental thesis that, precisely because individuals perceive one another primarily through the "status" which comes from what they do, that they misperceive what determines the practice of what they do: the economic and cultural capital that both underlies the different *habitus* and enables its realisation. Consequently, according to Bourdieu the, "very lifestyle of the dominant class contributes to the power that makes the lifestyle possible. Such a circularity of mutual reinforcement remains unrecognised..." (Bourdieu, 1990b, p. 139).

Indeed, for Bourdieu (1984), the working class's lack of cultural capital is so severe that its members are, to a certain extent, incapable of offering—and frequently do not consider themselves entitled to offer—"deliberative" judgments for circulation in the public sphere. Consequently, authority to speak for the class—to articulate its history, political opinions, needs, and demands—must be delegated to a group of professional spokespersons, who are themselves supported by an organisation (the party or the union) dedicated to the work of representing the collective. To some extent, this lack of a voice is a feature of the petty bourgeoisie. Bookkeepers who are very close to the working class in status also suffer from a class of voice or, as Bourdieu explains, they have absorbed a *habitus* that considers themselves not entitled to speak. Moreover, the bookkeepers in Vietnam have no collective organisation to speak for them as they are separated from the more prestigious profession.

At the same time, however, credentialisation also exerts a symbolic effect, since it entails the introduction of a qualitative discontinuity into the continuum of cultural competences. Bookkeepers are distinguished from accountants by such a lack of professional credentials. Bourdieu (1990b, pp. 137-138) points out that social categories such as "skilled manual workers", for example, are largely circumscribed by the educational system's exclusive authority to confer credentials and to differentiate between types of credential ("technical certificates" versus "degrees"). Such circumscription occurs in Vietnam where educational rankings have life determining significance.

The state itself stands at the apex of the progression we have been tracing. Appropriating Weber's formula, Bourdieu defines the state in terms of "the monopoly of the legitimate use of physical and symbolic violence over a definite territory" (Bourdieu, 1998b, p. 40).

This means, above all, that the state, and it alone, retains the legitimate right to impose classificatory principles which enjoy a compulsory validity, or (as in the case of schools and the credentials they issue) to at least adjudicate the validity of all such principles (Bourdieu, 1990a). In terms of having a monopoly, the communist government of Vietnam is a good example of a state that enjoys complete control. In addition to its power to craft and enforce law, the state also engages in various forms of social categorisation via agencies dedicated to the enumeration of its population and the regulation of various activities (for example, in the economic sphere, with the development of occupational taxonomies or the regulation of working conditions). This power has discrepant consequences for the classificatory struggles that transpire at lower levels of codification (for example, through mobilising discourses). The state can inscribe a set of categorisations into the social order that, as a result of their obligatory character, restrict the room for manoeuvre open to social actors. For example, membership of the communist party is necessary to move into the dominant class, as is the case for controlling entry to the state-run accounting profession which numbers only around 2,000 members. Recognition by the state provides “an official definition of one’s social identity”, and thus “saves its bearers from the symbolic struggle of all against all” (Bourdieu, 1991, p. 240). Such a distinction of identity is apparent between the 2,000 professional accountants and the millions of bookkeepers.

The classificatory actions of the state are not allowed without significance as membership of the communist party raises individuals in terms of the social space. Rather, in establishing boundaries, the state also allocates “advantages and obligations” (Bourdieu 1984, pp. 476-477; see also 1991, pp. 180-181). Thus, for example, within the context of production, a successful petition of the state can result in the credential requirements, licensing exams, and other formal entry criteria that comprise the occupational barriers, resulting in closure and generating “rents”. Closure and the ability to generate rents characterise the Vietnamese accounting profession.

Consequently, the actors who engage in mutual classification such as bookkeepers and accountants—whether through consumption practices, discourse, or any other symbolic medium—have spent their lives immersed in an already classified world. Thus, their experience of the social world has always been an experience of distinctions. And as a result of immersion in a world that was previously divided, the existing structures of social classification were necessarily impressed upon their *habitus*. In this way, the

*habitus* also incorporates “principles of vision and division” (Bourdieu, 1998b, p. 46)—meaning a general tendency to classify the things and people of the world in a determinate manner—that have been absorbed from the social environment in which it was formed: “[s]ocial divisions become principles of division, organising the image of the social world” (Bourdieu, 1984, p. 471). This lends the *habitus* a certain tendency towards inertia—that is, towards the production in its own practice of classificatory structures encountered in early experience (Bourdieu & Wacquant, 1992). This propensity is all the more prevalent the more the boundaries between classes are written into law, and therefore have an official status—such as between members of the state-controlled accounting profession and the bookkeepers outside the profession (Bourdieu, 1990b). Through class distinctions and boundaries, often imposed by the state, symbolic violence is exercised on the dominated classes.

In summary, status and *habitus* are conflated as *habitus* tends towards inertia, which cements class differences. These differences are inculcated and absorbed by occupations and trades which promote the formation of differences in identity, which is the subject of the next section.

#### *4.2.6 Formation of professional identity*

Every profession is concerned with its public image and the accounting profession is no exception. The images of the accounting profession and individual accountants have experienced significant changes over periods of time (Warren & Parker, 2009).

Traditionally, bookkeepers are simply bean-counters, which is not a well-respected role. The term “bean-counter” is frequently seen in the literature (Friedman & Lyne, 1997). Results of interviews conducted by Friedman & Lyne (1997) have shown that the term “bean-counter” is mainly used to negatively describe bookkeepers who have no idea of what is going on in the business and can only count beans. Since their mechanical practices are divorced from the greater business purpose, production of financial information becomes meaningless. In other words, financial information produced by the bean-counters is of little use in improving effectiveness, and may even harm a business (Friedman & Lyne, 1997).

The bookkeeper in the backstreets of Vietnam serves a multitude of small businesses and becomes as Bourdieu (2000, p. 153) writes “...someone who sees in it enough of themselves to take it up and make it their own, and by the same token to be taken up by it”. Like the Vietnamese bookkeeper, the French waiter is as Bourdieu (2000) explains:

*...not playing at being a waiter, as Sartre would have it. When he puts on his black trousers and white jacket, which might have been designed to express a democratic and quasi-bureaucratic version of the devoted dignity of the servant of an aristocratic household, and performs the ceremonial of eagerness and attention, which may be a strategy to cover up delay or an omission, or to pass off mediocre fare, he is not making himself a thing (or an 'in-itself') (p. 153).*

In the same way, the Vietnamese bookkeeper is not playing at being a bookkeeper. His (her) identity as a bookkeeper is formed by his practice. He is everyday recording in ledgers, preparing accounts, filling out invoices, and recording credit notes. For the backstreet bookkeeper there is no professional recognition. Bookkeepers do not belong to the accountancy profession. Thus, they never have to go through “painful” exams. Instead, the Vietnamese bookkeeper, like the French waiter,

*...espouses his job.....This does not mean he has learned to be a waiter by imitating waiters, constituted as explicit models. He enters into the character of the waiter not as an individual playing a part, but rather as a child imitates his father and, without even needing to 'pretend', adopts a way of using the mouth when talking or of swinging his shoulders when walking which seems to him constitutive of the social being of the accomplished adult (Bourdieu, 2000, p. 154).*

Nowadays, the image of accountants is enhanced as accountants become more competent and versatile. Accountants play diverse roles in organisations and are credited with driving sustainable organisational success (IFAC, 2010).

The small but growing numbers of professional accountants in Vietnam enjoy membership of an accounting profession. Their work involves judgement, whether with regard to an audit function or to the interpretation and application of the IFRS. Such work involves familiarity with the English language and with communication overseas. Around 2,000 professional accountants serve a population of 86 million, compared with 30,000 members of the NZICA serving a population of 4 million. Belonging to a profession places accountants at a privileged level and is recognised by the higher business levels of society. The award ceremony and the certificates handed out are solemn acts performed by the profession. The trainee, by this means becomes a professional accountant: “This guaranteed identity requires its recipient to give in return guarantees of identity ('noblesse oblige')...” (Bourdieu, 2000, p. 243). From then on, as a functioning member of the profession, the new accountant will serve to achieve “...work of representation aimed at making the group exist as a group, at producing it by making it known and recognised...” (p. 243). In other words, the accountant will uphold the dignity of his profession and the

identity which potentially sets him (her) apart from bookkeepers. They are inculcated into a belief that maintains "...his faith in the office and in the group which awards it..." (Bourdieu, 2000, p. 243).

The practice (*habitus*), identity, social class and image of accountants play a very important role as it may influence the career choice of students. This "may have serious consequences for the next generation of accountants if as a result the profession fails to recruit the best and brightest of students" (M. Smith & Briggs, 1999, p. 28). The purpose of this study is not to directly examine the image of the accounting profession, but to comment on the role, identity and practices of Vietnamese bookkeepers and professional accountants. The image of professional accountants does reflect the influential power and image of the accounting profession. Since the collapse of the large accounting firm Arthur Anderson, the image of the unethical behaviour of some professional accountants seems to have generated negative perceptions of accountants in general and the accounting profession (Felton, Dimnik, & Bay, 2008). According to Dyer (1993), "an image of a member of a group is taken as representative of that group" (p. 1). The role, identity and practices of accountants have experienced significant changes over time. This nexus seems to attract much attention from the accounting profession, the media, and researchers.

### 4.3 Chapter conclusion

This study is informed by a Bourdieu's concern with disparities and view that practices within fields, such as accounting, mask a drive for power and domination. The field, therefore, is an arena of conflict and players within the field are positioned by the amount of symbolic capital they can employ. Arguably, for this study his most significant concept is that of *habitus*. Within the concept of *habitus*, Bourdieu explains how dispositions are formed and cemented into practice and how such dispositions derive from un-reflexive experiences, practices, emotions and memories, etc. As shown in the earlier background chapter, Vietnam history is that of domination by external and governmental powers such that in the accounting field, the activities of Vietnamese practitioners were confined to the most menial, repetitive and rule-bound accounting tasks. A situation Bourdieu would identify as symbolic violence. The concept of *habitus* is interesting because dispositions once formed tend to become entrenched and defended. So, far from resisting domination, according to Bourdieu, *habitus* becomes so engrained as to encourage passivity and render, in this case, bookkeepers, voiceless – what Bourdieu refers to as inertia. How



much these Bourdieuan concepts will frame and be upheld in the findings is the subject of the following chapter. Such a theoretical framework may also enhance the understanding of how a transformation from bookkeeper to professional accountant may be achieved.

## CHAPTER 5: RESEARCH METHODOLOGY AND METHOD

### 5.1 Introduction

Chapter one specified the objectives of the study by identifying the gap in the literature. It addressed the question “why is the study being carried out?” This chapter aims to outline the methodological framework which was adopted for this study, and it also seeks to explain why the study was done in this fashion.

The choice of methodology was important as it guided the manner in which the research was conducted. Qualitative social research was considered to be the most appropriate for this study as it allowed the researcher to obtain a story by observing, communicating and listening carefully to the interviewees (Lincoln & Guba, 1985). In addition, naturalistic inquiry based on the qualitative social research allowed the researcher to explore and describe the multiple realities and perceptions of different people and their experiences in the accounting domain (Lincoln & Guba, 1985). A naturalistic paradigm appeared to be the most relevant as it responded to the main aim of this study, which was to explore the question: How does the struggle for domination within the accounting field position the various competing agents? Social research involves surveys, demography, and experiments. These utilise statistics to obtain answers to a research question. However, Rubin and Rubin (2005) claim that a statistical summary cannot tell a story, as the context has been abandoned. Furthermore, it results in “losing much of the richness and complexity that makes research realistic” (Rubin & Rubin, 2005, p. 2).

This chapter first reviews the research problems (*section 5.2*) which resulted from the gap in the literature discussed in *Chapter Three*. Second, it also justifies the appropriateness of the research methodology and methods used in this research (*section 5.3*). Third, it outlines the data collection process which included informal conversations, semi-structured interviews, follow-up interviews and documents analysed (*section 5.4*). Fourth, it provides the analysis of collected data (*section 5.5*). Fifth, it presents the data evaluation (*section 5.6*). Sixth, it provides the ethical considerations (*section 5.7*), and the final section is a chapter conclusion (*section 5.8*).

### 5.2 Research problems

Vietnam is transforming itself into a market economy and the globalisation process in the Vietnamese accounting field appears to be a significant issue. The outcome of such a

process could be similar to that in China where two accounting associations were merged and given the power to set professional examinations (Deng & Macve, 2012). Even though the accounting field is still controlled by the Chinese government, the Chinese professional association operates in a similar manner to Western associations of which accountants want to be part. On the other hand, the Vietnamese government could follow Romania's example. Albu et al. (2011) comment that coercive pressure from the World Bank resulted in the adoption of the IFRS in Romania. However, the main purpose of having the IFRS has been distorted, because Romania has turned it into rule-based compliance (Ding et al., 2007). Instead of applying principles and promoting professional judgments, Romania continues to issue sets of rules that people must comply with (Ding et al., 2007). Alternatively, Vietnam could follow Zimbabwe's example. Chamisa (2000) points out that Zimbabwe cherry-picks the parts of the IFRS it wants while others are deemed irrelevant and ignored. Whether the Vietnamese accounting field will change and how it will change is worth investigating because changes in the accounting field may trigger changes elsewhere in the Vietnamese economy.

The generic research question is:

How does the struggle for domination within the accounting field position the various competing agents?

To answer this generic question the following sub-questions are asked:

- (1) Why is the Vietnamese accounting field an “arena of struggle”?
- (2) How are the various parties to the struggle positioned?
- (3) What is it about the “rules of the game” that serves the interests of the dominant and keeps the dominated contented in their position – what Bourdieu calls “symbolic violence”?
- (4) How effective in the field will new players with capital be in reconstructing the “rules of the game” to serve their interests? In other words, how much will change in accounting in Vietnam and how much will stay the same?
- (5) How does the construction of professional identity relate to the position within the accounting field?

It is considered that the above research questions through the experiences of interviewees included in this study will shed a new light on many realities. In addition, they also create a firm theoretical basis for further research in this area. This research also draws to the attention of the Vietnamese Government and the Western accounting professional bodies

the urgent need for more professional accountants in Vietnam. The rationale for the research methodology is discussed in the next section.

### 5.3 Research methodology

This study has adopted the naturalistic inquiry approach. The choice of a research approach affects the way the research is conducted, for instance in how data are collected, analysed and evaluated. The next section focuses on a discussion of the appropriateness of the naturalistic inquiry approach for this study.

This is a qualitative interpretive study which investigated the problem: “How does the struggle for domination within the accounting field position the various competing agents?” This study investigated the realities from the perspectives of interviewees. As agreed by Lincoln and Guba (1985), Patton (2002), and Berry and Otley (2004), qualitative research follows the naturalistic paradigm as the research takes place in real-world settings and the researcher does not make any attempt to manipulate the phenomenon of interest. The naturalistic inquiry emphasises the creation of an organisational reality while expressing no judgment about its appropriateness (Putnam, 1983). Lincoln and Guba (1985) consider a qualitative discovery-oriented approach as a form of naturalistic inquiry and the phenomenon, as a whole, should be understood within its context.

This is a qualitative interpretive research study which is also called “descriptive or exploratory” (Marshall & Rossman, 1999; Robson, 2002). The main function of such a study is to “explore and describe participants’ understanding and interpretations of social phenomena in a way that captures their inherent nature” (Ritchie, Lewis, & Elam, 2003, p. 28). As a result of the qualitative approach, a researcher can understand the experiences of participants and reconstruct past stories/events which he/she would never have been able to predict (Rubin & Rubin, 2005). Unlike the interpretive research study, positivist philosophy relies heavily on “experiments, surveys, and other statistical studies” as it is believed that from statistical precision the truth can be measured (Rubin & Rubin, 2005, p. 23). However, the numbers cannot tell the full story as their contexts or circumstances are absent. In addition, general rules set out by positivists do not reflect the complexities and constant changes in social life (Denzin, 1989; Lincoln & Guba, 1985).

This qualitative interpretive research sought to gain a deeper understanding of the experiences of the “*teneurs de livres*” and “*experts comptables*” who worked in the

French colonial times in terms of a struggle for domination, as well as the experiences of current bookkeepers and professional accountants. The naturalistic paradigm appeared to be the most relevant approach here, as it responded to the main purpose of this study which was to examine whether the Vietnamese accounting field is ready for IFRS adoption; whether dominated agents are willing to accept changes to the structure of the accounting field and to the methods they practise, or whether they will resist them; and whether the MOF will have to adjust its total dominance of the accounting field in favouring the predominance of the Anglo-Saxon institutions. According to Lecompte and Schensul (1999), “[a] paradigm constitutes a way of looking at the world; interpreting what is seen; and deciding which of the things seen by researchers are real, valid and important to document” (p. 41). Selection of the correct research philosophy or paradigm is important as it shapes the way the real world is studied (Rubin & Rubin, 2005).

Lincoln and Guba (1985) developed five axioms (beliefs) which are used to explain the characteristics of naturalistic inquiry. These five beliefs are illustrated by contrasting them with positivist beliefs as summarised in the Table 5.1 below:

Section	Axioms about	Positivist Paradigm	Naturalist Paradigm
5.3.1	The nature of reality (ontology)	Reality is single, tangible and fragmentable.	Realities are multiple, constructed, and holistic.
5.3.2	The relationship of knower to known (epistemology)	Knower and known are independent, a dualism.	Knower and known are interactive and inseparable.
5.3.3	The possibility of generalisation	Time- and context- free generalisations (nomothetic statements) are possible.	Only time- and context-bound idiographic statements are possible.
5.3.4	The possibility of causal linkages	There are real causes, temporally precedent to or simultaneous with their effects.	All entities are in a state of mutual simultaneous shaping, so that it is impossible to distinguish causes from effects.
5.3.5	The role of values in inquiry (axiology)	Inquiry is value-free.	Inquiry is value-bound.

Table 5.1 Contrasting positivist and naturalist axioms (Lincoln & Guba, 1985, p. 37).

### **Axiom 1: The nature of reality (ontology)**

#### **Positivist paradigm:**

Positivists believe that reality is concrete and that there is only one reality. Such a reality can be fragmentably represented by independent variables and processes which can be

studied autonomously. All inquiries can come together with that reality until they can be predicted and controlled.

**Naturalist paradigm:**

Holding a different belief from the positivists, naturalists believe that there are many constructed realities which can only be studied holistically. Since a single inquiry into these realities results in more questions than answers, only certain levels of understanding can be achieved. Outcomes of prediction and control are unlikely to emerge. At the centre of this research is the essence of multiple realities, where the struggle for access to power by dominants and dominated is formed by the many realities existing within the accounting field.

“Ontology is concerned with the nature of the social world and what can be known about it” (Snape & Spencer, 2003, p. 22). Ontology is also referred to as “subtle realism”. The social world is acknowledged as staying independent of individual subjective knowledge. However, it is approachable to researchers through respondents’ interpretations which are critical in shedding new light on a research issue. In fact, different respondents’ perspectives may yield different types of understanding. However, the external reality is not to be negated because of such perspectives. Rather, external reality is itself believed to be diverse and multifaceted (Hammersley, 1992). Hammersley’s belief is based on the naturalistic inquiry (Axiom 1) which Lincoln and Guba (1985) assert is characterised by multiple realities. This contrasts with the belief of positivists who consider that there is only one reality. From an ontological perspective, Lincoln and Guba (1985) further assert that reality falls into four categories which include objective reality, perceived reality, constructed reality and created reality.

Objective reality refers to the belief that there is only tangible reality (Lincoln & Guba, 1985). Because of the diverse roles, practices and professional identities of bookkeepers and professional accountants throughout the history of Vietnam, a single reality appears to be unlikely. Therefore, objective reality does not fit with this study. Perceived reality refers to the belief that there is a reality but one cannot know it entirely. Since people are unlikely to be aware of it, it can only be known from one’s current vantage point (Lincoln & Guba, 1985). Perceived reality appears to be the most relevant to this study. Each individual participant holds a part of the reality which has been accumulated from their experience. Their perceptions constitute a reality. Lincoln and Guba (1985) suggest that with limited knowledge and capacity, individuals can know only a portion of that reality.

Constructed and created realities question the existence of reality. They refer to realities created from each individual's experience (Lincoln & Guba, 1985).

### **Axiom 2: The relationship of knower to known**

#### **Positivist paradigm:**

Wolf (1981, p. 56) believes that an active observer is “researching out and touching to try ideas to see if they worked”. This is consistent with the positivist belief. Science is also believed to be empirical, official and accurate as its main aim is to control and yield more and more successful predictions (Lincoln & Guba, 1985). Wolf (1981, p. 56) also suggests “the observer [and] observed never disturbed” (p. 56). Lincoln and Guba (1985) explain that the general belief of the separateness of investigator and object is based on the foundation of subject-object dualism. An investigator is a subject and the object is the entity being studied. The term “dualism” is used to show the separateness characteristic of the investigator-investigated (knower-known) relationship. As explained by Lincoln and Guba (1985) “the inquirer and the ‘object’ of inquiry are independent; the knower and the known constitute a discrete dualism” (p. 37).

#### **Naturalist paradigm:**

Naturalists believe “the inquirer and the ‘object’ of inquiry interact to influence one another; knower and known are inseparable” (Lincoln & Guba, 1985, p. 37). The researcher is in a position to shape the responses received from the respondents in a manner which conforms to her expectations as well as work out what the respondents really meant. Lincoln and Guba (1985) further add that research data are mutually created by investigator and respondent. Naturalistic inquiry relies on *purposeful* rather than representative sampling. Interaction plays a key role in purposeful sampling (Lincoln & Guba, 1985). Relationship was important in this qualitative research as it recognised the relationship between the researcher (investigator) and the research problem (object). In addition, as a Vietnamese and a fluent speaker of Vietnamese, the researcher is seen as having an indirect relationship with the interviewees, rather than sustaining independence. It is an advantage to be seen as a fellow Vietnamese as it enables the researcher to appreciate the significance of the interviewee's stories and experiences (Hill & McGowan, 1999).

### **Axiom 3: The possibility of generalisation**

#### **Positivist paradigm:**

Prediction and control are the main aims of scientists. There need to be something on which to base predictions or formulate controlling actions. It is the role of the laws and those statements that Kaplan (1964) calls “nomic” or “nomological” generalisations, to provide such a base. Nomic generalisations have some defining characteristics and Kaplan (1964) believes the most important is that

*the generalisation must be truly universal, unrestricted as to time and space. It must formulate what is always and everywhere the case, provided only that the appropriate conditions are satisfied (p. 91).*

This means that generalisations are statements that are expected to be free from both time and context (Lincoln & Guba, 1985). Schwartz and Ogilvy (1979) further comment on the major assumptions of positivists:

*The laws that govern matter and energy on the small scale must be similar, and hopefully identical, to those that apply on the very large scale. The governing laws thus would be universal, so that we ought to be able to build a picture of planets moving about the sun out of an understanding of the particles of which matter is composed (p.32).*

As Lincoln and Guba (1985) explain, the main aim of an inquiry in the positivist paradigm is to build up a body of knowledge in the form of generalisations.

### **Naturalist paradigm:**

Lincoln and Guba (1985) define the aim of inquiry in the naturalist paradigm as developing an idiographic (specific) body of knowledge in the form of “working hypotheses” that portray the individual case. As explained by Lincoln and Guba (1985):

*...not all generalisations that can be imagined need be consistent with one another, in fact, cannot be, if all of “reality” is to be appreciated. Schwartz and Ogilvy “new” paradigm, which asserts, as one of its major dimensions, that there are always multiple perspectives; that no one perspective can “tell the full story”; and that all perspectives aggregated do not necessarily sum to the whole of the phenomenon (p. 119).*

The concept of naturalistic generalisation was developed by Stake (1978) who believes a researcher must take from the perspective of the user of the generalisation and that a case study is not a suitable premise for generalisation:

*Case studies will often be the preferred method of research because they may be epistemologically in harmony with the reader’s experience and thus to that person a natural basis for generalisation (p. 5).*



Following Stake's proposition, Lincoln and Guba (1985) are convinced that there are two kinds of generalisation: one is logical or lawlike and the other is naturalistic. Lincoln and Guba (1985) acknowledge Stake's perception that case studies are "a powerful means for building the [naturalistic generalisation]" (p. 120).

Stake (1978) claims:

*I believe that it is reasonable to conclude that one of the most effective means of adding to understanding — for all readers — will be approximating through the words and illustrations of our reports the natural experience attained in ordinary personal involvements (p. 5).*

Hamilton (1979) finds two contrasting kinds of generalisation: one is logical which is built on "sample" and "population"; and another is psychological which is built on concepts of "cognition", "abstraction" and "comprehension". Hamilton (1979) believes that the "naturalistic generalisation" equates to the psychological version:

*Naturalistic generalisations are personal accounts of the external world which, as it were, are held in the form of non-negotiable currency. When persons wish to communicate a naturalistic generalisation they must convert their holdings into a shared form of exchange. They must engage upon a key component of scientific practice—public discourse (p. 1).*

However, Stake (1980) argues against this, stating that "the key feature is not that naturalistic generalisations cannot be shared", but "that they reside-in-mind in their natural habitat" (p. 2-3).

Regardless of such arguments on the sharing of naturalistic generalisations, both researchers seem to agree that there are two kinds of generalisation: (1) naturalistic (Stake, 1978) or psychological (Hamilton, 1979) and (2) formalistic (Stake, 1978) or logical (Hamilton, 1979). Lincoln and Guba (1985) agree with Stake that when referring to case studies, naturalistic generalisation appears to have a great deal of appeal. By inducing naturalistic generalisation, case studies are a useful means of assisting reader understanding (Lincoln & Guba, 1985). This qualitative research adopts the naturalistic generalisation explained by Stake (1978) or the psychological inquiry described by Hamilton (1979). Vietnamese accounting and accountants comprise the case being studied.

The issue arises as to what extent outcomes in one context can be transferred to another in a situation of the non-discovery of a generalisable truth. The answer is found in the

concept of working hypotheses developed by Cronbach (1975). His concept is influential as he suggests that there are always unique factors in each locale or series of events. Inquirers are also in a position to understand them and take them into account. As the inquirers move from one situation to another, they have to describe and interpret the effect again in terms of the uniqueness found in each new situation. Given local conditions, any generalisation is a working hypothesis, not a conclusion. Working hypotheses are tentative both for the situation in which they are unfolded and for other situations. Different situations have different contexts; even in a single situation there is a difference over time. Vietnamese accounting and accountants differ from what is found in other countries because of a series of foreign invasions. Within Vietnam, the accounting field and accountants' *habitus* have experienced several changes over time. As stated by a Chinese philosopher, it is impossible to cross the same river even once (Lincoln & Guba, 1985).

#### **Axiom 4: The possibility of causal linkages**

##### **Positivist paradigm:**

The concept of causality is a basically convenient means to organise the world and materially aid those who wish to make predictions and control ongoing events. The results of a real cause that comes before the effect temporally or appears simultaneously with it are represented by action (Lincoln & Guba, 1985). The concept of causality contains several defects, prompting Lincoln and Guba (1985) to state that “it seems easier to reject the concept of causality outright than to deal with ‘causality violations’ and situations where causes may be effects and effects causes” (p.148). Rowan (1981) uses the term “ecological thinking” to militate against the concepts of causality, especially in human behaviour. He also emphasises that the logical sequence of cause and effect does not work for human systems as they should be seen as interactive mutual causal systems in which causality is circular.

##### **Naturalist paradigm:**

Lincoln and Guba (1985) state that “all entities are in a state of mutual simultaneous shaping so that it is impossible to distinguish causes from effects” (p. 38). It means that everything influences everything else. Lincoln and Guba (1985) further explain:

*Many elements are implicated in any given action, and each element interacts with all of the others in ways that change them all while simultaneously resulting*

*in something that we, as outside observers, label as outcomes or effects. But the interaction has no directionality, no need to produce that particular outcome. [It is] totally unpredictable. It simply 'happened' as a product of the interaction. [It is called] the mutual shaping (p. 151-152).*

Schwartz and Ogilvy (1979) also suggest using the concept of “multiple causality” to replace the traditional “linear causality”. The formation of accountants’ *habitus* is mutually shaped by “multiple causality”. The formulation of mutual shaping is deemed to have two advantages: (1) it is consistent with axioms 1, 2, 3, and 5; and (2) most of the problems associated with the traditional causality formulations are eliminated (Lincoln & Guba, 1985).

#### **Axiom 5: The role of values in inquiry (axiology)**

##### **Positivist paradigm:**

Positivists claim that inquiry exists in a value-free position by virtue of the methodology employed. Such a methodology is aimed at removing any “subjective” elements that appear in an inquiry situation. Value is perceived to be separate from facts. However, such a proposition faces a series of objections (Lincoln & Guba, 1985). That claim seems to be consistent with the belief in a tangible reality whose existence appears to be doubtful. It seems more reasonable to believe in the axiom of multiple, constructed realities (Lincoln & Guba, 1985). Hesse (1980) states that the positivist’s claim is doubtful as it depends on the separateness of observational and theoretical languages.

##### **Naturalist paradigm:**

Lincoln and Guba (1985) consider that inquiries are value-bound and influenced by the inquirer’s values, selected paradigm, theories, context, and are either value-resonant (congruent) or value-dissonant (conflicting). An inquiry can obtain meaningful results if such influential matters exhibit congruence, which is value-resonant.

Lincoln and Guba (1985) further explain that “facts” are theory-laden and it is not possible to recognise a “fact” without the framework of some theory. Theories themselves are constructions and have their own axioms as well as assumptions which also comprise values. In short, if “theories are value-determined and ‘facts’ are theory laden, then facts must also be value-determined” (p. 162). Bourdieu’s theory was used to frame the analysis of the findings of this thesis. Such value is implied in this theory.

In summary, naturalistic inquiry is generally based on the qualitative research approach and contrasts with the quantitative research approach (Lincoln & Guba, 1985). As agreed by Lincoln and Guba (1985), Patton (2002), and Berry and Otley (2004), qualitative research follows the naturalistic paradigm as the research takes place in real-world settings and the researcher does not make any attempt to manipulate the phenomenon of interest. The naturalistic inquiry emphasises the creation of an organisational reality which is accepted as it is without expressing any judgement about its appropriateness (Putnam, 1983). Lincoln and Guba (1985) consider a qualitative discovery-oriented approach as a form of naturalistic inquiry and the phenomenon, as a whole, should be understood within its context. This research falls into a naturalistic paradigm as the researcher needed direct, personal contact with participants of this inquiry. As the paradigm has been identified, next the method of data collection will be discussed.

## 5.4 Data collection process

### 5.4.1 Document analysis

This study explored what professional accountants and bookkeepers think of their field, role, *habitus*, and identity. Their perceived identity is from the accounting field and context of the country. Documents that impacted on this, including the Vietnamese Accounting Policy of Rules, accounting standards, goals and objectives that the Ministry of Finance set out for the future of accounting, the operation of the Department of Accounting Policy of Rules, roles of the VAA and the VACPA, professional exams set out by the MOF and documents of Vietnamese history were critically reviewed and analysed to consider their impact on the formation of an accountant's identity.

These documents came from a variety of sources:

- Governmental policies about the roles, positions and qualifications of bookkeepers and professional accountants, in regulation books issued by the MOF.
- Policies of professional membership, the profession's role and functions, at the VAA's journals and websites.
- Policies of professional membership, the profession's role and functions, at the VACPA's website.

- Documents of the accounting educational system in Vietnam, at the Ministry of Education and Training.

In addition, secondary documents such as media reports from newspapers, television, radio and webinars were also reviewed as they provided some of the current context for the research. Following is a discussion about the participants recruited to engage in this research.

#### *5.4.2 Interview*

This study used two types of interviews: semi-structured and informal conversational. An advantage of interviews was that a more accurate and clearer picture of an interviewee's position could be obtained. This was because participants were under no pressure and were free to express their opinions and viewpoints in response to the questions posed (Ghauri & Gronhaug, 2005). In addition, an advantage of using the semi-structured interview guide (*Appendix Five*) was that it allowed for certain themes to be discussed while still being flexible enough to explore paths that emerged during the interview (Bedard & Gendron, 2004).

As well as semi-structured interviews, informal conversational interviews were utilised in this research. Informal conversational interviews occur when questions emerge from an immediate context and are asked in the natural course of a conversation. There is no predetermination of question topics or wording (Patton, 2002).

The strengths of the informal conversational interview are an increased salience and relevance of questions; interviews are built on and emerge from observations; the interview can be matched to individuals and circumstances. This is particularly important for collecting data from informants in an informal way such as during informal conversations. This approach was utilised in this study as some participants preferred to talk informally rather than having a set interview time; this enabled the collection of data from a wider range of informants.

Unfortunately, a limitation of this type of interview, or conversation, is that it is less comprehensive than a semi-structured interview. Different information is collected from different people. Data organisation can be quite difficult because informal conversational interviews are not guided by the framing questions (Patton, 2002).

In general, the expectation of a semi-structured interview is to obtain specific information which is valuable for analysis. Therefore, the interviewer often plays a guiding role in the interview by encouraging the interviewees to elaborate their answers. For that purpose, a semi-structured interview is often recorded to guarantee accuracy. An informal conversation occurs in a more leisurely style and might flow along with little evidence of an apparent goal (Rubin & Rubin, 2005). However, this negative aspect is compensated for by the wealth of data gathered from these informal conversational interviews.

As indicated by Rubin and Rubin (2005), to become a good interviewer a researcher has to know how to undertake an informal conversation. Formal interviews can be built on the knowledge obtained from an informal conversation. Table 5.2 below is a summary of the similarities between an informal conversation and a qualitative interview (in this study, a semi-structured interview in particular) (Rubin & Rubin, 2005).

<b>Similarities</b>	<b>Informal Conversation</b>	<b>Qualitative Interview</b>
Maintaining continuity	<p>Informal conversations and qualitative interviews need to maintain a constant flow.</p> <p>For example: When a participant is too keen on elaborating a topic, an interviewer cannot suddenly change the topic by hopping from one disconnected comment to another. Instead, an interviewer has to carefully create a question which can link the different topics (Rubin &amp; Rubin, 2005).</p>	
Clarify meaning and indicate understanding	<ol style="list-style-type: none"> <li>1. According to Schegloff (1992), both informal conversations and qualitative interviews rely on a technique called conversational repair to clarify any blurred or ambiguous statements or any misunderstandings.</li> <li>2. When a question is misunderstood, it is important for an interviewer to respectfully listen to the mistaken response. Then, without referring to the mistake, rephrase the question in such a way that the misunderstanding can be avoided (Rubin &amp; Rubin, 2005).</li> <li>3. Politeness can be expressed by nodding the head or showing interest in the conversation. Before moving on to another matter, it is crucial for the researcher to summarise what has been told to emphasise his/her interest (Rubin &amp; Rubin, 2005).</li> </ol>	
Asking for narratives and stories	<p>Both in informal conversations or qualitative interviews, a narrative or a story is normally a response to a question (Rubin &amp; Rubin, 2005):</p> <ol style="list-style-type: none"> <li>1. If it is a narrative response, a well-known part of what happened will be mentioned. The interviewee may acknowledge the incompleteness of what went on but that it is all they know.</li> <li>2. If it is a story, the interviewee may rephrase or reorder the story effect.</li> </ol>	
Ending the conversation	<p>At the end of an informal conversation or a qualitative interview, interviewers, after expressing appreciation, often add a suggestion for future contact saying “I’ll call you” or “I may have questions when I look over my notes, would it be okay to call you?” (Rubin &amp; Rubin, 2005, p. 110)</p>	

Table 5.2 Similarities between informal conversation and qualitative interview.

The questions used in this research were translated into Vietnamese using simplified technical accounting terminology to ensure bookkeepers and accountants thoroughly understood the questions. Interviews were time-consuming (Robson, 1993). However, the cost of the time was compensated for by the wealth and value of the data gathered.

This process started by looking for interviewees who could best provide relevant data. After that, recruitment was initiated by determining how to select, or rather sample. Below is an outline of how potential interviewees were identified (Ghauri & Gronhaug, 2005).

### PARTICIPANTS' PROFILE

The first step in the data collection process was to identify potential interviewees who might be useful information holders for this research; then, to determine how they would be selected, allowing for suitable sampling (Ghauri & Gronhaug, 2005).

This research recruited participants into two groups:

(1) The first group comprised practitioners:

- Bookkeepers who worked for businesses.
- *Experts-comptables* and *teneurs de livres* working at the end of the French colonial period in Vietnam.
- Professional accountants who were/are members of the VACPA.
- Professional accountants who are members of the ACCA and/or CPA (Australia).

(2) The second group comprised observers:

- Senior accounting academics.
- Government officials.
- Business people.

Table 5.3 below provides a breakdown of the participants in this research study. Altogether, 44 interviews were completed. The interviews were held in the participants' offices, or in quiet cafes, which provided a more relaxed atmosphere (Legard, Keegan, & Ward, 2003).

Type of Interview	Initial Interview	Follow-up	Totals
Informal conversation interviews	7	0	7
Semi-structured interviews	31	6	37
Total interviews	38	6	44

Table 5.3 Number of interviews



## SAMPLING METHODS

Probability and non-probability sampling are two key features that come under discussion when developing sampling strategies for social research. [This is widely discussed by several researchers (Arber, 2001; Bryman, 2001; Greenfield, 1996).] Probability is considered the most thorough approach and is mainly used to provide suitable sampling for statistical research. When sampling for qualitative research, a probability approach is not appropriate, non-probability samples being preferable (Ritchie et al., 2003). The main aim of qualitative research is to “gain an understanding of the nature and form of phenomena, to unpack meanings to develop explanations or to generate ideas, concepts, and theories” (Ritchie et al., 2003, p. 82). Therefore, a sample should be selected in such a way that it can shed light on and inform that understanding (Ritchie et al., 2003).

In a non-probability sample, to reflect the particular characteristics of individuals or groups within the sampled population, participants are purposefully selected. In other words, characteristics of a population are used as a basis for selection. A non-probability sample is not statistically representative. Rather, the process of selecting for each element in a sampled population is unidentified. It follows that non-probability is appropriate for small-scale and in-depth studies (Ritchie et al., 2003). Some of the main sampling approaches used in qualitative research are briefly discussed below.

### *Criterion-based or purposive sampling*

The selection of participants or sampling units is criterion-based or purposive (J. Mason, 2002; Patton, 2002). Selected sample units have some features which enable researchers to explore in-depth and enhance their understanding of the key themes or puzzles that they are studying, for example, specific experience, or behaviour or roles (Ritchie et al., 2003). As its name indicates, participants in a sample are “purposefully” selected in relation to a key criterion and in response to two main aims: (1) to ensure that all subject-related areas are well covered; (2) to guarantee that the impact of the characteristic of concern will be explored by including some diversity in each of the key criteria (Ritchie et al., 2003). Decisions about which criteria are to be adopted for selection are made at the early design stages of the research and they are influenced by many factors such as “...the principal aim of the study, existing knowledge or theories about the field of study, hypotheses that the research may want to explore or gaps in knowledge about the study population...” (Ritchie et al., 2003, p. 80).

### Theoretical sampling

Theoretical sampling is a type of purposive sampling in which participants in a sample are selected on the basis of their contribution to the examination of theoretical constructs (Bryman, 2001; Glaser & Strauss, 1967; J. Mason, 2002; Seale, 1999). Grounded theory mainly adopts theoretical sampling. Its process includes the following steps: (1) select the first sample; (2) analyse the data; (3) select additional samples to refine the developing theories. This is a continuous process and the researcher should stop when he/she reaches 'data saturation'. In other words, the researcher stops taking further samples as no new insights can be obtained. This is also the key criterion for selection in theoretical sampling (Ritchie et al., 2003).

### Opportunistic sampling and convenience sampling

Opportunistic sampling and convenience sampling are sampling methods that can be used in qualitative research [see (Burgess, 1984; Maxwell, 1996; Patton, 2002)]. During the course of fieldwork when flexibility is possible, researchers take advantage of unexpected opportunities as they arise. This is called opportunistic sampling. In convenience sampling, if no clear sampling strategy is available researchers select samples based on ease of access (Patton, 2002). Small sample sizes are not suitable for statistical generalisation, no matter how they are chosen, leading many authorities to consider convenience sampling as the preferable form of qualitative sampling (J. Mason, 2002; Patton, 2002).

After discussing the three sampling approaches, purposive sampling was considered the most relevant to this study. Since naturalistic inquiry emphasises the direct exchange between the interviewer and the interviewees, "naturalistic inquiry is...in favour of purposive...sampling" (Lincoln & Guba, 1985, p. 40). Three characteristics of purposive sampling are identified by Lincoln and Guba (1985). First, a sample size is not previously specified. Second, there is a serial selection of participants as maximum variation is best achieved by selecting each participant only after the previous participant has been interviewed. Third, as insights and information accumulate the researcher begins to

develop working hypotheses and the sample may be adjusted to focus more on those participants who seem most relevant.

There are many different types of purposeful sampling identified by Patton (2002). “Snowballing” sampling was selected for this research, the researcher using her own network to lead to another network that provided potential participants. The interviewees’ profile was therefore built up by snowballing (S. J. Taylor & Bogdan, 1998). It was important to locate information-rich key informants and ask them to recommend people to be interviewed. This was a good technique because an interviewee knows what kind of information the researcher is looking for and who are able to supply the researcher with that information. In this study, it was not initially easy to identify an information-rich key informant, and so the informal conversation became useful in locating potential interviewees who were information-rich key informants. For example, a bookkeeper who worked in the French colonial period recommended to the researcher another person who worked at the end of the French period and during the US invasion.

#### ACCESS TO THE PARTICIPANTS

The main purpose of this study was to investigate how bookkeepers and professional accountants who are key players in the Vietnamese accounting field perceived their practice (*habitus*), role and the changes taking place in terms of a struggle for domination. This study also examined what observers thought of the changes.

A network was developed to help select prospective interviewees. The network was initially developed from a newly established relationship with an ACCA member. She then introduced the researcher to some high-profile people in the accounting field. By “snowballing”, the researcher was introduced to people in the Department of Accounting Policy who had a sound knowledge of accounting and accountants in Vietnam. Because of historical and cultural differences between people in North and South Vietnam, which could result in diversity between interviewees’ perspectives, the researcher aimed to get access to interviewees in both North and South. Also by “snowballing”, the researcher came to know some older accountants who had experienced the transition of accounting and whose views of the past, current and possible future of accounting/accountants were invaluable. Tracing *experts-comptables* and *teneurs de livres* who had worked during the French colonial period was difficult as most of them had passed away. However, the researcher managed to interview a *teneur de livres* who was 94 years old. He had excellent

recall and sketched a comprehensive ‘picture’ of French accounting and its management style during the colonial period.

The researcher was also taking part in a project seeking cooperation between the university where she works and Vietnamese universities. This gained her additional access to senior lecturers and professional accountants.

For prospective interviewees who were working, the initial contact was through email to avoid interrupting their schedules. However, for retired prospective interviewees, phone calls were more efficient than emails. Potential interviewees were invited to participate in this research, with each interview expected to last no more than 60 minutes (Ghauri & Gronhaug, 2005; Sekaran, 2003). The purpose of the research and the information required were described on the Participation Information Sheet (*Appendix Three*). Prospective interviewees who were contacted through email received an attachment with the Participation Information Sheet and Informed Consent Form (*Appendix Four*). The potential retired interviewees had the purpose of the research, the Participation Information Sheet and Consent Form explained on the phone. For all interviewees, the researcher brought with her the hard copies of the consent forms to be signed. She was aware that working interviewees might have been too busy to even look at those forms before the interviews, so she explained them again before each interview and got them signed. Those prospective interviewees whom she had met before had the research details emailed to them to remind them of the previous meeting and to make appointments to see them again. It was important to recall that Ahrens (2004) considered that the negotiation of access for interviews requires subtlety and luck.

### SATURATION

According to Mason (2010), different participants have different viewpoints about the same topic; qualitative samples must be large enough to ensure that most or all of the significant perceptions are exposed. However, if the sample is too large, data may become redundant. So, how many interviews would be considered enough? The answer is when no more new information is elicited from the interviewees. That is the concept of saturation. Guest, Bunce and Johnson (2006) state that “saturation has, in fact, become the gold standard by which purposive sample sizes are determined” (p. 60). Strauss and Corbin (1998) suggest that saturation is a "matter of degree" (p.136). If the researcher examines the data further, Strauss and Corbin (1998) propose that the researcher will potentially find “the new to emerge” and saturation would come to the point of being

“counter-productive” and the story, theory, model or framework would no longer be added to by any new findings (p. 136). It is the nature of qualitative research that there are no guidelines to estimate the sample size and whether it is adequate (Morse, 1995). Rather, the signals of saturation are where patterns or themes in the data begin to make sense, that is, the researcher has enough data to build comprehensive and convincing findings. Therefore, the ultimate aim is to obtain qualitative informational isomorphs (Lincoln & Guba, 1985; Marginson, 2004). According to Ritchie et al. (2003), qualitative sample size is often small and a general rule of thumb is that “qualitative samples for a single study involving individual interviews often lie under 50 (p. 84)”. Researchers would find it difficult to manage the quality of data collection and data analysis if the sample size went far beyond 50 (Ritchie et al., 2003).

For this research, saturation was reached after 44 informal conversational and semi-structured interviews as interviewees passed on no further new information. The next section discusses the steps related to conducting an interview.

### **CONDUCTING INTERVIEWS: SIX STAGES**

To ensure that interviews run smoothly, it is important to establish a positive atmosphere before the key interview questions are discussed to enable the interviewees to feel reasonably comfortable during the interview (S. J. Taylor & Bogdan, 1998).

#### **Stage 1: Arrival**

Legard, Keegan and Ward (2003) consider that “the interview process effectively begins the moment the researcher arrives on the participant’s doorstep” (p. 145). Therefore, it is important to establish a relationship between the interviewer and the participant. Doing so will ease the situation as the participant may feel anxious. This researcher came into the interviews with a confident and relaxed manner. She was seen as a person coming from the west and naturally carried with her a somewhat ‘western Vietnamese style’ that attracted the attention of the interviewees (Legard et al., 2003). Most of them were confident and relaxed because they were used to making speeches to the public or to students, or to being interviewed on television. Bookkeepers were by contrast less relaxed and more formal at the beginning but became more comfortable as the interview progressed.

## **Stage 2: Introducing the research**

This was the stage when the researcher talked about her research topic and addressed the nature and purpose of the research. It was also important for the researcher to ask for permission to record the interview and affirm the confidentiality of the data collected (Legard et al., 2003).

To demonstrate honesty and ethical behaviour, the Consent Form (*Appendix Four*) was explained at the opening stage (Bedard & Gendron, 2004). The researcher used the Participation Information Sheet (*Appendix Three*) to describe the broad objectives of this research, to ask permission to record the interview, and to specify the interviewee's right to refuse to answer any questions (Bedard & Gendron, 2004). In addition, the interviewees were told that they had the opportunity to verify the accuracy of the interview transcript if they wished to.

## **Stage 3: Beginning the interview**

At the beginning of an interview, it was essential to create a friendly atmosphere that ensured interviewees felt comfortable about talking openly. A set of open-ended descriptive questions prior to the interview, which were not related to potentially sensitive issues, worked well in creating a non-threatening atmosphere (Bedard & Gendron, 2004; S. J. Taylor & Bogdan, 1998).

Common (everyday) language was used to ensure the interviewees understood each question clearly (Ghuri & Gronhaug, 2005; S. J. Taylor & Bogdan, 1998). The researcher was aware that if 'warm-up' time became too casual, the interview could go longer than expected as the interviewees would feel so comfortable and keen to talk about the topics that they would talk at length. In many cases the interviews did go on longer than expected. Since the interviewees were focusing on the topic being studied, the longer the interviews the greater the benefit for the researcher. The researcher did not need to abruptly request them to get back to the interview topics (S. J. Taylor & Bogdan, 1998). As was suggested by Arthur and Nazroo (2003), the opening questions were important as this was an opportunity to obtain key contextual information. In addition, participants felt ready to "speak out" about what they knew, and so, by using follow-up questions, the researcher was able to seek in-depth and natural answers from participants.

The willingness of the interviewees to talk contributed to a lessening of the bias in their responses (Bedard & Gendron, 2004). According to Bedard and Gendron (2004), bias refers to errors or inaccuracies in the data collected. Bias could have occurred if proper trust and connection had not been well established with the interviewees (Sekaran, 2003). Credibility was emphasised as it helped overcome bias. In addition, building a rapport with the respondents by allaying any suspicions, fears or concerns they may have about the research and its consequences motivates them to give responses that are relatively free from bias (Sekaran, 2003). Rapport was established in these interviews by being pleasant, sounding genuine, being sensitive and giving non-evaluative comments to responses (Sekaran, 2003). The researcher accepted the interviewees' answers and refrained from judging the appropriateness of the answers during the interviews. The willingness of interviewees to contribute allowed the researcher to explore certain themes while being flexible enough to discover emerging paths during the interview (Bedard & Gendron, 2004).

#### **Stage 4: During the interview**

The participants were guided through key themes by the researcher. The research was analysed in depth by using a series of follow-up questions and probes. Doing so allowed the researcher to investigate the ideas and experience of each participant in depth (Legard et al., 2003). To ensure all important information was captured, the researcher, with permission from the interviewees, used a digital recorder to record the interviews. Doing this helped the researcher to validate the collected data.

#### **Digital recorder:**

All 44 interviews were recorded, as the interviewees had no objection to this. Most of the interviewees were initially slightly hesitant about being recorded. The researcher then explained the process of how the recorded files would be treated, and the interviewees also found that the questions were within their knowledge range and that the study was for a PhD. Within a friendly and comfortable environment, their hesitation disappeared as the conversation moved on (Patton, 2002). The advantage of a recorder is that the interviewer does not have to rely on memory alone. Reviewing the recorded file helps the researcher considerably in the transcribing process (Hayes & Mattimoe, 2004; S. J. Taylor & Bogdan, 1998). A digital recorder also allows researchers to directly download the recorded files onto a computer and listen to the interviews over and over again (Rubin & Rubin, 2005).

#### Limitation of recording interviews:

The researcher was aware that the recorder could cause a bias in the interviewees' responses because they did not want their stories to be recorded (Ghuri & Gronhaug, 2005; Hayes & Mattimoe, 2004; Sekaran, 2003). It would have been a severe disadvantage for the researcher if the interviewees had hesitated to express their views in depth and the researcher had to rely heavily on her memory to recall the details of the conversations. Much useful information would have been lost (Rubin & Rubin, 2005). The researcher was prepared to take manual notes of the interviews if any of her interviewees were 'allergic' to the recorder. However, any hesitations were comfortably overcome after the researcher started with an informal conversation to create a friendly atmosphere. This technique worked really well as the interviewees were not even aware that the interview had started (Hayes & Mattimoe, 2004).

#### Interview notes:

The researcher did not completely rely on technological devices as they could have failed to perform at any time. Therefore, during the interviews while the recorder was running she took notes as a backup (Rubin & Rubin, 2005). Even though there were some advantages to this, such as forcing the researcher to listen carefully, highlighting the key points, noting crucial information and sorting out follow-up questions (Bedard & Gendron, 2004; Ghauri & Gronhaug, 2005; Hayes & Mattimoe, 2004; Rubin & Rubin, 2005), the researcher also experienced some disadvantages such as losing the flow of information as she concentrated on noting down the key points. It was obvious that the interviewees would not always stop and wait for the researcher to finish writing. After each interview, the researcher checked her notes to ensure that all questions had been answered and noted down her observations and opinions about the interviewees' responses, for instance, were they open or reserved. This was very useful when she came to read her transcriptions (Ghuri & Gronhaug, 2005; Hayes & Mattimoe, 2004). The researcher's recorder suddenly failed to function within two interviews. Luckily, the researcher had a detailed note and often reviewed it after each interview. Therefore, the researcher acknowledged the importance of having both the recorder and the notes to obtain a successful interview.

#### **Stage 5: Ending the interview**

Even though most of the interviewees were quite keen on talking, the researcher was well aware of the interview duration that she had asked for. She also checked whether she had



obtained clear responses to her questions. The researcher gratefully acknowledged the valued time given and the important contribution that the interviewee had made to the research, and then asked the final question to finish off the interview (Legard et al., 2003).

#### **Stage 6: After the interview**

On some occasions, when the interviews had finished and the recorder was turned off, the interviewees extended their opinions. Since it would not have been appropriate to take further notes or turn the recorder back on, the researcher relied on her memory and wrote down those points as soon as she had left the interview site (Bedard & Gendron, 2004). Finally, on departing, the researcher warmly thanked the participants again with the intention of leaving a good impression in case future contact was needed (Legard et al., 2003; Rubin & Rubin, 2005).

#### **5.4.3 Transcription**

All the interviews were conducted in Vietnam. Because of the various expenses incurred, the researcher undertook many interviews each day and had no time to transcribe files between interviews. To avoid losing the opportunity to follow up useful details, she listened to the recorded files when she got home and reviewed the notes (Rubin & Rubin, 2005).

To ensure the accuracy and confidentiality, all recorded files were transcribed by the researcher (Bedard & Gendron, 2004; O'Sullivan & O'Dwyer, 2009). Once all the taped interviews were transcribed, the transcriptions were prepared for analysis. The next section presents how the data were analysed.

#### **5.5 Data analysis**

According to the observation of Patton (2002), qualitative researchers prefer to use inductive analysis of their research evidence to identify research themes. Patton (2002) also recognises the challenge that a qualitative researcher faces is to make raw evidence logical, analyse it in a holistic manner and communicate the results to others. Patton's observation is consistent with the definition of Bogdan and Biklen (1982) of qualitative analysis as "working with research evidence, organising it, breaking it into manageable units, synthesising it, searching for patterns, discovering what is important, what is to be learned and deciding what you will tell others" (p. 145). The evidence analysis of this research was influenced by a number of writers and focused on two key aspects: (1) data

reduction and (2) data display, before drawing or verifying conclusions (Ghauri & Gronhaug, 2005; Moll et al., 2006; O'Dwyer, 2004; Patton, 2002; S. J. Taylor & Bogdan, 1998).

#### *5.5.1 Data reduction*

Forty-four interview scripts and notes were carefully read to identify similarities and differences in responses to the research questions as suggested by Ghauri and Gronhaug (2005) and O'Dwyer (2004). During the preliminary reading of the interview transcripts, evidence that did not add meaning or value to the analysis was removed. The reduced data were then translated from Vietnamese into English before being further reviewed for the purpose of theory formulation. Some expressions in Vietnamese did not have an equivalent in English, and so the translation was not a literal translation because meaning and emphasis would have been lost. Instead, the main ideas were identified, and then conveyed through appropriate English phrases and sentences. This was purposefully done to avoid misinterpreting the message through incorrect word translation.

In the process of developing themes, the researcher linked them to concepts and propositions. This was the critical aspect of data analysis, where the research moved from description to interpretation (S. J. Taylor & Bogdan, 1998). First, the researcher looked for concepts, that is, words or phrases in the interviews that captured the meaning of what interviewees had said. Next, as the themes were identified the researcher looked for underlying similarities between them and developed proposition, that is, general statements grounded in the data (S. J. Taylor & Bogdan, 1998). Once these components were studied, the researcher came up with generalisations or findings. There were five dominant themes identified. As a result, the thesis reported the research evidence which captured these dominant themes.

#### *5.5.2 Data display*

As the interview evidence was organised into categories and subcategories, patterns, themes and connections, both within and across categories, began to emerge. These themes and connections were then interpreted and the interpretations were used to explain and communicate the research findings.

The framework design took the form of a matrix (*Appendix Six*) which had a horizontal axis, with labelled themes as subheadings: rule based versus principle based; dominance

of the government in the accounting field; globalisation by western institutions; professional associations: the VACPA and the VAA; and location of identity (class/status). Down the vertical axis 44 interviews are listed, grouped according to categories such as accountants, bookkeepers, academics, observers (business people) and government officials. The framework reviews under each theme clashes of opinion, similar responses, and differences between categories. By such means patterns can be observed and these patterns can form the basis for the findings of the study.

## 5.6 Data evaluation

### 5.6.1 Reliability and validity

Patton (2002) states that reliability and validity are two factors which any qualitative researcher should be concerned about while designing a study, analysing results and judging the quality of the study. However, reliability and validity are common in quantitative research and they are rooted in a positivist perspective. Therefore, they need to be redefined for use in qualitative research (Golafshani, 2003). Lincoln and Guba (1985, p. 290) raised the question: "How can an inquirer persuade his or her audiences that the research findings of an inquiry are worth paying attention to?" (p. 290). Janesick (1998) and Stiles (1993) believe that to ensure reliability in qualitative research, examination of trustworthiness and credibility is crucial. Stiles (1993) said: "*Reliability refers to the trustworthiness of observation or data; validity refers to the trustworthiness of interpretations or conclusions*" (p. 601). Seal (1999) also confirms that reliability and validity establish a good quality study in qualitative research, and states that the "trustworthiness of a research report lies at the heart of issues conventionally discussed as validity and reliability" (p. 266). Healy and Perry (2000) assert that the quality of a study in each paradigm should be judged by its own paradigm's terms. If the terms reliability and validity are crucial criteria to judge the quality of a quantitative paradigm, the terms "Credibility, Neutrality or Confirmability, Consistency or Dependability and Applicability or Transferability" are to be the essential criteria for quality in a qualitative paradigm (Golafshani, 2003, p. 601). They should "absolutely affirm the trustworthiness of naturalistic approaches" (Lincoln & Guba, 1985, p. 43). Following these observations, the study considers "Credibility, Neutrality or Confirmability, Consistency or Dependability and Applicability or Transferability" in more detail because they are seen as crucial criteria by which qualitative research may be judged.

Even though reliability and validity are viewed separately in quantitative research, Golafshani's terms are deemed to encompass both reliability and validity when used in qualitative research (Golafshani, 2003).

### 5.6.2 Credibility

Credibility refers to confidence in the truth of the findings (Lincoln & Guba, 1985) and it aims to confirm the credible construction of reality. Credibility is also equivalent to the conventional concept of internal validity in quantitative research (Silverman, 2005).

While credibility in quantitative research depends on instrument construction, in qualitative research "the researcher is the instrument" (Patton, 2002, p. 14). This means that when quantitative researchers speak of research validity and reliability, they are usually referring to research that is credible while the credibility of qualitative research depends on the ability and effort of the researcher (Golafshani, 2003). The ability to generalise findings to wider groups and circumstances is one of the most common tests of validity for quantitative research. For qualitative research, triangulation methods are used. Triangulation is typically a strategy (test) for improving the validity and reliability of research or the evaluation of findings. Mathison (1988, p. 13) elaborates on this by saying:

*Triangulation has arisen an important methodological issue in naturalistic and qualitative approaches to evaluation [in order to] control bias and establishing valid propositions because traditional scientific techniques are incompatible with this alternate epistemology (p. 13).*

Three forms of triangulation were applied in this study. The first involved the use of data from different sources, that is, within a group and across groups. In this instance interview responses from within a group and across groups were compared. Across-group analysis was also conducted. The purpose of this study was to locate evidence that perceptions were consensually shared in the context of a Bourdieuan struggle for domination. The second form of triangulation involves the validation of data against the archived documents and academic literature. Even though the researcher is Vietnamese by ethnicity, a close review of academic literature and Vietnamese archived documents was deemed essential to ensure reliability and validity. The third form of triangulation was to relate the emergent findings to Bourdieuan theory, and so strengthen the internal validity or credibility.

### 5.6.3 Transferability

Transferability in qualitative research is equivalent to the concept of external validity in quantitative research. It refers to showing that the findings have applicability in other contexts. For a naturalistic researcher, knowledge that is gained from one context is not necessarily relevant in other contexts or in the same contexts but in different time frames. In addition, an obligation to ensure that the findings can be generalised to a population no longer belongs to the naturalistic researcher but to readers of the study (Lincoln & Guba, 1985). Thick description is necessary as it ensures that readers receive from the researcher sufficient and precise detailed descriptions of data in a context that allows them to make judgments about transferability.

This study establishes transferability by providing as much information as possible about this research study to support the findings which were included and allow the reader to generalise from these across the accounting field.

### 5.6.4 Dependability

Lincoln and Guba (1985, p. 300) use the concept of “dependability” in qualitative research, which closely corresponds to that of “reliability” in quantitative research. Clont (1992) and Seale (1999) endorse the concept of dependability with the concept of consistency or reliability in qualitative research. Consistency of data can be achieved when the steps of the research are verified through an examination of items such as raw data, data reduction, and review notes (Campbell, 1997). Dependability shows that the findings are consistent and could be repeated (Lincoln and Guba, 1985).

Dependability was established in this study by ensuring the consistent use of the semi-structured interview guide (*Appendix Five*) which included a set of interviewee questions for bookkeepers and professional accountants; and another set of questions for observers who were academics, businessmen, and government officials.

### 5.6.5 Confirmability

Confirmability is a degree of neutrality or the extent to which the findings of a study reflect the interviewees' perspectives (Ghauri & Gronhaug, 2005). For example, the researcher cannot be biased and distort the interviewees' opinions. Confirmability is the qualitative equivalent of the quantitative concept of "objectivity". To ensure findings were grounded in the data as stated by specific interviewees, the matrix was prepared. Within the matrix, the five themes were shown and linked to each interviewee, the

interviewees' names being replaced by numbers to ensure confidentiality. The ethical implications of this will be discussed in the next section.

### **5.7 Ethical considerations**

An ethics application for this study (11/254) was approved by Auckland University of Technology Ethics Committee (AUTEC) (*Appendix Two*). Ethical approval was granted based on the key principles: (1) Social and cultural sensitivity, including a commitment to the principles of the Treaty of Waitangi/TeTiriti O Waitangi; (2) Informed and voluntary consent; (3) Respect for rights of privacy and confidentiality and (4) Respect for property and intellectual property rights. Participation was voluntary and participants were able to withdraw from the study at any time. None of the participants elected to withdraw from this study. All participants were provided with a Participation Information Sheet (*Appendix Three*) and signed a Consent Form (*Appendix Four*). All interviews were transcribed by the researcher.

The researcher committed to respect the privacy and confidentiality of the participants within this study and in future publications. All participants were assigned a number to ensure their identity remained confidential.

### **5.8 Chapter conclusion**

This is a qualitative research study. The naturalistic inquiry method was adopted as it was considered the most appropriate approach for the nature of this research. The sample was purposefully selected to gather comments from informed participants. Saturation was reached at 44 interviews as a pattern of repetition was by then established. Data were carefully analysed and validated by document analysis from archival evidence and comments in the VAA's professional journal. The whole process was ethically conducted. A matrix was created to organise the results and facilitate clear patterns for the responses.

## CHAPTER 6: FINDINGS

### 6.1 Introduction

As Wamboldt (2009) states: “multiple meanings are always present in data—there is no right meaning, only the most accurate meaning from a particular perspective” (p. 319). In other words, a thesis is based on the available data, which is interpreted in the way that the researcher considers most appropriate to the context.

This chapter is structured according to the themes whose order represents the causal effect of what is happening in the Vietnamese accounting field. The political, social and cultural contexts are crucial as they shed light on how bookkeepers and professional accountants perceive their roles. Furthermore, the findings are an acknowledgement of the actual situation embedded in the accounting workforce in Vietnam. These themes contribute to the literature in general and to the Vietnamese accounting field in particular, at a time of change when Vietnamese accounting is seeking international integration. In other words, the more than two million bookkeepers, who represent the most subjugated in the Vietnamese accounting field, are experiencing change.

### 6.2 Theme 1: Rule-based versus principle-based systems

#### 6.2.1 Origins of the rule-based system

Interviewees had different views about which country/countries had the greatest influence on Vietnamese accounting. A professional accountant who has witnessed several changes since French colonial times confirms: “*Our accounting was rooted in French accounting. The Accounting Policy of Rules is clearly in the French style and the Chart of Accounts is also from the French* (Interviewee 43, professional accountant. [My translations throughout]). As shown in the background chapter, the Vietnamese accounting field was first influenced by the French and later by the Russian system. Both systems had a common feature as further pointed out by an interviewee: “*Originally, the Russian system had adopted the French Plan Comptable 47 [Chart of Accounts] and its Chart of Accounts had only two digits which could not be extended. Neither Russian nor Vietnamese accounting had allowed such an extension*” (Interviewee 19, professional accountant). To understand the development of the Accounting Policy of Rules, it is essential to refer to the background chapter, which explains the division of Vietnam as

the result of the Geneva Conference in 1954. The North and South were using completely different accounting systems. The Northern government received financial aid from the Chinese and Russian governments (Yapa, Jacobs, & Huot, n.d.). Therefore, it was inevitable that the Vietnamese accounting system was also influenced by their systems. The French system was applied in South Vietnamese accounting practice. When independence was gained, the Northern government, the victorious party, merged the two accounting systems in Vietnam.

*The Accounting Policy of Rules was developed when peace was established in Indo-China. Many officials were sent to Russia to learn accounting. We convened in the Capital [Hanoi] to receive training from Russian accounting experts accompanied by a Vietnamese interpreter. Vietnam also invited some Chinese accounting experts to provide us with training in bookkeeping at the end of the war (Interviewee 12, bookkeeper).*

Because of inadequate knowledge of other accounting systems, the Chinese/Soviet accounting systems were wholly adopted and implemented in Vietnam. Moreover, rule-based compliance which is considered the most appropriate mechanism to facilitate the Vietnamese government's administration of the accounting field. The government took control of each and every activity. In other words, the country was and still is entirely controlled by sets of rules. The government uses these to govern activities within different fields, including accounting. In Vietnamese society, accounting is considered a subjugated field because it is technical and rule compliant. A senior bookkeeper and a high-profile accountant refer to a widely known Vietnamese maxim describing the accounting career: "*dau doi so sach, vai mang chung tu*" (*bookkeepers must at all times follow accounting and financial regulations and provide supporting documents for all entries*) (Interviewee 4, bookkeeper; Interviewee 8, professional accountant). This popular saying once again reinforces the compliance mode of accounting.

### **6.2.2 Accounting – a subjugated field**

The subjugation of the Vietnamese accounting field has long been apparent and can be traced back to the French colonial times. A bookkeeper who was working then explains:

*During the French colonial period, there was no accounting discipline in universities as no one was keen on studying accounting. It was only taught in "commercial school" but there were very few students. Graduates from the "commercial school" were called "chef-comptables" [chief-accountants] whose positions were usually held by the French, not local Vietnamese. We [Vietnamese] were just "teneurs de livres" (Interviewee 1, bookkeeper).*



As discussed in Chapter Three (section 3.4.1 and 3.4.2), the positions of *experts-comptables* (professional accountants) and *teneurs de livres* (bookkeepers) were introduced into Vietnam by the French. Such class stratification has existed since French colonial times. As the interviewee discloses, most *teneurs de livres* were Vietnamese as it was not easy to become an *expert-comptable* or a *chef-comptable*. Therefore, positions as *teneurs de livres* or bookkeepers appeared to be better options for the Vietnamese. Accounting was not a popular career choice among students. Some interviewees, such as interviewee 41 and interviewee 12, who were practising in both the French and US eras, recalled that preferred career choices of students were in transportation, commerce, finance, tax etc. Not many voluntarily chose accounting. Therefore, the government had to address this lack by allocating students to positions in the accounting field. Career choice was not allowed. Over time, the status of the accounting field has not much improved. As another interviewee comments: “*Those who have average academic results would be more likely to select accounting as a career*” (Interviewee 6, professional accountant).

The findings above illustrate the historical aspects of the rule-based compliance mode and trace the genesis of the subjugation of the Vietnamese accounting field. Since rule-based compliance is still a major mechanism in the government’s control of the accounting field, the resulting problems are therefore discussed as below.

### *6.2.3 Problems of a rule-based system in the Vietnamese situation*

As shown in the background chapter, the Accounting Policy of Rules was embedded in the accounting field before the Vietnamese Accounting Standards (VAS) were developed. The Accounting Policy of Rules includes a set of detailed rules on the double-entry of transactions (VACPA, 2011). The VAS were based on the 2003 IAS and have not been regularly updated for a variety of reasons, one of which is limited English ability (Interviewees 7, 9, 14, 18). For an accounting rule to be developed and then updated in the Accounting Policy of Rules, the DAP interprets the VAS, then converts them into rules. The MOF then formally promulgates them through circulars, followed by guiding documents. This procedure raises many issues:

*Being true and fair is a concern in Vietnamese financial statements because of the inconsistency of accounting rules which are developed from the VAS. Such inconsistencies occur because of the following gaps: (1) there is a variance between the VAS and the IAS; (2) there is a gap between the VAS and the*

*circulars; (3) there is a gap between the circulars and the Accounting Policy of Rules; (4) there is also a gap between the Accounting Policy of Rules and its implementation in practice (Interviewee 18, academic).*

Since Vietnamese practitioners (encompassing bookkeepers and professional accountants) must comply with the Accounting Policy of Rules, any new standards are converted into detailed rules that are then included in the Accounting Policy of Rules. Such a process is not being done efficiently by DAP staff. An academic (interviewee 18) interviewed believes that standard setters do not thoroughly understand the IAS/IFRS. Therefore, when they provide detailed rules to accountants, contradictions can occur. In spite of this risk, the DAP also reduces the more subjective concepts of the IAS/IFRS to new rules for all to follow. When the new rules have been developed, the Accounting Policy of Rules is updated. There is a variance evident when practitioners then apply the rules. The issue is there is a big gap between the IAS and the rules being applied in Vietnam. Many interviewees (for example interviewees 7, 8, 9, 21, 22, 23, 24) are aware of the above issue and the issue appears everywhere in the accounting field. According to these interviewees, the government has not attempted to rectify the problem of reducing complex treatments to simple rules.

Echoing the same view, an interviewee observes:

*The proper procedure for investors is to carefully investigate the financial health of a company in which they want to buy shares or make an investment. Since the Vietnamese stock market is not sufficiently developed, the more thoroughly you look into a company's financial statements, the more likely it is that you would lose money from your shares (Interviewee 33, bookkeeper).*

The interviewee's observation confirms that there is an issue of truth and fairness when preparing financial reports. The rule-based approach cannot cover all eventualities. Even if all rules are complied with, it does not always reflect a business's actual financial situation. Symbolically, a country with a rule-based system appears to have a robust system (Gray, 1985). However, it may be a system which is potentially open to fraud and corruption, as an interviewee confides:

*I have read some articles complaining about the inaccuracy of auditing reports. Indeed, those who are working in auditing would without doubt know that audit firms have to please their clients if they do not want to lose their revenues. This would also mean that audit firms have to violate some requirements stated in the standards. If this were discovered by the MOF, audit firms would be stopped from*

*operating. To avoid this, audit firms would have to bribe the MOF. Ultimately, audit firms tend to satisfy their clients (Interviewee 21, professional accountant).*

The interviewee was so fed up with the drawbacks of a rule-based system that he decided to leave his job after ten years. As the interviewee highlights, the current situation means accountants have to compromise their professional judgment if they want to keep their jobs. In addition, although the rule-based approach required by the tax regulations is deeply embedded in the *habitus* of bookkeepers, this does not mean that bookkeepers, unrestrained by professional ethics or disciplinary procedures, will not shrink from tax avoidance practices. As seen by the following interviewee:

*Accounting in Vietnam is not as transparent as it should be. Businesses use cash more frequently in their business activities rather than going through banks. The Vietnamese accounting system cannot truly reflect all the business processes of a company. For example: I give you 10,000 USD cash 'under the table'. No one knows, not even the government, so this transaction does not appear in the accounts. As you can see, ministers' salaries are about 1,250NZD/month so how come they are so wealthy and have beautiful houses? They have other sources of income from cash 'under the table' (Interviewee 31, bookkeeper).*

Even though the rule-based system has drawbacks which have emerged from the process of developing rules, it is profoundly embedded in the Vietnamese accounting field and it may not be easy to change in the short term. As a part of globalisation, Vietnam should be encouraged to adopt or harmonise with, the IFRS, which is a principle-based approach that promotes professional judgments. Below are some of the problems in applying a principle-based system in the Vietnamese context.

#### ***6.2.4 Problems of a principle-based system in the Vietnamese context***

As mentioned above, rule-based compliance is deeply embedded in the Vietnamese accounting field and it is preferred by many practitioners. Even after Vietnam developed the VAS, which are believed to have originated from the IAS (Interviewee 22, professional accountant), they have not been widely used (Interviewee 27, government official and Interviewee 40, professional accountant). The IFRS is a principle-based set of standards which allow accountants to make professional judgments. In a rule-based country like Vietnam, principle-based concepts are quite foreign. Generally, bookkeepers are not even aware of the existence of the VAS. All they know is that they must comply with circulars issued by the MOF and the tax law regulations (Interviewee 37, bookkeeper). Bookkeepers' understanding of accounting is concerned mostly with

taxation. In Vietnam, the tax department plays a dominant role in the accounting field and has a significant influence on practitioners. An interviewee comments:

*Businesses in Vietnam fear the tax department as it can issue penalties. The tax department often guides us on the Accounting Policies of Rules. My main role is to submit reports to the tax department. For the tax department, everything must comply with the rules (Interviewee 33, bookkeeper).*

Such a situation is a part of their *habitus*, and they are comfortably disposed to compliance bookkeeping. An academic comments:

*It is not easy to change a praxis...People just start to comply with a rule when they receive detailed guidance shown in a circular. If the government just issues a law which is pretty general, people do not know what to do. That is the situation in which accountants find themselves in Vietnam (Interviewee 32, academic).*

Vietnamese accountants prefer not to make professional judgments which require an understanding of the IAS or at least the VAS. In fact, the dominance of accounting rules in the Vietnamese accounting system has overshadowed the importance of the VAS. So, in spite of a plethora of circulars prescribing accounting treatments, no real change is being achieved. Each time an accounting standard is developed or updated, circulars promulgate the rules that must be followed. Circulars are guidance rules issued by the MOF and replace previous rules in the Accounting Policy of Rules, as stated by interviewee 18. Circulars are the outcome of the DAP's conversion of standards to rules and in many cases such circulars contradict each other and the VAS, a concern noted by interviewee 24 (Professional accountant). The government's arbitrary choice of VAS standards without consultation frustrates some observers. An academic declares:

*VAS 10 is called 'The influence of the exchange rate'. Circular No 105 was produced at the same time as the standard. Businesses complied with it. It was completely fine. Suddenly in 2009, circular No 201 was produced and its treatments were entirely different from the old ones. It was even different from the standard (Interviewee 18, academic).*

The above issue appears to frustrate many practitioners as most interviewees refer to the problem of the government not acting on their complaints.

The compliance *habitus* is continually reinforced by regulation, as a former senior bookkeeper in a SOE comments: "Accountants in state-owned enterprises hesitate to go with their own judgments as they are so afraid of the responsibility and penalisation by the government" (Interviewee 4, bookkeeper). Nonetheless, the interviewee remains

critical of the compliance system she operates: “*The Vietnamese accounting system is still very sloppy*” (Interviewee 4, bookkeeper). Since Vietnam is a centralised country, the operation of the accounting field is dependent on the MOF's management. Both the government and bookkeepers are comfortable with circulars. In other words, the government is playing a dominant role in the accounting field and the *habitus* of most practitioners is attuned to the compliance mode of the accounting field. Therefore, when asked whether Vietnam is ready or able to adopt the IFRS, most interviewees express doubt that Vietnam can do it in the near future. One of them expresses her concern over the lack of knowledge Vietnamese accountants have about the IFRS. She said:

*The [Certified Public Accountant of Vietnam] CPA VN has nothing to do with the IFRS. Thus, if Vietnam adopts the IFRS, there are only Western qualified accountants and those who work for foreign companies and the Big4 with knowledge of the IFRS. I do not think Vietnam would be able to adopt the IFRS in the next 10-15 years* (Interviewee 6, professional accountant).

The lack of IFRS knowledge and the inability of bookkeepers to change appear to be a barrier to Vietnam adopting the IFRS. Interviewees argue that Vietnam has only a few professional accountants who may be able to make professional judgments. One interviewee describes the number of professional accountants in Vietnam:

*Currently, there are in total 2,180 holders of the CPA VN, of which 1,500 are practising. However, only 1,300 CPA VN holders who are practising are members of the VACPA. The remaining are either academics, retired or work for state-owned enterprises or overseas. Those who are not members of the VACPA often do not have a stable job and do all sorts of work* (Interviewee 42, government official).

The rule-based system has been in place for several years and it has made accounting practitioners in Vietnam too compliant (Interviewee 26, academic). Both the government and bookkeepers prefer to stay in their comfort zones where the government retains its dominant role, and bookkeepers are still a dominated group. Interviewee 26 (Academic) comments that both the government and the accounting workforce are very slow in implementing any initiative within the accounting field. Echoing a similar view, a government official (Interviewee 14) acknowledges that Vietnam has no clear direction about how the IFRS can be implemented in Vietnam.

Movement by the Vietnamese government towards the adoption and implementation of the IFRS is unclear and has signalled to businesses the lack of importance placed on the IFRS in practice. In fact, attracting foreign investment is what the Vietnamese

government should have been encouraging. However, this does not seem to be happening in Vietnam as listed companies which are supposed to report under the IFRS continue to report under the VAS, even though the VAS are often not understood by foreign investors. This leads to comments such as: “*My company has a foreign shareholder and he has to read our standards [VAS]. If he does not understand, I will explain them to him*” (Interviewee 31, bookkeeper).

Issues around implementing a principle-based approach do not seem to stop there. An interviewee who is a government official differentiates between the Western and Vietnamese styles when confronted with an accounting error. Bookkeepers and some professional accountants often struggle when they have to choose between different accounting treatments. They assume that there is only one treatment which is approved by the government:

*The Western style examines the impacts of an error on the overall financial report. However, in Vietnam even a small error is considered a violation of the rules. Therefore, if Vietnam used the IFRS, which are principle-based standards, it would be an opportunity for accountants to reject their responsibility when they commit an error. Accountants would use their own professional judgment and ultimately they could come up with different treatments and results. It is hard to know whether their judgments would be right or wrong as there would be no rules to base them on. For this reason, it is important to have a set of rules and follow government guidance as Vietnam has been doing* (Interviewee 42, government official).

This again affirms that Vietnamese accountants do not have a *habitus* of reading accounting standards and proactively using their own judgments. The accounting field has been structured according to rule-based centralisation which inhibits its players (users) from making judgments. Indeed, it will be a long time before Vietnam can effectively and successfully apply the IFRS in Vietnam.

Even though changes to the rule-based system seem to be inevitable in Vietnam, some interviewees support retaining such a system as they believe that only rule-based compliance will protect them from lawsuits, and that the accounting field is better governed by rules. Principle-based applications appear to encounter many difficulties in the Vietnamese context. Such a difference reveals a gap between Vietnamese and international institutions’ expectations. The different perceptions of interviewees regarding rule-based and principle-based standards are presented below:

### 6.2.5 Support for rule-based and principle-based systems respectively

As detailed in *Chapter Two* (section 2.3) mentioned in the background chapter, North and South Vietnam used to be two independently governed states with different accounting systems. Even though Vietnam has been unified, it is worth examining whether the perceptions of Northern and Southern Vietnamese practitioners differ over government control of the accounting field. The following findings show that there is no difference in the perceptions of Northern and Southern interviewees.

The majority of bookkeepers both in the North and South interviewed show positive support for a rule-based system. The views of the bookkeepers matter because most accounting in Vietnam is practised by bookkeepers. In addition, bookkeepers strongly rely on the detailed guidance issued by the MOF, as an interviewee comments:

*Bookkeepers prefer a high level of detail in the Accounting Policy of Rules. If they were not clear, they would be difficult to comply with. The Accounting Policy of Rules often does not list all related items but replaces them by the word “other”. I think the word “other” is a gap for potential mistakes, manipulation or fraud (Interviewee 33, bookkeeper).*

The rule-based approach lays out detailed rules but it cannot list all eventualities. This is of concern for bookkeepers in Vietnam as they cannot ‘match’ their work with unclear rules for legitimacy. Bookkeepers could hesitate to make their own judgments when dealing with a particular technical issue. An interviewee suggests that a gap in the rules is a potential opportunity for mistakes and for ‘bad’ practitioners to commit fraud. Echoing the same view, a senior bookkeeper asserts:

*At my level, I do make judgments. However, I do not want my subordinates to be ‘creative’ so I have set up a protocol for them to follow. Their creativeness may not be correct and that would impact on our reported profit and ultimately our tax obligation (Interviewee 31, bookkeeper).*

The reference to making judgments is somewhat exaggerated as such judgments when investigated were in fact minor technical issues. What did emerge from interviewees 18 and 33 is a strong compliance mindset which is passed on to subordinates. Thus, in Bourdieuan terms compliance becomes *habitus*.

Professional accountants are more evenly divided than bookkeepers in preferring a rule-based or a principle-based system, with some expressing no particular view. Generally, professional accountants interviewed support the rule-based approach because they

believe that the bookkeepers' approach is profoundly embedded in the current Vietnamese accounting structure. They believe that the sector is not yet capable or educated enough for a principle-based approach and accounting cannot move beyond the rules prescribed by the Vietnamese government. Moreover, the sector lacks an independent, discipline-based profession, and education takes the form of mechanical training.

One of the accounting consultants for the current government, a high-profile interviewee who is an expert in French accounting as well as having knowledge of the US, Chinese and Russian accounting systems, does not seem to support what the current government is doing. He states:

*I cannot understand why we [the government] have to issue accounting standards when we already have the Accounting Policy of Rules. Ultimately which one are we going to use? Which one is more valuable when both of them are issued by the MOF? The sloppiness here is that the MOF also has to issue guidance after the standards have been published (Interviewee 19, professional accountant).*

The VAS have been developed recently as a part of the globalisation convergence but interviewees considered they are not in frequent use. Even though both standards and rules are issued by the MOF, in practice only rules are commonly used. Interviewee 19 (Professional accountant) is questioning the point of having the VAS, and then converting them to rules. Such a practice in Vietnam indicates the importance of maintaining the Accounting Policy of Rules and the VAS appear to be solely symbolic. By contrast, another interviewee recognises the benefits of having the IFRS and promoting professional judgment within the Vietnamese accounting field. He states:

*The government can get rid of its Accounting Policy of Rules and compliance-based accounting, and use a principle-based approach. Its benefits are to force accountants to use their judgment when resolving business issues. Their judgments are made based on standards (Interviewee 43, professional accountant).*

However, another interviewee expresses his opposition to completely replacing the Accounting Policy of Rules by the IAS/IFRS (Interviewee 7). Another interviewee shares this view, showing his strong preference for the current rule-based system. He explains:

*Our Accounting Policy of Rules is very meticulous and we have been doing well. Thus, we should keep it. Even a well-established rule-based system like that in France still cannot prevent frauds, so how could it here? If we use standards and*



*let accountants make judgments, how can we control them?* (Interviewee 19, professional accountant).

In maintaining that it is unnecessary in Vietnam to promote professional judgments, the interviewee 19 refers to the French system of which he has a good knowledge. He believes that Vietnam is not in a very bad position because even a good rule-based system like that in France cannot completely reduce the potential for fraud. He insists on retaining the well-established Accounting Policy of Rules and objects to bookkeepers/professional accountants making judgments in business activities. Explaining the current situation in Vietnam, Interviewee 20 believes that the IFRS is what Vietnam is aiming for. At the same time, he also draws attention to the infancy of Vietnam's market economy and the incompetence of Vietnamese practitioners:

*In the future, there will be a trend towards applying the IFRS. I still think circulars are necessary and important because Vietnam is at an early stage in its market economy and the accounting field needs to operate as it currently does. Without the guidance of circulars, practitioners may not be able to apply the standards. Also, if there is no guidance from circulars, the level of disclosure on financial statements would depend on the competency of accountants* (Interviewee 20, professional accountant).

As mentioned previously, the circulars are detailed instructions of the VAS. In other words, the VAS are converted into rules which are promulgated through circulars. The interviewee seems to believe that when practitioners comply with the guidance of the circulars, that is when they comply with the VAS. However, such a perception may not be completely accurate because understanding the standards from which to make judgments will give practitioners more flexibility. This is highlighted by a professional accountant in Hanoi (North Vietnam) who states:

*I think it is important to implement a principle-based approach as it gives practitioners more room for judgment and they can use initiative in their work. The Accounting Policy of Rules is a compliant system and it has a high level of detail. At the moment, it is a legal framework that everyone has to comply with. Because of the political circumstances in Vietnam, the government still takes a lead and controls many aspects of the accounting field* (Interviewee 29, professional accountant).

Sharing the same view as most of the bookkeepers and professional accountants, academics were more strongly supportive of a rule-based system. Most of the academics interviewed believe that it is important to have accounting laws, with mandatory guidance provided through circulars to practitioners. Academics perceive accounting to be a

technical, mechanical process without areas for judgment or where alternative treatments are possible. Therefore, professional accountants need rules to get the work done. Also, academics believe that having a rule-based system assists the government in measuring and controlling the work done by accountants. While acknowledging a trend towards the acceptance and application of international standards and, at the same time, remaining supportive of a rule-based system, an academic comments: *“We still need to keep the Accounting Policy of Rules but move towards principles slowly”* (Interviewee 26, academic). The interviewee believes that Vietnam is not ready to move away from the rule-based system. She further adds: *“A feature of Vietnamese practice is that ethics and compliance are not a strong focus of the business community. For such reasons, we have to maintain the Policy of Rules as it is explained in detail with specifics, whereas accounting standards are just a framework”* (Interviewee 26, academic). In addition, an academic in Hanoi draws on another aspect which indicates that Vietnam is not yet ready for the IFRS:

*There are many elements demonstrating that Vietnam is not ready for the IFRS. For example: the IAS 32, IAS 39, IFRS 7 and IFRS 9 [Financial Instruments]. To apply such standards, we need a real interest rate. There is no interest rate in Vietnam that is based on demand and supply in the equity market. We now assume the interest rate from banks as the real interest rate. But it is not, as it does not truly reflect the demand and supply of the market. It is still not clear what the nominal interest rate is and what the real interest rate is and which one we should use. With regard to the real interest rate, the Vietnamese financial system is not capable of building a solid basis for identifying it. In addition, transparency is an issue when accountants are being asked to comply with international standards* (Interviewee 32, academic).

The Vietnamese financial system is not yet well-developed, which leads to confusion over interest rates, and transparency is also an issue in the Vietnamese financial market. As shown in the literature, the IFRS focuses on disclosure, which aims to enhance transparency in financial reports (Abd-Elsalam & Weetman, 2003). For such a reason, the interviewee believes that the IFRS cannot be applied at this stage.

By contrast, among business people, there were no supporters of a rule-based system. Perhaps, not surprisingly, many business people, as observers, perceive that accounting in Vietnam is too centralised, and that accountants are conditioned to strictly following the detailed guidance from the MOF and returning to the MOF for clarification. Also, since it is a rule-based system, practitioners tend to give up their own right to make judgments and just comply with the MOF's guidance. Businessmen interviewed

expressed the view that the financial reports of Vietnamese companies are in place simply to satisfy the government's requirements and therefore are of little value for decision making purposes.

The weakness of the financial system that the academic identifies is confirmed by a businessman:

*I would never rely on published financial reports for an investment decision. They are not reliable even though they are audited. Financial reports are produced just to fulfil the requirements of the government and external investors. I myself know how they are produced so I never rely on them to make an investment decision (Interviewee 35, observer).*

Such experience is an example of the ineffectiveness of the financial market and rule-based practice. Financial reports are supposed to comply with the GAAP. The Vietnamese GAAP appears to be flawed, which results in a lack of trust in the audited financial reports. Such a view is supported by other interviewees, for example interviewees 21 and 33. Although the flexibility of practitioners in a rule-based country like Vietnam is reduced, they tend to become more flexible when attempting to 'bend' the rules. Here an interviewee shares his view as to how to survive in a rule-based economy:

*The Vietnamese business environment is quite different from those overseas. There are many rules which are not the same as those followed overseas. Also, tax is a dominant department. Therefore, when recruiting an accountant, I do not expect him to have high qualifications but he must understand the Vietnamese system. In addition, having good connections with tax officials is crucial so he can help the company reduce tax and solve tax-related issues. Understanding rules in Vietnam also means that he can "play around" with them. I perceive that as the main role of an accountant (Interviewee 35, observer).*

The interviewee understands the features of the Vietnamese system. He explains his approach to getting around rules which he cannot change. Since the rule-based system and the dominance of the tax department have been embedded in the Vietnamese system for many years, practitioners have learned how to get around the rules: that is to employ bookkeepers who understand the Vietnamese accounting system and have good connections. Maintaining good connections with those in authority is an advantage in a job application.

Most government officials interviewed were strongly supportive of a rule-based system. This is not surprising as most government officials are members of the Communist Party. They expressed a rather patronising view that the accounting sector needs the guiding

hands of the government and government officials, and such guidance should take the form of rules which require compliance rather than the use of discretion. Commenting on government control through its rule-based system, a government official says:

*Our current stock market is not well-developed and there are not many listed companies. In addition, bookkeepers and local professional accountants have not got sufficient knowledge and capability. Therefore, businesses are not mandatorily required to use the IFRS in Vietnam. For example, without the intervention and control of the government, traffic in Vietnam would be a mess as people keep importing cars when roads are too narrow and take time to build. The situation with regard to the IFRS is similar. We need time to 'digest' (Interviewee 15, government official).*

This comment may sound strange to people outside Vietnam. However, it seems to reflect the actual situation in Vietnam. The interviewee is concerned with continuity in the accounting field when the IFRS is made compulsory. He acknowledges the weakness of the Vietnamese accounting workforce and, at the same time, feels that it is necessary for the government to be in control. In addition, the detailed Accounting Policy of Rules appears to be comprehensive and practitioners complying with it are considered to be behaving ethically.

Supporting the current rule-based system, an interviewee who is a government official tries to explain the dilemma of overseas-trained Vietnamese professional accountants and domestically-trained accounting workforce:

*A Western-qualified accountant who has at least three years' experience working in Vietnam is considered to be good. Those who are qualified accountants but new to the Vietnamese market cannot work in Vietnam even though they have Western qualifications. Vietnamese-qualified accountants with experience perform very satisfactorily (Interviewee 15, government official).*

The interviewee acknowledges the differences in culture and knowledge between Vietnam and Western countries. As the findings above indicate, apart from mastering the rules and having good connections, it is also crucial to get the work done. A former president of the DAP confirms this reality:

*Practitioners would be better to use the Accounting Policy of Rules as it provides much clearer and more specific guidance. Accounting standards serve as a handbook for practice. Experienced practitioners do not need to refer to the Accounting Policy of Rules as they are so familiar with it (Interviewee 27, government official).*

The interviewee is saying that the dominance of the government as expressed in the rule-based system means that not much by way of interpretation or explanation is needed in applying accounting treatments. All practitioners (dominated) have to do is to comply with the specified rules. This demonstrates that the Vietnamese government has a strong control over the accounting field, and thus possesses symbolic, economic and political capital. At the same time, compliance has become a *habitus* profoundly embedded in the work-life of practitioners in Vietnam. Therefore, principle-based systems are not considered appropriate to Vietnam, which supports what Perera (1989) observed in other developing countries. A government official explains:

*Our economy is moving towards a market economy and Vietnam is not a multi-party country. Also, as stated by the Prime Minister, Nguyen Tan Dung, we have many [SOEs] which we cannot get rid of and they need to be fully protected by the government. Generally, because of differences in the knowledge and capability of our accountants and in features of economic development between Vietnam and other countries, our government is going to converge with the IFRS, but not fully adopt it (Interviewee 14, government official).*

Sharing the view of the Prime Minister, the interviewee believes that the current situation in Vietnam is quite different from that in most of other countries and there may not be much change as Vietnam needs to maintain all its SOEs to provide funding for war victims.

In conclusion, Vietnam's rule-based system is a one-way communication process where control by the government is mandatory. The current system differs from that in most developed countries because of cultural differences, enforcement differences (common law countries versus codified law countries), environmental and political differences. Asian countries, including Vietnam, are more rule-based, possibly because, as Hofstede (1980) found, Asian people tend to seek more certainty, or as a result of politics and history. This can also explain why the compliance mode is still the preferred system in Vietnam.

The next section illustrates the dominant role of the government agency – the DAP – in the accounting field.

### **6.3 Theme 2: Dominance of government in the accounting field**

The government holds most of the symbolic capital in communist Vietnam. It can maintain tight control over every aspect of life because it enjoys a political monopoly of power. As the rule-based versus principle-based theme shows, the Vietnamese

government prefers to maintain a rule-based accounting system, which lends itself to a centralised system, such that the government appears to be the most powerful and dominant party within the accounting field. Since such a system has been in place for several years and has never undergone a significant transformation, most of those in the Vietnamese accounting field such as bookkeepers, locally qualified professional accountants, and academics feel quite comfortable with detailed guidance and support from the government.

Most bookkeepers interviewed support the dominant role of the government in the accounting field as they believe that complying with the government's rules will be safer and provide more certain directions. Bookkeepers interviewed are generally comfortable with detailed instructions from the government and they do not expect any changes. A senior bookkeeper in Hanoi shares her understanding of the current situation:

*The government established the Accounting Policy of Rules, asserting their benefits. I understand that whoever comes to the 'throne' will then issue new regulations to protect their patron's power. Rules in Vietnam are ridiculous as such rules indicate that you 'can only do what the government prescribes'. It is different from overseas where they 'do what the government does not prohibit'. This really makes people remain passive and only look for guidance. If we make an individual decision, the risk is huge, especially when it is related to the tax department. Unless we can find a circular to back up our decision, we are much better waiting for the government's guidance (Interviewee 31, bookkeeper).*

While acknowledging the drawbacks of government control, most bookkeepers interviewed still insist on the government's leadership. The perception of interviewee 31 represents the view of most of the bookkeepers interviewed. For bookkeepers, the risk of doing something which is not clearly detailed in the Accounting Policy of Rules is too high. They may be able to find circulars to backup their judgments but this justification is not customary practice in Vietnam. They fear being penalised by the tax department. This undermines bookkeepers' judgments as they would rather not to do anything but follow the government's instructions.

Most professional accountants interviewed are against the strong influence of the government as they realise that they are controlled through a strict rule-based system. As shown in *Chapter Three* (section 3.4.2), the DAP is a unit with the MOF and its duty is to manage all aspects of accounting such as standards, rules, policies, etc. Its workload is inevitably large, which as interviewees previously highlighted results in impractical and inappropriate accounting policies, regulations and standards. Interviewees consider the

problem is further aggravated by staff at the DAP having poor knowledge of accounting practice. A financial director of an international oil company comments that willingness to implement the IFRS in Vietnam is very limited because staff in the DAP are not trained for IFRS implementation (Interviewee 7, professional accountant).

This indicates the way the accounting field operates. Whoever comes to the ‘throne’ tries to reinforce their power by promulgating more accounting policies and regulations. As a witness of the transformation of Vietnamese accounting over the years, an interviewee describes the system of patronage:

*If you work for a non-state owned company, you do what your boss wants. If he is a good boss, he will comply with the Accounting Policy of Rules and standards. No fraud will occur. But if he deliberately cheats, you cannot do anything. Even if you worked for an [SOE], you must have a patron. Without a patron, you will be quickly fired if you do not cheat as your boss wants. Indeed, they cheat and steal a lot in [SOEs] by manipulating vouchers or receipts (Interviewee 19, professional accountant).*

The inefficiency of the DAP does not stop there. A high-profile professional accountant, who has witnessed several changes in the Vietnamese accounting field, from the end of the French colonial period until now, says he was quite frustrated with the way the IAS was translated into Vietnamese:

*They translated the standards too closely which made them too difficult to understand. When we interpret a standard in Vietnamese, first we have to read it carefully and make sure that we thoroughly understand it...digest it [paraphrase it] ...and ultimately it comes out as ours with a high level of accuracy (Interviewee 19, professional accountant).*

Another professional accountant further explains the way a standard or a set of standards should be tested before being officially promulgated:

*The IAS which is being taught at universities is the old one. For example, Mr Le issued a comptable in 1982, and it took four to six years before it could be used in practice (1986-1988). However, nowadays a comptable is used right after being issued without any test of its practical impact. I have had to give up – they do not know what they are doing (Interviewee 44, professional accountant).*

Since rules keep being issued and changes keep being made, bookkeepers and professional accountants rely on the government’s guidance as it is the safest way to avoid lawsuits. Therefore, accounting students in universities and colleges do not know much about accounting standards. A well-respected professional accountant who specialised in

US accounting and who was one of the government's accounting consultants explains why graduates are considered bookkeepers:

*Students in universities have never heard of the word "standards". They have no knowledge of accounting standards even after graduating and working in companies. I truly cannot think of why they do not translate English-language textbooks into Vietnamese. This would be easier and more comprehensive (Interviewee 43, professional accountant).*

To facilitate the globalisation process, the interviewee believes that the government should fully adopt the Western educational system, and in particular translate English accounting textbooks into Vietnamese. Observing the Vietnamese education system, a high-profile professional accountant also adds:

*In the past, accounting for companies emphasised topics such as how a company is established, capital contributions, consolidation, dissolution, and division of assets. These matters are very important but are no longer found in textbooks (Interviewee 19, professional accountant).*

Most of the academics interviewed are supportive of the government. An academic states: *"The MOF wants to encourage truth and fairness. However, that can only be achieved when accountants comply with the standards (Interviewee 18, academic).* As discussed in theme one, rules are the main tool used by the government in administering the accounting field. The accounting standards are of little use in Vietnam. Even though the government wants to encourage truth and fairness, it does not seem to be willing to give up control of the accounting field.

One academic (Interviewee 32) believes that local professional associations are not good enough to administer the accounting field in a similar manner to how it is done overseas. Acknowledging the deficiencies in education as one of the weaknesses which leads to the shortage of professional accountants in Vietnam, an academic suggests:

*To have a professional workforce, Vietnam should invest more on professional training as Vietnamese accountants are not considered sufficiently professional. Also, we need to update, study and use textbooks on accounting development in overseas countries. Professional accountants from overseas are too expensive for companies in Vietnam to hire (Interviewee 26, academic).*

It may be a good suggestion. However, the question remaining is whether the government is willing to give up some of its control over the accounting field, and whether bookkeepers would be happy with a change. An academic interviewed insists that the



government needs to maintain control in the field and in any case does not believe the government would surrender control.

By contrast, most business observers are opposed to the dominance of the government. An observer vents his frustration, saying:

*The irony of the Vietnamese system is that there are many rules and treatments but they are kind of hidden or unclear. Therefore, whatever we do, we have to go back to the government to ask for clear instructions as well as permission. This dramatically reduces our flexibility and makes us dependent* (Interviewee 36, observer).

The dominance of the government can be seen in its use of rules and treatments. As shown in *Chapter Two*, the government maintains a socialist (Marxist) ideology, particularly with regard to the accounting field. The government wants to retain control and does not want Western ideology to become deeply embedded in the Vietnamese accounting field. An observer (Interviewee 13) with intimate knowledge of the government provides an example of how the Government maintains a socialist ideology in the accounting field. According to the observer, the VACPA does not have a long developmental history but its hallmark is recognised within the accounting field. This aspect is confirmed by most professional accountants and observers interviewees. Even though VACPA members – holders of the CPA VN – are not recognised by any international jurisdictions, they are the accountants with the highest qualifications in the Vietnamese accounting field. The VACPA is a dynamic association aiming to imitate a Western professional operating model (VibForum, 2005). In addition, the VACPA requested membership of the IFAC but was not successful for the reason that the Vietnamese accounting field is too small for two professional associations (Interviewee 13, observer). The same observer adds that some within the VACPA want to raise their level of independence to gain international recognition, and that appears to be a concern for the government. Thus, the MOF has withdrawn the VACPA's right of organising CPA exams and workshops which are now back under the control of the MOF (Interviewee 13, observer). This is evidence of the government's concern that the growing Western influence on VACPA operations could threaten its control of the Vietnamese accounting field. This is another example of the government withdrawing authority and reasserting its control.

Of the government officials interviewed, half expect the government to maintain its ascendancy in the field as they believe that without it no one would comply with the rules. However, the remaining government officials, who work closely with the ACCA, CPA

(Australia) and the VACPA believe that the government should pass its role and authority to the local professional associations. Complying with the rules does not seem to be sufficient for a leading role in the accounting field. In fact, if bookkeepers and professional accountants had a strong professional network or a strong “back-up”, they would be more secure in their jobs (Interviewee 14, government official). Another interviewee argues that even though the DAP fulfils a similar role to that of Western professional associations, it fails to control and develop its members’ capabilities. As an interviewee declares:

*In the past, there were many training programmes for new accounting standards or circulars. However, nowadays the MOF just makes them available on its website. Businesses and accountants have to keep themselves updated. In fact, the MOF cannot control the standard of competence of auditors, accountants and bookkeepers (Interviewee 42, government official).*

Such a comment explains the lack of accounting knowledge among Vietnamese students. It also reveals that the government units (the MOF and the Ministry of Education) do not cooperate well. In this case, the MOF shows its dominance as all graduates must comply with the Accounting Policy of Rules set by the DAP.

In conclusion, the government uses the strong rule-based system to control the accounting field. In other words, accounting is a subjugated field and the government, and the DAP in particular, is a dominant player who sets the rules of the “game”. The intervention of the government in the accounting field is a significant barrier to Vietnam’s progress in the process of globalisation and professionalisation. The government’s desire to maintain control and retain power is reinforced by the threat of entry by Western institutions into the Vietnamese accounting field.

This threat is described in the following theme. At heart, there is a political-philosophical barrier blocking change. The socialist-Marxist structure provides no pathway to a decentralised market economy; it cannot easily give way without being broken.

#### **6.4 Theme 3: Globalisation by Western institutions**

The arrival of Western institutions may be beneficial for the Vietnamese economy in general and the accounting field in particular. Nevertheless, their entry appears to threaten the government and its control over the accounting field.

With regard to globalisation, most bookkeepers have no particular view. This is understandable as they are only concerned with what they know, which is complying with the Accounting Policy of Rules. By contrast, the majority of professional accountants interviewed strongly support the entry of Western institutions into Vietnam, especially as they believe Western qualifications will increase the influence (capital) of accountants within the accounting field. Academics are largely neutral with regard to globalisation. Only one of them foresees difficulties ahead, maintaining that current government control is deeply embedded in the Vietnamese accounting field. The observers are strongly supportive of Western entry into the Vietnamese accounting field. Most of them maintain that Western professional accounting associations would benefit the local accounting field. Government officials are equally divided. Half of them are supportive as they are involved in the local professional accounting association. Their support is evidence of a desire to adopt the model of Western professional associations for Vietnam. The other government officials expressed no view.

#### *6.4.1 Influences of Western institutions*

Looking back to the entry of the ACCA into Vietnam, a high-profile professional accountant smiles and comments:

*The accounting profession was officially born in 1991. We have to thank the ACCA for their entry as well as their promulgation of ACCA qualifications in Vietnam. Vietnamese people and companies conceived the ACCA as being a “super-association”. Initially, people used to misunderstand and thought that to become a member of an accounting professional association required a PhD. It is not true. In reality, students can start their ACCA programmes when they graduate from high school (Interviewee 8, professional accountant).*

This comment illustrates the fact that before the arrival of the ACCA, Vietnamese bookkeepers did not have a good understanding of the concept of professionalism. Only a few *experts-comptables* who were qualified during the time of the French and US invasions, and who were considered then as professional accountants, knew what professional associations were. Having the advantages of being the ‘first-comer’, the ACCA has become a great supporter of the government when dealing with the World Bank. An interviewee who is in a high position at the ACCA discloses:

*The World Bank wholeheartedly supports the MOF in developing sets of accounting standards in accordance with the IFRS. Apart from financial support, the World Bank has also sent IFRS specialists to help the MOF. As a result, the*

*World Bank expects to see a specific plan from the MOF. However, at this stage, the MOF has not developed any specific idea or plan to present to the World Bank and thus has asked the ACCA for help with the planning. In particular, the MOF expects the ACCA to do the task on their behalf (Interviewee13, observer).*

This issue shows that the government is willing to receive financial aid from the World Bank but has no clear direction or strategy about how to implement the IFRS. In addition, the government's lack of understanding of the IFRS makes the role of the ACCA even more important. In fact, it also clearly demonstrates that Vietnam really needs to have many more professional accountants as the following interviewee attests:

*Human and financial resources are the main obstacles for Vietnam. Vietnam is not yet ready to adopt the IFRS. According to news from the MOF, Vietnam has not developed a fixed timeline for adopting the IFRS. At the moment, in Vietnam the internationally recognised professional accountants include members of the ACCA, CPA (Australia), CIMA [Chartered Institute of Management Accountants] and ICAEW [Institute of Chartered Accountants in England and Wales]. However, members of the ACCA represent 50% of professional accountants and the other 50% are divided among the other three bodies. The ACCA currently has 500 members (Interviewee 13, observer).*

Western professional associations show their expertise in the Vietnamese accounting field. Here an interviewee from the VACPA expresses his admiration of the way Western professional associations operate:

*Currently Vietnam has no regulation enforcing accountants to become members of a professional association. However, while being different from the VAA, the VACPA operates in a similar manner to the ACCA and the CPA (Australia). In the next 5-10 years, the vision of the VACPA is to build up its reputation, knowledge, and status by incorporating itself into well-known professional bodies overseas (Interviewee 14, government official).*

Some banks and companies in Vietnam are starting to recognise the importance of having professional accountants, especially when their companies receive foreign investments. An observer comments:

*In fact, an awareness of the importance of having a professional qualification is also triggered by foreign investments into local companies. For example, more and more local banks such as Vietcombank and VIB Bank [Vietnam International Bank] prefer to employ people having a qualification from the ACCA or the CPA (Australia) or other international accounting bodies (Interviewee 13, observer).*

The influence of Western qualifications is beginning to spread in Vietnamese banks and its importance will soon be evident in both the Vietnamese market and the accounting field. As a successful professional accountant in the accounting field, an interviewee comments:

*Having a Western professional qualification is an important factor in getting a good job with a high salary. From observation, the ACCA holders often get at least 20% higher salary. The CPA (Australia) has recently come to Vietnam and is getting more popular (Interviewee 29, professional accountant).*

Western qualifications are highly regarded in Vietnam. Students, bookkeepers and professional accountants have come to realise that they are a pathway to an improved status.

*Students and members do know the difference in quality between the ACCA qualification and the Vietnamese CPA. To practise in Vietnam, yes they need to hold the CPA VN but to have knowledge and skills they need to get the ACCA qualification (Interviewee 39, observer).*

The interviewee also reveals that those people who look forward to the prospect of success in an accounting career often prefer to have Western qualifications and such choices will have an impact on the Vietnamese accounting field. An interviewee states:

*The education system in Vietnam is not very good. Vietnamese companies and the government often appreciate overseas qualifications. They almost use “red carpeting” to welcome students with Western qualifications even though they did not have good academic results when they were in Vietnamese schools/universities. By contrast, students who go to universities in Vietnam and achieve good academic results do not often get good jobs (Interviewee 36, observer).*

This reveals a disparity in the recognition of local and overseas accounting qualifications. In addition, the above interviewee indicates a preference for overseas qualifications, but it also suggests the insufficiency of the local education system, which can ‘bury’ many talented people. Furthermore, human resources are not effectively used, so Vietnam is short of professional accountants whereas bookkeepers are abundant.

The entry of Western qualifications may also reveal the weakness of the local education system. However, it provides local enterprises with a chance to recruit employees with better accounting qualifications. Traditionally, getting an undergraduate accounting degree and a job are the main targets of students. As shown in theme 1 above, many of those who are working in the field such as bookkeepers and locally qualified professional

accountants prefer to stay in their comfort zones and do not seem to consider improving their career opportunities. This is understandable as they are operating in a rule-based compliance accounting field where the government sets the rules of "the game".

The arrival of Western accounting qualifications appears to be a threat for bookkeepers and local professional accountants who do not want to change. A senior bookkeeper in Hanoi states:

*A qualification in Vietnam does not truly reflect a person's capability. We [accounting staff] used to have a kind of discussion with our boss about the salary of a CFA [Chartered Financial Analyst] holder. After obtaining a CFA qualification, he/she gets 2,000USD/month. Even though I do not have a CFA qualification, my performance is better. Why then is my salary 1,000USD/month?* (Interviewee 31, bookkeeper).

This senior bookkeeper feels her role is threatened by the changes. She insists her experience is worth more than accounting qualifications. Such a perception inevitably shows the lack of confidence of some bookkeepers in Western accounting qualifications and their unwillingness to change because they are trained by a system where compliance with the government's rules is the most important objective. It is also important to acknowledge the changing environment caused by the entry of Western institutions into the Vietnamese accounting field. A senior bookkeeper (Interviewee 33) in a listed company in Hanoi acknowledges the positive impact of Western organisations on the growth of the accounting field in Vietnam. A professional accountant (Interviewee 29) admits that the Vietnamese accounting field needs to be transformed or 'renovated' but she also understands that the government still 'thirsts' for dominance, and so it will be hard to change. An academic (Interviewee 32) comments on the need for accounting reform in Vietnam but she is not confident that Vietnam can achieve this in the near future. Inevitably, however, globalisation means that the Vietnamese accounting field has to be completely revamped.

The growing awareness in the Vietnamese accounting community of Western accounting qualifications also signals the growing demand for them in Vietnam (T. T. T. Tran, 2002) and the insufficiency of local qualifications. Such a perception by the local accounting community, together with the more in-depth influence of Western institutions, is a threat to the centralised authority of the government. The local accounting field is becoming an "arena of conflict" where the government and Western institutions struggle for retention and expansion. In fact, the winner will be able to set the rules of the game.

#### 6.4.2 Growing conflict in the Vietnamese accounting field

To retain control, the Vietnamese government has pushed back against the potential dominance by Western institutions by issuing a new regulation that may be considered to be a barrier for Western professional accountants practising in Vietnam. An informed observer comments:

*Vietnam has just issued the new independent auditing law. Those who want to conduct an audit in Vietnam have to sit the test in Vietnamese. According to the old law, those who hold Western qualifications could convert them into the CPA VN by sitting the conversion test (100 multiple-choice questions, in English) and they could then audit and sign a report. However, the law has changed. The test is now written in Vietnamese (Interviewee 39, observer).*

According to this new regulation, Western accounting qualification holders such as members of the ACCA or the CPA (Australia) have to sit the conversion exam in Vietnamese to get the CPA VN. Without the CPA VN qualification, auditors cannot sign audit reports. This new regulation is a great obstacle for Western professional accountants.

Commenting on the new law, a high-profile observer at the ACCA emphasises “*the new law is really a disadvantage for Vietnam as Vietnam really needs many IFRS specialists even though they may not be able to speak Vietnamese*” (Interviewee 13, observer).

Another observer comments:

*Vietnam learns a lot from the way the Chinese government deals with members of Western associations. In the past, Vietnam also had some issues with foreign auditors and audit firms which were based in other countries and which conducted audit work for Vietnamese companies. The Vietnamese government could not control them so decided that it did not want outside audit firms to audit companies in Vietnam. When Vietnam joined the WTO, the Vietnamese government had to allow Vietnamese audit firms to audit foreign companies and also foreign companies to audit Vietnamese companies. However, according to Vietnamese laws, foreign auditors have to hold the CPAVN (Interviewee 39, observer).*

In fact, the government wants to tighten its control and retain the auditing field as a rule-based compliance system. In other words, auditors will follow circulars telling them what to do. The enactment of the new law follows the rule-based structure. Furthermore, for some the new law also indicates that a principle-based system will not be endorsed in the near future. The ACCA is planning action:

*The ACCA is negotiating with the MOF for ACCA members not to sit the test. The ACCA and the MOF would jointly organise a short training course of 3-5 days on Vietnamese law and ACCA members would then get the CPA VN qualification (Interviewee 39, observer).*

It would be beneficial for young Vietnamese to be members of the ACCA, and convert this into the CPA VN. Ultimately, they could get both qualifications. Multinational companies want their accounting staff to learn international standards and make professional judgments, not just follow tax rules. The concept of professional associations derives from the Anglo-Saxon countries and it is not well established in communist countries (Perera, 1989). Therefore, the Vietnamese professional associations, the VAA and the VACPA, may be described as symbolic as they have no authority at all. All their members have to first and foremost register with the government. An interviewee comments:

*The ACCA is acquiring more members and is a major Western association here in Vietnam. It has 500 members, catching up to the number of members of the VACPA. According to the old law, auditors have to be members of the VACPA. However, the law has changed from this year. They just need to sit the test and register with the MOF (Interviewee 13, observer).*

This shows that the government is weakening the concept of professionalism in Vietnam and the VACPA is the first 'victim'. The VACPA is now solely a 'figurehead'. The figure below may help readers to see the disparity in membership between the VACPA and Western professional associations. It illustrates the professional pathways which are available to bookkeepers in Vietnam.



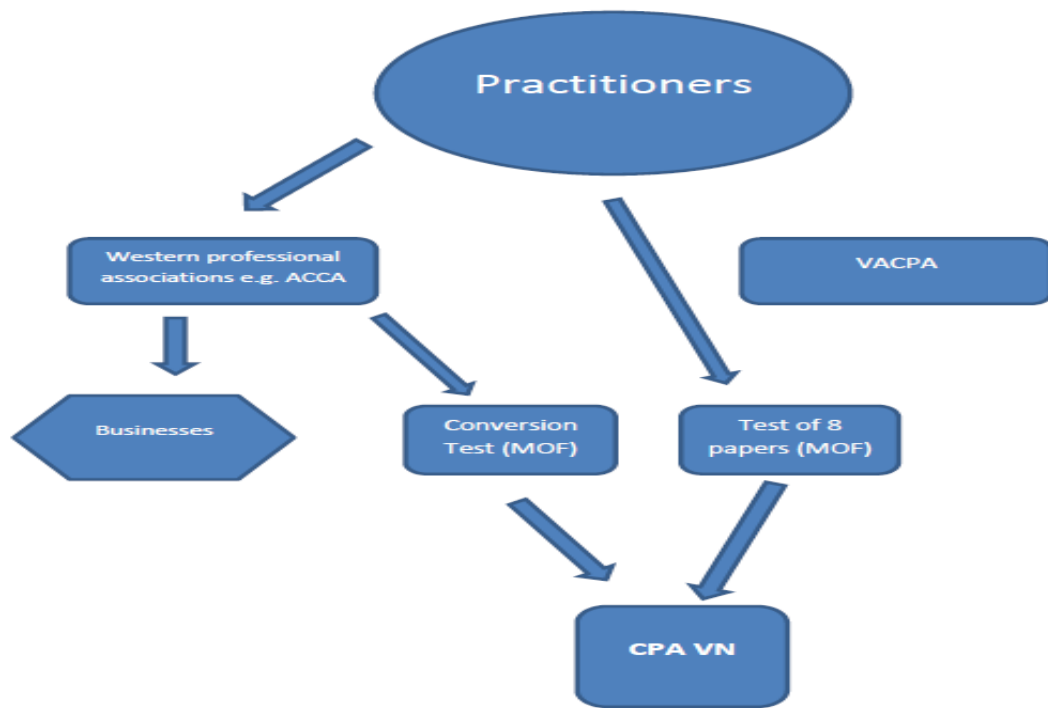


Figure 6.1: Comparison of membership of the ACCA and the VACPA – pathway to obtain the CPA VN.

In summary, Vietnam has now become a member of the WTO and is expected to operate as a market economy. The World Bank supports the Vietnamese government in pursuing such an objective, especially with regard to IFRS implementation. The arrival and growing influence of Western institutions such as the World Bank, the IMF, the WTO, the Big4, Western professional associations and multinational companies have become a threat to the Vietnamese government in maintaining its control and dominance in the accounting field. Confronting this situation, the government has taken action to weaken the influence of the Western organisations. Under the new law, all auditors who hold Western professional qualifications such as the ACCA or the CPA (Australia) must obtain the CPA VN to be able to sign audit reports. They also have to sit a conversion test which was previously written in English but now is in Vietnamese. By such actions, the government reveals its intention of maintaining tight control over the field. The current situation shows that the accounting field is an “arena of conflict” where people struggle for capital and domination. The stronger the control of the government, the weaker are the local professional associations. This is demonstrated in the next theme.

## 6.5 Theme 4: The role of local profession: VAA and VACPA

Given its preference for rule-based accounting, it may seem surprising that Vietnam has moved towards converging with the IFRS. One explanation is the “push” of external factors such as the World Bank, the Asian Development Bank, the WTO and other organisations in the region who require IFRS adoption. From an external viewpoint, the VAA is the professional body for accountancy in Vietnam and a member of the IFAC since 1998. However, its image and role within the accounting community are ambiguous.

As shown in *Chapter Three*, the VAA is often considered an association for bookkeepers. It is interesting that of the bookkeepers interviewed, the majority expressed no view, as they do not know much about the existence of the VAA. The remaining bookkeepers are not supportive of the role, or appreciative of the contribution of the VAA. Generally, no bookkeeper sees the importance of being a VAA member. With regard to the professional accountants, most of those interviewees support the VAA and the VACPA as they believe that an accounting field needs to have professional associations. However, other professional accountants either express no view or consider the contribution of the VAA and the VACPA as worthless. The vast majority of academics express no opinion on the VAA and the VACPA. In contrast with Western universities, there is no connection between universities and local professional accounting associations. Therefore, some academics interviewed do not have a particular opinion. Other academics interviewed express the view that the contribution of the VAA and the VACPA is minimal. Most observers interviewed are supportive of the contribution and role of the VAA and the VACPA. Those supporters believe it is necessary to have local professional accounting associations even though their operations may not be as effective as they should be. Most government officials are supportive of the VAA and the VACPA and expect them to follow the model of Western professional associations. Below are the views of bookkeepers, professional accountants, academics, observers and government officials, arranged according to sub-themes.

### 6.5.1 Weakness of the accounting field and the profession

The weakness of the accounting profession is made worse by the weakness (or subjugation) of the accounting field in Vietnam. This weakness in the view of the community is recognised by a high-profile professional accountant when he says: “*In Vietnam, there is no profession. It is considered a job. The main task is to do bookkeeping* (Interviewee 8, professional accountant). This view of the accounting field as being

subjugated compared with other fields such as medicine and law is held by other interviewees. From the viewpoint of potential members, the VAA suffers from being both an accounting association within a subjugated field and an association lacking independence and authority. An interviewee affirms:

*I do not intend to become a member of the VAA. The VAA is just a place to look for information and accounting training courses. I will only join the VACPA. No one really cares about joining the VAA (Interviewee 23, professional accountant).*

The interviewee is a VACPA member because he came under the old policy which required all auditors to become VACPA members. Such a policy is discussed in theme 3 above.

A bookkeeper is critical of the VAA as it does not perform the role that she believes overseas accounting professional bodies perform. On behalf of most bookkeepers, the interviewee claims:

*Associations in Vietnam do not provide any benefits for their members. They neither fight against the government to protect their members nor act as a bridge to investors. They are just figureheads (Interviewee 31, bookkeeper).*

The irony is that a member of the VAA management board does not seem entirely convinced about membership being worthwhile in the profession he controls. When asked if bookkeepers and professional accountants should become members of the VAA in the future, he states: “According to me, it is not necessary and it is completely voluntary” (Interviewee 15, government official). He further explains:

*Anyone can become a member of the VAA without any examination. All they need to do is to register and accept the VAA’s regulations. They do not need to register with the MOF as they are not qualified accountants. If they want to become qualified accountants, they have to sit exams set by the MOF (Interviewee 15, government official).*

### **6.5.2 Lack of dissemination of knowledge**

With regard to training and examinations the VAA is seen to be deficient. An academic comments on the VAA’s limited capability:

*The VAA does not have many advantages which appeal to professional accountants and bookkeepers, who expect to receive some benefits and protection from the VAA. At least, at the moment, the VAA cannot fulfil such expectations. The VAA is simply a place where people gather and exchange experiences (Interviewee 38, academic).*

In the accounting field where the government is in control, the VAA and the VACPA, especially the VAA, are just figureheads. They are not operating in the same manner as their overseas counterparts.

### *6.5.3 Lack of professional accountants*

With a population of 86 million, Vietnam has only a handful of qualified accountants. Commenting on the shortage of professional accountants in Vietnam, an interviewee observes: "*Vietnam also has the CPA VN qualification for which participants have to do 8 papers and pass all the exams. Indeed, it is not easy to pass*" (Interviewee 29, professional accountant). Another interviewee discloses that "*the tests can be difficult or easy depending on the demand for qualified accountants*" (Interviewee 19, professional accountant).

A government official tries to emphasise the role of the VAA in getting bookkeepers to become professional accountants, when such a role is actually held by the MOF.

*It is not right that we have only a few professional accountants. The fact of the matter is they are not yet professional....We have just a handful of registered accountants and most of the others are not yet registered. The role of the VAA is to get those people to register* (Interviewee 27, government official).

The concept of Western professionalism is not entirely welcomed by the Vietnamese government. Interviewing senior government officials reveals their disquiet. They do not fully understand who is considered a professional accountant and what qualities a professional accountant should possess. Registration with the MOF does not mean they would become 'Western-like' professional accountants.

Vietnamese accountants see deficiencies in their domestic association in comparison with overseas professional associations. An interviewee who is working for the CPA (Australia) in Ho Chi Minh City comments on the need to be a member of a professional accounting association:

*Even though the VACPA was established recently [2005], it is rapidly approaching international standards. I know that leaders of the VACPA are dedicated wholeheartedly to bringing the Vietnamese association up to the international standards. They need recognition and acknowledgement of this from society, the government and counterparts* (Interviewee 16, observer).

#### *6.5.4 Lack of influence on the career pathways of bookkeepers and professional accountants*

The VAA and the VACPA have little influence on the career pathways of bookkeepers as they do not add value to bookkeeping practice. An academic observes:

*Only senior bookkeepers in large companies or auditors may think of being a member of an accounting profession. They just do what the MOF tells them to do. Therefore, they are not aware of the existence of the VAA or the VACPA (Interviewee 32, academic).*

Demand for professional accounting memberships is limited in businesses in Vietnam. Local professional accounting bodies have almost no role in the recruitment process. In other words, employers do not seem to be concerned whether potential employees are members of the VAA or the VACPA. In addition, professional accounting qualifications appear to be foreign to small and medium enterprises (SMEs) in Vietnam. A bookkeeper shares her recruitment experience:

*In Vietnam, employment is focused more on trust, ethics, honesty and loyalty than on the qualifications of an accountant. These qualities are assumed to come solely from family connections and patronages (Interviewee 31, bookkeeper).*

Being a member of the VAA does not give a person an advantage in job applications but having good connections and patronages is crucial in Vietnam.

In conclusion, professional accounting associations in Vietnam are weak and lack authority. The dominance of the government overshadows the role of the VAA and the VACPA. On the surface, Vietnam can insist to international bodies that Vietnam does have an accounting profession, but the VAA – the senior association – remains a figurehead. Not many bookkeepers and local professional accountants are aware of the existence of the VAA. No one bothers to become a member as it brings them no benefits, protection, or status. They have no sense of belonging and cannot gain status or privilege from the professional accounting associations as such accounting associations have no status at all. This is a significant difference between local professional associations and Western ones. The VACPA is an association whose members are qualified accountants and hold the CPA VN. Under the new law, it is not compulsory for holders of the CPA VN to become VACPA members.

In a strong rule-based compliance system with weak professional accounting associations, how do bookkeepers and professional accountants perceive their identity? The next theme explores the question of identity.

## 6.6 Theme 5: Identity (*Habitus*)

Identity is defined in *Chapter Three* (Section 3.5). In Bourdieuan terms it is seen as a bundle of experiences (*habitus*), memories, emotions and status. *Habitus* has been constructed within the accounting field over a long period of time with various levels of status being applied according to role, whether bookkeeper or professional accountant.

Of the bookkeepers interviewed, most locate their class and role at a low level. They do not clearly perceive their job to be a task or an extension of *habitus*. However, some bookkeepers see themselves in a slightly higher class: between low and middle class.

All professional accountants interviewed perceive themselves to be middle class. Perhaps because they possess the CPA VN and/or Western qualifications, they see themselves as professionals with better future prospects. Even though the CPA VN is not recognised by international jurisdictions, it is the highest qualification in Vietnam.

Generally, all academics, observers and government officials interviewed perceive professional accountants as being middle class and bookkeepers at a lower level. Such judgments are also a reflection of the roles imposed by Vietnamese society on professional accountants and bookkeepers.

### 6.6.1 Images and roles of bookkeepers and professional accountants

Bookkeepers still perceive their role as crucial to business and this role contributes to a bookkeeping *habitus*. A bookkeeper states: “a bookkeeper needs to be meticulous, diligent, careful, and straightforward because accounting involves a lot of detail”(Interviewee 2, bookkeeper). Having been a bookkeeper for several years, she considers those traits as critical factors in practising bookkeeping. The question arises whether bookkeeping creates these traits in a bookkeeper, or whether a bookkeeper needs to have such traits to be suitable for bookkeeping. The interviewee also adds:

*If a person looks deceitful in appearance, it would be hard to see him as a bookkeeper. With that kind of appearance, he would probably not be working but just manipulating the numbers for fraudulent gains. So, he should not be a bookkeeper* (Interviewee 2, bookkeeper).

The interviewee believes that because of the nature of bookkeeping, a bookkeeper should be honest and sincere. Such qualities, she believes, can be determined from a person's appearance. For her, bookkeeping is a crucial task as people can commit fraud for self gain.

As a bookkeeper observing the changes in accounting over time (from the US invasion to the present), an interviewee concludes:

*In a company, accountants [bookkeepers] often see themselves as important but others, even the directors, do not see this. They do not see the importance of bookkeeping tasks even though we take care of all financial aspects of a company* (Interviewee 12, bookkeeper).

Such an observation appears to be true when professional accountants (Interviewees 19, 8, professional accountants) consider that bookkeepers are like dogs that need to be trained. Such views indicate the low status of bookkeepers. They are perceived as sitting still and doing bookkeeping which is devoid of any exercise of judgment or decision-making responsibilities. Such a perception sounds harsh and negative, but it reflects the situation in Vietnam, where a bookkeeper/accountant's career is not respected.

Echoing the same view, an observer comments on the negative traits of accounting students or bookkeepers:

*Accounting requires high levels of compliance so bookkeepers are not flexible enough. Their skills of social communication and interpersonal relationships are pretty poor as a result of the lack of social networking opportunities. How to explain this? Because of the way you are by nature, you choose an accounting major. Or because you have chosen an accounting major, you have become the way you are* (Interviewee 16, observer).

The image and status of bookkeepers are low in Vietnam. They themselves recognise the low level of their identity. A government official comments:

*Bookkeepers call themselves accountants because they perceive their status is too low. In Vietnam, the perception of accounting is still low and it has been only slightly improved since the ACCA arrived* (Interviewee 14, government official).

The subjugated role and 'number crunching' image of a bookkeeper forms the *habitus* of bookkeepers and their identity. *Habitus* may be seen as an outcome of long practice, memories, emotions, experiences and repetitive tasks. It is the way that a bookkeeper or a professional accountant sees her/himself. It reflects their daily life.

### 6.6.2 The habitus effect

Accounting is a subjugated field in Vietnam and this has a great impact on its practitioners. In fact, their *habitus* is so ingrained that repetitive tasks have become a comfort zone. A bookkeeper comments: *“I do not think I am somebody important who greatly contributes to the company. My daily task is repetitive as I do the same things almost every day* (Interviewee 37, bookkeeper). The compliance required in bookkeeping is strongly embedded in bookkeepers’ *habitus*, so they hesitate to make any changes and do not bother to improve their status.

However, not all bookkeepers interviewed are satisfied by the inflexibility of their work or wish to remain in their comfort zone:

*If I could choose again, I would have never chosen bookkeeping as my major as it is too inflexible. At all times, the government sets the rules* (Interviewee 17, bookkeeper).

To become a professional accountant, bookkeepers must not only be good at technical accounting work but also be capable of interpreting the numbers to determine the financial health of a company:

*For me, bookkeepers do technical work and deal with numbers such as data entry. Professional accountants have to be able to tell the story behind the numbers, such as how financial statements impact on a company’s strategy and future development* (Interviewee 16, observer).

In theme one, Vietnamese accounting operates under a compliance system. Learning the rules by heart and strictly complying are crucial. Therefore, the compliance mode is embedded in the practices of bookkeepers and even in those of some professional accountants. The level of their identity depends on how strongly inculcated their role has become and how much they want to change or improve. Their lack of economic, cultural, social and symbolic capital also contributes to their level of identity.

### 6.6.3 Role and economic capital

The accounting discipline was not taught in universities during the French colonial period. Local Vietnamese people were employed only as bookkeepers as an interviewee recalls:



*“Chef-comptables” attracted great respect as well as recognition. Their salaries were also very high. Local “teneurs de livres” also received pretty good pay. “Chef comptables” did not often work for the government but for private companies such as Goda – a French company in Vietnam (Interviewee 41, bookkeeper in the French era).*

Interviewee 41 further highlights, even though the position of a bookkeeper was comparatively low in the French era, the salary was comparatively high. The situation changed after the Revolutionary Government came into power. It could not afford the same salary levels so it equalised salaries for government officials. The government has since maintained the centralised system and kept the accounting field subjugated. When asked about the difference between bookkeepers and professional accountants in terms of economic capital, cultural capital and social capital, a senior government official explains the reason for the difference in income between bookkeepers and professional accountants in Vietnam:

*The difference in income between bookkeepers and qualified accountants is pretty clear. Bookkeepers are just like labourers in a business. They work for just one business and repeat their work almost every day. It becomes a routine. Bookkeepers are not controlled by any professional associations. Therefore, their knowledge and capability are very limited. Qualified accountants are controlled by the government and accounting laws, and thus their specialised knowledge is much higher. Ultimately, such differences result in a gap in their incomes (Interviewee 14, government official).*

Since accounting is considered a routine process, it is reflected in the salaries of bookkeepers. A senior bookkeeper expresses her regret over choosing the wrong career:

*Having been an accountant (bookkeeper) for several years, I would never encourage my children to select accounting for their careers as they could not survive on 3 million VND per month (187 NZD/month) (Interviewee 5, bookkeeper).*

The low income of bookkeepers is also acknowledged by an observer. While the low incomes of bookkeepers are understandable, the low incomes of professional accountants can be explained by the difference between local qualified accountants and Western professional accountants:

*Auditors suffer because of the high pressure of work, but do not receive an appropriate salary. After working for 3 years, I earned only 6 million VND a month (375 NZD/month). Except for the Big4, salaries in other audit firms are also low. A partner can earn 30-40 million VND a month (\$1,875-\$2,500 NZD/month) (Interviewee 21, professional accountant).*

The Big4 international accounting firms often employ holders of the ACCA or the CPA (Australia). In these cases, a gap in income can be easily explained. Poor economic capital can demotivate bookkeepers and it raises a concern around the independence of auditors:

*Because of their high salary policy and the decline in the number of clients, last year [2011] the Big4 lost a lot of money. The government's policy does not allow audit firms to have a loss as they believe that it will reduce the independence of auditors when conducting audits. Therefore, headquarters have to offset the losses (Interviewee 21, professional accountant).*

Since they bring with them a Western working environment, the Big4 international accounting firms have an impact on the rule-based accounting system in Vietnam. Their presence also underlines the qualification gap between the Vietnamese and Western levels of professional accounting systems. However, economic capital is not everything and cultural capital also impacts on the *habitus* of bookkeepers and professional accountants.

#### **6.6.4 Role and cultural capital**

Even though the accounting field is considered by Vietnamese to have slightly improved, the quality of training is still an issue:

*Training at universities is not good as students are trained indifferent subjects, not in a specialised area. Even though students graduate in accounting, they tend to choose other working areas (Interviewee 42, government official).*

Vietnamese professional associations do not provide their members with status and privilege. In support of this, a bookkeeper confides: “An accounting career is poor in all aspects. There is no benefit from doing accounting work” (Interviewee 5, bookkeeper). Bookkeepers do not see the importance of the professional aspect of an accounting career. Accounting practice is simply a task with no challenges and no appeal for good academic students:

*The current trend shows that auditors are increasing and bookkeepers are decreasing. In the past, a business needed around twenty bookkeepers but now it needs only about five people. Only two or three of them have accounting knowledge as nowadays they do not do bookkeeping manually. Qualified accountants do not do bookkeeping but organise and take care of overall accounting matters (Interviewee 42, government official).*

The nature of bookkeeping affirms the common perception of Vietnamese people of the rather low status and subjugated position of an accounting career. Commenting on the change in career choice from bookkeeping to auditing, a professional accountant states:

*Students tend to choose auditing because (1) it is modern and (2) audit firms need more staff. ...students with majors in Economics and Foreign Trade are more proactive and perform better. 80% of those students select the audit major (Interviewee 23, professional accountant).*

In Vietnam, the title “*Kiem Toan Vien*” (Auditor) is considered by interviewees to be more privileged than “*Nhan Vien Ke Toan*” (Bookkeeper). Graduates from universities are actually bookkeepers if they do not pursue programmes leading to a professional accounting career. A government official points out a pathway:

*I often advise graduates to apply for jobs in audit firms and work there for at least 3-5 years. Audit firms have good training programmes that result in a significant gap in knowledge between auditors and bookkeepers working in businesses. Therefore, after 3-5 years working for audit firms and having obtained the CPA VN qualification, those auditors who then move out to work for companies as qualified accountants will get very high salaries, have less pressure and less responsibility in their working environments (Interviewee 42, government official).*

The audit pathway can enhance bookkeepers’ career prospects and strengthen their roles. This pathway has become increasingly common in Vietnam. Auditors can build up their reputation during the time they are working for audit firms. On the other hand, professional accountants can be recognised or their status strengthened by obtaining a Western qualification, as an interviewee comments:

*Indeed, knowledge learned from the ACCA programme is very helpful for the work of an auditor. In 2005-2006, getting the ACCA qualification was the target of almost every auditor. At that time, the CPA (Australia) was not popular in Vietnam (Interviewee 20, professional accountant).*

Seeing the demand for qualifications and the future prospects associated with getting a Western professional qualification, many locally qualified professional accountants strive to upgrade themselves and enhance their identity. A professional accountant shares this view: “*Most of the VACPA holders tend to seek a foreign qualification such as the ACCA*” (Interviewee 23, professional accountant). Disputing the gap in accounting qualifications, a government official argues:

*Qualified accountants overseas have a very high level of knowledge and capability. In Vietnam, accountants and auditors who have certificates generated by the MOF are considered the most qualified people (Interviewee 42, government official).*

Even though the numbers stated above represent a mere handful in terms of serving 86 million, it is the starting point for a communist country struggling, on the one hand, to adapt to global standards and western professionalism while, on the other, seeking to maintain a non-market economy and a centralised political system.

#### **6.6.5 Role and social capital**

In Vietnam, even though the identities of bookkeepers and even domestically qualified professional accountants are rather low, to some extent they can be enhanced by good connections with the tax department, which is the most powerful department within the MOF. A bookkeeper shares this view with evident satisfaction: *“I think I am quite lucky as my work has given me good contacts with officials in the tax department”* (Interviewee 33, bookkeeper). Another interviewee goes further:

*When recruiting an accountant, I do not expect him to have high qualifications but he must have a sound understanding of the Vietnamese system. In addition, having good connections with officials in the tax department is crucial as he can help the company reduce tax and solve tax-related issues. Understanding the rules in Vietnam would also mean that he can “play around” with them. I perceive that as a major role for an accountant (Interviewee 35, observer).*

As is the case in most communist and ex-communist countries, the tax department plays a dominant role. The role (*habitus*) of bookkeepers and professional accountants is strongly influenced by the dominance of the tax department or the MOF. Their professional identity or status is not considered to be derived from the professional accounting associations, the VAA or the VACPA, but from their *habitus* or social connections with authorities with symbolic capital.

#### **6.6.6 Social closure**

The accounting professional examination has become a barrier to increasing the number of professional accountants:

*The examination to obtain the CPA VN is a challenge for most practitioners as the exam questions are based on the accounting standards (VAS). It is not easy to pass the exam when practitioners are so familiar with the Accounting Policy of Rules (Interviewee 18, academic).*

Since obtaining the CPA VN is the only way for bookkeepers to upgrade their social status from low to high, the incompatibility between common practice and the examination seems to restrict the number of professional accountants in the Vietnamese accounting field.

## 6.7 Chapter conclusion

Bookkeepers mainly deal with routine work, and their *habitus* forms their professional identity. In a strongly rule-based compliance system, bookkeepers simply comply with the rules and do what the government tells them to do. Most are comfortable within their comfort zones and are resistant to change. However, there are some bookkeepers who desire to raise their status. There are different ways that bookkeepers can enhance their status and identity. For example, having good connections with officials in the tax department and developing patronages in the government. Status and identity can also be upgraded by obtaining local and/or Western accounting qualifications. However, this approach does not appeal to many bookkeepers in Vietnam. Most professional accountants with the CPA VN and/or Western professional accounting qualifications are perceived to be middle class. Some also regard the CPA VN as limited because it is not recognised overseas. For this reason, some professional accountants interviewed seek to upgrade themselves by acquiring a Western professional qualification. This chapter has highlighted the struggle for economic, cultural and social capital that exists within the accounting field in Vietnam, and identifies the position of various competing agents within the “arena”.

## CHAPTER 7: DISCUSSION AND CONCLUSION CHAPTER

### 7.1 Introduction

The aim of this chapter is to bring together the main themes from the findings chapter and connect these themes with the theory discussed in the theoretical chapter. Five main themes are considered: embedded rule-based practices; government dominance of the accounting field; the impact of globalisation; the role of the local profession and identity (class/ status) of bookkeepers and professional accountants in the accounting field. The purpose is to identify the key aspects of these themes, which are justified or contradicted by the literature and/or theory. The second feature of this chapter is to identify the literature, empirical, method and theoretical contributions that this thesis makes. Following the remarks on the contributions, the limitations of this research are considered and issues for further research along the themes identified will be suggested before returning to the original research questions and a final conclusion.

### 7.2 Discussion

#### 7.2.1 Theme 1: Rule-based versus principle-based systems

##### *7.2.1.1 Origins of the rule-based system*

The Accounting Policy of Rules originates from the former French accounting system. The rules were largely set within the French framework of a chart of accounts and followed the tax regulations. Most respondents favour the rule-based systems and seek detailed instructions. Even the influences of the Chinese and Russian systems did little to change embedded practices. Bourdieu's concept of *habitus* explains why so little has changed and why there is resistance to change. These practices appear to be strongly inculcated into practitioners working within the Vietnamese accounting field.

##### *7.2.1.2 Rule-based implementation: Impact on accountants' identity (practice, habit, lifestyle)*

A common circueature emerging from the interviews is a strong compliance mindset across the whole field. Even when the MOF has promulgated the Vietnamese accounting standards, it still insists on promulgating the accounting rules. Accountants in Vietnam hesitate to use their own judgment as they are afraid of taking responsibility and

penalisation from the government. Thus, in Bourdieuan terms compliance becomes *habitus*. As some researchers (Hoogendoorn, 2006; Schipper, 2003) observe, accountants seek more guidance in the hope of protecting themselves from criticism and lawsuits. Standard-setters and regulators also believe that rule-based standards would reduce the risk of earning management (Vietnamese National Assembly, 2003).

Although the rule-based approach required by the tax regulations is deeply embedded in the *habitus* of bookkeepers, this does not mean that bookkeepers, unrestrained by any professional ethics or disciplinary procedures, will not shrink from tax avoidance practices. On the surface, “the players” appear to internalise and conform to the rules, but in fact they always try to get around them, which is why some respondents are sceptical of the effects of any change. Such scepticism is formed against a background of widespread corruption as indicated by Vietnam’s position on world corruption indexes (Vietnam is rated 123 in the world; by comparison China is 80) (The Gardian, n.d.).

The rule-based approach to accounting has resulted in a *habitus* of compliance. The mode of compliance has become a *habitus* among enterprises and organisations as they wait for orders and instructions from higher government authorities, as in Bourdieuan terms the government plays a dominant’s role and sets the rules of the “the game” (Bourdieu & Wacquant, 1992). Exercising judgment may be outside the rules of “the game” but, as Bui Van Mai (2001a) observes, “the players” will try to breach the rules by finding ways within them to protect their interests.

The rule-based system has been in place for several years and it has made accounting practitioners in Vietnam too compliant. Both government and bookkeepers prefer to stay in their comfort zones where government retains a dominant role and bookkeepers remain a dominated group. The government management mechanism in Vietnam has a strong attribute of centralisation. Accounting in Vietnam is designed as a subjugated field as it is strongly controlled by the MOF. As Bourdieu observes:

*Symbolic capital enables forms of domination which imply dependence on those who can be dominated by it, since it only exists through the esteem, recognition, belief, credit and confidence of others* (1997, p.166).

The drawback of centralised rule-based systems may be a higher level of corruption as resistance to government domination may take this form. Therefore, if an accountant wants to be employed and recognised, having high qualifications is not as crucial as having good connections (contacts) with tax officials. To remain competitive, audit firms

attempt to please their clients by breaching the standards or rules. If this is discovered, they would have to bribe the MOF to retain their accreditation to operate. As shown in the literature, clients tend to “shop” for cheap audit fees. Therefore, audited financial reports are not generally considered reliable sources of information for investment decisions. As Deng and Macve (2012) found in a slightly different context, legal risk is currently being ignored as Chinese listed companies tend to “shop” for a reasonable audit fee. Carmona and Trombetta (2008) also point out that auditors have to use judgment when implementing accounting standards, rather than predominantly relying on the specific guidance stated in the rule-based systems. However, the Vietnamese government implements audit laws which are specified by a set of rules as they want to maintain control over the audit field. Such laws conform to expectations within the field where the government is dominant and possesses most capital in Bourdieuan terms, and such dominance relieves audit firms of litigation and risk.

The wider effect of an accounting field where rules are embedded is that a principle-based system is considered inappropriate to Vietnam at this stage, as practitioners have been inculcated with a compliance mentality that requires rules and guidance from the government. Many of the interviewees refer to an insufficiency of practitioners able to exercise independent judgment.

### **7.2.2 Theme 2: Dominance of government in the accounting field**

The VAS were developed by the government based on the IAS (2003), but the VAS have not been updated since. Therefore, the VAS are now quite different from the IAS. When developing the VAS, the MOF selected some standards from the IAS which were suitable for the Vietnamese context and ignored others – as in the literature cited in *Chapter Three* with regard to Zimbabwe (Chamisa, 2000). The VAS may have partially originated from the IAS but have been adapted to the Vietnamese rule-based compliance system. In the process the overriding true and fair principle of the IFRS has been abandoned. As Albu et al. (2011) observe, cited in *Chapter Three* with regard to Romania, communist countries such as Vietnam cannot successfully implement the IFRS as the government and the tax department play a dominant role in standard setting. Vietnam, like Romania, has had to adopt the IFRS because of coercive pressure from the World Bank (Albu et al., 2011). According to McGregor (2012), cited in *Chapter Three*, the IASB is concerned that there is evidence of poor compliance by some jurisdictions that clearly have the capacity to do better. The lack of compliance with the IAS in the accounting field may



be seen as the responsibility of the government, as it is the government that has the economic and symbolic capital to dominate decisions about change.

The inefficiency of the DAP – an MOF unit – and its dominance are demonstrated in its work. The accounting rules are considered flawed and inconsistent with the standards. Some academics and practitioners are aware of the contradictions and the *doxa* created by the MOF. In turn, the MOF employs its symbolic capital to defend its *doxa* and ignore the flaws and inconsistencies. In any case, whether or not they contradict each other, some accountants challenge the necessity of having both the VAS and the Accounting Policy of Rules issued by the MOF.

The government is the most powerful body and plays a dominant role in the accounting field. Such symbolic power often conceals its inefficiency and it is a means by which even contradictory government rules can be applied. The findings related to this theme support the literature as shown in *Chapter Three* with reference to communist and ex-communist countries (Albu et al., 2011). Bourdieuan theory helps to explain why the government is so powerful and why most practitioners are happy to be compliant with a government imposed rule-based system (Albu et al., 2011).

### **7.2.3 Theme 3: Globalisation by Western institutions**

The ACCA was the first western accounting association to enter Vietnam, and it created awareness of the Vietnamese accounting field and about how an accounting profession should operate. However, the ACCA was the thin end of the global accounting wedge, which comprises the IMF, the World Bank, the Big 4 international accounting firms, the MNEs, the IASB and other western professions that support the development of practitioner judgment, and the application of international accounting and auditing standards in accordance with the IFRS.

Consequently, the ACCA and CPA Australia membership is growing and these accounting professions provide a well-established foundation for other western enterprises in the Vietnamese accounting field. Their presence poses a challenge for the local accounting associations, the VAA and the VACPA, whose membership is stagnant while that of the foreign professional accounting associations grows.

In part, the growth of the ACCA and CPA Australia reflects the high regard for western qualifications in Vietnam as they are seen as a pathway to enhance income, status and self-esteem (capital).

Currently, as referred to in *Chapter Two*, Vietnam is short of professional accountants whereas bookkeepers are in abundance. Thus, the arrival of Western accounting qualifications appears to be a threat for bookkeepers who do not want to change, but are not happy to see a growing disparity in incomes with the arrival of the Big 4 international accounting firms.

In the long term, as some interviewees observe, the influence of Western institutions may transform the Vietnamese accounting field and the relationships of “capital” within the field may shift from the government to international global institutions. Whether such a shift in power will be of benefit to Vietnam has been discussed in the literature in *Chapter Four* and is open to question. The findings in this respect reveal a division among interviewees as those identifying themselves as bookkeepers prefer the field as it is, while academics and those identified as professional accountants look forward to “symbolic capital” shifting to exogenous sources. However, to resist such a shift in symbolic capital within the accounting field, the government has issued a new rule of “the game” which sharply limits the number of western professional accountants in Vietnam able to perform an audit function. One finding is that the western accounting associations such as the ACCA may, as revealed by interviewees, appear to comply with the new law while using their influence with the MOF to get around and escape its implementation.

#### **7.2.4 Theme 4: The profession and professional judgments**

In *Chapter Three*, Vega (1999) and Jerome (1999) referred to the inflexibility and difficulty in the application of tax-dominated standards and how tax constructions undermine the usefulness of the financial statements to users other than the MOF and local tax authorities. It is evident that this situation applies in Vietnam, and this supports the contention in the literature that where there is a weak accounting profession, accounting standards are “owned” elsewhere (Ding et al., 2007).

Professionalism and independence are not attributes of the Vietnamese accounting profession as the field is entirely controlled by the government. The VAA and the VACPA have little authority and little capital in the field. Such a lack of symbolic capital

undermines the need for membership. As a result, even existing members have few feelings of privilege or sense of gain in status through belonging to a professional accounting association. Because the VAA cannot fulfill the expectations of its members, it looks to the government for leadership. Bourdieu's concept of capital within a field applies in this sense as it explains why "the players" in the field play to the rules set by the dominant players (Bourdieu & Wacquant, 1992). In the Vietnamese accounting field, the profession is not able to set the rules of "the game". This supports the literature which draws from the experience of other communist and ex-communist countries and illustrates that, in spite of symbolic announcements of change, the accounting field continues to be dominated by the government (Albu et al., 2011).

Being a member of the VAA does not enhance employment opportunities but having good contacts or patronage could. Lack of professional judgment and opportunities to apply professional judgment are weaknesses of the Vietnamese accounting field. This study shows that most Vietnamese are comfortable with the current system. This finding is supported by the literature: As Albu et al. (2011) note, it is not easy to change the routines and mentality of practitioners, especially when the IFRS is of foreign origin. The persistence of local Vietnamese accounting practices and strict adherence to the tax regulations are similar to the situation in other countries (Albu et al., 2011). This can be explained by the inculcation of the *habitus*, which Bourdieu has drawn attention to (Bourdieu, 1977) .

The tax orientation and rule-based approach has resulted in a *habitus* of compliance. That is why the concept of *habitus* within the field is significant. Even though Vietnam has symbolically committed to adopting the market economy, while following a socialist orientation and pledged to various international bodies to adopt the IFRS, people still accept government control. Such changes as have been promised are mainly the result of coercive pressure from external bodies, and thus the adoption of the IFRS appears to be solely symbolic (Albu et al., 2011).

There is a gap emerging between symbolic accounting policy and actual accounting practice but this has little impact because the DAP is not subject to criticism from those who, as practitioners, are outside the government and have low capital status. As referred to in *Chapter Three*, Cooper and Johnston (2012) see a big difference between recognition of those of lower status and those gaining recognition by being of superior status. In other word, praise is better coming from the boss than from someone in an inferior position.

To gain recognition practitioners, as Cooper (1992) observes, have to “mould and structure themselves to please those they identify with” (p. 9). They also return to the DAP for clarification whenever some area requiring professional judgment arises because it is a way of pleasing those they identify with, as such judgments, being displays of independence, are discouraged in Vietnam (Chu, 2004). The rule-based approach has resulted in a *habitus* of compliance. The mode of compliance has become a *habitus* among enterprises and organisations as they wait for orders and instructions from higher government authorities (Perera, 1989), since in Bourdieuan terms the government plays a dominant’s role and sets the rules of “the game” (Webb et al., 2002). However, every field, however subjugated, is an arena of conflict (Bourdieu & Wacquant, 1992). Exercising judgment may be outside the rules of the game but, as Bui (2001b) observes, “the players” will try to breach the rules and find ways within them to protect their interests. Evasion of government regulations is considered an accepted practice in enterprises. On the surface, “the players” appear to internalise and conform to the rules, but in fact they always try to get around them, but usually for tax reasons, not for reasons of global conformity.

### 7.2.5 Theme 5: Professional identity

There is no clear distinction between bookkeepers and professional accountants in Vietnam. Bookkeepers often like to perceive themselves as professional accountants because their status and the perception of accounting in Vietnamese society are rather low. Interviewees observe, as reported in the findings chapter, that universities are teaching bookkeeping rather than international accounting. It is a model of accounting education believed to have originated at the time of the French occupation. Thus, bookkeepers still perceive their roles as crucial and involving elaborate, diligent, careful and straightforward calligraphy. They are not trained to exercise judgment and to be independent. As Bourdieu explains in *Chapter Four*, identity comprises experiences, education, status, image, memories and emotions. In other words, identity is shaped by *habitus* (Everett, 2002).

Because of the compliance nature of the Vietnamese accounting field, bookkeepers may be lacking in social communication and interpersonal skills. As shown in the findings chapter, interviewees remarked on this characteristic of bookkeepers. Like Bourdieu’s famous example of the French waiter who puts on his identity with his waiting apron every morning (Baxter & Chua, 2008), so the bookkeeper in his backstreet office

surrounded by files and stacks of invoices in boxes takes up the *habitus* of a bookkeeper. The interviewees maintain that professional accountants look down on bookkeepers because of their status and repetitive modes of practice.

## 7.3 Contributions

### 7.3.1 Literature contribution

In general, the findings of this thesis confirm the conclusions of the literature concerning the impact of international accounting on communist and ex-communist economies. As explained by Perera, (1989); Albu et al., (2011); Sucher and Jindrichovska, (2004), countries which have in place highly centralised economies have difficulties adapting to the accounting systems of more decentralised economies. The literature explains that international systems dominated by the Anglo-Saxon countries, which entail accepting into the domestic accounting fields of centralised economies a network of mutually inclusive institutions (the MNEs, the Big 4 international accounting firms, the IASB, the World Bank, the IMF, and western professions) impact more as symbols of change than actual change.

More specifically, the contribution of this thesis identifies in depth the problems confronting Vietnam. Other researchers have contributed specifically to the problems confronting the economies of countries such as Romania, Zimbabwe, Kuwait, Pakistan, the Czech Republic and China. The findings do not contradict the literature and it cannot even be inferred that Vietnam is likely to adapt faster than other communist and ex-communist countries. In the case of the comparison with China, it is likely that any adaptation would be slower and more problematic. Most of the interviewees express the view that Vietnam would not be able to adopt the IFRS within the next 10 or 15 years. Therefore, in respect of Vietnam, the findings of this thesis make a specific contribution to the literature with regard to the symbolic acceptance of the IFRS and its accompanying institutions, but notes that real change has not materialised.

### 7.3.2 Theoretical contribution

Throughout the thesis, Bourdieu's concepts have been applied to explain the accounting field in Vietnam. In particular, the Bourdieuan concept of *habitus* explains the findings with regard to the conservatism of bookkeepers and their acceptance of the rules applied in the accounting field. Also, Bourdieu links *habitus* with identity, which is formed from memories, experiences, emotions and practice. His concept of capital shows how the

possession of economic, social and cultural capital permits control of the accounting field. Moreover, Bourdieu explains that the field is an arena and a site of ongoing struggle. In Vietnam, capital in the field is now being contested symbolically by overseas institutions which have the capacity to wrest domination from the government. How such a conflict will be played out is not clear. Bourdieu does not explain how the transfer of symbolic capital from one dominant player to another is effected, but only describes the fact of ongoing struggle. In this respect also, Bourdieuan theory applies in Vietnam where, as has been shown, the government is pushing back against overseas institutions which have installed themselves in the domestic field. The extensive accounting literature concerned with the application of Bourdieu's concepts is enriched by this thesis which brings an Asian communist accounting field to the literature of traditional Eurocentric studies.

### *7.3.3 Method contribution*

The framework with respect to the five themes illustrated by the matrix (*Appendix Six*) allows a dual consideration of data and permits the observation of patterns. On the horizontal axis of the matrix the boxes are aligned according to themes: rules, domestic professions, government, class/status and western professions. These themes are further extended into groups of three and four to refine the analysis. The vertical axis of the analysis groups the 44 interviewees according to their role in the accounting field. Such a matrix exhibits 704 possible cells for analysis of data and the revelation of patterns. Such patterns as emerge from the matrix enable the themes to be identified and explained. The contribution that this matrix makes to method is that it allows any researcher to replicate the same findings provided they agree with the interpretations of the data drawn from the interviews.

### *7.3.4 Empirical contribution*

The major finding is that overseas professional accounting bodies entering the Vietnamese accounting field are eroding membership in the local VACPA and VAA. As reported in the theme above, the VACPA and the VAA are seen as weak professional accounting associations and tools of the government, whereas the overseas associations are perceived to have global respect and offer opportunities beyond Vietnam. As Vietnam develops more professional accountants, they will look overseas for leadership and more opportunities. In this way, the symbolic power of Vietnamese in the accounting field would be undermined. All of this is leading to the westernisation of the Vietnamese accounting field.

Another contribution to practice is the division between bookkeepers and professional accountants in Vietnam. Such a division is reflected in the preference for rule-based over principle-based standards and is indicative of the division in terms of class and status of bookkeepers and professional accountants.

The final contribution to the accounting field that this study makes is noting the ambiguity in the role of the government. From the findings, it is unclear whether the role of the government in the accounting field will remain all-powerful or whether government power is being steadily eroded by foreign institutions such as the WTO, the IMF, the Big 4 international accounting firms, the IASB and MNEs. In this respect, there is some evidence of a Vietnamese government push-back against the intervention of foreign institutions in the Vietnamese accounting field, as is shown in the findings.

#### *7.3.5 Limitations*

This section outlines the limitations of the research undertaken. The findings and conclusions of this study should be considered in the light of the research limitations. The obvious limitations of this thesis are common to all qualitative research. It is not possible to draw statistical conclusions as the questions asked of the 44 interviewees sought depth and reasoning rather than yes/no type answers. The reasoned answers given by the social actors interviewed represent their interpretation of events and may be biased towards preferences and prejudices unknown to the researcher. In turn, the researcher is also engaged as a social actor and may have unintentionally misinterpreted answers so as to convey the wrong meaning. Such shortcomings are a risk all research findings are exposed to.

The second limitation occurs because interviewees may have been sensitive about disclosing their true feelings. It is a feature of Vietnamese culture that Vietnamese people do not readily open up to strangers and sometimes they may say what they feel the interviewer wants them to say. Hopefully such sensitivities were overcome by the friendliness of the interviewer, who being young and female would not be seen as intimidating and threatening.

This research examines the dominance of the government through the MOF in the accounting field and the weakness of the local professional accounting bodies. Hence, academic accounting education in Vietnamese universities is not examined in depth.

Only a limited number of financial and accounting documents are maintained in the National Archival Centre of Vietnam as a result of the war and poor storage conditions. In addition, most of the records and documents were moved to France under an agreement between the two governments. This means that for the purpose of triangulation documentary research is necessarily limited.

The design of this study was constrained by time and resources. The researcher is based in New Zealand with teaching commitments, and could not spend long in Vietnam. Even though saturation was met, completing more than 44 interviews could have more extensively validated the findings.

To minimise the disadvantage of being the sole investigator involved in this study and to enhance validity, particular attention was paid to incorporating a number of other forms of triangulation, including triangulation with the existing literature, and respondent validation.

Throughout this study, there was an awareness that interpretation of an interview could be clouded by the potential impact of the researcher's experience, and assumptions.

Last but not least, Vietnam is a socialist country, thus with some politically sensitive internal information which could not be easily triangulated. However, it is worth including such information in this research as it sheds light on what is actually happening in Vietnam.

### *7.3.6 Future research*

The existence of the two professional accounting organisations (the VAA and the VACPA) represents two different and competing pathways to becoming an accountant, although neither of them can award the title CPA VN. The situation requires reform so that one Vietnamese professional accounting body represents all accountants and is able to confer through examination the CPA VN qualification. An investigation into the merits of having one stronger professional accounting body would provide a way forward for the Vietnamese accounting community. Also the process of socialisation in the Vietnamese accounting profession would make an interesting study.

There are many different ways that socialisation can occur, such as through recruitment, appraisal, training, informal advice and observation. When socialisation occurs, it provides newcomers with information on how to behave and it also gives rise to existing



members manipulating the values and behaviour of newcomers. There are three aspects of socialisation that Feldman (1981) conceptualises: (1) “socialisation as the acquisition of a set of appropriate role behaviours”; (2) “socialisation as the development of work skills and abilities”; and (3) “socialisation as adjustment to the work group’s norms and values” (p. 309). Such socialisation would be necessary for bookkeepers to be absorbed into one stronger Vietnamese accounting profession. They would need to update their work skills and adjust their behaviour to that befitting a professional person as well as taking on shared norms and values. Whether “the players” in the Vietnamese accounting field would want to become united in one profession is the problem to be researched.

#### 7.4 A return to the original research questions

In terms of Bourdieu’s theory the generic research question is: “How does the struggle for domination within the accounting field position the various competing agents?” To answer this generic question the following sub-questions are asked:

##### 1. Why is the Vietnamese accounting field an “arena of struggle”?

This thesis has shown that the field is subjugated by the government, but that the government’s privileged position in the field is being challenged by exogenous institutions that have recently entered the field and seek to change the rules of “the game”. Also there is an ongoing struggle between the dominated and dominant.

##### 2. How are the various parties to the struggle positioned?

The dominant “players” in the field are the government with enormous symbolic capital and the exogenous institutions which also possess such capital. The dominated are the two accounting associations (the VAA and the VACPA), professional accountants and bookkeepers. Most professional accountants are unhappy with their position in the field because they are educated, work in large accounting firms and are influenced by overseas counterparts. On the other hand, the bookkeepers present a *habitus* of contentment with their position in the field. Such contentment is explained by Bourdieu’s concept of *habitus*, and shows why Bourdieu’s expression “symbolic violence” applies to this dominated group.

##### 3. What is it about the rules of “the game” that serves the interests of the dominant and keeps the dominated contented in their position – what Bourdieu calls “symbolic violence”?

This thesis has shown that the rules of “the game” are compliance and rule-based accounting, which position the government as the arbiter of the rules. The two accounting associations which are organised by the government have no function other than that of social and voluntary groups. The examination function to become an accountant (CPA VN) is entirely conducted by the government.

4. How effective in the field will new players with capital be in reconstructing the rules of “the game” to serve their interests? In other words, how much will change in accounting in Vietnam and how much will stay the same?

The thesis has shown that while the government welcomes exogenous institutions into the accounting field, such a welcome is largely symbolic. Indeed, steps are being taken (such as that requiring the Vietnamese language for the CPA VN qualification) to limit the effectiveness of the outside institutions. Furthermore, it has been shown that accountants and bookkeepers in Vietnam generally do not welcome change or the prospect of re-education to meet IFRS standards. Educators also doubt that the Vietnamese universities are ready to teach western accounting standards to equip students for the changing environment. Thus, the accounting field is locked into the rule-based system of accounting where there is no opportunity to exercise judgmental skills. In other words, in the medium term, not much will change.

5. How does the construction of professional identity relate to its position within the accounting field?

Professional identity has been described as a combination of behaviours, practices, memories, and emotions, all bound up in Bourdieu’s concept of *habitus*. The classic Bourdieuan example is the French waiter who adopts a professional identity each morning when he puts on his professional waiter’s uniform. This thesis has shown that bookkeepers have a shared *habitus* which gives them a status somewhere just above that of the labouring class. Their contentment with their position in the field is noted in several interviews. They do not wish to join any professions, or make judgements about accounting procedures but prefer to follow the rules of bookkeeping as laid down by the government. They believe their experience is sufficient for their practice and do not want to take examinations or undergo re-education with respect to other systems of accounting. Professional accountants who work for the big firms in the main cities enjoy a higher status. They have taken professional examinations – either the CPA VN or ACCA – and

are more open to outside influences. They also enjoy higher salaries than bookkeepers, and their behaviour and dress as employees of big firms indicate the difference in status.

### **7.5 Final conclusion**

It is not the aim of a qualitative research study to predict the future and it is not possible to say whether exogenous institutions entering the Vietnamese accounting field will substantially change the composition of the field and the rules of “the game”. However, this study has shown that the current field has the potential to change and probably will change in the future. The question is how much resistance will slow down the changes. The government is dominant in the accounting field and shows no sign of wishing to withdraw even a little from its dominant position, but with increasing globalisation some changes are inevitable. The possibility of a more independent accounting profession is one such change, and changes involving more independence of “players” in the field could trigger changes in other fields within the Vietnamese economy.

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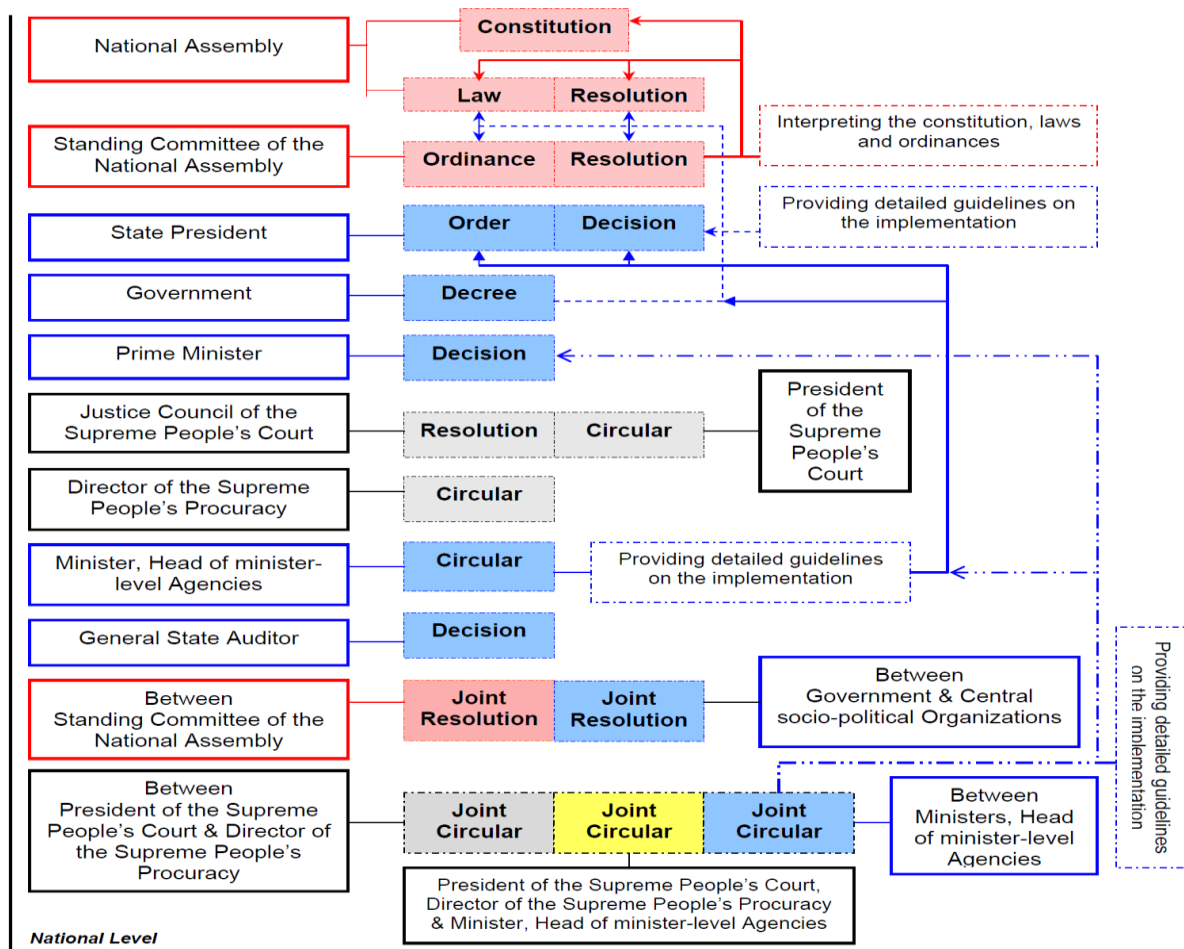
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## Appendix One: Hierarchy of legal documents of Vietnam (T. P. L. Nguyen, 2010)

### HIERARCHY OF LEGAL DOCUMENTS OF VIETNAM

(Based on the Constitution 1992, the Law on Promulgation of Legal Documents (No. 17/2008/QH12), and the Law on Promulgation of Legal Documents of People's Council and People's Committee (No. 31/2004/QH11 in force))



## Appendix Two: Ethical Approval

# MEMORANDUM

*Auckland University of Technology Ethics Committee (AUTEC)*

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To: Keith Hooper  
From: **Dr Rosemary Godbold** Executive Secretary, AUTEC  
Date: 7 October 2011  
Subject: Ethics Application Number 11/254 **Exploring the identity of bookkeepers and professional accountants: their roles and practices in business in Vietnam.**

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Dear Keith

I am pleased to advise that the Auckland University of Technology Ethics Committee (AUTEC) approved your ethics application at their meeting on 26 September 2011, subject to the following conditions:

1. Provision of a revised response to section D.4 of the application that gives more information about how the participants are being recruited and selected;
1. Provision of a researcher safety protocol;
2. Amendment of the Information Sheet as follows:
  - a. Careful checking of the grammar;
  - b. Revision of the section titled “How was I identified...” to reflect the revised response to point one above;
  - c. Direction of the Information Sheet to both accountants and bookkeepers.

I request that you provide me with a written response to the points raised in these conditions at your earliest convenience, indicating either how you have satisfied these points or proposing an alternative approach. AUTEC also requires written evidence of any altered documents, such as Information Sheets, surveys etc. Once this response and its supporting written evidence has been received and confirmed as satisfying the Committee's points, you will be notified of the full approval of your ethics application. When approval has been given subject to conditions, full approval is not effective until *all* the concerns expressed in the conditions have been met to the satisfaction of the Committee. Data collection may not commence until full approval has been confirmed. Should these conditions not be satisfactorily met within six months, your application may be closed and you will need to submit a new application should you wish to continue with this research project.

When communicating with us about this application, I ask that you use the application number and study title to enable us to provide you with prompt service. Should you have any further enquiries regarding this matter, you are welcome to contact me by email at [ethics@aut.ac.nz](mailto:ethics@aut.ac.nz) or by telephone on 921 9999 at extension 6902.

Yours sincerely

Dr Rosemary Godbold

**Executive Secretary**

**Auckland University of Technology Ethics Committee**

Cc: Lisa Nguyen [lisa.nguyen@aut.ac.nz](mailto:lisa.nguyen@aut.ac.nz)

# Participant Information Sheet

## For Bookkeepers & Professional Accountants

### **Date Information Sheet Produced:**

1 December 2011

### **Project Title**

Exploring the identity of bookkeepers and professional accountants: their roles and practices in business in Vietnam

### **An Invitation**

You are invited to participate in a research project on the roles and practices of bookkeepers and professional accountants in Vietnam.

This project is being undertaken by Lisa Nguyen, a PhD candidate from the Faculty of Business. Participation in the project will involve a 30-45 minute interview. Your participation in this project is completely voluntary and you may withdraw at any time prior to the completion of data collection of the research.

### **What is the purpose of this research?**

This research aims to explore the identity of bookkeepers and professional accountants: their roles and practices in business in Vietnam.

Lisa Nguyen is undertaking this research for her PhD thesis at Auckland University of Technology and she hopes to publish the findings at conferences and in academic and professional journals.

### **How was I identified and why am I being invited to participate in this research?**

As you are/were an accountant and have had good experience in the accounting domain. Therefore, you are invited to participate in my research to shed a light on the role, practice and image of an accountant. Or you may have been referred by other participants.

### **What will happen in this research?**

The research project involves interviews. You will be asked to sign a participation consent form and take part in a 30-45 minute interview at a time and place that is convenient to you. As highlighted previously the interview questions will focus on your experiences as an accountant. The interview will be recorded via audiotape and note-taking. This will be analysed by common themes.

### **What are the discomforts and risks?**

You may feel uncomfortable when discussing questions regarding your personal experiences. However, it is not likely as there are no sensitive questions and all your responses will be confidential.

### **How will these discomforts and risks be alleviated?**

You do not have to answer any questions that you do not want to answer. In addition to that, you may withdraw yourself or any information that you have provided for this



project at any time prior to completion of data collection, without being any disadvantaged in any way.

**What are the benefits?**

This research will provide a clearer picture about the past-present stratifications of status between bookkeepers and professional accountants in Vietnam. This research also may aid the Vietnamese Government regarding the appropriate proportion of bookkeepers and professional accountants required to meet the growing economic demand in Vietnam. As stated previously this research will also assist me to complete my PhD.

**How will my privacy be protected?**

Please be assured that all information collected and referred to in the research report will be confidential. Strategies will be implemented to protect the identities of participants, including assigning a code to each interview transcript, assigning pseudonyms to names of participants. Hard copies will be stored for up to 6 years after which it will be destroyed by AUT's commercial office document destruction service.

**What are the costs of participating in this research?**

The interview will require 30-45 minutes of your time.

**What opportunity do I have to consider this invitation?**

Your participation in the interview is greatly appreciated. You have two weeks in which to respond to this invitation. Should you have any questions regarding this research, please do not hesitate to contact me at any time. Please be assured that participation in this research is absolutely voluntary and you may withdraw at any time during the research or up until the completion of data collection.

**How do I agree to participate in this research?**

Your participation in the interview is greatly appreciated. I would be grateful if you can inform me by completing the Consent Form enclosed, keep one copy of the form and return the other copy to me via email. Another option is once you agree to an interview I can bring a copy of the consent form for you to sign at the start of the interview.

**Will I receive feedback on the results of this research?**

A copy of the research outcome will be available to you upon request. If you wish to receive a copy, please indicate this on the attached consent form. I will email/post one copy to you when the report is finalised.

**What do I do if I have concerns about this research?**

Any concerns regarding the nature of this project should be notified in the first instance to the Project Supervisor, *Professor Keith Hooper*, [keith.hooper@aut.ac.nz](mailto:keith.hooper@aut.ac.nz), 649-321999 ext 5758.

Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTECH, Dr Rosemary Godbold, [rosemary.godbold@aut.ac.nz](mailto:rosemary.godbold@aut.ac.nz), 921 9999 ext 6902.

**Whom do I contact for further information about this research?**

**Researcher Contact Details:** Lisa Nguyen, [lisa.nguyen@aut.ac.nz](mailto:lisa.nguyen@aut.ac.nz)

**Project Supervisor Contact Details:**

Professor Keith Hooper, [keith.hooper@aut.ac.nz](mailto:keith.hooper@aut.ac.nz), 649-921999 ext 5758

# Participant Information Sheet

## For Observers

### **Date Information Sheet Produced:**

1 December 2011

### **Project Title**

Exploring the identity of bookkeepers and professional accountants: their roles and practices in business in Vietnam

### **An Invitation**

You are invited to participate in a research project on the roles and practices of bookkeepers and professional accountants in Vietnam.

This project is being undertaken by Lisa Nguyen, a PhD candidate from the Faculty of Business. Participation in the project will involve a 30-45 minute interview. Your participation in this project is completely voluntary and you may withdraw at any time prior to the completion of data collection of the research.

### **What is the purpose of this research?**

This research aims to explore the identity of bookkeepers and professional accountants: their roles and practices in business in Vietnam.

Lisa Nguyen is undertaking this research for her PhD thesis at Auckland University of Technology and she hopes to publish the findings at conferences and in academic and professional journals.

### **How was I identified and why am I being invited to participate in this research?**

At a senior level, your work has been directly or indirectly related to accounting practice. To some extent, you have dealt with accountants and their performance (role, practice and image) have been evaluated by you. Therefore, you are invited to participate in my research to express your views on the role, practice and image of an accountant from the observer's point of view.

### **What will happen in this research?**

The research project involves interviews. You will be asked to sign a participation consent form and take part in a 30-45 minute interview at a time and place that is convenient to you. As highlighted previously the interview questions will focus on your experiences as an observer. The interview will be recorded via audiotape and note-taking. This will be analysed by common themes.

### **What are the discomforts and risks?**

You may feel uncomfortable when discussing questions regarding your personal experiences. However, it is not likely as there are no sensitive questions and all your responses will be confidential.

### **How will these discomforts and risks be alleviated?**

You do not have to answer any questions that you do not want to answer. In addition to that, you may withdraw yourself or any information that you have provided for this project at any time prior to completion of data collection, without being any disadvantaged in any way.

**What are the benefits?**

This research will provide a clearer picture about the past-present stratifications of status between bookkeepers and professional accountants in Vietnam. This research also may aid the Vietnamese Government regarding the appropriate proportion of bookkeepers and professional accountants required to meet the growing economic demand in Vietnam. As stated previously this research will also assist me to complete my PhD.

**How will my privacy be protected?**

Please be assured that all information collected and referred to in the research report will be confidential. Strategies will be implemented to protect the identities of participants, including assigning a code to each interview transcript, assigning pseudonyms to names of participants. Hard copies will be stored for up to 6 years after which it will be destroyed by AUT's commercial office document destruction service.

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**How do I agree to participate in this research?**

Your participation in the interview is greatly appreciated. I would be grateful if you can inform me by completing the Consent Form enclosed, keep one copy of the form and return the other copy to me via email. Another option is once you agree to an interview I can bring a copy of the consent form for you to sign at the start of the interview.

**Will I receive feedback on the results of this research?**

A copy of the research outcome will be available to you upon request. If you wish to receive a copy, please indicate this on the attached consent form. I will email/post one copy to you when the report is finalised.

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Concerns regarding the conduct of the research should be notified to the Executive Secretary, AUTECH, Dr Rosemary Godbold, [rosemary.godbold@aut.ac.nz](mailto:rosemary.godbold@aut.ac.nz), 921 9999 ext 6902.

**Whom do I contact for further information about this research?**

**Researcher Contact Details:** Lisa Nguyen, [lisa.nguyen@aut.ac.nz](mailto:lisa.nguyen@aut.ac.nz)

**Project Supervisor Contact Details:**

Professor Keith Hooper, [keith.hooper@aut.ac.nz](mailto:keith.hooper@aut.ac.nz), 649-921999 ext 5758

## Thông tin cho thành viên tham gia

*Giành riêng cho nhân viên kế toán và kế toán chuyên nghiệp*

### **Ngày thông báo**

Ngày 01 tháng 12 năm 2011

### **Tiêu đề luận án:**

Khảo sát chuyên sâu về vai trò thực tiễn của kế toán viên trong nền kinh tế Việt Nam.

### **Lời chào mời:**

Bạn được mời tham gia vào luận án nghiên cứu chuyên sâu về vai trò thực tiễn của kế toán viên ở Việt Nam.

Luận án được tiến hành khảo sát bởi Ths. Lisa Nguyễn, nghiên cứu viên Tiến Sĩ, khoa Kinh Tế trường Đại Học Công nghệ Auckland. Những người tham gia sẽ trải qua một cuộc phỏng vấn kéo dài khoảng 30 – 45 phút. Người tham gia dựa trên tinh thần tự nguyện và có quyền yêu cầu kết thúc quá trình phỏng vấn vào bất cứ thời điểm nào.

### **Mục đích của cuộc khảo sát?**

Cuộc khảo sát nhằm mục đích đi sâu vào tìm hiểu vai trò thực tiễn của kế toán viên chuyên nghiệp tại Việt Nam.

Lisa Nguyễn tiến hành của khảo sát cho một phần trong luận án Tiến Sĩ tại khoa Kinh Tế trường Đại Học Công nghệ Auckland

### **Tiêu chuẩn người tham gia cuộc khảo sát?**

Những kế toán viên có kinh nghiệm thực tế và đang làm việc về lĩnh vực kế toán nhiều năm. Bạn sẽ có cơ hội chia sẻ những kinh nghiệm quý báu của mình về công việc của mình.

### **Quá trình tiến hành khảo sát thực tế?**

Cuộc khảo sát sẽ được tiến hành dưới hình thức phỏng vấn riêng lẻ từng đối tượng tham gia. Người tham gia sẽ ký tên vào giấy hiệp nghị về bảo mật thông tin và tham gia vào cuộc phỏng vấn kéo dài khoảng 30 – 45 phút, tập trung chính vào kinh nghiệm kế toán thực tiễn của người tham gia. Địa điểm và thời gian phỏng vấn tùy thuộc vào sự thuận tiện của người tham gia. Cuộc phỏng vấn sẽ được thu âm và ghi chú dưới sự bảo mật thông tin riêng tư.

### **Những trở ngại người tham gia có thể gặp?**

Người tham gia có thể cảm thấy không thoải mái và không thuận tiện khi được hỏi về những kinh nghiệm cá nhân về kế toán. Chúng tôi xin đảm bảo tính bảo mật riêng tư cao của những thông tin được cung cấp bởi người tham gia.

### **Quyền lựa chọn từ chối cung cấp thông tin và kết thúc phỏng vấn?**

Người tham gia có quyền không trả lời câu hỏi mà bạn không cảm thấy thuận tiện để trả lời. Bên cạnh đó bạn có quyền yêu cầu loại bỏ những câu trả lời mà bạn đã trả lời trước đó vào bất kì thời điểm nào của cuộc phỏng vấn.

### **Những lợi ích của người tham gia?**

Cuộc khảo sát sẽ cung cấp thông tin để tạo ra một bức tranh rõ ràng hơn về những đặc điểm về hệ thống kế toán chuyên nghiệp trong hiện tại và quá khứ. Cuộc khảo sát có thể đóng góp một phần vào việc tạo ra một nền tảng cho sự phát triển lâu dài và bền vững hơn cho hệ thống kiểm toán và kế toán Việt Nam trong bối cảnh nền kinh tế Việt Nam phát triển ngày càng mạnh mẽ lẫn về chất và lượng, đặc biệt khi Việt Nam đang trong quá trình hội nhập với nền kinh tế thế giới.

### **Tính bảo mật thông tin thu thập từ người tham gia?**

Chúng tôi đảm bảo tính bảo mật tuyệt đối của những thông tin được cung cấp cũng như thông tin về cá nhân tham gia. Thông tin thu thập thông qua quá trình phỏng vấn sẽ được lưu trữ và sẽ được xóa bỏ hoàn toàn sau 6 năm dưới sự giám sát của trung tâm lưu trữ dữ liệu thuộc Trường Đại học.

### **Chi phí cho người tham gia?**

Quá trình phỏng vấn sẽ tiến hành trong khoảng thời gian 30 – 45 phút.

### **Cách thức tiến hành cuộc khảo sát?**

Chúng tôi chân thành cảm ơn thời gian quý báu của những người tham gia giành cho cuộc khảo sát. Chúng tôi sẽ gửi thư mời tham gia cho bạn vào 2 tuần trước khi cuộc phỏng vấn được tiến hành dựa trên tinh thần tự nguyện của người tham gia.

### **Cách thức giành cho người tham gia?**

Người tham gia được yêu cầu ký tên vào giấy đồng ý tự nguyện cung cấp thông tin trước hoặc sau khi được phỏng vấn.

### **Kết quả của cuộc khảo sát?**

Người tham gia có quyền yêu cầu được biết về kết quả của toàn bộ cuộc khảo sát. Chúng tôi sẽ gửi toàn bộ những thông tin về kết quả cuộc khảo sát ngay khi báo cáo được hoàn thành.

### **Những thông tin địa chỉ liên lạc giành cho người tham gia?**

Bất kỳ mối quan tâm về bản chất của dự án này xin vui lòng thông báo ngay cho người giám sát dự án,

Giáo sư Kieth Hopper, [keith.hooper@aut.ac.nz](mailto:keith.hooper@aut.ac.nz), 0649-321999 ext 5758

Mỗi quan tâm về việc tiến hành các nghiên cứu cần được thông báo cho Thư ký điều hành, AUTECH, Tiến sĩ Rosemary Godbold, [rosemary.godbold@aut.ac.nz](mailto:rosemary.godbold@aut.ac.nz), 921 9999 ext 6902

Thông tin và địa chỉ liên lạc của người tiến hành khảo sát

Lisa Nguyen, [lisa.nguyen@aut.ac.nz](mailto:lisa.nguyen@aut.ac.nz)

Thông tin và địa chỉ liên lạc của người hướng dẫn:

Professor Keith Hooper, [keith.hooper@aut.ac.nz](mailto:keith.hooper@aut.ac.nz), 649-921999 ext 5758

## Thông tin cho thành viên tham gia

*Giành riêng cho người quan sát*

### **Ngày thông báo**

Ngày 01 tháng 12 năm 2011

### **Tiêu đề luận án:**

Khảo sát chuyên sâu về vai trò thực tiễn của kế toán viên trong nền kinh tế Việt Nam.

### **Lời chào mời:**

Bạn được mời tham gia vào luận án nghiên cứu chuyên sâu về vai trò thực tiễn của kế toán viên ở Việt Nam.

Luận án được tiến hành khảo sát bởi Ths. Lisa Nguyễn, nghiên cứu viên Tiến Sĩ, khoa Kinh Tế trường Đại Học Công nghệ Auckland. Những người tham gia sẽ trải qua một cuộc phỏng vấn kéo dài khoảng 30 – 45 phút. Người tham gia dựa trên tinh thần tự nguyện và có quyền yêu cầu kết thúc quá trình phỏng vấn vào bất cứ thời điểm nào.

### **Mục đích của cuộc khảo sát?**

Cuộc khảo sát nhằm mục đích đi sâu vào tìm hiểu vai trò thực tiễn của kế toán viên chuyên nghiệp tại Việt Nam.

Lisa Nguyễn tiến hành của khảo sát cho một phần trong luận án Tiến Sĩ tại khoa Kinh Tế trường Đại Học Công nghệ Auckland

### **Tiêu chuẩn người tham gia cuộc khảo sát?**

Ở mức độ cao cấp, công việc của bạn đã được trực tiếp, hoặc gián tiếp liên hệ đến kế toán. Trong một chừng mực nào đó, bạn đã làm việc với các kế toán viên và hoạt động của họ (vai trò, thực hành và hình ảnh) đã được bạn đánh giá. Do đó, bạn được mời tham gia nghiên cứu của tôi để bày tỏ quan điểm của bạn trên thực tế, vai trò và hình ảnh của một kế toán viên từ quan điểm của người quan sát.

### **Quá trình tiến hành khảo sát thực tế?**

Cuộc khảo sát sẽ được tiến hành dưới hình thức phỏng vấn riêng lẻ từng đối tượng tham gia. Người tham gia sẽ ký tên vào giấy hiệp nghị về bảo mật thông tin và tham gia vào cuộc phỏng vấn kéo dài khoảng 30 – 45 phút, tập trung chính vào cái nhìn của bạn về vai trò, thực hành và hình ảnh của nhân viên kế toán. Địa điểm và thời gian phỏng vấn tùy thuộc vào sự thuận tiện của người tham gia. Cuộc phỏng vấn sẽ được thu âm và ghi chú dưới sự bảo mật thông tin riêng tư.

### **Những trở ngại người tham gia có thể gặp?**



Người tham gia có thể cảm thấy không thoải mái và không thuận tiện khi được hỏi về những kinh nghiệm cá nhân về kế toán. Chúng tôi xin đảm bảo tính bảo mật riêng tư cao của những thông tin được cung cấp bởi người tham gia.

### **Quyền lựa chọn từ chối cung cấp thông tin và kết thúc phỏng vấn?**

Người tham gia có quyền không trả lời câu hỏi mà bạn không cảm thấy thuận tiện để trả lời. Bên cạnh đó bạn có quyền yêu cầu loại bỏ những câu trả lời mà bạn đã trả lời trước đó vào bất kì thời điểm nào của cuộc phỏng vấn.

### **Những lợi ích của người tham gia?**

Cuộc khảo sát sẽ cung cấp thông tin để tạo ra một bức tranh rõ ràng hơn về những đặc điểm về hệ thống kế toán chuyên nghiệp trong hiện tại và quá khứ. Cuộc khảo sát có thể đóng góp một phần vào việc tạo ra một nền tảng cho sự phát triển lâu dài và bền vững hơn cho hệ thống kiểm toán và kế toán Việt Nam trong bối cảnh nền kinh tế Việt Nam phát triển ngày càng mạnh mẽ lẫn về chất và lượng, đặc biệt khi Việt Nam đang trong quá trình hội nhập với nền kinh tế thế giới.

### **Tính bảo mật thông tin thu thập từ người tham gia?**

Chúng tôi đảm bảo tính bảo mật tuyệt đối của những thông tin được cung cấp cũng như thông tin về cá nhân tham gia. Thông tin thu thập thông qua quá trình phỏng vấn sẽ được lưu trữ và sẽ được xóa bỏ hoàn toàn sau 6 năm dưới sự giám sát của trung tâm lưu trữ dữ liệu thuộc Trường Đại học.

### **Chi phí cho người tham gia?**

Quá trình phỏng vấn sẽ tiến hành trong khoảng thời gian 30 – 45 phút.

### **Cách thức tiến hành cuộc khảo sát?**

Chúng tôi chân thành cảm ơn thời gian quý báu của những người tham gia giành cho cuộc khảo sát. Chúng tôi sẽ gửi thư mời tham gia cho bạn vào 2 tuần trước khi cuộc phỏng vấn được tiến hành dựa trên tinh thần tự nguyện của người tham gia.

### **Cách thức giành cho người tham gia?**

Người tham gia được yêu cầu ký tên vào giấy đồng ý tự nguyện cung cấp thông tin trước hoặc sau khi được phỏng vấn.

### **Kết quả của cuộc khảo sát?**

Người tham gia có quyền yêu cầu được biết về kết quả của toàn bộ cuộc khảo sát. Chúng tôi sẽ gửi toàn bộ những thông tin về kết quả cuộc khảo sát ngay khi báo cáo được hoàn thành.

### **Những thông tin địa chỉ liên lạc giành cho người tham gia?**

Bất kỳ mối quan tâm về bản chất của dự án này xin vui lòng thông báo ngay cho người giám sát dự án, Giáo sư Kieth Hopper, [keith.hooper@aut.ac.nz](mailto:keith.hooper@aut.ac.nz), 0649-321999 ext 5758  
Mối quan tâm về việc tiến hành các nghiên cứu cần được thông báo cho Thư ký điều hành, AUTECH, Tiến sĩ Rosemary Godbold, [rosemary.godbold@aut.ac.nz](mailto:rosemary.godbold@aut.ac.nz), 921 9999 ext 6902

### **Thông tin và địa chỉ liên lạc của người tiến hành khảo sát**

Lisa Nguyen, [lisa.nguyen@aut.ac.nz](mailto:lisa.nguyen@aut.ac.nz)

### **Thông tin và địa chỉ liên lạc của người hướng dẫn:**

Professor Keith Hooper, [keith.hooper@aut.ac.nz](mailto:keith.hooper@aut.ac.nz), 649-921999 ext 5758

## Appendix Four: Consent Form

**Project title:** Exploring the identity of bookkeepers and accountants: their roles and practices in business in Vietnam

**Project Supervisor:** Professor Keith Hooper

**Researcher:** Lisa Nguyen

- ☐ I have read and understood the information provided about this research project in the Information Sheet.
- ☐ I have had an opportunity to ask questions and to have them answered.
- ☐ I understand that notes will be taken during the interviews and that they will also be audio-taped and transcribed.
- ☐ I understand that I may withdraw myself or any information that I have provided for this project at any time prior to completion of data collection, without being disadvantaged in any way.
- ☐ If I withdraw, I understand that all relevant information including tapes and transcripts, or parts thereof, will be destroyed.
- ☐ I agree to take part in this research.
- ☐ I wish to receive a copy of the report from the research (please tick one: Yes ☐ No ☐

Participant's  
signature :.....  
.....

Participant's  
name:.....  
.....

Participant's Contact Details (if appropriate):

.....  
.....  
.....  
.....

Date:

*Approved by the Auckland University of Technology Ethics Committee on **type the date on which the final approval was granted** ATEC Reference number **type the ATEC reference number***



## Appendix Four: Consent Form (Vietnamese)

# MẪU THỎA THUẬN

**Tên dự án:** Khám phá bản sắc của nhân viên kế toán sổ sách và kế toán chuyên nghiệp: vai trò và thực hành của họ trong kinh doanh tại Việt Nam

**Người giám sát dự án:** Giáo sư Keith Hooper

**Người nghiên cứu:** Lisa Nguyen

- ☐ Tôi đã đọc và hiểu các thông tin được cung cấp về dự án nghiên cứu trong bảng thông tin.
- ☐ Tôi đã có một cơ hội để đặt câu hỏi và được trả lời.
- ☐ Tôi hiểu ghi chú sẽ được thực hiện trong cuộc phỏng vấn và cũng sẽ được ghi âm và phiên âm.
- ☐ Tôi hiểu rằng tôi có thể rút lui hoặc bất kỳ thông tin nào mà tôi đã cung cấp cho dự án này tại bất kỳ thời gian trước khi để hoàn thành việc thu thập dữ liệu, mà không gặp phải khó khăn gì.
- ☐ Nếu tôi rút lui, tôi hiểu rằng tất cả các thông tin có liên quan bao gồm cả băng, phiên âm, hoặc các bộ phận của chúng, sẽ bị phá hủy.
- ☐ Tôi đồng ý tham gia vào nghiên cứu này.
- ☐ Tôi muốn nhận được một bản sao của bản báo cáo từ các nghiên cứu (vui lòng đánh dấu): Yes ☐ No ☐

Chữ ký của người tham gia:

.....

Tên của người tham

gia:.....

.....

Chi tiết liên lạc của người tham gia (nếu thích hợp) :

.....

.....

.....

.....

Date:

***Approved by the Auckland University of Technology Ethics Committee on **type the date on which the final approval was granted** AUTECH Reference number **type the AUTECH reference number*****

## Appendix Five: Semi-structured interview guide

### For bookkeepers:

- 1/ What is enjoyable about being a bookkeeper?
- 2/ What are the differences between your work and accountants who work for the Big 4 international accounting firms? Do such differences explain different income rewards?
- 3/ Have you any knowledge of international accounting standards and their application in practice?
- 4/ Where did you learn the Vietnamese system of bookkeeping that you are practising?
- 5/ What qualifications are necessary to practice bookkeeping in Vietnam?
- 6/ What qualifications do you have?
- 7/ Are you a member of VAA? Or Would you join VAA? Why or Why not?
- 8/ Do you follow tax rules? Do you use IFRS? Do you think it is a good idea to do both?
- 9/ Do you think the areas of judgments such as fair value, business related parties, consolidations should be applied in Vietnam?
- 10/ Will WTO, IMF, Big4 bring changes to Vietnamese accounting field and the Vietnamese accounting profession? Are they good or bad? Why?
- 11/ Big4 expects to see a stronger profession. Is it an advantage or disadvantage to the Vietnamese accounting field?
- 12/ Accountants working for Big 4 international accounting firms or preparing accounts for overseas listed companies will have to exercise judgments in many areas. Is it good or bad? Why?

**For Professional Accountants:**

- 1/ What is enjoyable about being an accountant?
- 2/ What is the difference between your work and bookkeepers? Do such differences explain different income reward
- 3/ Your work with big corporations involves applying international accounting standards. Do you think such standards will be necessary in the future for all businesses in Vietnam?
- 4/ Where did you learn international accounting standards?
- 5/ What qualification is necessary to be a professional accountant in Vietnam?
- 6/ What professional membership are essential?
- 7/ Are you a member of VAA? Or Would you join VAA? Why or Why not?
- 8/ Do you follow tax rules? Do you use IFRS? Do you think it is a good idea to do both?
- 9/ Do you think the areas of judgments such as fair value, business related parties, consolidations should be applied in Vietnam?
- 10/ Will WTO, IMF, Big4 bring changes to Vietnamese accounting field and the Vietnamese accounting profession? Are they good or bad? Why?
- 11/ Big4 expect to see a stronger profession. Is it an advantage or disadvantage to the Vietnamese accounting field?
- 12/ Accountants working for Big 4 international accounting firms or preparing accounts for overseas listed companies will have to exercise judgments in many areas. Is it good or bad? Why?

**For observers e.g. accounting academics, business managers, president of VAA, CPA country manager:**

- 1/ How do you perceive and explain the difference between bookkeepers and accountants?
- 2/ Why is there such a disparity of income levels between bookkeepers and professional accountants?
- 3/ Do you think international accounting standards will eventually be applied to small businesses in Vietnam?
- 4/ Accountants are members of professional societies by examination and training. Do you think bookkeepers will eventually be absorbed into the accounting professions?
- 5/ Will WTO, IMF, Big4 bring changes to Vietnamese accounting field and the Vietnamese accounting profession? Are they good or bad? Why?

## Appendix 6: Matrix

Interview numbers	Rules			Government			Western Profession			Domestic			Location of Identity (Class/			
	For (+)	Neutral (0)	Against (-)	For (+)	Neutral (0)	Against (-)	For (+)	Neutral (0)	Against (-)	For (+)	Neutral (0)	Against (-)	Upper	Middle	Lower	Working
Accountant 6			-			-	+			+				x		
Accountant 7		0				-	+			+				x		
Accountant 8			-			-	+			+				x		
Accountant 9		0			0		+			+				x		
Accountant 19	+			+				0				-		x		
Accountant 20	+					-	+			+				x		
Accountant 21			-			-		0			0			x		
Accountant 22		0			0		+			+				x		
Accountant 23	+				0		+				0			x		
Accountant 24	+				0		+				0			x		
Accountant 25	+				0		+			+				x		
Accountant 29					0		+				0			x		
Accountant 40			-			-	+			+				x		
Accountant 43			-			-	+			+				x		
Accountant 44	+			+			+			+				x		
Bookkeeper 1	+			+				0			0				x	
Bookkeeper 2	+			+				0			0					x
Bookkeeper 3	+			+				0			0					x
Bookkeeper 4			-			-		0			0				x	
Bookkeeper 5	+			+				0			0					x
Bookkeeper 11	+			+				0			0					x
Bookkeeper 12	+			+				0			0					x
Bookkeeper 17	+			+				0			0			x		
Bookkeeper 30	+			+				0						x		
Bookkeeper 31		0			-				-			-			x	
Bookkeeper 33	+			+				0			0				x	
Bookkeeper 34			-	+				0			0					x
Bookkeeper 37	+			+				0			0					x
Bookkeeper 41	+			+				0			0					x
Academic 10	+			+				0			0			x		x
Academic 18			-			-		0			0			x		x
Academic 26	+			+				0			0			x		x
Academic 32	+			+			+				0			x		x
Academic 38	+					-		0				-		x		x
Observer 13			-			-	+			+				x		x
Observer 16		0			0		+			+				x		x
Observer 28		0			0		+			+				x		x
Observer 35			-		0			0			0			x		x
Observer 36			-			-	+			+				x		x
Observer 39			-			-	+			+				x		x
Government 14			+			-	+			+				x		x
Government 15	+			+				0			0			x		x
Government 27	+			+				0						x		x
Government 42			+			-	+			+				x		x

## Appendix 7: Legal terminology applicable in Vietnam

### *Laws/regulations*

#### **National Assembly (Quốc Hội)**

**Laws** (*Luật*) of the National Assembly shall address fundamental issues as well as the rights and obligations of Vietnamese citizens (Article 11) (Law on promulgation of legal documents, 2008).

**Resolutions** (*Nghị quyết*) of the National Assembly shall reflect its decisions on socio-economic development tasks, planning state budgets, allocating central budgets, and adjusting state budgets (Article 11) (Law on promulgation of legal documents, 2008).

#### **Standing Committee of the National Assembly (Ủy ban thường vụ Quốc Hội)**

**Ordinances** (*Pháp lệnh*) of the Standing Committee of the National Assembly shall contain regulations on the tasks assigned by the National Assembly. It is proposed that these regulations shall be developed as laws after a certain period of implementation (Article 12) (Law on promulgation of legal documents, 2008).

**Resolutions** (*Nghị quyết*) of the Standing Committee of the National Assembly aim to interpret the constitution, laws and ordinances (Article 12) (Law on promulgation of legal documents, 2008).

### *Secondary regulations*

They are issued by state organisations (administrative and judicial concerns). They are legal documents of a lower rank than laws/regulations relating to legal force in the hierarchy of legal documents (T. P. L. Nguyen, 2010).

**Orders and decisions** (*Lệnh & Quyết định*) of the State President are issued to action tasks and competences defined in the constitution, laws and resolutions (Article 13) (Law on promulgation of legal documents, 2008).

**Decrees** (*Nghị định*) which are issued by the government (Prime Minister) provide detailed guidelines on the implementation of laws and resolutions of the National Assembly, ordinances and resolutions of the Standing Committee of the National Assembly, orders and decisions of the State President.

**Decisions** (*Quyết định*) of the Prime Minister shall focus on state management relating to the government's operation, the public administrative system (from central to local levels) as well as

working regulations of the government's members and Chairmen of People's Committees of provinces (Article 15) (Law on promulgation of legal documents, 2008).

**Circulars** (*Thông tư*) of Ministers and Head of Ministry-equivalent Agencies shall provide detailed guidelines on the implementation of laws and resolutions of the National Assembly, ordinances and resolutions of the Standing Committee of the National Assembly, orders and decisions of the State President as well as the Government's decrees and decisions of the Prime Minister. Moreover, circulars of Ministers shall specify regulations on technical standards and procedures, as well as setting techno-economic standards for sectors of which they are in charge (Article 16) (Law on promulgation of legal documents, 2008). The contemporary legal system apparently shows that the effectiveness of certain legal documents (such as laws and ordinances) depends on the details and specifications of the legal documents, in particular the secondary documents (T. P. L. Nguyen, 2010).