

IMPROVING THE QUALITY OF FINANCIAL REPORTING FOR VIETNAMESE ENTERPRISES - KEY TO SUSTAINABLE DEVELOPMENT**Nguyen Thi Kim Oanh, Dang Thi Diu**Thai Nguyen University of Economics and Business Administration, Vietnam

Abstract

In the context of deepening international economic integration, improving the quality of financial reporting for Vietnamese enterprises has become more urgent than ever. Financial statements are not only a tool for evaluating business performance but also an important basis for attracting investment and building trust with domestic and foreign partners. To address this issue, support is needed from the government and professional organizations in providing training and guidance on accounting and financial reporting for enterprises. The paper studies, analyzes and proposes some solutions to improve the quality of financial reporting for Vietnamese enterprises, contributing to the sustainable development of the economy.

Keywords:quality, financial reporting, enterprises, Vietnam, sustainable

1. Introduction

In the context of deepening international economic integration and Vietnam aiming to become a developed country with high income, improving the quality of financial reporting for enterprises plays a crucial role. High-quality financial statements help Vietnamese enterprises transparently disclose financial information, build reputation and trust with international investors, thereby effectively attracting foreign direct investment (FDI). Contributing to enhancing the competitiveness of Vietnamese enterprises in the international market, creating favorable conditions for enterprises to integrate and participate in global value chains. Quality financial statements provide accurate and complete information on the financial position and business performance of enterprises, helping domestic investors to assess investment potential and risks, and make wise investment decisions. Contributing to promoting the development of Vietnam's capital market, creating financial resources for enterprises in production and business activities. Quality financial statements help enterprise management to have an overview and accurate understanding of the financial situation and business performance of the enterprise, thereby making appropriate and effective management decisions. Contributing to improving the governance and management capacity of enterprises, promoting sustainable development of enterprises. Quality financial statements ensure that information is provided fully, truthfully, and accurately reflecting the nature of the enterprise's financial activities. Contributing to protecting the interests of related parties such as investors, shareholders, employees, customers, ... In the context of globalization, International Financial Reporting Standards (IFRS) are being widely applied around the world. Improving the quality of financial statements towards applying IFRS helps Vietnamese enterprises integrate with the common trend in the region and the world. Thus, improving the quality of financial reporting is an urgent requirement for Vietnamese enterprises in the current context. This plays an important role in enhancing competitiveness in the international market, attracting investment, improving corporate governance efficiency, ensuring transparency and accountability, while aligning with the common development trend. Therefore, enterprises need to proactively implement solutions to improve the quality of financial reporting, contributing to promoting the sustainable development of enterprises and the Vietnamese economy.

2. Current Status of Financial Reporting Quality of Vietnamese Enterprises

In the process of economic development of a country, financial reporting plays an undeniable role in providing information about the financial situation and business operations of enterprises. However, the current state of financial reporting quality of Vietnamese enterprises still has many concerning aspects, while also reflecting progress and efforts in improving it.

One of the positive aspects is the progress in transparency and consistency of financial reporting. Enterprises, especially large companies and those listed on the stock market, have gradually recognized the importance of disclosing information in a transparent and consistent manner. This helps create a positive business environment where investors can trust and make investment decisions based on reliable information.

However, the lack of consistency and transparency remains one of the worrying limitations. Despite progress, there are still financial reports that do not fully and accurately reflect the financial situation of the enterprise. This makes it difficult for investors and regulatory agencies to assess business performance effectiveness and creates uncertainty in the market.

Another positive point is the enhanced international cooperation in improving the quality of financial reporting. Participating in international accounting training courses and seminars has helped improve the capacity and understanding of international accounting standards for Vietnamese enterprises. This is an important step in integrating into the global business community and building trust in the international community.

However, the lack of compliance with international standards remains one of the major challenges facing Vietnamese enterprises. Despite progress, there are still some enterprises that do not fully comply with international accounting and financial reporting standards. This creates inconsistency and reduces the feasibility of financial reports, thereby affecting the reliability of information and investment decisions of investors.

In terms of internal control, although attention has been paid to establishing and maintaining robust internal control systems, some enterprises still face difficulties in implementing this. The loss of assets and fraud in the financial reporting process remain a worrying challenge that enterprises need to face and address.

Finally, weaknesses in information technology remain a weakness for many enterprises, causing delays and errors in the financial reporting process. This poses challenges in improving accounting and financial reporting processes to ensure the accuracy and reliability of information.

In summary, the current state of financial reporting quality of Vietnamese enterprises reflects progress and efforts to improve, while also reflecting the challenges and limitations they are facing. To ensure transparency, consistency, and reliability of financial information, improvement and reform measures need to be implemented in a timely and effective manner. Only then can enterprises enhance their competitiveness in the international market and contribute to the sustainable development of the Vietnamese economy.

3. Some requirements are imposed on the quality of financial reporting of Vietnamese enterprises in the new context.

In the current context, Vietnamese enterprises are facing several demands concerning the quality of financial reporting to ensure transparency, reliability, and consistency of financial information.

- **Adherence to International Standards:** Enterprises need to comply with international financial reporting standards such as the International Financial Reporting Standards (IFRS) or Generally Accepted Accounting Principles (GAAP). Applying these standards helps create consistent financial reports that can be compared with international counterparts, thereby enhancing transparency and reliability.
- **Transparency and Completeness:** Financial reports should reflect comprehensive and accurate information about the financial position, performance, and special financial circumstances of the enterprise. Information should be presented clearly and understandably, avoiding concealment or misrepresentation of facts.
- **Independence and Objectivity:** The process of preparing financial reports must be independent and free from any personal interests. Enterprises need to demonstrate objectivity in presenting information, avoiding bias or embellishment of the financial situation.
- **Internal Controls:** It is essential to establish and maintain robust internal control systems to ensure the accuracy and reliability of financial information. This includes identifying and mitigating risks related to financial reporting and detecting instances of fraud or errors.
- **Utilization of Information Technology:** Information technology can be utilized to optimize the financial reporting process, from automating accounting tasks to analyzing and reporting financial data. The application of technology not only saves time and effort but also enhances the accuracy and transparency of information.

- **Accountability and Transparency:** Enterprise leadership needs to take responsibility for the information disclosed in financial reports. Creating a transparent working environment and encouraging the detection and reporting of issues related to the accuracy of financial reports are essential.

These requirements set a high standard for Vietnamese enterprises, but they are also a critical step in creating a transparent, fair, and reliable business environment that attracts investment and promotes sustainable economic development. Expanding further, it's evident that meeting these demands requires concerted efforts from various stakeholders. Government bodies, regulatory authorities, professional organizations, and enterprises themselves all play vital roles in ensuring the quality of financial reporting. For instance, the government can provide support through regulatory frameworks that mandate compliance with international standards and establish independent auditing bodies to oversee financial reporting practices. Professional organizations can offer training and guidance to enhance the technical skills and knowledge of accounting professionals within enterprises.

Moreover, enterprises can invest in technology infrastructure and implement robust internal control mechanisms to strengthen their financial reporting processes. They can also foster a culture of transparency and accountability within their organizations by promoting ethical behavior, whistleblower protection, and clear communication channels for reporting concerns regarding financial reporting practices. Additionally, collaboration with international counterparts and participation in global initiatives for standardization and best practices exchange can further enhance the quality and comparability of financial reporting. In conclusion, meeting the demands for high-quality financial reporting in Vietnam requires a multi-faceted approach involving regulatory reforms, capacity-building efforts, technological investments, and a culture of transparency and accountability. By addressing these requirements, Vietnamese enterprises can enhance their competitiveness, attract investment, and contribute to the sustainable development of the economy.

4. Some Solutions to Improve the Quality of Financial Reporting for Vietnamese Enterprises

One of the biggest challenges for Vietnamese enterprises in improving the quality of financial reporting is the lack of resources and expertise. In particular, small and medium-sized enterprises often face difficulties in understanding and implementing accounting and financial reporting regulations according to international standards. In today's business environment, with the complexity of business activities and the demands of stakeholders, having a high-quality financial reporting system is not only a requirement but also a prerequisite for the enterprise to survive and develop.

To address this issue, support is needed from the government and professional organizations in providing training and guidance on accounting and financial reporting for enterprises. Regular training programs and seminars on accounting and financial reporting need to be organized to enhance knowledge and skills for the business community. In addition, establishing independent and authoritative audit bodies is extremely important to ensure transparency and reliability of financial information.

Improving information technology also plays an important role in optimizing the accounting and financial reporting process. Enterprises can use advanced accounting software to automate daily accounting tasks, from transaction recording to financial statement generation. This not only saves time and effort but also reduces errors and increases the accuracy of financial information.

Another important factor in improving the quality of financial reporting is strengthening internal monitoring and control. Enterprises need to establish internal inspection and consideration mechanisms to ensure compliance with accounting and financial reporting regulations. Having a strong internal control system will help detect and prevent errors and fraud in the process of recording and reporting financial information.

In the future, improving the quality of financial reporting will play an important role in creating a transparent, fair, and reliable business environment in Vietnam. Only with high-quality financial reports can the market develop sustainably and attract domestic and foreign investment. Therefore, investing in improving the quality of financial reporting is not only a task for enterprises but also a commitment of the entire society.

In addition, Vietnam needs to strengthen independent monitoring and inspection. Creating an independent monitoring and inspection system plays an important role in ensuring transparency and reliability of financial information. Independent monitoring and inspection organizations such as the State Securities Commission or independent audit organizations can conduct quality inspections of financial reports of enterprises and provide unbiased assessments.

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Stakeholders such as shareholders, investors, employees, and customers need to be encouraged to participate in evaluating the quality of financial reporting. This can be done through organizing information sessions, providing training on financial reporting, and creating feedback mechanisms from stakeholders. At the same time, digital transformation not only helps optimize the accounting and financial reporting process but also enhances transparency and reliability of information. New technologies such as blockchain can be applied to enhance the security and authentication of financial data. Additionally, creating a transparent and accountable organizational culture can help build trust from stakeholders and create a positive work environment for creating and disclosing financial information. Internal policies and procedures need to be established to encourage and protect whistleblowers.

Finally, cooperation with international organizations and other countries can help Vietnam access best standards and practices in preparing and disclosing financial reports. Enterprises can also learn from international companies about best standards and practices in managing and reporting financial information.

In summary, improving the quality of financial reporting is a complex process that requires cooperation from many stakeholders. By implementing measures such as training, strengthening oversight, promoting digital technology, and encouraging a transparent organizational culture, Vietnamese enterprises can create a transparent, fair, and sustainable business environment.

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