Digital transformation towards accounting systems and financial transparency in arts sector in Vietnam

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Abstract: *Digital transformation is increasingly reshaping accounting systems and governance structures, yet its implications for financial transparency remain underexplored in the arts sector, particularly in emerging economies. Drawing on agency theory, this study examines the relationships among digital transformation, accounting governance practices, and financial transparency in the Vietnamese arts sector. Using survey data collected from 309 arts organizations and analyzed through Partial Least Squares Structural Equation Modeling (PLS-SEM), the findings reveal that digital transformation has a positive and significant effect on accounting governance practices and financial transparency. Accounting governance practices, in turn, exert a strong positive influence on financial transparency and partially mediate the relationship between digital transformation and financial transparency. In addition, organizational type significantly affects financial transparency, highlighting institutional heterogeneity within the arts sector. One-way ANOVA results further confirm significant differences in financial transparency across organizational types. Overall, the study demonstrates that the transparency-enhancing effects of digital transformation are contingent upon robust accounting governance mechanisms and organizational context. These findings contribute to the literature by extending agency theory to digital accounting transformation and providing empirical evidence from an underexplored sector in an emerging economy. The study also offers practical insights for policymakers and arts managers seeking to strengthen accounting governance and financial transparency through digital transformation initiatives.*

Keywords: Accounting governance practices; accounting systems; arts sector; digital transformation; financial transparency.

1. INTRODUCTION

Advanced technologies have recently emerged as transformative forces across business, accounting, and auditing practices (Vial, 2019). These technologies have enabled organizations to move from paper-based bookkeeping and manual accounting toward cloud-based, automated, and data-driven accounting systems, significantly improving efficiency, data processing capacity, and real-time accessibility . Digital transformation, encompassing big data, cloud computing, electronic payments, blockchain, data mining, artificial intelligence, and digital platforms, aligns digital technologies with accounting processes and reshapes how financial information is generated, processed, and disclosed (Feliciano-Cestero et al., 2023). As a result, the role of accounting has become increasingly central, as the provision of transparent, accurate, and credible financial information is a core requirement of successful digital transformation initiatives.

Alongside digital transformation, governance has gained growing scholarly and practical attention due to its critical role in enhancing transparency, accountability, and organizational performance. Governance refers to the structures and processes through which organizations are directed, controlled, and monitored, and it is essential for ensuring effective management and responsible decision-making across sectors . Prior studies emphasize that weak governance and administrative inefficiencies undermine disclosure quality and discourage stakeholder trust, particularly in environments vulnerable to resource constraints and institutional limitations

(Zerbian & de Luis Romero, 2023). In this context, good governance is widely recognized as a mechanism that strengthens transparency and mitigates the risks associated with mismanagement and information opacity.

From an agency theory perspective, information asymmetry between principals (such as funding bodies, sponsors, and public stakeholders) and agents (such as managers of cultural and artistic organizations) can lead to agency costs and reduced trust (Jensen & Meckling, 1976). Financial transparency plays a crucial role in reducing this asymmetry by enabling stakeholders to monitor financial performance and resource allocation. Digital transformation in accounting systems has the potential to enhance financial transparency by improving the accuracy, timeliness, and accessibility of financial data. However, the extent to which these benefits are realized depends largely on the governance frameworks that guide the adoption and use of digital technologies. Effective governance can ensure that digital accounting systems support transparency rather than obscure financial information, thereby aligning organizational practices with stakeholder interests .

In Vietnam, the arts sector (cultural institutions, creative organizations, and art-related enterprises) has been increasingly encouraged to adopt digital technologies to improve operational efficiency and accountability. Despite this growing emphasis, empirical research examining the relationship between digital transformation, accounting governance practices, and financial transparency in the arts sector remains limited, particularly in developing economy

contexts (Islam et al., 2023). Given the importance of transparent financial information for sustaining public trust, attracting funding, and ensuring long-term viability, understanding how digital transformation interacts with governance mechanisms in shaping financial transparency is essential. Therefore, this study aims to investigate how digital transformation toward accounting systems influences financial transparency in the arts sector in Vietnam, while examining the mediating role of accounting governance practices, thereby contributing to the literature on digital transformation, governance, and transparency from an agency theory perspective. The study is constructed with five main parts as (1) introduction; (2) conceptual framework and research model; (3) methodology; (4) results and discussion; and (5) implications and conclusion.

2. CONCEPTUAL FRAMEWORK AND RESEARCH MODEL

2.1 Digital Transformation

Digitalization has profoundly transformed how individuals, organizations, and societies communicate, interact, and operate. The rapid diffusion of smart technologies such as smartphones, cloud platforms, wearable devices, and intelligent systems has reshaped the ways information is generated, processed, and shared. Digital transformation extends beyond the digitization of existing activities and refers to a holistic organizational change enabled by the strategic integration of digital technologies into business models, processes, and structures (Akter et al., 2016). Prior studies emphasize that digital transformation enables firms to enhance operational efficiency, improve coordination, and foster innovation through the use of advanced digital tools. In supply chain research, digital transformation has been conceptualized as the foundation of the digital supply chain, which integrates digital products, services, and process management across organizational boundaries. The digital supply chain represents an intelligent and value-added system in which interconnected activities between suppliers and customers are coordinated through novel technologies to create competitive value and network effects (Senna et al., 2022).

A key enabler of digital transformation is smart technology. Smart technologies are characterized by programmability,addressability, sensibility, communicability, memorability and associability, which allow devices and systems to interact autonomously and in real time. The adoption of such technologies facilitates improved collaboration, transparency, and responsiveness within and across organizations. Empirical studies demonstrate that increased collaboration among organizational units and external partners reduces costs and enhances performance outcomes (Nasiri et al., 2020). Moreover, digital transformation has been shown to strengthen relationship performance by improving information sharing and coordination among supply chain participants (Kiel et al., 2017). Despite these advantages, significant untapped potential remains, as many organizations have yet to fully leverage digital transformation to achieve value-driven outcomes .

Among digital accounting innovations, cloud-based accounting (CBA) has emerged as a dominant technological paradigm. CBA is defined as an Internet-based accounting information system that delivers online accounting services, administrative functions, and decision-support tools without the need for local software installation (Dimitriu & Matei, 2014). Compared with traditional accounting systems, CBA offers enhanced accessibility, superior data-processing capabilities, and real-time information sharing, enabling authorized users to access financial data remotely (Hung et al., 2023). Furthermore, CBA reduces upfront investments in hardware and software while enhancing system scalability and flexibility . Empirical evidence suggests that effective use of CBA-generated information positively influences decision-making quality and firm performance and strengthens organizational resilience, particularly in contexts characterized by remote working and uncertainty.

Despite the growing body of literature on digital transformation and cloud-based accounting, research remains limited in examining how these developments unfold in non-commercial and culturally oriented sectors. Digital transformation has generated substantial benefits for the accounting and auditing sectors in Vietnam, extending beyond operational improvements to include stronger governance and more effective strategic decision-making. One of the most notable advantages is the enhancement of transparency and accuracy in financial reporting. The implementation of integrated accounting information systems significantly reduces errors arising from manual data entry and enables transactions to be recorded automatically and in real time. These systems improve traceability and audit trails, thereby increasing the credibility of financial statements and reinforcing the confidence of key stakeholders, including investors, regulators, and financial institutions. Another major benefit of digital transformation lies in cost reduction and time efficiency. The automation of accounting processes substantially decreases the effort required for routine tasks such as data input, invoice reconciliation, tax computation, and financial reporting. Activities that previously required several days can now be completed within a much shorter timeframe, allowing organizations to redirect human resources toward higher-value functions such as financial analysis, planning, and advisory services (Yen et al., 2025).

2.2 Accounting Governance Practices

Accounting governance practices refer to the structural, procedural, and control mechanisms through which accounting systems are designed, implemented, and monitored to ensure transparency, accountability, reliability, and compliance in financial information. Similar to descriptive research in developmental science, which emphasizes documenting real-world contexts to enhance transparency and replicability (Spellman et al., 2018), accounting governance focuses on making financial processes observable, traceable, and understandable to stakeholders. Rather than relying solely on formal rules or technical standards, effective accounting governance emphasizes how accounting information is produced, disclosed, and used in practice, particularly within increasingly digitalized environments.

Advanced technologies have recently emerged, transforming the fields of business, accounting, and auditing . These developments have significantly contributed to the success of multi-business operations by enabling greater flexibility and efficiency in production processes, enhancing data processing capabilities, and transitioning from paper-based bookkeeping and manual accounting to cloud-based and automated accounting systems. Such systems support real-time access, integration, and collaboration while ensuring secure and scalable financial operations. Digital transformation through big data, cloud computing, electronic payments, blockchain, artificial intelligence, and related technologies aligns digital tools with accounting processes, thereby reshaping how financial information is generated, stored, and communicated (Alassuli, 2025). As a result, accounting governance becomes more critical, as transparent, credible, and accurate information is a core requirement of successful digital transformation (Melo et al., 2023).

Governance has gained increasing scholarly attention due to its role in promoting transparency, accountability, and performance excellence. It represents the framework through which organizations are directed and controlled, ensuring that managerial actions align with stakeholder interests . Good governance is especially important in contexts marked by weak disclosure, administrative inefficiencies, or corruption, where ineffective oversight can undermine financial transparency and investor confidence (Zerbian & de Luis Romero, 2023). In accounting, governance practices determine how digital technologies are governed, how responsibilities are allocated, and how controls are enforced to prevent information distortion or misuse.

Inspired by the principles of descriptive research and open science, transparency and replicability are increasingly viewed as core foundations for producing credible and trustworthy knowledge in complex, real-world contexts. Descriptive research emphasizes documenting processes as they naturally occur, thereby enhancing openness, traceability, and contextual validity (Nelson et al., 2018). In developmental science, researchers have demonstrated that descriptive methods, supported by open-science practices, allow for a more accurate understanding of everyday learning environments and promote transparency through data sharing, clear documentation, and replicable analytical procedures (Kosie & Lew-Williams, 2024). These principles closely align with accounting governance practices in the digital era, where transparency, consistency, and verifiability of financial information are essential for accountability and stakeholder trust. Advanced digital technologies have transformed accounting systems by replacing manual and paper-based procedures with automated, cloud-based platforms, improving data accessibility, real-time reporting, and auditability. Digital transformation through tools such as big data, cloud computing, artificial intelligence, and blockchain strengthens the integration between accounting processes and governance mechanisms, making transparent and credible financial reporting a central requirement of effective digital accounting systems . In this context, accounting governance functions as an institutional framework comparable to open-science practices, ensuring that increased digitalization leads to greater

financial transparency rather than new forms of information asymmetry (Islam et al., 2023). This issue is particularly relevant in Vietnam's arts sector, where accounting practices are often fragmented and unevenly digitized, highlighting the need for robust accounting governance to ensure transparent use of cultural and public resources.

In the context of Vietnam's arts sector, accounting governance practices remain relatively underdeveloped. Many arts organizations, including public cultural institutions and creative enterprises, are characterized by fragmented accounting systems, limited digital capacity, and weak internal controls. Financial information disclosure is often inconsistent, and governance mechanisms are insufficient to ensure transparency and accountability, particularly amid increasing public funding scrutiny and growing private-sector participation. As Vietnam promotes digital transformation across cultural and creative industries, strengthening accounting governance practices becomes essential to ensure that digital accounting systems contribute effectively to financial transparency, stakeholder trust, and sustainable development in the arts sector.

2.3 Financial Transparency

Financial information refers to information that reflects a firm's business performance and financial position, encompassing past and current conditions as well as future-oriented expectations. Such information is primarily disclosed through corporate financial statements and related reports. Financial transparency, therefore, denotes the extent to which investors and other stakeholders can fully and effectively access relevant financial information in order to evaluate key indicators such as revenues, profits, costs, asset structure, and overall financial performance. From a governance perspective, Bushman & Smith (2001) define financial transparency as the degree to which firm-specific information is made publicly available to meet the informational needs of shareholders, investors, customers, and regulatory authorities. According to this framework, financial transparency is commonly assessed across three interrelated dimensions: (i) transparency regarding ownership structure and investor rights; (ii) transparency in financial disclosure and financial reporting; and (iii) transparency related to governance structure, including the functioning of the board of directors and executive management. Importantly, the assessment of financial transparency depends not only on the content of disclosed information but also on its accessibility, accuracy, and timeliness. OECD (2022) emphasizes that transparent information disclosure requires information to be accurate, consistent, relevant, complete, clear, convenient, and timely for the public and stakeholders.

In Vietnam, financial transparency has attracted increasing attention, particularly in relation to listed companies. The regulatory framework governing financial disclosure including Vietnamese Accounting Standard No. 21 on the presentation of financial statements, Standard No. 25 on consolidated financial statements, Circular No. 200/2014/TT-BTC, and Circular No. 155/2015/TT-BTC has established relatively comprehensive disclosure requirements for corporate financial reporting and capital market transparency. Empirical studies in

Vietnam commonly measure financial transparency using disclosure scoring methods based on predefined disclosure criteria, providing evidence that transparency levels vary significantly across firms (Thai & Loc, 2019).

Agency theory by Jensen & Meckling (1976) provides a strong theoretical foundation for understanding the role of transparency and disclosure in mitigating information asymmetry between principals and agents. Information transparency and disclosure (ITD) are essential components of corporate governance because they reduce asymmetric information between shareholders and corporate insiders, thereby lowering agency costs and enhancing firm value (Le et al., 2024). Sufficient and timely disclosure improves both informational and allocational efficiency by enabling investors to more accurately assess risks and expected returns. A growing body of empirical evidence supports a positive relationship between ITD and firm value across different institutional contexts (Ghorbel & Triki, 2016). However, some studies caution that excessive disclosure may increase operational risks and transaction costs if sensitive information is revealed to competitors , suggesting that transparency must be supported by effective governance structures. Within the Vietnamese context, empirical evidence confirms that ITD has a significantly positive effect on firm value, even in a market characterized by weak legal investor protection and relatively low levels of disclosure. Using a transparency and disclosure index adapted from Standard & Poor's, prior research demonstrates that improved ITD enhances firm value as measured by Tobin's Q while foreign ownership and profitability also play important roles (Gonzalez et al., 2021). These findings underscore the importance of transparency-enhancing mechanisms in emerging and frontier markets such as Vietnam.

2.4 The Relationship between Digital Transformation, Accounting Governance Practices and Financial Transparency

Agency theory suggests that effective monitoring and control mechanisms are necessary to minimize conflicts of interest and information asymmetry between principal and agent (Jensen & Meckling, 1976). Digital transformation, through the digitization of accounting systems and the integration of financial data, facilitates process standardization, enhances monitoring capabilities, and improves the effectiveness of internal controls. Studies show that the application of digital technology in accounting improves the quality of control systems, increases compliance, and supports the implementation of effective financial governance principles (Rom & Rohde, 2007; Daştan & Yildirim, 2022). Therefore, a higher level of digital transformation is expected to contribute to strengthening and improving accounting governance practices in arts organizations in Vietnam. Based on above agurements, the study proposes the following hypothesis:

H1: Digital transformation has a positive effect on accounting governance practices in the arts sector in Vietnam.

According to agency theory, financial transparency is a crucial tool for reducing information asymmetry and agency costs by enhancing stakeholder oversight (Healy & Palepu, 2001). Accounting governance practices, including internal control systems, disclosure processes, and accountability mechanisms, play a central role in ensuring the quality, reliability, and timeliness of financial information. Previous studies have shown that organizations with strong accounting governance systems tend to have higher levels of financial transparency, thanks to consistent reporting standards and effective audit mechanisms (Bushman et al., 2004). Recent empirical evidence by García-Sánchez et al (2020), based on a sample of organizations in multiple countries, shows that governance quality and accounting control mechanisms have a positive and significant impact on the level of transparency and quality of information disclosure, especially in organizations dependent on multiple stakeholder groups. Therefore, effective accounting governance practices are expected to positively impact the level of financial transparency in the arts sector in Vietnam. Based on above agurements, the study proposes the following hypothesis:

H2: Accounting governance practices have a positive effect on financial transparency in the arts sector in Vietnam.

Digital transformation is considered a key driver of financial transparency by improving data accessibility, increasing information accuracy, and shortening reporting time (Granlund, 2011). The adoption of digital accounting systems, cloud computing platforms, and automated reporting tools reduces manual errors and increases the consistency of published information. Empirical studies show that digital transformation in accounting has a positive relationship with reporting quality and the level of financial transparency of organizations (Daştan & Yildirim, 2022). Therefore, digital transformation is expected to directly enhance financial transparency in arts organizations in Vietnam. Based on above agurements, the study proposes the following hypothesis:

H3: Digital transformation has a positive effect on financial transparency in the arts sector in Vietnam.

According to agency theory, technology can only reduce information asymmetry when integrated into governance mechanisms to monitor agent behavior and ensure accountability (Jensen & Meckling, 1976). Recent research on digital transformation emphasizes that digital transformation is not simply the application of technology, but an organizational process heavily dependent on governance, control, and decision-making structures (Vial, 2019). In the accounting field, digital systems and data analytics have the potential to enhance financial transparency by improving the timeliness, accessibility, and accuracy of information; however, these benefits are only achieved when appropriate accounting governance mechanisms are established to control data quality, disclosure processes, and reporting responsibilities (Appelbaum et al., 2017). Recent empirical studies have also shown that IT governance and accounting governance play a crucial role in transforming technological capabilities into governance outcomes and information transparency (De Haes et al., 2020). In the context of arts organizations in Vietnam, where digital transformation is uneven and accounting governance frameworks are limited, accounting governance practices are expected to act as an intermediary mechanism

through which digital transformation can lead to substantive improvements in financial transparency. Based on above agurements, the study proposes the following hypothesis:

H4: Accounting governance practices mediate the relationship between digital transformation and financial transparency in the arts sector in Vietnam.

Vietnamese art history has largely been shaped by nationalist discourse and state intervention, creating a complex institutional landscape in the arts sector. From the French colonial period, when Western artistic education and institutional models were introduced through the École des Beaux-Arts d'Indochine, to the post-1954 division between North and South Vietnam, art organizations developed under fundamentally different governance and control regimes. In the North, art functioned primarily as a state instrument to promote socialist ideology, with artistic production tightly regulated through centralized organizations, directives, and state patronage, while artistic autonomy and private cultural enterprises were largely suppressed . In contrast, artists in the South operated within a more pluralistic and market-oriented environment, characterized by private galleries, international exchanges, and diverse artistic forms (Taylor et al., 2019). Following national reunification in 1975, centralized control was extended nationwide, and the state became the dominant patron of the arts, significantly constraining financial autonomy and transparency across art institutions. The implementation of the Doi Moi reforms in the late 1980s marked a critical turning point, reintroducing private ownership, foreign investment, and market mechanisms into the cultural sector, which led to the emergence of diverse organizational forms, including public cultural institutions, state-affiliated art organizations, private galleries, nonprofit art spaces, and independent creative enterprises (Marquis et al., 2016). These historically rooted differences in ownership structure, governance arrangements, funding sources, and degrees of state oversight have resulted in heterogeneous accounting practices and disclosure norms within the Vietnamese arts sector, suggesting that levels of financial transparency may vary systematically across organizational types.

H5: There are significant differences in financial transparency across types of organizations in the arts sector in Vietnam.
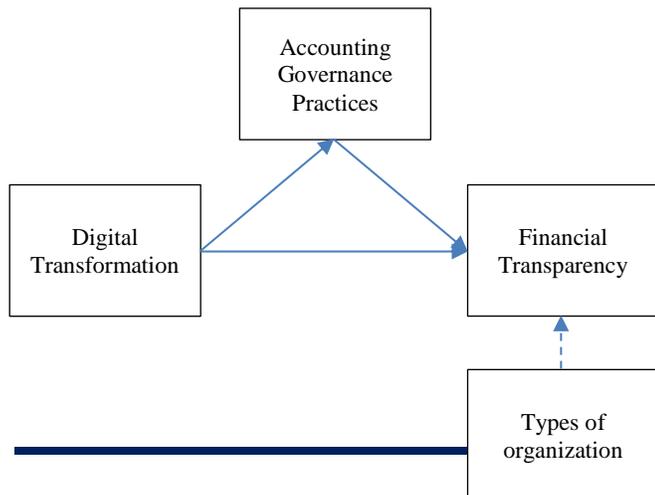
Figure 1: Research Model

3. METHODOLOGY

3.1 Measures and Questionnaire Development

The measurement instrument was designed to examine the relationships among digital transformation, accounting governance practices, and financial transparency in the Vietnamese arts sector. All constructs were operationalized using measurement items adapted from established and previously validated scales in the literature. Responses were collected using a five-point Likert scale, ranging from 1- "strongly disagree" to 5 - "strongly agree".

Digital Transformation (DT) was measured using five items adapted from Nasiri et al. (2020) and Hung et al. (2023), capturing the extent to which digital technologies are integrated into accounting and financial management processes. Accounting Governance Practices (AGP) were assessed using five items adapted from Alassuli et al. (2025), reflecting key dimensions such as internal control, accountability, and governance mechanisms related to accounting systems. Financial Transparency (FT) was measured using five items adapted from Hoang et al. (2022) and Le et al. (2024) which focused on the timeliness, reliability, and clarity of financial information disclosure. All items were slightly contextualized to reflect the specific characteristics of accounting systems and financial reporting practices within Vietnamese arts organizations.

The questionnaire was originally developed in English and subsequently translated into Vietnamese following a back-translation procedure to ensure semantic equivalence and content validity. The translated version was reviewed by academic experts in accounting and practitioners in arts management to assess clarity, relevance, and contextual appropriateness. Data analysis then was conducted using Partial Least Squares Structural Equation Modeling (PLS-SEM) with SmartPLS 3 to evaluate the reliability and validity of the measurement model and to test the proposed hypotheses. In addition, SPSS was employed to perform descriptive statistical analyses and ANOVA tests to examine potential differences across organizational characteristics within the arts sector.

3.2 Sampling and Data Collection

The data for this study were collected through a structured questionnaire administered to individuals working in the arts sector across different regions of Vietnam to examine perceptions of digital transformation, accounting system modernization, and financial transparency. Both online distribution channels, including professional networks, email communication, and social media platforms, and offline approaches, such as direct surveys at arts organizations and cultural institutions, were used to ensure wide coverage and diverse participation. The sampling strategy targeted owners or

directors, managers, and accounting or finance staff from state owned, private, and individual or household based arts organizations, as these respondents are directly involved in organizational digitalization and financial reporting practices. This approach ensured that the collected data accurately reflected organizational experiences with accounting system transformation and transparency outcomes within the arts sector.

The final sample with 309 valid respondents captured diversity in organizational characteristics, including years of operation (less than 5 years, 5 to 10 years, and more than 10 years), number of employees (less than 10, 10 to 30, and more than 30), and average monthly income or revenue (less than 10 million VND, 10 to 30 million VND, 31 to 100 million VND, and more than 100 million VND). These characteristics allowed for meaningful comparisons across organizational size, maturity, and financial capacity in assessing digital transformation impacts. Overall, this sampling approach provides a comprehensive dataset to analyze how digital transformation drives accounting system modernization and enhances financial transparency in the arts sector in Vietnam, thereby supporting evidence based recommendations for improving governance and financial accountability in cultural and creative organizations.

4. RESULTS AND DISCUSSION

4.1 Demographics of Respondents

A total of 309 valid responses were collected from individuals working in the arts sector in Vietnam, representing state owned, private, and individual or household based organizations.

Table 1: Demographics of Respondents

Demographics		Frequency	Percent (%)
Type of organization	State-owned organization	91	29.5
	Private organization	86	27.8
	Individual/Household business	132	42.7
Position	Owner/Director	121	39.2
	Manager	77	24.9
	Accounting/Finance staff	89	28.8
	Others	22	7.1
Number of operating years	Less than 5 years	92	29.8
	5–10 years	112	36.2
	More than 10 years	105	34.0
	Less than 10	158	51.1

Number of employees	10–30	97	31.4
	More than 30	54	17.5
Average monthly income/revenue	Less than 10 million VND	74	23.9
	10–30 million VND	103	33.3
	31–100 million VND	86	27.8
	More than 100 million VND	46	14.9
Total		**309**	**100**

Regarding organizational type, individual or household businesses accounted for the largest proportion of respondents with 132 participants (42.7%), followed by state owned organizations with 91 respondents (29.4%) and private organizations with 86 respondents (27.8%). This distribution reflects the diversity of institutional structures within the Vietnamese arts sector. In terms of respondent position, owners or directors constituted the largest group with 121 respondents (39.2%), followed by accounting or finance staff with 89 respondents (28.8%), managers with 77 respondents (24.9%), and other positions with 22 respondents (7.1%). This indicates that most participants held roles directly related to organizational management and financial decision making.

With respect to organizational experience, 112 respondents (36.2%) reported operating for 5 to 10 years, 105 respondents (34.0%) reported more than 10 years, and 92 respondents (29.8%) reported less than 5 years. This suggests that the sample included both relatively new and well established arts organizations. Regarding organizational size, more than half of the respondents worked in organizations with fewer than 10 employees (158 respondents, 51.1%), followed by organizations with 10 to 30 employees (97 respondents, 31.4%) and those with more than 30 employees (54 respondents, 17.5%). This reflects the predominance of small and medium sized organizations in the arts sector.

Finally, in terms of average monthly income or revenue, 103 respondents (33.3%) reported revenues between 10 and 30 million VND, 86 respondents (27.8%) reported revenues between 31 and 100 million VND, 74 respondents (23.9%) reported revenues below 10 million VND, and 46 respondents (14.9%) reported revenues exceeding 100 million VND. This variation in financial capacity provides a suitable basis for examining how digital transformation influences accounting system modernization and financial transparency in the arts sector in Vietnam.

4.2 Scale Reliability and Validity Assessment

Table 2 reports the reliability and convergent validity statistics for the study constructs, including Digital Transformation (DT), Accounting Governance Practices (AGP), Financial Transparency (FT), and organizational Type

in the Vietnamese arts sector. The results indicate strong internal consistency reliability across all constructs, as all Cronbach's alpha and composite reliability values exceed the recommended threshold of 0.70. Specifically, AGP demonstrates high reliability ($\alpha = 0.909$; CR $= 0.932$), followed by DT ($\alpha = 0.870$; CR $= 0.905$) and FT ($\alpha = 0.931$; CR $= 0.948$), confirming that the measurement items consistently reflect their underlying theoretical constructs. Convergent validity is also well established, as the Average Variance Extracted (AVE) values for all constructs exceed the minimum criterion of 0.50. In particular, FT exhibits the highest AVE (0.784), followed by AGP (0.734) and DT (0.657), indicating that a substantial proportion of variance in each construct is explained by its respective indicators. These findings suggest that the measurement model adequately captures key dimensions of digital transformation, accounting governance practices, and financial transparency within accounting systems in the Vietnamese arts sector.

Table 2: Construct Reliability and Validity

	Cronbach 's Alpha	rho_A	Composite Reliability	Average Variance Extracted (AVE)
AGP	0.909	0.910	0.932	0.734
DT	0.870	0.879	0.905	0.657
FT	0.931	0.933	0.948	0.784

Source: Data analysis by SmartPLS3

Table 3 presents the results of the discriminant validity assessment using both the Fornell–Larcker criterion and the Heterotrait–Monotrait ratio (HTMT). According to the Fornell–Larcker criterion, the square roots of the AVE values (diagonal elements) for AGP (0.857), DT (0.811), FT (0.885), and Type (1.000) are all greater than the corresponding inter-construct correlations, indicating satisfactory discriminant validity among the constructs. This suggests that digital transformation, accounting governance practices, and financial transparency represent empirically distinct dimensions within accounting systems in the Vietnamese arts sector. The HTMT ratios further confirm this conclusion, as all values fall well below the conservative threshold of 0.85. The highest HTMT value is observed between AGP and FT (0.722), which remains within acceptable limits, while the remaining construct pairs exhibit substantially lower ratios. These results demonstrate that the constructs are sufficiently distinct from one another, supporting the adequacy of the measurement model for subsequent structural model analysis.

Table 3: Fornell-Larcker Criterion and Heterotrait-Monotrait Ratio (HTMT)

	Fornell-Larcker Criterion				Heterotrait-Monotrait Ratio (HTMT)			
	AGP	DT	FT	Type	AGP	DT	FT	Type
AGP	0.857							
DT	0.321	0.811			0.351			
FT	0.666	0.409	0.885		0.722	0.447		
Type	0.117	0.075	0.002	1.000	0.121	0.077	0.019	

Source: Data analysis by SmartPLS3

4.3 Model Assessment and Discussion

Table 4 presents the results of the structural equation modelling (SEM) analysis conducted using SmartPLS 3. The findings indicate that all hypothesized relationships are statistically significant and consistent with the proposed research framework.

Firstly, the empirical results demonstrate that digital transformation (DT) has a positive and statistically significant effect on accounting governance practices (AGP) ($\beta = 0.321$, t $= 5.032$, $p < 0.001$), thereby supporting H1. This finding indicates that the adoption of digital technologies in accounting systems, such as cloud-based platforms, automated financial reporting tools, and digital data management solutions, significantly strengthens governance mechanisms in arts organizations in Vietnam. In particular, digital transformation enhances standardization, accuracy, traceability, and timeliness of accounting information, which in turn facilitates improved internal controls, monitoring processes, and accountability structures. This result aligns with Nasiri et al. (2020) and Hung et al. (2023), who argue that digitalization fundamentally reshapes organizational processes by enabling real-time information flows, reducing operational inefficiencies, and strengthening managerial oversight. Within the Vietnamese arts sector, where accounting practices have traditionally been fragmented and largely manual, digital transformation appears to play a crucial role in modernizing accounting systems and establishing more structured governance frameworks.

Secondly, the results reveal that accounting governance practices exert a strong and positive effect on financial transparency (FT) ($\beta = 0.605$, t $= 9.214$, $p < 0.001$), thus providing robust support for H2. This finding suggests that organizations with stronger accounting governance mechanisms are more capable of producing timely, reliable, and comprehensible financial information for stakeholders. Effective governance practices, including standardized reporting procedures, internal audit systems, segregation of duties, and accountability mechanisms, enhance the credibility and consistency of financial disclosures, thereby reducing information asymmetry and strengthening stakeholder trust. This result is consistent with Alassuli et al. (2025), who emphasize that governance quality constitutes a critical institutional foundation through which accounting systems influence transparency outcomes. In the context of Vietnam's arts sector, where organizations vary widely in ownership structure, regulatory oversight, and managerial capacity,

accounting governance practices emerge as a central determinant of financial transparency performance.

Thirdly, the findings indicate that digital transformation also has a direct and statistically significant effect on financial transparency (β = 0.221, t = 3.986, p < 0.001), thereby supporting H3. This result implies that beyond its influence through governance mechanisms, digital transformation independently enhances transparency by improving data accessibility, accuracy, and real-time reporting capabilities. Digital accounting systems enable automated transaction processing, electronic documentation, and integrated financial databases, which reduce human error, limit opportunities for manipulation, and facilitate timely disclosure. This finding is consistent with Hung et al. (2023) and Hoang et al. (2022), who highlight the role of digital accounting technologies in strengthening information quality and disclosure practices. For arts organizations in Vietnam, particularly those operating under resource constraints and informal management structures, digital transformation offers a practical pathway toward improving transparency and aligning financial practices with contemporary governance standards.

**Table 4:** Structural Equation Modelling Results Estimates

	Original Sample (O)	Sample Mean (M)	S.D (STD EV)	T Statistics (|O/STDEV|)	P Values
DT -> AGP	0.321	0.322	0.064	5.032	0.000
AGP -> FT	0.605	0.609	0.066	9.214	0.000
DT -> FT	0.221	0.218	0.055	3.986	0.000
DT -> AGP -> FT	0.194	0.197	0.047	4.113	0.000
Type -> FT	-0.085	-0.087	0.042	2.039	0.042
Adjusted R²: AGP = 0.100; FT = 0.488					

Source: Data analysis by SmartPLS3

Fourthly, the results show that accounting governance practices significantly mediate the relationship between digital transformation and financial transparency (β = 0.194, t = 4.113, p < 0.001), thereby confirming H4. The significance of both the direct effect of digital transformation on financial transparency and the indirect effect through accounting governance practices indicates a partial mediation, suggesting that while digital transformation directly improves transparency, a substantial portion of its impact operates through the enhancement of governance practices. This finding underscores the theoretical proposition that digital technologies alone do not automatically guarantee transparency outcomes; rather, their effectiveness depends on how well they are embedded within institutional governance frameworks that regulate data integrity, disclosure processes, and accountability structures. This result extends the mediating framework proposed by Alassuli et al. (2025) to the Vietnamese arts sector and highlights accounting governance

practices as a key transmission mechanism through which digital transformation modernizes accounting systems and translates technological investment into meaningful transparency improvements.

Finally, the analysis indicates that Type of organization has a statistically significant effect on financial transparency (β = −0.085, t = 2.039, p = 0.042), thereby supporting H5. This result suggests that financial transparency varies significantly across state-owned organizations, private enterprises, and individual or household businesses within the arts sector. The negative coefficient implies that compared to state-funded cultural institutions, privately operated and individual arts organizations may encounter greater challenges in achieving high levels of transparency, potentially due to differences in regulatory compliance requirements, financial reporting standards, managerial professionalism, and access to digital infrastructure. This finding underscores the importance of organizational context in shaping transparency outcomes and suggests that digital transformation strategies in the arts sector should be tailored to the governance capacity and institutional characteristics of different organizational types.
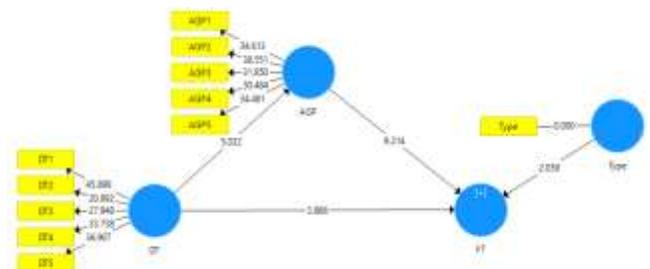
Figure 2: PLS Bootstrapping Model

Source: Data analysis by SmartPLS3

Overall, the structural model explains 10.0% of the variance in accounting governance practices (Adjusted R² = 0.100) and 48.8% of the variance in financial transparency (Adjusted R² = 0.488), indicating a moderate to substantial explanatory power of the proposed framework. Collectively, these findings provide strong empirical support for the study's central proposition that digital transformation serves as a critical driver of accounting system modernization and financial transparency in the Vietnamese arts sector, both directly and indirectly through strengthened accounting governance practices. The results further suggest that effective governance mechanisms are essential for converting digital investments into sustainable transparency outcomes, particularly in a sector characterized by diverse organizational forms, uneven regulatory enforcement, and varying levels of managerial capacity. These insights contribute to the growing literature on digital accounting transformation and extend its application to the underexplored context of arts organizations in emerging economies, offering important theoretical and practical implications for policymakers, managers, and cultural administrators in Vietnam

In addition to the hypothesized structural relationships, organizational type was included in the model as a control

variable to account for institutional differences within the Vietnamese arts sector. The results show that organizational type has a statistically significant effect on financial transparency ($\beta = -0.085$, t = 2.039, p < 0.05). This finding indicates that financial transparency varies systematically across different types of arts organizations, even after controlling for digital transformation and accounting governance practices. This result provides additional empirical support for H5, confirming that organizational type significantly influences financial transparency outcomes in the Vietnamese arts sector.

To examine the mean differences between types of organization towards financial transparency in the arts sector in Vietnam, the study employed the one-way ANOVA by SPSS 27. The results of the one-way ANOVA indicate statistically significant differences in financial transparency (FT) across different types of organizations in the Vietnamese arts sector. The ANOVA test shows that the mean levels of financial transparency vary significantly among groups ($F(2, 306) = 7.913$, p < 0.001), providing empirical support for H5 and confirming that organizational type plays an important role in shaping financial transparency outcomes.

Table 5: ANOVA Results on Financial Transparency across Organizational Types

Test	Statistic	df1	df2	F Value	Sig.
Levene's Test (Homogeneity of Variances)	23.724	2	306	-	0.000
One-way ANOVA	-	2	306	7.913	0.000
Welch Robust Test	-	2	186.548	14.482	0.000

Source: Data analysis by SPSS27

Levene's test for equality of variances is statistically significant (p < 0.001), indicating a violation of the homogeneity of variance assumption. To address this issue, a robust test of equality of means was conducted. The Welch test also reports statistically significant differences across organizational types (Welch = 14.482, p < 0.001), thereby confirming the robustness and reliability of the ANOVA results despite the heterogeneity of variances.

Descriptive comparisons reveal a clear pattern in financial transparency levels across organizational types. State-owned arts organizations exhibit the highest levels of financial transparency, likely reflecting stronger regulatory oversight, more standardized accounting systems, and greater institutional pressure for disclosure. Private arts organizations demonstrate moderate levels of financial transparency, while individual and household-based arts businesses report the lowest levels. These differences may be attributed to variations in accounting formalization, governance structures, and the adoption of digital accounting technologies across organizational types.

Overall, the findings highlight that organizational characteristics significantly influence the effectiveness of digital transformation initiatives in enhancing financial transparency. While digital technologies provide a common infrastructural foundation, their transparency-enhancing effects are uneven across organizational types, underscoring the need for differentiated governance mechanisms and policy interventions tailored to the institutional context of arts organizations in Vietnam.

5. IMPLICATIONS AND CONCLUSION

This study contributes to the literature on digital transformation, accounting governance, and financial transparency by offering new empirical insights into the governance mechanisms underlying transparency outcomes. Drawing on agency theory by Jensen & Meckling (1976), the findings demonstrate that digital transformation enhances financial transparency both directly and indirectly through accounting governance practices, thereby elucidating how digital technologies help reduce information asymmetry when embedded within effective governance structures. By empirically confirming the mediating role of accounting governance practices, this study advances prior research that has often examined digital transformation and financial transparency as parallel rather than interconnected phenomena. Moreover, the study enriches the emerging body of research on digital accounting transformation by providing evidence from the underexplored context of arts organizations in an emerging economy, where institutional diversity and uneven governance capacity present distinct challenges. Collectively, these findings underscore the pivotal role of governance in converting digital investments into substantive and sustainable transparency outcomes.

The findings of this study offer several important practical implications for policymakers, managers, and cultural administrators in the Vietnamese arts sector. Firstly, the results underscore that digital transformation should be treated as a strategic governance initiative rather than merely a technological upgrade. Investments in cloud-based accounting systems, automated reporting tools, and digital data management platforms are most effective when accompanied by robust accounting governance practices, including standardized reporting procedures, internal controls, and clear accountability mechanisms. Arts organizations should therefore adopt an integrated approach that aligns digital transformation initiatives with governance reforms to fully realize transparency benefits.

Secondly, the strong positive effect of accounting governance practices on financial transparency suggests that strengthening governance capacity is a critical priority for arts organizations. Managers should focus on formalizing accounting processes, implementing internal audit functions, clarifying roles and responsibilities, and ensuring compliance with reporting standards. For organizations with limited resources, particularly private and household-based arts entities, targeted capacity-building programs and shared digital accounting services may help overcome structural constraints.

Thirdly, the significant differences in financial transparency across organizational types indicate the need for differentiated policy interventions. State-owned arts organizations, which already benefit from stronger regulatory oversight, can serve as benchmarks for best practices in digital accounting and transparency. In contrast, private and individual arts organizations may require tailored regulatory guidance, financial incentives, and technical support to enhance their adoption of digital accounting systems and governance mechanisms. And finally, the findings suggest that policymakers should promote sector-wide digital accounting standards and governance frameworks to ensure consistency and comparability in financial reporting across the arts sector. Such initiatives would not only improve transparency and accountability but also strengthen stakeholder trust, facilitate funding allocation decisions, and support the long-term sustainability of arts organizations in Vietnam.

Despite its contributions, this study is subject to several limitations that suggest directions for future research. The cross-sectional research design constrains the ability to capture causal relationships and dynamic changes in digital transformation, accounting governance, and financial transparency over time; longitudinal approaches would allow for a more nuanced examination of how these relationships evolve across different stages of digital adoption. In addition, the reliance on self-reported survey data may introduce response bias, indicating the value of future studies incorporating objective measures of financial disclosure or archival data to strengthen measurement validity. Furthermore, extending the analysis to other creative industries or conducting cross-country comparative studies would enhance the generalizability of the findings and contribute to the refinement of theoretical frameworks linking digital transformation, governance mechanisms, and transparency across diverse institutional contexts.

6. ACKNOWLEDGMENT

7. REFERENCES

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