



Applying Management Accounting Techniques at Hanoi Manufacturing Enterprises

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ABSTRACT:

Information management accounting improves productivity and resource allocation leading to direct financial benefits for businesses, as well as bringing value to society. Effective use of management accounting will help improve business performance and bring competitive advantage to businesses. To improve management efficiency and help Hanoi businesses stand firm in a competitive economy, administrators need to be equipped with modern management knowledge with the support of information systems. Management accounting to provide appropriate and timely information to help managers make decisions. Applying management accounting in practice is using the tools and techniques of management accounting to provide useful information for the business's decision-making process. Survey forms were sent to 150 manufacturing enterprises in Hanoi to evaluate the current status of applying management techniques. The results show that management accounting techniques have been widely applied to collect information for administrators.

KEYWORDS: Management accountant, manufacturing enterprise, Hanoi.

1. INTRODUCTION

In the market economy, the role of management accounting information is increasingly expanding and affirming its development position. The basic reason is due to fierce competition between businesses and economic groups. In that competition, businesses and economic groups can succeed or fail. One of the important factors leading to the success or failure of businesses is management accounting information. The importance of management accounting information for management activities has raised the need to develop a method capable of providing appropriate, timely, and reliable information for planning, controlling and using resources, evaluating performance, and making business decisions.

Information management accounting provides improved productivity and resource allocation leading to direct financial benefits for businesses, as well as bringing value to society. Effective use of management accounting will help improve business performance and bring competitive advantage to businesses. To improve management efficiency and help Hanoi businesses stand firm in a competitive economy, administrators need to be equipped with modern management knowledge with the support of information systems. Management accounting to provide appropriate and timely information to help managers make decisions.

This article aims to learn about the current status of applying management accounting techniques in Hanoi manufacturing enterprises, and thereby provide recommendations to help improve the efficiency of using management information in enterprises.

2. THEORETICAL BASIS

CIMA (1987) introduced the concept of management accounting as providing information to managers for: developing policies, planning and controlling business activities, and making decisions based on different options. CIMA has defined management accounting as a professional practice that involves participation in decision-making, planning and performance management systems, and the provision of financial reports and control to support managers in building and implementing corporate strategies (Ahmad, 2012). IFAC in 1989 defined management accounting as the process of identifying, measuring, synthesizing, analyzing, interpreting and communicating information to managers for the purposes of planning, measuring, and controlling an organization and ensuring the responsible use of its resources.

Management accounting is a process of continuously improving and adding value to the planning, design, evaluation, and operation of financial and non-financial information systems to guide management actions, motivate, support, and create the cultural value needed to achieve an organization's strategic, tactical, and operational goals. A management accounting system is a complex management system implemented to provide financial and non-financial information for business administrators to enable them to perform their functions. Management accounting has become a useful tool that makes an important contribution to supporting and developing the process of measuring business performance (Sultan et al., 2021). According to research by Ghasemi and colleagues (2019), management accounting includes traditional and modern tools, which have proven its effectiveness in measuring

sustainable performance and evaluating the achievement of industry in developed countries. Initially applied in businesses, management accounting was mainly used to determine and control costs. Abdel (2006) found that as the business environment changes, management accounting focuses more on planning and control. In recent years, management accounting techniques have focused on providing information to effectively use resources and support strategy formulation and implementation. Management accounting techniques aim to create added value for customers, shareholders and business innovation (Abdel, 2006).

Applying management accounting in practice is using the tools and techniques of management accounting to provide useful information for the business's decision-making process. According to the approach of Chenhall and Langfield-Smith (1998), management accounting techniques include traditional techniques such as budgeting for planning and control, and performance measurement for responsibility centers, profit reporting for sales department and CVP analysis for decision making; Management accounting techniques also include many modern techniques such as ABC, BSC, group performance measurement and strategic planning techniques. Based on the inheritance of the studies Chenhall and Langfield-Smith (1998), Abdel-Kader and Luther (2006), Ahmad (2012) and also starting from the functions and roles of management accounting in management organizations businesses, has compiled management accounting tools into the following five groups: Tools for building estimates (revenue estimates, profit estimates, flexible estimates...); Pricing tools (standard cost calculation, order-based pricing, production-based pricing, variable cost pricing, activity-based pricing, etc.); Decision support tools (cost - output - profit analysis, break-even point analysis, product profit analysis, customer profit analysis...); Performance assessment tools (point balance, non-financial measurement tools...); Strategic management accounting tools (comprehensive quality management system, lean production system, target costing, value chain analysis).

3. RESEARCH METHODS

Quantitative research to evaluate the level of application of management accounting techniques in manufacturing enterprises in Hanoi, is carried out through the following 3 steps:

Step 1: We build a questionnaire on Google Forms, send it to accountants and business managers via email using a convenient sampling method, and send it to friends, relatives, and partners. ...

Step 2: The number of survey questionnaires distributed was 160, sent to 160 enterprises, and the number of votes collected was 150 from 150 enterprises, reaching 94%. All receipts meet the required information requirements.

Step 3: We analyze the data on SPSS 22 software with the following tools: Frequency statistics, average statistics.

The questions in the survey apply Apply the 5-point Likert scale: 1- Strongly disagree; 2 - Disagree, 3 - Normal, 4 - Agree, 5- Strongly Agree.

4. RESEARCH RESULTS

Descriptive statistical results of Hanoi manufacturing enterprises

Of the 160 businesses that sent survey forms, the research team received responses from 150 businesses with 150 valid survey forms.

Regarding the type of business: There are 80 companies (accounting for 53.3%) that are joint stock companies and 70 companies (accounting for 46.7%) are limited companies.

Regarding the scale of business capital: There are 90 companies (accounting for 60%) with business capital of less than 20 billion VND, 40 companies (accounting for 26.6%) with business capital from 20 to 100 billion VND, and 20 companies (accounting for 13.4%) surveyed had business capital exceeding 100 billion VND.

Regarding the size of the number of employees: There are 27 companies (accounting for 18%) with less than 10 employees, 73 companies (accounting for 48.7%) have employees from 10 -200 people, 30 companies (accounting for 20%) has a workforce of 200 -300 people, and 20 companies (accounting for 13.3%) have a workforce of over 300 people.

Table 1. Characteristics of surveyed enterprises

Characteristics		N = 150	Percentage (%)
Type	Joint Stock Company	80	53.3%
	Limited liability company	70	46.7%
Number of employees	< 10 persons	27	18.0%
	10- 200 persons	73	48.7%
	200-300 persons	30	20.0%
	> 300 persons	20	13.3%
Capital	< 20 billion VND	90	60%
	20 – 100 billion VND	40	26.6%
	> 100 billion VND	20	13.4%

The appropriateness of applying management accounting techniques

Table 2 shows statistical views on the appropriateness of using management accounting techniques in businesses. The results show that a number of survey questionnaires answered about the appropriateness of applying accounting techniques. In management accounting, the number of opinions saying it is "completely appropriate" is the highest (37%), and the number of opinions saying it is completely inappropriate is (10%).

Table 2. Statistics of opinions on the appropriateness of applying management accounting techniques

No.	Opinion	Quantity	Ratio	Cumulative rate
1	Not suitable	15	10%	10%
2	Partially suitable	34	23%	33%
3	Perfect fit	56	37%	70%
4	Have no ideas	45	30%	100%
Total		150	100%	

Difficulties encountered when applying management accounting techniques in businesses

In the process of implementing management accounting techniques, businesses encounter many difficulties. The difficulties cited for not applying management accounting or thinking that management accounting is not suitable for practice at the unit are summarized in Table 3. The most difficult difficulties businesses face are difficulties in human resources, such as insufficient human resources, and human resources not having a full understanding of management accounting techniques.

Table 3. Difficulties when businesses apply management accounting techniques

No.	Opinion	Quantity	Ratio	Cumulative rate
1	Line of business, a form of business ownership	13	9%	9%
2	Management accounting has not been implemented appropriately	6	4%	13%
3	Difficulties in human resources (not enough human resources, insufficient understanding...)	36	24%	37%
4	Lack of coordination between departments	5	3%	40%
5	Difficulty in finding information about competitors	4	3%	43%
6	Difficulty in finding information about customers	3	2%	45%
7	Legal documents frequently change	5	3%	48%
8	Information technology has not been able to respond	4	3%	51%
9	The effectiveness is not commensurate with the cost	5	3%	54%
10	No idea	69	46%	100%
Total		150	100%	

Regarding business lines of operation/form of ownership: Characteristics of business lines, state ownership in some businesses is considered one of the difficulties in applying management accounting in businesses (9%).

Regarding the organization of management accounting: businesses have not organized management accounting work appropriately, and management decisions are also made emotionally, which is considered the reason for not applying management accounting (4%).

Regarding accounting human resources: Accounting staff lack experience, are not knowledgeable about the company's operations, are not equipped with knowledge about management accounting, have limited information technology skills, and lack a sense of responsibility is the reason that hinders the application of management accounting given by the most individuals (36%).

Lack of coordination between departments: Departments do not understand each other's work, information is not clear, and there is no cooperation in operations, which is one of the reasons why applying management accounting becomes difficult (3%).

Difficulty in finding information about competitors (3%).

Difficulty in finding information about customers (2%).

Legal documents: Continuous changes in provisions in Laws, and regulations... lead to difficulty in building long-term plans and failure to apply management accounting techniques (3%).

Information technology is not enough: Some businesses only apply single accounting software, which is not suitable for implementing modern management accounting techniques (3%).

The effectiveness is not commensurate with the costs, leading to businesses not being interested in applying management accounting techniques in their businesses (3%).

Trends in applying management accounting in businesses in the future

Table 4. Future trends in applying management accounting in businesses

No.	Opinion	Quantity	Ratio	Cumulative rate
1	Difficult to answer	3	2%	2%
2	No intention yet	23	15%	17%
3	Studying	35	23%	41%
4	Will/is implementing additional applications	52	35%	75%
5	Have no ideas	37	25%	100%
Total		150	100%	

Expressing their views on whether businesses will use or continue to expand their use of management accounting techniques in the future (Table 4), surveyed individuals said:

It is difficult to answer whether or not to apply/expand the application of management accounting techniques at businesses because businesses do not have a clear direction, depending on market changes and development orientation developments of the company (2%).

No or no plans to apply/apply more: businesses have no direction or not to apply/apply more management accounting techniques (15%).

Enterprises are researching techniques and will apply them if they find them appropriate or necessary (23%).

Enterprises are implementing/expanding the application of management accounting techniques through the establishment of a specialized department, application of appropriate support software/application of ERP or choosing to apply a specific technique (35%).

5. CONCLUSION

With survey results of 150 Hanoi manufacturing enterprises on the current status of applying management accounting, the results show that 37% of business administrators believe that the application of management accounting techniques is appropriate. in business. In the process of implementing management accounting techniques, manufacturing enterprises in Hanoi encounter many difficulties. Among them, the most difficult difficulties businesses encounter are difficulties in human resources, such as insufficient human resources and human resources that do not have a full understanding of management accounting techniques. Next is the characteristics of the business industry, state ownership in some businesses is considered one of the difficulties in applying management accounting in businesses. Presenting their views on whether or not their businesses will use or continue to expand their use of management accounting techniques in the future, managers of Hanoi manufacturing enterprises said they are willing to learn more management accounting techniques to increase the application of management accounting in businesses.

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