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Using Planning, Measurement and Control Techniques in Hanoi Enterprises

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Abstract

In the context of the business environment, there have been many changes in form and nature, containing within it fierce competition, risks, and pressures that businesses must confront. Globalization combined with the high flexibility of the business environment is also a challenge that requires businesses to change in order to adapt and develop sustainably. In addition, business administrators need to be provided with sufficient useful information as a basis for making short-term and long-term business decisions. In strategic management accounting technical groups, the planning,

measurement and control technical group always plays an important role in providing information to administrators. The author conducted research at businesses in Hanoi, with 118 survey questionnaires sent to 118 companies in the third quarter of 2023. The author used SPSS to process the collected data and results shows that analysis, planning, measurement and control of operations techniques have been implemented in businesses in Hanoi but the level of use of different techniques is different.

Keywords: Control Techniques, Enterprises, Management

1. Introduction

In the context of the business environment, there have been many changes in form and nature, containing within it fierce competition, risks, and pressures that businesses must confront. Globalization combined with the high flexibility of the business environment is also a challenge that requires businesses to change in order to adapt and develop sustainably. In addition to changing management thinking and applying modern management models, business administrators need strong support from information systems to make effective business decisions. Through effective management, businesses effectively use resources to bring added value to the business. For businesses in Hanoi, when they operate in a globalized environment, it means they face more competitors. New businesses must learn a lot from competitors, and must have enough information to measure the performance of the business. This information becomes a necessity for experienced managers, who are facing the current need to fend off competition from competitors, who are looking for ways to do business effectively. Through this source of information, it gives administrators a clear view of business performance. This is also the source of information for administrators to realize their strategic goals. Therefore, for businesses in Hanoi to aim for sustainable development in a globally competitive environment, business administrators need to be provided with information to plan, control and measure performance.

This article studies the level of use of planning, control and performance measurement techniques at businesses in Hanoi, expressed through three main contents, including systematizing related theories, analyze the current situation and provide solutions.

2. Literature Review

According to Cadez & Guilding (2008) ^[1] there is consensus and disagreement on what constitutes strategic management accounting. This shows the inconsistency in the concept of strategic management accounting and the content of strategic management accounting, which has motivated many authors to research management accounting techniques to serve the orientation of strategic management accounting and is considered a technique of strategic management accounting. Up to now, some researchers are mentioning increasing the number of strategic management accounting techniques to 18 techniques, divided into 6 groups: cost, control planning and performance measurement, decision strategy, competitor accounting, customer accounting and environmental management accounting. In particular, the group of effective measurement and control planning techniques includes benchmarking techniques and performance measurement techniques (Chenhall, 2005).

Benchmarking

Elnathan *et al* (1992) ^[6] argue that benchmarking has become central to businesses as they face changes in economics, technology and organizational structure. This group of authors believes that, although benchmarking has been implemented for a while, there is no specific name and systematization of the process. Benchmarking is not the same as traditional standard setting as it is a technique with an external descriptive focus that aims to improve business performance by comparing factors such as productivity, competitiveness, alternative cost and quality methods compared to best practices from competing businesses.

Chenhall and Langfield-Smith (1998) ^[2] argue that benchmarking is more beneficial in high-performing companies with a product differentiation strategy. McNair and Liebfield (1994) concluded that benchmarking has a number of benefits for organizations including focusing management attention on broad business principles, the ability to improve management techniques through international practices and promote sustainable employee commitment. Benchmarking started out as a manufacturing tool, over time it has become widely used in the service sector.

Performance Measurement

This technique not only looks at organizational performance internally but many investors and shareholders can monitor the results of the organization. Administrators can track four aspects of the organization: financial, customer, internal business and learning growth. In particular, two of these four aspects are internal business processes and the growth learning aspect seeks better business processes, leading to increased value for customers, improved financial performance for organizations and relevant parties.

Financial Aspects: The financial aspect of performance measurement is important in summarizing the measurable economic results from the activities performed. The objectives in this dimension will indicate whether the implementation of the strategy-which is detailed in the remaining dimensions-will lead to improved bottom line results. Financial goals are often related to profits, such as profits, return on capital ratio, revenue growth rate, asset utilization efficiency.

Customer Aspects: In the customer aspects: Managers determine the market segment and customers the company will participate in, and measure their unit's performance in that segment. This aspect often includes a number of typical measures to measure the success of the strategy such as: customer satisfaction level, customer loyalty level, new customer attraction level, market share in the segment. The customer aspects also include a number of specific goals related to the values the company brings to customers such as shortening order times, on-time delivery, continuous product improvement, or the ability to the ability to forecast new market needs and the ability to develop new products promptly to meet those new needs. The customer aspect makes it possible for business managers to connect customers with market strategies, which will create future financial value.

Internal Process Aspects: In the internal process aspect of the balanced scorecard in performance measurement, managers identify the key processes that the business must perform well. Those processes enable businesses to: Create

value to attract or retain customers in target markets and satisfy shareholder expectations regarding financial goals. Internal process metrics focus on the internal processes that have the greatest impact on customer satisfaction and the organization's financial goals including: operational processes within the business, customer management processes, innovation and innovation processes and social related processes. Traditional performance measurement systems focus on current value and service creation processes for current customers, focusing on controlling and improving current operating processes, creating short term values. The value creation process begins with receiving orders from existing customers for existing products and services and ends with delivering the goods to customers. Organizations create value by producing, delivering, and selling goods at prices above cost. But to achieve long-term financial success, organizations may have to create entirely new products and services to meet the new needs of current and future customers. For many companies, the ability to successfully manage a multi-year new product development process or the ability to develop an entirely new customer group can be critical to the company's economic success over the years. future rather than managing current operating processes in a stable and effective manner.

Training and development aspects: The training and development aspect defines the infrastructure that an organization must build to create long-term growth and innovation. Training and development in the organization is carried out based on three main resources: human resources, information system resources and organizational resources. Financial, customer, and internal process goals indicate large gaps between the current capabilities of people, information systems, and organizational capabilities and the future requirements that must be achieved to create breakthrough development for the organization. To eliminate this gap, businesses need to invest in improving employee qualifications, strengthening information technology systems, and rearranging the organization. These goals are reflected in the training and development aspects of the balanced scorecard. Employee-related metrics include metrics such as employee satisfaction, training, and skills. The capacity of an information system can be measured through the availability and accuracy of customer information and internal process information.

3. Research Method

Descriptive statistics: Using primary and secondary data to evaluate and systematize data on the current status of applying cost techniques in Hanoi businesses.

Analysis and synthesis: Collected data on the current status of application of costing techniques is analyzed and synthesized so that it can be compared and evaluated at Hanoi enterprises.

Survey questionnaire: The questionnaire is designed for online surveys and is printed on paper. The online survey form is sent via a link to the email. Paper-printed ballots are sent by post. The questions in the survey applied a 5-level Likert scale: 1- Strongly disagree; 2 - Disagree, 3 - Neutral, 4 - Agree, 5- Strongly agree.

Of the 130 businesses sent survey forms, the research team received responses from 118 businesses with 118 valid survey forms.

4. Results

In the study, the author applied a stratified sampling method to divide the research population into different subgroups that satisfy the criteria that elements within the same group are highly homogeneous, and elements between groups have high homogeneity. The overall study is divided into two groups: (1) large enterprises; (2) small and medium enterprises. The size of large, medium and small enterprises is based on the number of employees of the enterprise according to Decree 39/2018/ND-CP guiding the Law on Support for Small and Medium Enterprises. Accordingly, enterprises with less than 200 employees are classified as small and medium-sized enterprises. Enterprises with 200 or more employees are classified as large-scale or large-scale enterprises.

Table 1: Survey sample

Enterprise	Number of businesses sending surveys	Number of businesses responding to surveys	Number of surveys sent	Number of surveys received
Big business	40	36	40	36
Administrator, chief accountant			40	36
Small Business	90	82	90	82
Administrator, chief accountant			90	82
Total	130	118	130	118

General Characteristics of Businesses in Hanoi City

Regarding quantity: According to business registration data, as of June 31, 2023, the whole country had 758,610 operating businesses, an increase of 6.1% compared to the same period in 2018. Of which, Hanoi ranked 2nd with 155,940 businesses. There are 508,770 businesses operating in the service sector, accounting for 67.1% of the entire business sector of the country, an increase of 6.9% compared to the same period in 2018. The industrial and construction sector has 239,755 enterprises, accounting for 31.6%, an increase of 5.1%. The agriculture, forestry and fishery sector has 10,085 enterprises, accounting for 1.3%, down 6.3%. In 2022, Hanoi city has issued Business Registration Certificates to more than 27,000 businesses. Thus, in 4 years, from 2019-2022, there were 100,850 newly established businesses, the average number of newly established businesses increased by 9.7% each year. On average, for every 35 people in the Capital, there is 1 business registered, 3.8 times higher than the national average.

Regarding business capital: According to statistical yearbook data, the total capital of businesses in Hanoi city is more than 3 million billion VND, accounting for 15.84% of the total capital of businesses nationwide. Net revenue of businesses reached more than 6 million billion VND, of which non-state-owned enterprises accounted for a large proportion. The rate of profitable businesses in 2022 is 47.3% with a return on capital of 2.7%.

Regarding technological level: For manufacturing enterprises, the classification by technological level shows that enterprises with low technology still account for a large proportion of over 50%. Businesses using high technology

only account for over 10%.

Current Status of Applying Measurement and Control Planning Techniques

Control measurement planning techniques include benchmarking and performance measurement. Performance measurement here is the practice of using the balanced scorecard to measure and evaluate performance. Research results around the world show that many businesses have been using this group of techniques. According to Chenhall and Langfield-Smith (1998) [2], in Australia, up to 88% of businesses use performance measurement through the balanced scorecard. This figure is 40% of businesses in India (Joshi, 2001) [7].

At businesses in Hanoi city, this technical group has also been put into use. Business administrators are aware of the importance of measuring performance in an increasingly competitive environment. According to the survey results, the level of use of benchmarking techniques is higher than that of performance measurement techniques, measuring mean values of 3.8 and 3.69, respectively. According to the interview results, the managers of both large-scale enterprises are clearly aware of the benefits of planning, measurement and control techniques, and in fact the enterprises are also applying these techniques. For the two small-medium sized enterprises interviewed, the administrators had not yet had access to the technical content, however, after learning about the methods with the authors, the administrators had the intention to apply to your business in the future.

Table 2: Status of using technical groups to plan, measure and control

	N	Minimum	Maximum	Mean	Std. Deviation
Benchmarking	118	1	5	3.80	1.009
Performance measurement	118	1	5	3.69	.961
Valid N (listwise)	118				

To evaluate the differences in the level of use of planning, measurement and control techniques, the author conducted group comparisons according to enterprise size. The survey results are shown in Table 3. According to this result, benchmarking techniques have a clear difference between small and medium-sized enterprises and large-scale enterprises. The level of use in large-scale enterprises is quite high with a mean of 4.66. Meanwhile, there are also differences in performance measurement techniques that businesses choose to use, but the level of difference is not significant. According to research, large-scale businesses use performance measurement techniques to a greater extent.

Table 3: Status of using technical groups to plan, measure and control by enterprise size

	Number of employees	N	Mean	Std. Deviation	Std. Error Mean
Benchmarking	0-200	82	3.17	.989	.112
	tren 200	36	4.66	.598	.085
Performance measurement	0-200	82	3.43	1.062	.120
	tren 200	36	3.99	.685	.097

5. Conclusion

This is a group of technical tools used to plan, control and evaluate activities in businesses. The results show that manufacturing enterprises in Hanoi city have begun to learn and use this group of techniques. Business administrators are aware of the importance of measuring performance in an increasingly competitive environment. Management accounting techniques in general and planning and control techniques in particular are not only new to manufacturing enterprises in Hanoi but also new to enterprises in many countries around the world. In some countries around the world, the level of application of strategic management accounting techniques is quite low. As in India, in Joshi's (2001) ^[7] research, the average rate of applying strategic management accounting techniques is less than 30% compared to 50% in Australian businesses according to Chell hall and Smith (1998) ^[2].

From the analysis results, it has been shown that the use of planning, measurement and control techniques in Hanoi enterprises is different for enterprises of different sizes. And for each type of technique, businesses also choose to implement it at different levels. Theoretically, benchmarking and performance measurement are fundamental techniques for planning and measuring performance. These are channels that provide basic information to help administrators have more information as a basis for making business decisions. However, in practice, research shows that many techniques are not highly appreciated and are not used much. In today's highly competitive environment, businesses have useful sources of information for managers to make business decisions, which will bring competitive advantages to businesses. This helps businesses achieve operational efficiency, achieve strategic goals and develop sustainably in the future.

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