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A Study of Management Accounting Information in Tourism Firms

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Abstract

Tourism firms have proactively and creatively introduced many new tourism products that have been well received by many tourists, such as the "Sacred Night" tour of Hoa Lo Prison Relic Area, the product series "Exploring Southeast Asia" of the Museum of Ethnology, etc. However, Hanoi city should promote links to build products, services, and tours that are typical of Hanoi. At the same time, clearly identify the tourist market segment and have tourism products that suit the needs of tourists. The application of advanced management accounting practices (MAP) is considered the key to business success in severe competition nowadays. In 1998, the International Federation of Accountants (IFAC) issued a MAP evolution model with

four stages (the IFAC model). To cope with the fiercely competitive environment, firms will increase the use of management accounting information to support planning, control, and decision-making (Hoque *et al.*, 2001) ^[13]. This article presents the theoretical framework, research overview, and discussion on management accounting information in tourism firms in Hanoi through a review of existing literature and related studies, and at the same time provides more specific directions for further empirical analysis. Researching management accounting information in tourism firms in Hanoi has many practical implications and contributes to perfecting the theoretical framework of management accounting in Vietnam today.

Keywords: Management Accounting Information, Accounting, Finance, Tourism Firms

JEL Codes: M40, M41, F65, G30

1. Introduction

Information has been recognized as one of the powerful resources that can significantly influence the wealth of firms (Barney, 1991) ^[4].

The application of management accounting in Vietnamese small and medium-sized enterprises is still limited, focusing only on financial accounting; management accounting receives little attention (Tran, 2016) ^[28].

To cope with the fiercely competitive environment, firms will increase the use of management accounting information to support planning, control, and decision-making (Hoque *et al.*, 2001) ^[13].

According to Mr. Tran Trung Hieu, Deputy Director of the Hanoi Department of Tourism, in the first six months of 2023, the total number of tourists coming to Hanoi will reach 12.33 million, an increase of 42% over the same period in 2022. Of these, international tourists to Hanoi are estimated at 2.03 million visitors, an increase of 7 times compared to the same period in 2022. Domestic tourists are estimated to reach 10.3 million visitors, up 22.6% over the same period in 2022. Total revenue from tourists is estimated at 44.88 trillion VND, up 74.3% over the same period last year (Thai Son, 2023) ^[27].

In the first six months of 2023, the average room occupancy rate of the hotel sector is estimated at 61.1%, an increase of 31.1% over the same period in 2022. Hanoi currently has 3,756 tourist accommodation establishments with 70,218 rooms. Of these, 603 hotels have been rated 1–5 stars with 25,550 rooms, accounting for 16.1% of the total number of tourist accommodation establishments in the area and 36.3% of the total number of rooms (Thai Son, 2023) ^[27].

According to a representative of the Department of Tourism, Hanoi has 1,488 international travel service firms and 319 domestic travel service firms licensed to operate. The city is currently a locality with many licensed international travel businesses, accounting for more than 35% of the country (the country currently has 4,223 firms) (Thai Son, 2023) ^[27].

For the above reasons, this research has both theoretical and practical significance.

2. Literature Review

2.1 Uncertainty theory and apply uncertainty theory

This theory holds that a management accounting system designed to suit the internal and external context of the organization will contribute to improving business performance.

Management accounting research based on uncertainty theory has attracted the attention of many researchers over the past 40 years (Otley, 2016) ^[20]. Uncertainty theory points out that context-appropriate information is information that supports administrators in making the right decisions, thereby improving the business performance of the enterprise (Otley, 2016) ^[20].

Management accounting research applying uncertainty theory focuses on understanding the antecedents of using management accounting information (Abdel-Kader & Luther, 2008; Cadez & Guilding, 2008) ^[1, 6].

A number of studies have investigated the consequences of using management accounting information (Agbejule, 2005; Mia & Clarke, 1999; Miah & Mia, 1996) ^[2, 18, 19].

There have been many management accounting studies applying uncertainty theory to understand the effects of competition (Baines & Langfield-Smith, 2003; Doan, 2016; Nguyen & Doan, 2016) ^[3, 10, 22], recognizing knowledge of environmental uncertainty (Agbejule, 2005) ^[2] for the use of broad-scope management accounting information.

Several management accounting studies applying uncertainty theory have shown a relationship between environmental uncertainty and the usefulness of broad-scope information (Chong & Chong, 1997; Gul & Chia, 1994) ^[8, 11].

According to uncertainty theory, context-appropriate information is information that helps managers make the right decisions, thereby improving business performance (Otley, 2016) ^[20].

2.2 Management accounting information

Chenhall & Morris (1986) ^[7] were the first to develop a useful tool to measure perceptions of management accounting information on four dimensions: (i) broad scope, (ii) timeliness, (iii) totality combination, and (iv) synchronization. Most of the later studies inherited Chenhall & Morris's (1986) ^[7] scale, but most focused on the broad scope because of its important role in supporting administrators in performing their functions. Planning, control, and decision-making skills (Cadez & Guilding, 2008; Mia & Clarke, 1999) ^[6, 18].

Research by Gul & Chia (1994) ^[11] shows that decentralization and the availability of broad and aggregated management accounting information are associated with higher business performance under uncertain environmental conditions.

Broad-scope management accounting information includes information about the external environment, such as: (i) financial information: total market revenue, company market share, and GNP; (ii) non-financial information: demographics, consumer preferences, competitor actions, and technological advances; and (iii) information related to possible future events (Chenhall & Morris, 1986) ^[7]. Therefore, the use of broad-scope management accounting information refers to managers' use of both financial and non-financial information, both inside and outside the enterprise, as well as processing information from the past and forecasting the future to make decisions and control the

implementation of corporate strategy (Naranjo-Gil & Hartmann, 2007) ^[21].

According to Nguyen and Le (2020) ^[23], the use of broad-scope management accounting information includes: (i) The company uses information related to events that may occur in the future; (ii) The company uses non-financial information related to products and markets, such as market share and market share growth rate; (iii) The company uses other non-financial information, such as customer preferences, employee relationships, attitudes of regulators and consumer associations, competitive threats; and (iv) The company uses information about macro factors outside the company, for example: economic situation, population growth, technological developments.

Inheriting the results of the above studies and based on the opinions of interviewed experts, we believe that broad-scope management accounting information in tourism businesses includes: (i) information about future orientation; (ii) non-financial information related to tourism services and tourism markets; (iii) other non-financial information such as visitor attitudes and relationships between employees; and (iv) information about macro factors outside tourism firms.

Role and usefulness

If quality or innovation is central to a competitive strategy, it is important that a business's management accounting system provide information about results related to quality, customer satisfaction, technology leadership, innovation, training, and development (Fisher, 1992, cited in Baines & Langfield-Smith, 2003) ^[3].

To meet customer needs, the challenge for any management accounting system is to provide wide-ranging information to help managers make informed decisions (Horngren, 1995) ^[14].

Faced with changes in the business environment, firms not only increase the use of management accounting information but also have to change their business strategies to satisfy customers and cope with competitors (Teece *et al.*, 1997) ^[26].

Mia & Clarke (1999) ^[18] argue that the level of competition affects performance through the use of management accounting systems.

Wilkinson *et al.* (2000) ^[24] affirmed that when the management accounting information system operates well and achieves its set goals, the management accounting information provided by this system also achieves its goals in terms of quality and satisfaction of information users.

Guilding & McManus (2002) criticize traditional management accounting systems for being too internally oriented and therefore unsuitable for firms pursuing a customer-focused strategy.

The use of broad-scope management accounting information has a positive relationship with business performance (Baines & Langfield-Smith, 2003; Le & Nguyen, 2019) ^[3, 16].

Agbejule (2005) ^[2] also argues that broad-scope management accounting information is needed to evaluate competitive actions or market and customer demands under conditions of high uncertainty.

Management accounting information systems have been proven to play an important role in providing information for administrators to perform their functions (Bisbe & Otley, 2004) ^[5].

There is still little research on the role of using broad-based management accounting information in firms pursuing customer-focused strategies (Hyvönen, 2007) ^[15].

Broad-scope management accounting information is needed to help managers make timely and correct decisions in a competitive business context (Soobaroyen & Poorundersing, 2008) ^[25].

Hall (2011) ^[12] believes that management accounting information serves corporate governance activities. Governance functions include planning, controlling, evaluating, and continuously improving the business processes of firms, and especially management accounting information serves decision-making functions.

Management accounting information plays an important role in performing the management functions of administrators at firms (Dang & Le, 2017) ^[9].

Broad-scope management accounting information plays the full mediating role between competitive intensity and financial performance; playing the partial mediating role between competitive intensity and non-financial performance. Moreover, it also plays a partial mediating role in the relationship between strategic change and firm performance.

3. Research Methods

This study uses a qualitative research method.

We use techniques of synthesis, analysis, comparison, and contrast to discuss management accounting information in tourism firms in Hanoi. In addition to collecting previous research projects, we interviewed 10 experts who are leading lecturers in accounting and business administration and middle- and senior-level managers of tourism firms. Subjects participated in the interview with a minimum of 3 years of experience to ensure a full understanding of the research topic. The direct interview method is carried out at tourism firms. The telephone interview method was conducted for lecturers in accounting and business administration. Qualitative research methods guide and refine the research results of previous studies. From there, this research inherits and applies.

4. Discussion and implications

Since implementing the 2017 Tourism Law, the City People's Committee has recognized 32 city-level tourist destinations and tourist areas. Basically, tourist destinations invest in facilities and services that are quite well organized, attracting a large number of tourists to visit and contributing positively to the industry's performance (Thai Son, 2023) ^[27].

As of June 2023, Hanoi has decided on investment policies, adjusted investment policies, and issued investment certificates for 71 high-end accommodation and hotel projects (ranging from 3-5 stars). With 15,510 rooms (Thai Son, 2023) ^[27].

The implementation of transport routes connecting the city center to key tourist areas is of interest for development. To date, the city has 13 bus routes accessing key tourist areas and destinations and 2 double-decker tourist bus routes serving tourists coming to Hanoi to visit and experience (Thai Son, 2023) ^[27].

The city's tourism industry has focused on synchronously deploying many groups of tasks and solutions, including: developing destinations; building attractive new tours and tourism product groups; organizing a variety of exciting and

attractive tourism activities; and attracting the attention of domestic and foreign tourists (Thai Son, 2023) ^[27].

In 2023, Hanoi will continue to be highly appreciated by prestigious travel websites and magazines for its tourism attractiveness such as: Travel + Leisure Luxury Awards Asia Pacific 2023, "City" category honored Hanoi city is in the top 10 leading cities in Asia. At the same time, Hanoi has 48/103 restaurants meeting Michelin Guide standards, including 3 restaurants with 1 Michelin star - a prestigious award in the world culinary industry (Thai Son, 2023) ^[27].

This study contributes to perfecting the theoretical basis of management accounting information and is one of the most valuable reference documents for tourism firms. At the same time, this study also confirms the importance of wide-ranging management accounting information for tourism firms in the context of international integration and digital transformation.

Tourism firms should increase the use of management accounting information to contribute to improving business performance.

Administrators in tourism firms should raise their awareness of the role of management accounting information.

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