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Factors Affecting the Application of Strategic Management Accounting in Manufacturing Enterprises in Hanoi

¹ Nguyen Hoai Anh, ² Nguyen Thi Thu Phuong

¹ University of Labour and Social Affairs, Hanoi, Vietnam

² Trade Union University, Hanoi, Vietnam

Corresponding Author: **Nguyen Thi Thu Phuong**

Abstract

In today's corporate environment, this includes not just gathering and reporting daily financial data, but also evaluating, projecting, and developing long-term financial strategy. Strategic management accounting is critical in assisting firms in developing and implementing successful long-term competitiveness and profitability plans. To successfully incorporate strategic management accounting into the management of production and business enterprises, it is required to conduct research on the influencing elements that will provide manufacturing companies with a foundation for accounting. Strategic management is actually more comprehensive; it fits practical criteria and is

compatible with current trends. Using quantitative research methodologies, the essay investigates the factors influencing the use of strategic management accounting in Hanoi manufacturing businesses. The authors performed a study of 60 Hanoi industrial firms. According to survey data, five variables influence the use of strategic management accounting: (1) Enterprise size, (2) Management decentralization, (3) Business strategy, (4) Technical technology, and (5) Competition level. The authors provide ideas based on the research findings to improve the implementation of strategic management accounting in manufacturing firms.

Keywords: Strategic Management Accounting, Manufacturing Enterprises in Hanoi

1. Introduction

In a modern business environment, to improve competitiveness, businesses must be able to collect and process information effectively to respond to market fluctuations and increase operating results. Therefore, effective application of strategic management accounting (SMA) is essential. Because strategic management accounting provides very important techniques in the process of participating in planning, developing, implementing and evaluating the success of an enterprise's development strategy. Strategic management accounting will help businesses control costs, improve product quality, increase customer satisfaction, create competitive prices, and attract high-quality human resources. Thereby improving the competitiveness of businesses. Depending on each business, the application of strategic accounting in business management is different. Therefore, businesses need to grasp the factors that affect the application of strategic management accounting. Starting from theory and practical needs, the article studies the factors affecting the application of strategic management accounting in manufacturing enterprises in Hanoi. From the research results, the article proposes some solutions to enhance the application of strategic management accounting to improve management efficiency.

2. Research overview

Many scholars have grown interested in strategic management accounting in recent years in order to promote knowledge and comprehension of strategic management accounting, and the number of documents has also expanded dramatically. Tell. Many researchers, including: Oyewo, 2020; Ojra, 2014; Cadez and Guilding, 2008^[3]; Nguyen Thu Hien *et al.*, 2023^[9]; Bui Thi Truc Quy, 2020; Le Thi My Nuong, 2020; Tran Hong Van and Tran Thi Phuong Lan, 2021; Pham Ngoc Toan *et al.*, 2018; Doan Ngoc Phi Anh, 2012. However, the findings of the investigations remain disparate and inconclusive.

There have been several research on the factors influencing the use of strategic management accounting in manufacturing.

(1) Enterprise size

The structure and usage of management control tools in the organization are both affected by enterprise size. Indeed, because

larger organizations frequently have more complicated structures, their control and management tools become more sophisticated, as do the expenses and time required for business information processing. This business grew as well (Guilding, 1999) ^[5]. Larger organizations, on the other hand, frequently have greater overall resources and stronger internal information systems, thus SMA distribution and implementation will be more beneficial than for small enterprises. From a contingency standpoint, it is clear that implementing a SMA system in each firm will differ based on the operational parameters of that business. Control issues are more common in larger organizations.

As a result, this might be a reason for businesses to pay greater attention to and encourage the use of SMA. Because the higher the size, the more information concerning costs is required in the business's strategic decision-making process. More thorough and accurate. Furthermore, as the size grows, it gets simpler for companies to access resources and circumstances to use newer and more precise processes, management strategies, and cost estimates to suit their demands (Cinquini & Tennucci, 2010) ^[4].

(2) Management decentralization

Management decentralization refers to the level of decentralization, assignment of responsibilities and authority for planning, control of operations and information to administrators (Chenhall and Morris, 1986). Organizations must strike a balance between allowing parts of the organization to respond to the environment through change and the need to control and connect all parts of the organization. Therefore, decentralizing decision-making authority to lower-level departments will expand the scope of middle-level leadership and allow departments within the enterprise important freedom to create balance. On the contrary, if the management structure in enterprises follows a centralized model, it means that departments cannot make their own decisions, leading to limited responses of enterprises to changes in the business environment. This issue will significantly affect the competitiveness of businesses and is a barrier to applying SMA to provide information for managers to make strategic decisions. (Ojra, 2014).

(3) Business strategy

Strategy is the long-term direction and scope of an organization to obtain a competitive edge via the configuration of its resources in a changing environment, to fulfill market requirements, and to satisfy stakeholders' expectations (Johnson and Scholes, 1999). An business's strategy decision will have an impact on the management control system inside that firm; that is, different types of organizational plans and strategies are likely to result in diverse control system architectures. Firms involved in constant product development and the hunt for new market sectors grow differentiated and need complicated control methods, i.e., a complex management and management accounting system. More complex to provide a foundation for improving managers' judgments. This will encourage corporate managers to use current tools.

(4) Technical technology

Technology is believed to be the cornerstone of an entity's management system (Cadez and Guilding, 2008) ^[3], it has a considerable impact on the accounting information system

(Otley, 1980), and the rate of technological development is increasing (Scapens *et al.*, 2003). Several research have found that the degree of technology or the usage of advanced manufacturing technology has a major impact on the application/implementation of SMA in businesses (Ojra, 2014; Kariuki and Kamau, 2016 ^[7]; Amanollah Nejad Kalkhoran *et al.*, 2017 ^[1]).

(5) Competition level

In an interconnected and competitive economy, organizations must use SMA strategies more frequently to assist managers in making strategic decisions (Ojua, 2016). SMA information will assist business managers in performing strategic control by evaluating critical competitive capabilities and capacity constraints on both financial and non-financial elements. The established business strategy's heart. According to Collier and Gregory (1995), the higher the amount of competition, the greater the necessity for units to use SMA for decision making; that is, the level of rivalry has a positive impact on the application's implementation. SMA in the workplace (Kariuki and Kamau, 2016) ^[7].

3. Theoretical basis of responsibility accounting

Strategic management accounting

Concept of SMA

The concept of strategic management accounting was first introduced by Simmonds in 1987. The basis on which he introduced this concept came from Porter's Strategic Framework (1980) to provide and analyze management accounting data. Value of the business itself and that of its competitors, helping businesses develop and monitor business strategies. In his research, Simmonds defined strategic management accounting by emphasizing the external aspect, focusing on competitor information. To date, there have been many studies related to strategic management accounting such as Bromwich (1990), Brromwich and Bhimani (1994), Langfied Smith (1998). However, there is no widely accepted formal concept of strategic management accounting.

According to the authors of the strategic management accounting group, the intersection between accounting and strategic management is the progressive transfer of traditional management accounting's role to strategic management accounting in order to increase performance. The function of information response goes beyond the strategy execution process. Strategic management accounting can be defined broadly as: the process of collecting, processing, and providing accounting information, including information from both inside and outside the unit, during the planning, implementation, Check, and evaluation of strategic decisions for the unit's future operations.

The role of SMA

Starting from the characteristics of information as well as the need for information to serve strategic management, it is easy to see the breakthrough role in providing information of each technique through the content of each management accounting technique. Strategic value. Each technique focuses on the core object creating a set of main issues (from inside and outside that the business needs from detail to generality) to be able to receive a guaranteed source of information, supporting Support them in the process of implementing functions in each stage of strategic

management. Through research and identification of accounting techniques, it will help administrators determine strategies and strategic positions, help administrators have enough basis for planning, help administrators make decisions and help administrators implement. Review the effectiveness of implementing the enterprise's strategy.

Strategic management accounting assists managers in determining an enterprise's strategy and strategic position since related methodologies take into consideration external elements such as the competitive environment (Simmond, 1981). At the same time, risks may be recognized so that managers can develop mitigation or action plans, and organizations can track the success of strategy execution (Roslender and Hart, 2003).

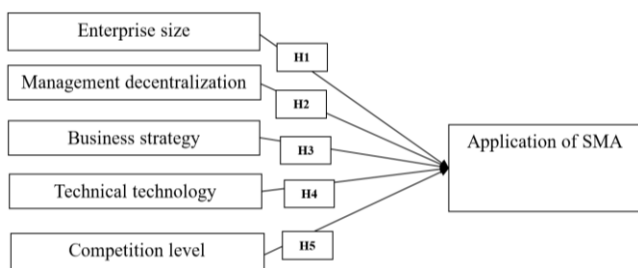
Strategic management accounting provides administrators with a solid foundation for planning. Planning is regarded as a basic function since it assists administrators in analyzing and forecasting critical issues and limiting potential hazards with the least amount of harm. As a result, information from Strategic Management Accounting approaches clearly presents each subject that the administrator needs to plan, whether short-term or long-term.

Strategic management accounting aids decision-making by managers. Every day, managers make a variety of decisions. Strategic management accounting aids managers in conducting audits. This is the administrator's final stage after making and implementing a choice, assisting the administrator to notice and re-evaluate the problem, allowing the administrator to synthesize experience and lessons for decision-making. Strategic Management Accounting information will be tailored to administrators' needs for comparison and evaluation in order to provide effective control and review.

According to the author, the implementation of Strategic Management Accounting procedures aids in the communication and orientation of information to assist administrators in executing strategic management duties efficiently and making timely and accurate judgments.

Model and hypothesis for research

The research team proposed the following research model based on the research overview:



Research model with 5 research hypotheses:

H1: Enterprise size has a positive impact on the application of strategic management accounting at manufacturing enterprises in Hanoi.

H2: Management decentralization has a positive effect on the application of strategic management accounting at manufacturing enterprises in Hanoi.

H3: Business strategy positively affects the application of strategic management accounting at manufacturing enterprises in Hanoi.

H4: Technical technology has a positive impact on the

application of strategic management accounting at manufacturing enterprises in Hanoi.

H5: Competition level has a positive impact on the application of strategic management accounting at manufacturing enterprises in Hanoi.

There are five independent variables in the proposed research model: (1) *QM* - enterprise size; (2) *QL* - Management decentralization; (3) *CT* - Business strategy; (4) *CN* - Technical technology; and (5) *CT* - Competition level, with 22 scales inherited from Guilding (1999) [5], Cadez and Guilding (2008) [3], Cravens and Guilding (2001), Cinquini and Tennucci (2010) [4], Ojra (2014), Kariuki and Kamau (2016) [7], and Amanollah Nejad Kalkhouran *et al* (2017) [1].

According to Hair *et al* (2006) and Nguyen Dinh Tho (2011), the sample size for EFA analysis study should be at least 5 times the number of observed variables. Using the suggested approach, the author conducted a survey of 150 administrators, chief accountants, and accounting personnel from 60 Hanoi industrial firms.

4. Results

After conducting 150 surveys of administrators and accountants at 60 Hanoi industrial firms, the author received 128 valid votes. The author conducted data processing and data analysis. The initial descriptive results are obtained:

Table 1: Describe the general characteristics of the research sample

		Frequency	Rate (%)
Sex	Male	72	56.25%
	Female	56	43.75%
Age	From 25 to 40 ages	52	40.62%
	From up 41 to 60 ages	64	50%
	Upto 60 ages	12	9.38%
Average monthly earnings	< 5 million VND	0	1.83%
	From 5 to 10 million VND	35	28.34%
	Up 10 to 20 million VND	48	37.5%
	> 20 million VND	45	34.16%
Academic level	high school level	0	0%
	University degree	82	64.06%
	PhD/Master's degree	46	35.95%
The level of responsibility accounting operations at the enterprise	Not yet applied	66	51.56%
	Have used it before	28	21.88%
	In use	34	26.56%

The descriptive data table shows that the amount of strategic management accounting application in businesses is low. As a result, knowing the elements that influence the use of strategic management accounting in firms is critical. The author examined factors influencing the use of strategic management accounting at manufacturing businesses in Hanoi using preliminary processed data.

Cronbach's Alpha results

All of the variables' Cronbach's alpha coefficients were 0.6, allowing them to be included in component analysis. At the same time, the overall correlation coefficients of the observed variables all meet the 0.3 threshold, indicating that the offered scales can be believed statistically. The observed variable "Management decentralization" has the highest

Alpha coefficient (0.784).

Table 2: Reliability Statistics

Factors	Observed variables	Cronbach's Alpha
Enterprise size	QM1, QM2, QM3, QM4	.724
Management decentralization	QL1, QL2, QL3, QL4	.816
Business strategy	CL1, CL2, CL3, CL4, CL5	.794
Technical technology,	CN1, CN2, CN3, CN4	.715
Competition level	CT1, CT2, CT3, CT4, CT5	.798
Apply SMA	VD1, VD2, VD3	0.784

Source: Data processing outcomes

Exploratory factor analysis for EFA

The results of evaluating the data with KMO = 0.789 (> 0.5) and Sig of Bartlett's Test is 0.000, less than 0.05, indicating that these observations are correlated and totally consistent with factor analysis. The observed variables' factor loading factors are all greater than 0.5, the total variance retrieved is 72.518% (greater than 50%), and the Eigenvalue coefficient is 1.348 (greater than 1). For exploratory factor analysis, these tests were justified.

Regression analysis results

The following are the findings of the regression analysis of the model of factors influencing the desire to use T with 5 independent variables: Model fit test value sig. = 0.000 (0.05 indicates that the model variables can explain the change in the dependent variable. According to the results of the aforesaid analysis, all 5 factors are significant (p 0.05), and the model is as follows:

Table 3: Coefficients^a

Model	The beta coefficient is not uniform.		Beta Coefficient Standardized	t	Sig.
	B	Std. Error	Beta		
Hệ số chặn	3.421	.032		163.793	.000
QM	.247	.043	.326	10.763	.000
QL	.092	.036	.312	2.613	.005
CL	.074	.024	.287	1.283	.082
CN	.067	.037	.182	1.949	.050
CT	.142	.024	.322	3.096	.000

a. Dependent Variable: VD

Source: Data processing outcomes

The linear model depicts the influence of the following factors on the use of responsibility accounting at small and medium-sized clothing companies in Hanoi:

$$VD = 3,238+ 0,326*QM + 0,312*QL+ 0,287*CL + 0,182* CN + 0,322*CT$$

According to the findings of the regression analysis and the standardized regression equation, there are five elements that have a favorable link with the use of strategic management accounting in Hanoi manufacturing businesses.

5. Conclusion

Integrating into the global economy opens up several chances for the business community to enter global markets.

Businesses, on the other hand, are experiencing rising competitive pressure from rivals in terms of product diversity and quality, pricing, manufacturing technology, and raw material availability. Many business administrators are interested in competition intelligence since obtaining this knowledge can assist organizations position their competitive advantage over savvy competitors. Costs and cost structures acquired from rivals are compared. SMA was created to assist organizations in gathering competitive information techniques. According to the research findings, a number of factors can influence the implementation of SMA in firms, including: (1) Enterprise size, (2) Management decentralization, (3) Business strategy, (4) Technical technology, and (5) Competition level.

The authors recommend a number of remedies based on the research findings to improve the use of strategic management accounting in Hanoi manufacturing enterprises:

First, organizations make decisions to accomplish a certain intended goal. Staff, in particular, must assess whether or not the subject fits within their decision-making power. This is referred to as making the "right decision." Make choices within your power if there are no cases of force majeure.

Second, organizations should execute the following customer care policies: express gratitude, stay in touch via email, present new items, get customer feedback, and bring customer programs to a close.

Third, technology enables workers to organize their job more efficiently and effectively, while also giving timely and trustworthy information. Strategic management accounting procedures require management accountants to employ a variety of strategic management accounting strategies in order to suit management's demands. Business leaders must encourage investment in management accounting infrastructure and application software. As a result, executives must adapt management approaches, recognize the significance of software in management and operations, and set higher standards for information delivered by the system, all of which will have an influence. Wider.

Fourth, firms must perform internal propaganda on a regular basis so that employees understand the potential and problems in the company's present market stance.

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