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Use of Management Accounting Information by Management at Enterprises in Vietnam

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Abstract

In an increasingly competitive environment and businesses are aiming for sustainable development, management accounting information plays an important role. Many management accounting techniques are used to gather information, including traditional and modern techniques. Each technique is calculated and provides information at a different level. The article surveys 115 Vietnamese enterprises to evaluate the behavior of senior managers in

using management accounting information. Survey results show that managers with different characteristics in age and education will have different levels of use of management accounting techniques. Business-oriented educated managers and young managers have a higher need to use management accounting information with more application of modern management accounting techniques.

Keywords: Managers, Behavior, Management Accounting

1. Introduction

Executives have a common goal of effectively managing business operations. Everyday activities revolve around information processing and effective decision-making. The role of management accounting is to provide information to executives for decision-making. Management accounting guides managers to manage costs by establishing cost centers, decision analysis, tools for inventory management, and ways to classify costs from many angles, how to accurately allocate costs to objects helps accountants design and organize accounting systems to provide administrators with the most timely and accurate information. Enterprises with good management accounting systems mean that business administrators are provided with complete and timely information to help administrators perform administrative functions.

However, the behavior of using management accounting information depends largely on the administrator of each business. Different administrators will have different behaviors in using management accounting information. Therefore, the author decided to choose the relationship between administrator characteristics and the behavior of using management accounting information to conduct research. The article focuses on the main contents, including understanding the theoretical basis of characteristics of business managers; determining research methods; discussing research results; and providing recommendations to help businesses operate effectively and increase competitiveness in a highly competitive environment.

2. Theoretical Basis

Characteristics of senior managers

There are many studies on the characteristics of managers, including Colombelli (2015)^[2] who studied age, Qian & Associates (2013) studied education level, these are considered factors. It is the easiest personal characteristic to observe and measure but has a strong influence on the behavior of people in general as well as that of managers in particular (Hambrick & Mason, 1984)^[6]. Carpenter & Associates (2004)^[1] argued that educational background is considered a representative factor in building awareness, which in turn affects the way senior managers perceive their surroundings and how to handle them. Appropriate information. Hambrick & Mason (1984)^[6] also stated that the educational background of the management team participating in strategic selection and planning with formal training and higher qualifications will be positively associated with change. Naranjo-Gil & Hartmann (2007)^[9] have shown that senior managers with a business-oriented educational background are more capable of financial planning and resource control.

Hambrick & Mason (1984)^[6] also showed that corporations run by younger managers tend to take higher management risks

than older managers; and the more educated senior managers in a corporation are, the faster the decision-making process is. Combs & Associates (2004)^[3] argue that senior managers have little desire to change operating processes or business models because this action poses many risks and is too complex. Seo & Associates (2013) conducted research in the US and found that the older the administrator is, the less likely they are to choose high-risk strategies. Older managers will be less able to evaluate new business ideas quickly and integrate them effectively when making decisions because as they age, their flexibility will decrease and their conservatism will decrease. On the contrary, younger senior managers always want to take risks and tend to implement new projects or risky strategies because they can enhance their careers in the future.

Characteristics of senior managers on the behavior of using management accounting information

There are many management accounting techniques such as Balanced Scorecard, activity-based costing... commonly used in businesses (Naranjo-Gil & al., 2009)^[8]. In Vietnam, due to limited resources and qualifications of accounting staff, a management accounting information system (with the characteristics of wide scope, timeliness, synthesis and integration) is considered quite sophisticated and fully meet the needs of senior managers (Vo & Nguyen, 2020a^[12]; 2020b^[13], Nguyen, 2017). During the innovation process of a transitional economy like Vietnam, a number of new activities have appeared: Economic liberalization, private consumption explosion, diversification of ownership types... (Farber *et al.*, 2006). The equitization (privatization) in the innovation process of Vietnamese manufacturing enterprises has given managers more independence in decision making (Cohen, 2001). Vietnamese businesses need to innovate by implementing modern management methods such as applying a management accounting information system (Nguyen, 2014). Risk is a fundamental part of business because a senior executive cannot know with certainty whether the new product he or she brings to market will be successful or that profits can be determined before the product or service is delivered. new cases were launched (Tang & Tang, 2007). However, business owners or senior managers who dare to take more risks will take more appropriate actions and operate better (Brockhaus, 1980). Management risk-taking tendency is the tendency to take actions in practice that top management evaluates as risky (Sitkin and Pablo, 1992) and a manager's willingness to commit to commit important resources toward exploiting opportunities or lead to behaviors with uncertain outcomes (Keh & Associates, 2002). In addition, the process of reforming the rapidly changing business environment in a transition economy, age characteristics, business-oriented educational background, and tendency to take management risks are suitable to encourage senior managers use management accounting information because such managers' personal characteristics will promote greater use of management accounting information when making decisions. The psychology of senior managers will affect the use of a complex administrative system such as management accounting.

3. Research Methods

With the goal of researching the behavior of using

management accounting information of senior managers at Vietnamese enterprises, the author uses SPSS 22.

The respondents to the survey were managers at all levels in the enterprise. The total number of ballots sent was 130, sent to 130 businesses. After classifying and cleaning the data, 115 votes were obtained for analysis.

Measure the age of managers using many different groups with each group represented by a scale from 1 to 5 (five age groups of senior managers include: 1/ < 30; 2/ 30-39; 3/ 40-49; 4/ 50-59 and 5/ >= 60.

The educational background is divided into 2 levels: 1- Business orientation; 2- Non-business orientation.

4. Research Results

Characteristics of managers in Vietnamese enterprises

The results of the statistical sample show that the majority of survey subjects are over 40 years old (accounting for 70%), showing that the surveyors have enough experience in the process of operating their work to answer the survey. Business-oriented education accounts for a higher proportion (63.9%) than non-business-oriented education (36.1%). This shows that the majority of surveyed business managers are trained in the business field, while a small number of administrators are only trained in the company's field of operations.

Table 1: Characteristics of surveyed enterprises

	Characteristics	N = 115	Percentage (%)
Education	Business orientation	75	65.2%
	Non-business orientation	40	34.8%
Age	<30	10	8.7%
	30-39	15	13 %
	40-49	38	33 %
	50-59	32	27.8%
	>60	20	17.5%

Characteristics of senior managers and behavior in using management accounting information

Survey results on the current status of applying management accounting methods to senior managers with different educational levels are shown in Table 2. As for traditional management accounting methods, All businesses surveyed are operating either as business-oriented managers or as non-business-oriented managers. Specifically, both 75 business-oriented managers and 40 non-business-oriented managers are applying traditional management accounting methods, although the level of use of the methods is different. With modern management accounting methods, there is a clear difference when senior managers have different educational levels. Senior managers trained in a business orientation have a higher level of use of management accounting methods with a mean of 4.3.

Table 2: The current situation of applying management accounting methods to managers with different education levels

MA	Education	N	Mean	MA	Education	N	Mean
Traditional MA	Business orientation	75	5.00	Modern MA	Business orientation	56	4.30
	Non-business orientation	40	5.00		Non-business orientation	15	3.60

Survey results on the current status of applying management accounting methods to senior managers of different ages are shown in Table 3. Traditional management accounting

methods are the most widely used methods. All managers of different ages know it and are applying it in their businesses, the level of application depends on the administrator's need to use information. For modern management accounting methods, the high level of use focuses on young administrators, specifically, with administrators from 30-39 years old reaching a mean of 4.1, with administrators from 40-49 years old reached a mean of 4.7, only for administrators over 60 years old reached a mean of 3.1.

Table 3: Current status of applying management accounting methods to administrators of different ages

MA	Age	N	Mean	MA	Age	N	Mean
Traditional MA	<30	10	5.00	Modern MA	<30	5	4.00
	30-39	15	5.00		30-39	11	4.10
	40-49	38	5.00		40-49	25	4.70
	50-59	32	5.00		50-59	12	3.80
	>60	20	5.00		>60	6	3.10

5. Conclusion

Research results show that there is a relationship between the age of the administrator and the implementation of management accounting information; there is a relationship between an administrator's education and the implementation of management accounting information. This has similarities with previous studies. The higher the age of a senior manager, the lower the ability to use information and the confidence to make decisions, although the ability to search for information is better and evaluate the accuracy of information better, at the same time, making decisions requires more time (Taylor, 1975), so they do not need management accounting information that is timely, wide-ranging or integrated and synthesized because they need more time. Time to carefully consider the issues. Instead, the older the age, the more appropriate the interaction style when using management accountants because they already have many personal relationships (Wijesinghe & Samudrage, 2016). Rahman (1976) argues that the use of accounting information is meaningful for younger managers because older managers often rely on their own experience and judgment rather than the information provided. Younger managers often have high risk-taking abilities, and have learned many modern technical methods, so they are suitable for modern management accounting techniques. On the other hand, with a business-oriented educational background, administrators will be confident and highly capable in controlling risks, and monitoring risks and finances closely and with high efficiency. Most senior managers, when participating in choosing and implementing strategies, are always equipped with knowledge of accounting and finance, or in general the field of business, but there will be differences in their usage behavior use management accounting information to implement strategy and it depends on the primary educational background behavior that has prepared them for their career in a business or non-business orientation. Senior managers with a business orientation will be more confident and inclined to use financial information, because it is consistent with their management characteristics and with environmental instability, accounting information synthesized, integrated and timely management will help senior managers respond quickly to changing environments. Thus, in a highly competitive and changing business environment, the characteristics of managers have a

significant impact on the use of management accounting information. An administrator's educational background is a necessary condition to directly improve the financial performance of the organization; it can be combined with modern management accounting methods to create appropriate conditions to achieve greater efficiency for the organization. For administrators with a non-business educational background, it is necessary to learn additional business knowledge to be able to use many business analysis techniques to help make decisions in a competitive environment.

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