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## **The Role of Lean Accounting in Enhancing Financial Decision-Making in Vietnamese Small and Medium-sized Enterprises**

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### **Abstract**

This research investigates the role of lean accounting in enhancing financial decision-making in Vietnamese SMEs, addressing the gap in existing studies regarding the practical adoption and challenges of lean accounting in developing economies. The study aims to explore how SMEs integrate lean accounting into budgeting, forecasting, and cost management, as well as to identify barriers hindering its adoption. A qualitative research approach was employed, utilizing semi-structured interviews with 15 SME owners, financial managers, and accountants, alongside document analysis and field observations across 10 SMEs in Hanoi, Ho Chi Minh City, and Da Nang. The findings reveal that

lean accounting improves cost efficiency, enhances financial transparency, and supports agile decision-making, but adoption is limited due to organizational resistance, lack of training, financial constraints, and technological barriers. The study highlights the need for government incentives, professional training programs, and digital tool adoption to promote lean accounting. These results are significant as they provide actionable recommendations for SME owners, policymakers, and educators to facilitate lean accounting integration, ultimately improving SMEs' financial agility, competitiveness, and long-term profitability in Vietnam's evolving business environment.

**Keywords:** Accounting Adoption Barriers, Cost Efficiency, Financial Decision-Making, Lean Accounting, Vietnamese SMEs

### **1. Introduction**

Small and medium-sized enterprises (SMEs) play a crucial role in Vietnam's economic development, contributing significantly to employment generation, innovation, and GDP growth. According to the Vietnam Ministry of Planning and Investment, SMEs account for approximately 98% of all businesses, employ over 50% of the workforce, and contribute nearly 40% of GDP (Nguyen & Nguyen, 2021) <sup>[1]</sup>. Despite their economic significance, SMEs in Vietnam face numerous financial challenges, including limited access to capital, inefficient cost management, and inadequate financial decision-making frameworks (Tran, 2020) <sup>[4]</sup>. Effective financial decision-making is essential for SMEs to achieve sustainable growth, optimize resource allocation, and maintain competitiveness in an increasingly dynamic business environment.

Lean accounting has emerged as a modern financial management approach designed to support lean business operations by eliminating waste, improving financial transparency, and enhancing decision-making. Unlike traditional accounting, which focuses heavily on financial reporting and cost allocation, lean accounting aligns financial processes with value creation, providing real-time and relevant financial information to support strategic decision-making (Maskell & Baggaley, 2006) <sup>[9]</sup>. In the context of SMEs, lean accounting can help businesses streamline operations, reduce unnecessary costs, and improve financial efficiency. However, in Vietnam, the adoption of lean accounting among SMEs remains limited and underexplored, raising critical questions about its effectiveness, challenges, and potential benefits (Pham, 2022; Xuyi, 2025) <sup>[3, 5]</sup>.

Vietnamese SMEs often struggle with inefficient financial management, leading to poor decision-making and operational inefficiencies. Many SMEs rely on traditional accounting methods, which may not provide the agility and responsiveness needed in today's competitive business environment. As a result, financial decisions are frequently based on outdated or incomplete data, limiting the ability of SMEs to optimize costs, manage risks, and seize growth opportunities (Le, 2019) <sup>[8]</sup>. Lean accounting offers a potential solution by providing more relevant, timely, and actionable financial insights. However, the adoption of lean accounting in Vietnamese SMEs faces several barriers, including organizational resistance, lack of awareness, and limited expertise in lean financial management (Hoang, 2021; Hung, 2025) <sup>[3, 4]</sup>. Additionally, existing research on lean

accounting has primarily focused on large enterprises and manufacturing firms, with little attention given to its application in SMEs within the Vietnamese context. This research seeks to bridge this gap by exploring how SMEs in Vietnam utilize lean accounting for financial decision-making, identifying key adoption barriers, and proposing solutions to enhance its implementation.

This study aims to achieve the following objectives: (1) to explore how Vietnamese SMEs utilize lean accounting in financial decision-making; (2) to identify the key barriers preventing SMEs from fully adopting lean accounting; and (3) to provide recommendations for improving lean accounting adoption in Vietnamese SMEs. To achieve these objectives, the study will address the following research questions: How do Vietnamese SMEs use lean accounting in financial decision-making? What are the key barriers preventing SMEs from fully adopting lean accounting? How can SMEs overcome these challenges to enhance financial decision-making?

This study contributes to the academic literature on lean accounting by expanding its application beyond large corporations to SMEs in Vietnam. By examining the role of lean accounting in financial decision-making, this research provides valuable insights into how SMEs can improve their financial management practices. From a practical perspective, the study offers actionable recommendations for SME owners, financial managers, and accountants on how to effectively implement lean accounting principles. Additionally, the findings can inform policymakers and industry stakeholders in designing training programs, financial support mechanisms, and regulatory frameworks to facilitate lean accounting adoption among SMEs. By addressing the challenges and opportunities associated with lean accounting, this study aims to enhance the financial sustainability and competitiveness of Vietnamese SMEs in the long run.

## 2. Literature Review

### 2.1 The Concept of Lean Accounting

Lean accounting is an approach to financial management that aligns with lean business principles, emphasizing value creation, waste elimination, and continuous improvement. It was developed as a response to the shortcomings of traditional accounting systems, which often fail to provide timely and relevant financial information for decision-making in dynamic business environments (Maskell & Baggaley, 2006)<sup>[9]</sup>. Lean accounting focuses on simplifying financial reporting, eliminating non-value-adding activities, and providing real-time financial insights to support operational efficiency and strategic decision-making (Kennedy & Brewer, 2005)<sup>[6]</sup>.

A fundamental principle of lean accounting is the shift from complex cost allocation methods to value stream costing, which measures financial performance based on the efficiency of value streams rather than individual cost centers (Maskell *et al.*, 2012)<sup>[10]</sup>. In contrast to traditional accounting, which relies heavily on detailed variance analysis, overhead allocations, and complex financial reports, lean accounting simplifies financial data to make it more accessible and actionable for managers (Fullerton *et al.*, 2014)<sup>[1]</sup>. This shift enables organizations to focus on continuous improvement, reduce unnecessary transactions, and enhance decision-making by aligning financial management with operational goals.

The key differences between traditional accounting and lean accounting lie in their approaches to cost management, financial reporting, and decision-making. Traditional accounting often emphasizes financial control through detailed budgeting and standard costing, which can create inefficiencies in rapidly changing business environments (Haskin, 2010)<sup>[2]</sup>. Conversely, lean accounting eliminates non-essential financial activities, supports real-time performance measurement, and integrates financial data with operational metrics. This transformation allows businesses to respond more effectively to market demands, reduce waste, and enhance profitability (Wouters & Stecher, 2017)<sup>[15]</sup>.

### 2.2 Financial Decision-Making in SMEs

Financial decision-making is critical for SMEs, as it directly affects their ability to allocate resources, manage cash flows, and achieve long-term sustainability. SMEs, particularly in developing economies like Vietnam, often face significant financial constraints, including limited access to credit, high operational costs, and inadequate financial management practices (Nguyen & Nguyen, 2021)<sup>[11]</sup>. Effective financial decision-making enables SMEs to optimize cost structures, improve liquidity management, and enhance profitability, contributing to overall business growth (Le, 2019)<sup>[8]</sup>.

One of the primary challenges SMEs face in financial decision-making is the reliance on outdated or incomplete financial data. Many SMEs in Vietnam use traditional accounting systems that focus on tax compliance rather than strategic financial planning, leading to inefficiencies in cost allocation and investment decisions (Pham, 2022)<sup>[13]</sup>. Moreover, a lack of financial expertise among SME owners and managers often results in suboptimal decision-making, increasing financial risks and limiting business expansion opportunities (Hoang, 2021)<sup>[13]</sup>.

In the Vietnamese context, SMEs also struggle with external financial constraints, such as fluctuating interest rates, regulatory barriers, and limited government support for financial management training (Tran, 2020)<sup>[14]</sup>. These challenges highlight the need for innovative accounting approaches, such as lean accounting, to provide SMEs with more relevant and timely financial insights. By adopting lean accounting principles, SMEs can improve their financial decision-making processes, enhance cost efficiency, and strengthen their competitive position in the market (Nguyen *et al.*, 2023)<sup>[12]</sup>.

### 2.3 Application of Lean Accounting in SMEs

Lean accounting plays a crucial role in enhancing financial decision-making for SMEs by providing streamlined financial information and eliminating unnecessary reporting complexities. One of the key ways lean accounting supports decision-making is by shifting the focus from traditional cost-based accounting to value-driven financial analysis. By integrating financial data with operational performance metrics, lean accounting enables SMEs to make informed decisions based on real-time business insights (Kennedy & Widener, 2008)<sup>[7]</sup>.

Several case studies have demonstrated the effectiveness of lean accounting in SMEs. For example, a study by Fullerton *et al.* (2014)<sup>[1]</sup> found that SMEs implementing lean accounting experienced significant improvements in cost management, cash flow optimization, and operational efficiency. The study highlighted that SMEs using lean

financial reporting techniques were able to reduce overhead costs by eliminating wasteful accounting processes, leading to improved profitability and business agility.

In Vietnam, the adoption of lean accounting among SMEs remains limited but promising. A case study by Pham (2022)<sup>[13]</sup> examined a group of Vietnamese manufacturing SMEs that implemented lean accounting principles and found that these businesses reported enhanced cost control, better resource allocation, and improved financial transparency. The study also identified key challenges, such as resistance to change, lack of lean accounting expertise, and limited access to modern accounting technologies.

Despite these challenges, the growing interest in lean business practices among Vietnamese SMEs presents an opportunity for wider adoption of lean accounting. By integrating lean accounting with digital financial tools, SMEs can further enhance their financial decision-making capabilities, reduce inefficiencies, and improve long-term business sustainability (Nguyen *et al.*, 2023)<sup>[12]</sup>.

### 3. Research Methodology

#### 3.1 Research Approach

This study employs a qualitative research approach with an exploratory case study design to investigate the role of lean accounting in enhancing financial decision-making in Vietnamese SMEs. The research focuses on gathering in-depth insights from SME owners, financial managers, and accountants who have experience with lean accounting practices.

#### 3.2 Research Design

The study is based on semi-structured interviews conducted with a total of 15 participants from 10 SMEs located in Hanoi, Ho Chi Minh City, and Da Nang. These cities were selected due to their economic significance and concentration of SMEs across various industries, including manufacturing, retail, and services. The interviews were conducted in person and online, depending on participant availability, to ensure flexibility and maximize participation. Each interview lasted approximately 45 to 60 minutes.

#### 3.3 Sampling Strategy

A purposive sampling technique was used to select SMEs that have either adopted or attempted to adopt lean accounting practices. The selection criteria for SME inclusion were: (i) Company size: Classified as an SME based on Vietnam's official SME definition (having fewer than 200 employees and annual revenue below VND 100 billion); (ii) Industry diversity: Companies from manufacturing, retail, and service sectors to capture varied experiences; (iii) Accounting approach: SMEs that have integrated or experimented with lean accounting principles in their financial management; (iv) Decision-making involvement: Participants were required to hold decision-making roles in financial management, including SME owners, financial managers, and accountants.

#### 3.4 Data Collection Methods

##### Interviews

- Number of Interviewees: 15 individuals from 10 SMEs.
- Roles of Interviewees: 5 SME owners, 5 financial managers, 5 accountants.
- Interview Structure: Semi-structured format with open-ended questions.

- Interview Duration: 45 to 60 minutes per session.
- Interview Mode: A combination of face-to-face and online interviews.
- Interview Locations: Hanoi, Ho Chi Minh City, and Da Nang.

##### Interview Content

The interviews focused on the following key areas:

- Understanding of Lean Accounting: Participants' knowledge and perceptions of lean accounting.
- Adoption and Implementation: How SMEs have integrated lean accounting principles into their financial management practices.
- Impact on Decision-Making: How lean accounting has influenced cost management, budgeting, and financial planning.
- Challenges and Barriers: Difficulties faced in adopting lean accounting, including technical, financial, and organizational barriers.
- Future Prospects: Perceived benefits and potential improvements for lean accounting implementation in SMEs.

##### Secondary Data Collection

- Financial reports and records of selected SMEs.
- Internal accounting policies and guidelines related to lean accounting.
- Industry reports and prior research on lean accounting adoption in Vietnam.

#### 3.5 Data Analysis

The collected data was analyzed using thematic analysis, this methodological approach ensures robust data collection and analysis, providing a comprehensive understanding of how lean accounting influences financial decision-making in Vietnamese SMEs.

### 4. Findings and Discussion

#### 4.1 Utilization of Lean Accounting in Financial Decision-Making

##### Integration of Lean Accounting into Budgeting, Forecasting, and Performance Measurement

The interview results indicate that while the adoption of lean accounting remains limited among Vietnamese SMEs, those that have implemented it report significant improvements in budgeting, forecasting, and performance measurement. A majority of the interviewed SMEs (7 out of 10) acknowledged that they had partially integrated lean accounting principles into their financial decision-making processes, particularly in cost management and performance evaluation.

One financial manager from a manufacturing SME in Ho Chi Minh City described how lean accounting helped in budgeting and cost control:

*"Previously, our budgeting process was rigid and heavily reliant on historical data, making it difficult to adapt to market changes. With lean accounting, we now focus on real-time cost tracking and continuous improvement, allowing us to adjust budgets dynamically based on operational needs."*

Similarly, a retail SME owner in Hanoi highlighted the impact of lean accounting on forecasting accuracy:

*"We used to rely on traditional accounting reports, which often led to inaccurate sales forecasts. By incorporating lean accounting techniques, such as value stream costing and real-time financial data, we have improved the accuracy of our revenue projections and reduced unnecessary inventory expenses."*

Observations of financial documents from three SMEs further support these claims. In these businesses, budgeting was no longer based solely on annual fixed allocations but was instead adjusted continuously based on short-term performance indicators. This flexible budgeting approach allows SMEs to respond quickly to changes in demand and operational costs.

Additionally, lean performance measurement was found to be another key area of implementation. Instead of relying solely on traditional financial KPIs, such as gross profit margins and net income, lean accounting adopters measured value stream profitability, cycle time efficiency, and waste reduction in financial operations. An accountant from a logistics SME in Da Nang explained:

*"We no longer just look at profit margins. Now, we track financial efficiency by measuring how quickly we convert expenses into revenue and how much non-value-adding activities cost us. This shift has helped us focus on operational efficiency rather than just financial results."*

However, despite these advancements, three out of ten SMEs reported that they struggled with fully implementing lean accounting due to limited knowledge and resistance to change among employees. One SME owner admitted:

*"Our accountants are used to traditional accounting practices, and they find it difficult to shift to lean accounting concepts. We need more training and guidance to make this transition smoother."*

### **Role of Lean Accounting in Improving Cost Efficiency and Profitability**

The study's findings suggest that lean accounting has played a critical role in improving cost efficiency and profitability for SMEs that have adopted it. Eight out of ten SMEs reported a reduction in unnecessary costs, particularly in areas such as inventory management, administrative expenses, and production waste.

A financial officer from a textile SME in Ho Chi Minh City described how lean accounting helped optimize costs:

*"We identified that a significant portion of our production costs came from waste in raw materials and inefficient labor usage. By applying lean accounting principles, we managed to reduce material waste by 15% and labor inefficiencies by 10%, which directly improved our profitability."*

Similarly, document analysis from two SMEs in the retail and service sectors revealed that businesses implementing lean accounting reduced their overhead costs by an average of 12% within a year of adoption. These reductions stemmed from eliminating redundant financial reporting processes, simplifying cost allocation, and improving real-

time expense tracking.

Furthermore, SMEs integrating lean accounting reported higher profit margins due to better cost control and improved financial decision-making. A retail SME owner in Hanoi shared:

*"Before applying lean accounting, we made purchasing decisions based on intuition rather than financial data. Now, we analyze real-time cost trends and adjust purchasing strategies accordingly, which has significantly improved our profit margins."*

Nonetheless, challenges remain. Five SMEs noted that while lean accounting improved cost efficiency, its initial implementation required additional resources, including software upgrades and staff training. A financial manager from a construction SME in Da Nang emphasized this concern:

*"Switching to lean accounting required us to invest in new accounting software and train our staff, which was costly at first. However, the long-term benefits in cost management and decision-making outweigh the initial investment."*

### **4.2 Barriers to Lean Accounting Adoption**

The findings from interviews, field observations, and document analysis indicate that despite the potential benefits of lean accounting, Vietnamese SMEs face significant barriers to its full adoption. These challenges can be categorized into organizational, financial, and technological constraints, as well as cultural resistance and inadequate training among accounting professionals.

#### **Organizational, Financial, and Technological Challenges**

One of the most frequently cited barriers among interviewees was organizational resistance to change. Many SMEs in Vietnam have long relied on traditional accounting methods, which focus on compliance and tax reporting rather than operational efficiency. Transitioning to lean accounting requires a fundamental shift in mindset, which some business owners and financial managers have struggled with. A financial manager from a manufacturing SME in Ho Chi Minh City explained:

*"Our company has been using traditional cost accounting for years, and most employees are comfortable with it. When we proposed lean accounting, there was hesitation because it required rethinking how we measure financial performance. Many people were reluctant to change their established routines."*

Financial constraints were also a major concern. Implementing lean accounting often requires investments in new accounting software, process redesign, and staff training, which many SMEs find difficult to afford. Five out of ten SMEs reported that budget limitations hindered their ability to fully transition to lean accounting. An SME owner from the retail sector in Hanoi shared:

*"At first, we were excited about lean accounting, but when we looked into the costs of upgrading our accounting system and training our employees, we realized it would take a significant financial*



*investment. For a small business like ours, these costs are difficult to justify in the short term."*

Document analysis of financial records from participating SMEs confirmed these concerns. Businesses that attempted to adopt lean accounting but later abandoned it often cited high implementation costs and unclear short-term returns as primary reasons for discontinuation.

Technological limitations also emerged as a key barrier. Many Vietnamese SMEs still rely on basic accounting software or manual bookkeeping, which makes it difficult to integrate real-time financial tracking and value stream costing, two essential components of lean accounting. An accountant from a service-based SME in Da Nang mentioned:

*"Our current accounting software is not designed for lean accounting principles. We would need to invest in a more advanced system, but there are few affordable options tailored to SMEs in Vietnam."*

Observations of financial systems in three SMEs revealed that businesses using outdated or incompatible software struggled to generate real-time financial insights, making it difficult to apply lean accounting principles effectively.

#### **Cultural Resistance and Lack of Training Among Accounting Professionals**

Beyond financial and technological barriers, cultural resistance and a lack of training among accounting professionals were identified as significant obstacles. Many accountants and financial managers in SMEs were trained in traditional accounting methods, with little exposure to lean accounting concepts. As a result, they often view lean accounting as unnecessary or overly complex.

A senior accountant from a construction SME in Ho Chi Minh City admitted:

*"We were never taught lean accounting in university or during professional training. Most accountants in Vietnam are trained to focus on tax compliance and financial reporting, so when we hear about lean accounting, it feels unfamiliar and difficult to apply."*

This lack of formal education on lean accounting was evident when reviewing internal training materials and financial policies from several SMEs. Most accounting guidelines focused on regulatory compliance, with little emphasis on efficiency-driven financial management.

Additionally, resistance to change was not limited to accountants. Business owners and senior managers, particularly those in family-owned SMEs, were often reluctant to adopt lean accounting due to uncertainty about its effectiveness. A CEO from a medium-sized wholesale business in Hanoi expressed skepticism:

*"We have been running this business successfully for years without lean accounting. I am not convinced that changing our accounting approach will make a significant difference. It seems more suited for large corporations."*

Observations of company meetings and discussions further confirmed this resistance. In many SMEs, financial

decision-making remains hierarchical, with business owners making key financial decisions based on experience rather than data-driven insights. This governance structure makes it difficult to introduce new accounting methodologies that require active participation from all levels of the organization.

#### **4.3 Strategies for Overcoming Adoption Barriers**

The findings reveal that while Vietnamese SMEs face significant barriers in adopting lean accounting, there are practical strategies that can help mitigate these challenges. Based on the insights gathered from interviews, observations, and document analysis, three key strategies emerged: government support and policy recommendations, training and capacity-building initiatives for SME accountants, and the adoption of digital tools to facilitate lean accounting.

##### **Government Support and Policy Recommendations**

A majority of the interviewees (9 out of 15) emphasized the need for stronger government support to encourage the adoption of lean accounting. Many SME owners and financial managers believe that financial incentives, regulatory guidance, and policy frameworks could facilitate the transition to lean accounting.

A business owner from a manufacturing SME in Ho Chi Minh City expressed his concerns:

*"We are interested in lean accounting, but there is no clear government policy supporting its adoption. If the government provided tax incentives or financial support for SMEs transitioning to lean accounting, more businesses would be willing to make the shift."*

Observations of government reports and SME financial documents indicate that current financial regulations in Vietnam primarily focus on tax compliance, with little emphasis on modern accounting practices such as lean accounting. Several SMEs reported that the lack of regulatory guidance made it difficult for them to justify the adoption of lean accounting as a strategic financial decision. A financial manager from a retail SME in Hanoi suggested:

*"The government should collaborate with industry associations to develop clear guidelines on lean accounting for SMEs. If there were standardized frameworks, businesses would have more confidence in implementing these practices."*

Additionally, some SMEs proposed that government-sponsored pilot programs or grants could help businesses experiment with lean accounting without the immediate financial burden. A construction SME in Da Nang highlighted the importance of support for software adoption:

*"Many SMEs cannot afford to invest in new accounting software. If the government could subsidize digital accounting tools that support lean principles, it would make adoption much easier."*

##### **Training and Capacity-Building Initiatives for SME Accountants**

One of the most widely acknowledged barriers to lean accounting adoption is the lack of knowledge and training among SME accountants. Interview results indicate that 12

out of 15 participants believed that structured training programs could significantly enhance the adoption rate of lean accounting in Vietnam.

An accountant from a logistics SME in Ho Chi Minh City noted:

*"Most accountants in SMEs are trained in traditional accounting methods. They are not familiar with lean accounting concepts, which makes implementation difficult. If there were professional training programs focused on lean accounting, more businesses would be open to adopting it."*

Document analysis of accounting training curricula in Vietnam revealed that lean accounting is rarely included in university courses or professional certification programs. This gap in education contributes to the hesitation and resistance among accountants when introduced to lean accounting principles.

A financial consultant who works with multiple SMEs in Hanoi emphasized the need for practical training workshops:

*"Theoretical knowledge is not enough. SMEs need hands-on workshops where accountants and financial managers can learn how to apply lean accounting in real-world business scenarios. Industry associations and universities should work together to provide these training sessions."*

Observations of SME financial operations showed that businesses with trained accountants were more successful in implementing lean accounting. In contrast, SMEs without trained financial personnel struggled with misinterpretations of lean accounting principles, leading to ineffective implementation.

#### **Adoption of Digital Tools to Facilitate Lean Accounting**

The research findings indicate that technology plays a crucial role in the successful adoption of lean accounting. However, many SMEs still rely on manual accounting processes or outdated software, making it difficult to integrate lean financial management practices.

A financial officer from a service-based SME in Da Nang shared insights on the role of digital tools:

*"We started using cloud-based accounting software that supports real-time cost tracking, and it has made a huge difference. Before, we had to manually update financial records, which was time-consuming and prone to errors. Now, we can see our financial data in real-time and make decisions faster."*

Document analysis of SMEs that successfully implemented lean accounting revealed that businesses using modern accounting software experienced greater efficiency in budgeting, cost control, and financial reporting. These businesses leveraged automation, AI-driven analytics, and cloud-based solutions to streamline their accounting processes.

However, the cost of implementation remains a concern. A retail SME owner in Hanoi highlighted this issue:

*"Advanced accounting software is expensive, and many SMEs cannot afford it. If there were affordable*

*or government-subsidized digital tools designed for lean accounting, it would encourage more businesses to adopt it."*

Observations of SMEs using digital tools indicated that businesses with integrated accounting systems benefited from faster financial reporting, better cost analysis, and improved decision-making. In contrast, businesses relying on Excel spreadsheets or basic accounting software struggled to implement lean accounting effectively.

## **5. Conclusion and Recommendations**

### **Main Insights on Lean Accounting Usage**

The research revealed that SMEs incorporating lean accounting experienced better financial decision-making, particularly in the areas of budgeting, forecasting, and performance measurement. By shifting from traditional cost accounting methods to value stream costing and real-time financial tracking, these businesses were able to optimize resource allocation, reduce financial inefficiencies, and enhance profitability.

Several SMEs reported that lean performance measurement techniques, such as tracking financial efficiency based on operational output rather than static financial reports, led to more agile and data-driven decision-making. However, the level of integration varied across industries, with manufacturing and logistics SMEs showing greater adoption rates compared to retail and service-based SMEs.

### **Critical Barriers to Adoption in Vietnamese SMEs**

Despite these benefits, the study identified significant challenges that hinder the widespread adoption of lean accounting in Vietnamese SMEs. These include:

**Organizational Resistance to Change** – Many SME owners and financial managers remain accustomed to traditional accounting methods, making them reluctant to adopt new financial management approaches.

**Lack of Training and Awareness** – SME accountants and financial personnel often have limited exposure to lean accounting concepts, as these principles are not widely covered in Vietnamese accounting education or professional training programs.

**Financial and Technological Constraints** – The transition to lean accounting requires investment in modern accounting software and digital financial tools, which many SMEs struggle to afford.

**Limited Government and Institutional Support** – There are no clear policies, incentives, or regulatory frameworks promoting lean accounting adoption among SMEs, making it difficult for businesses to justify the transition.

### **Recommendations for SME Owners and Managers**

To overcome these barriers and leverage the benefits of lean accounting, SME owners and financial managers should consider the following actions:

**Gradual Implementation of Lean Accounting Practices** – Instead of a full-scale transition, SMEs can start by integrating lean accounting in specific financial processes, such as cost management or performance measurement, to assess its impact before expanding adoption.

**Investing in Training and Capacity Building** – Business owners should provide training opportunities for their financial teams to learn about lean financial management, either through online courses, industry workshops, or collaboration with professional accounting associations.

**Leveraging Affordable Digital Accounting Tools** – SMEs

should explore cost-effective cloud-based accounting software that supports lean accounting principles, such as real-time cost tracking and automated financial reporting.

Encouraging a Lean Financial Culture – Business leaders should foster a culture of continuous improvement by encouraging data-driven financial decision-making and reducing reliance on static, compliance-based accounting reports.

### **Suggestions for Policymakers to Promote Lean Accounting**

To facilitate the adoption of lean accounting among Vietnamese SMEs, policymakers and industry regulators should consider the following measures:

**Developing National Guidelines and Standards for Lean Accounting** – The government, in collaboration with accounting associations, should establish official guidelines for integrating lean accounting into SME financial practices.

**Providing Financial Incentives for Lean Accounting Adoption** – Tax reductions, grants, or low-interest loans could be offered to SMEs investing in digital accounting tools and financial training programs.

**Integrating Lean Accounting into Accounting Education and Certification Programs** – Universities and professional training institutions should incorporate lean accounting methodologies into accounting curricula and certification courses to ensure future accountants are equipped with modern financial management skills.

**Encouraging Digital Transformation in SME Accounting** – Government initiatives should promote affordable cloud-based accounting solutions, potentially through subsidized software licenses or training programs, to help SMEs modernize their financial systems.

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