

FACTORS AFFECTING THE ORGANIZATION OF ACCOUNTING INFORMATION SYSTEMS IN SMALL AND MEDIUM-SIZED ENTERPRISES IN VIETNAM

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ABSTRACT

Up to present, the number of small and medium businesses has increased rapidly accounting for over 95% of the total number of enterprises in Vietnam. Therefore, managers are particularly interested in the information of management accounting in these business types for the reason that this information will help them make right decisions and develop long-term strategies to their business development goals. To promote the organization of the management accounting information systems, administrators need to determine which factors affect the organization of the management accounting information system in their enterprises. In this research, the authors will analyze the factors and their influences on the organization of the management accounting information system and simultaneously find out which factor is the most influential. Thanks to that, business leaders may choose the appropriate organizational models for their companies.

Key words: *management accounting, small and medium-sized businesses, accounting information system*

Introduction

The integration of international economies has brought about countless opportunities and challenges for businesses in Vietnam. To foster their competitiveness in the context of integration and sustainable development, small and medium-sized enterprises (SMEs) not only need to maintain their visions and appropriate strategies but more crucially, the obtained information must be timely and highly accurate as well. The business administrators often use a management tool, called management accounting, which supports them to make good and appropriate decisions. Therefore, determining the influencing factors and assessing the level of influence of those factors to the organization of the management accounting information system is crucial for any businesses in general and small and medium-sized businesses in particular.

1. Factors influencing the organization of accounting information systems in businesses

The system is defined as a whole in which many different parts interact with one another and are arranged in an order to form a unified system to perform a number of tasks or goals [3, 9].

According to the above definition, a business is organized and functioned in the same way as an active system. Regarding a system, it includes decision systems, operation systems, and information systems. Among these three systems, the information system takes a role as a mediation between the operational system and the decision system, which ensures efficient operation to achieve the business goals. In addition, the information system also has functions of collecting and exchanging internal and external information with outsiders.

Within the enterprises, the information system is divided into information segments depending on a particular field or management function. This division is intended to provide information to support the decision-making process in each sector or department. Specifically, the information system is organized into such systems as: market information system, production information system, financial information system, human resource information system and accounting information system.

In a particular enterprise, the information subsystems are not completely separated, in contrast, they support and share the main resources of the system. Notably, there is always an interrelation between the information systems and accounting information systems. In the operation process, the information systems must be employed and utilized different types of properties.

Accounting is the process of tracking, recording, collecting and processing data to collect and provide information about the status and fluctuations of all assets in the enterprise [5,12]. The input data used for accounting information systems are provided by the above-mentioned information systems. Accounting information system is in charge of processing necessary information to serve the management goals [3.21]. In addition, in business management excel, the information from external environment also plays a crucial role.

Accounting information system is one of the information systems that have the function of providing images and reflecting the current situation of businesses to external audiences. It is also used as an internal management tool for the businesses. Researching the activity of this system involves holding and gathering of information which must be structured and included in databases for further processing. This database is used to generate reporting tables based on management requirements and formed from a variety of methods. In all cases, the external report and the internal report must be distinguished. Only then can the accounting information be effectively used. Financial accounting and management accounting are two types of accounting which are formed from the inevitability of the public and confidential management of these types of reports.

Thus, the organization of the management accounting information system is not only a system to collect and analyze information about the expenses of the business, but also a system of organization and management of production and business activities in general, including strategic management and performance evaluation system of departments, to ensure optimal use of physical, financial and human resources.

The business managers have an overview of management accounting model through identifying and evaluating the influence of factors on the organization of management accounting information system. At the same time, this identification and assessment helps minimize negative impacts on production and business activities, promote positive factors from which business managers can draw business lessons from their own business.

Subjective factors and objective factors are two main types of factors affecting management accounting of the businesses.

Each factor includes many other factors. Subjective factor includes factors of size, industry, objectives and business strategy of the businesses; factors of production organization, production technology, scientific and technical development and facility; factors of managers' awareness, staff qualifications applying management accounting, working capacity and business management organization. These factors are formed within the business itself.

Objective factor includes factors such as legal regulations, industry management, business environment and international economic integration, ... These factors impact from outside the corporate environment, which have indirect effects on the process of management accounting of the business. However, they have an important role in the existence and development of businesses because the business environment of the businesses cannot be separated from these factors.

Subjective factors

Factors regarding the size, industry, goals and business strategy of the business

To organize management accounting in small and medium businesses in a scientific way, business managers need to clearly define the scale of operations, evaluate resources to control costs, analyze the industry, products, set goals and development strategies of the business. Management must ensure consistency throughout the process of implementing the goals and strategies of the business. Since then, a reasonable accounting system is built to ensure that all accounting activities are smooth, accounting information is fully and quickly provided to meet the requirements.

Production organization and technology factors

The organization of the accounting system in general and management accounting system in particular should

consider the characteristics of production and business activities, characteristics of product, simple or complex applied technological processes, characteristics of departments and production stages. The coordination between the management accounting system and the production department is very important to re-evaluate estimates and is an important source of information for managers to make financial decisions about production in future. Depending on the organizational structure of production, technology, productivity, and product structure, management accounting system will organize the assignment of recording operations and develop reports for each stage and activity to serve accounting reporting purposes as well as management reporting.

Factor of managers' awareness and qualifications of staff applying management accounting

The organization and application of management accounting depends mainly on the awareness of senior managers from giving directions and guidelines to the organization, implementation, and control of the entire process and performance evaluation before and after application of management accounting. Senior managers will determine the information and how to use the information of management accounting effectively to make management decisions based on the information that has been screened, analyzed and their own assertiveness. In addition, managers need to determine who receives and uses information, and then decentralizes the processing of information to each department or individual. For example, information serving tax authorities should follow existing patterns; detailed information for investors, shareholders according to the intent of the business; information required by the managers to make administrative decisions.

Departments are arranged reasonably and scientifically. Besides, suitable jobs are assigned to each department and individual. These will help them maximize their ability to achieve maximum efficiency at work. The training of highly qualified accountants has a lot to do with providing accurate, fast, and timely information. The qualifications of management accounting staff are shown through analysis, forecasts and consultation for the managers.

Objective factors

Legal regulations and business management factors

Legal regulations are economic and financial policies that state agencies issue to guide or force enterprises to implement. Accounting law, regimes, guiding circulars, and current accounting standards affect the arrangement of the accounting apparatus, which has a great impact on the organization of management accounting. Depending on the business industry and the requirements set out by the industry management agencies, businesses need to build a reasonable management accounting structure, in accordance with the resources of the business and product characteristics.

Business environment and international economic integration factors

Business environment includes factors such as culture, society, population, income, economic factors, nature, globalization ... Business environment has a great impact on business production and the selection and operation of management accounting in businesses. A favorable environment will create a good environment for businesses to operate and create equality for businesses.

Economic factors have a great impact on the business performance of enterprises such as economic growth, interest rates, exchange rates, and inflation. The economic growth leads to a boom in demand. Consequently, many investors interested in expanding production scale and maximizing consumption demand. In contrast, a declining economy will lead to redundancy of machinery and resources, which leads to increasingly intense competition pressure. The interest rate affects input costs because most businesses need a huge amount of capital to purchase and reserve raw materials for their continuous production. The exchange rate movement has a direct impact on import and export businesses. For example, when the value of the local currency is low relative to the value of the importing country currencies, the domestically produced products will be cheap compared to products made abroad. A weak or undervalued local currency is favorable for foreign competitors, but in turn creates an opportunity for increased export sales. Inflation reduces the stability of the economy, causes the economy to grow slowly. When interest rates rise, and in the case of inflation, the organization of management accounting will be greatly affected, the investment to expand the scale will be risky for the business. The environment of international economic integration has a great influence on investment results and business performance. Protection and opening up policies of nations; political stability or upheaval such as disputes, terrorism, immigration crises; international cooperation attitudes between big countries with small countries, between developed countries and developing countries ... all affect business activities. The stable international environment is the basis for enterprises to improve the efficiency of their production and business activities. The global competition in the integration trend will bring advantages for

businesses but also bring many difficulties and challenges when integrating in developing countries. It requires enterprises to compete on cost and quality with each other.

2. Evaluating factors affecting the organization of management accounting systems in enterprises

To assess the influence of factors on the organization of management accounting systems in enterprises, we can use many tools such as discovery factor analysis EFA, correlation analysis, linear regression analysis and ANOVA analysis. However, for different types of businesses, the characteristics of different production and business activities and geographical location as well as management methods of managers are different, the influence of the factors will be different. To do this study, the authors have built a survey including factors affecting the organization of management accounting systems, including objective factors and subjective factors. The authors designed 03 columns on the questionnaire to show names of influence factors and order of influence of each group of factors as follows:

No.	Influence factors	Influence level by group of factors	Influence level in the order of each factor
1	2	3	4
I	Subjective factors		
1	<i>Factor of size, industry, goals and business strategy of the enterprise</i>		
2	<i>Factor of production organization and production technology</i>		
3	<i>Factor of managers' awareness and qualifications of staff applying management accounting</i>		
II	Objective factors		
1	<i>Factor of legal regulations and business management</i>		
2	<i>Factors of business environment and international economic integration</i>		

Influence level of factors (column 4) is arranged in order from 1 to 5; Influence level by factor group (column 3) is arranged in order from 1 to 3 for group of subjective factors, from 1 to 2 for group of objective factors. Conducting survey of 582 enterprises via docs.google.com; google Drive the authors obtained the following results: Considering the group of subjective factors, 80.2% of the respondents stated that the factor of managers' awareness and qualifications of staff applying management accounting are the most influential to the organization of management accounting systems in enterprises; 9.8% of the respondents said that the factor of production organization and production technology have the most influence. The remaining opinions said that the factor of the size, industry, goals and business strategy of the enterprise are decisive to the organization of management accounting of the enterprise. Regarding the group of objective factors, 79.6% of the opinion stated that the factor of legal regulations and business management has the most impact on the organization of management accounting systems in business. Considering the degree of influence in the order of each factor, the factor that most influences and is decisive to the accounting system organization of corporate governance is the factor of managers' awareness and qualifications of staff applying management accounting (70.27%), followed by factor of legal regulations and business management (21.85%); the rest are other factors (Factor of size, industry, goals, business strategy of the business (5.8%); Business environment and international economic integration (1,38%); Production organization and production technology (0.8%)).

From determining the factors affecting the organization of management accounting systems in the enterprise from the perspective of subjective factors and groups of objective factors and survey results of more than 500 enterprises, it can be seen that awareness and qualifications of the business managers are very important. They will have great impact on the accounting system organization of their business management. That impact can be positive towards long-term, strategic goals. However, it can also make decisions that affect the business development path. Therefore, managers need a department to advise before deciding on a big issue of the business. The second factor that has a strong impact on the organization of the accounting system must include legal regulations and business management. This legal regulation directly affects the operations of the business, although when these regulations are enacted, all small and large businesses depend on it.

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