



Research on Factors Affecting the Practice of Management Accounting in Manufacturing Enterprises in Hanoi

Nguyen Thi Nhan

Faculty of Economics, Hanoi University of Natural Resources and Environment, Hanoi, Vietnam

* Corresponding Author: **Nguyen Thi Nhan**

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Abstract

This study was conducted to investigate the key factors influencing the practice of management accounting (MA) in manufacturing enterprises located in Hanoi. The main objective is to systematically identify and analyze these factors to provide a comprehensive framework that can assist enterprises in enhancing their internal management capacity and competitiveness. Using a desk research method, the study synthesized and analyzed existing academic literature, including scientific articles and reports, to build conclusions without collecting new primary data. The research found that MA practice is decisively shaped by a critical trio of internal factors: the awareness and strategic support of senior management, the professional competence of accounting staff, and the level of information technology adoption. These factors are complemented by contextual elements such as competitive pressure, firm size, and organizational culture. The significance of these findings is substantial: for enterprises, it offers a clear and actionable roadmap emphasizing investment in human capital and technology to improve decision-making. For policymakers and professional organizations, it underscores the need for tailored training programs and guidance to help Hanoi's manufacturing firms leverage MA practice as a strategic tool for sustainable growth.

Keywords: Influencing Factors, Management Accounting, Manufacturing Enterprises, Vietnam

1. Introduction

In the context of international economic integration and the ongoing Fourth Industrial Revolution, competitive pressures on Vietnamese enterprises are increasing. To survive and develop sustainably, enterprises must not only optimize production processes and improve product quality but also continuously innovate internal management systems. Within this system, management accounting (MA) plays a vital role as an essential information tool supporting managers in strategic planning, operational control, and effective business decision-making (Horngren *et al.*, 2012)^[7]. Unlike financial accounting, which primarily serves external stakeholders, MA focuses on providing flexible, timely, and relevant economic-financial information tailored to the specific management needs of each enterprise (Garrison *et al.*, 2015)^[5]. For manufacturing enterprises, where costs constitute a large proportion and operational processes are complex, the role of MA is increasingly important in accurately calculating product costs, analyzing break-even points, budgeting, and evaluating the performance of each department.

However, the practical application of MA in Vietnamese enterprises, especially manufacturing ones, remains limited and does not fully realize its potential. Many studies indicate that MA practices in Vietnam often remain formalistic, mainly confined to traditional techniques such as basic cost calculation for financial reporting, without deeply exploiting modern MA tools like Activity-Based Costing (ABC), Balanced Scorecard (BSC), or Target Costing (Hung, 2022)^[8]. This situation results in MA information not becoming a solid foundation for strategic decisions, thereby reducing enterprise competitiveness. Particularly in Hanoi, one of the two largest economic centers in the country with a high density of manufacturing enterprises and fierce competition, identifying and understanding barriers and drivers for effective MA practice is an urgent necessity.

Contingency Theory posits that no management system is optimal for all enterprises in every circumstance; rather, the structure

and practice of management systems, including MA, depend on the specific situational factors of the organization (Chenhall, 2003) ^[2]. Global and Vietnamese studies have identified many factors influencing MA adoption, such as managerial awareness, professional qualifications of accounting staff, enterprise size, IT application level, and competitive pressure (Jermias & Gani, 2004; Hung, 2025) ^[11, 9]. Nevertheless, these studies often focus on small and medium enterprises or different socio-economic contexts. A significant research gap remains in systematically identifying and deeply analyzing factors affecting MA practice specifically for manufacturing enterprises in Hanoi - a region with unique economic, managerial culture, and competitive characteristics.

Based on the above analysis, this paper aims to systematize and analyze factors influencing MA practice in manufacturing enterprises in Hanoi. The specific objectives are:

- To systematize the theoretical basis of MA, MA practice, and influencing factors.
- To synthesize and analyze previous research results to identify main internal and external factor groups affecting MA practice in manufacturing enterprises.
- To propose managerial implications to help Hanoi's manufacturing enterprises improve MA practice effectiveness, thereby enhancing management capacity and competitiveness.

This study is expected to bring important theoretical and practical contributions. Theoretically, it enriches the system of knowledge on factors influencing MA in a transitioning economy like Vietnam, especially in manufacturing. Practically, it provides a comprehensive, evidence-based overview to help managers in Hanoi's manufacturing enterprises better identify key factors to improve their MA systems. Additionally, the findings serve as useful references for educational institutions in curriculum development and for policymakers in formulating supportive mechanisms for enterprises.

2. Theoretical Framework and Literature Review

2.1. Concept and Role of Management Accounting in Manufacturing Enterprises

Management accounting is defined as the process of identifying, measuring, analyzing, reporting, and communicating financial and non-financial information to assist managers in planning, controlling, and decision-making within the organization (Horngren *et al.*, 2012) ^[7]. Unlike financial accounting, which is bound by standards and regulations to serve external users, MA is flexible, future-oriented, and focuses on the specific informational needs of managers (Garrison *et al.*, 2015) ^[5]. MA systems provide not only historical data but also forecasts, trend analyses, and evaluations of alternative options, making it an indispensable internal management tool.

In manufacturing enterprises, the role of MA is clear and diverse. First, it forms the foundation for accurately calculating product costs, helping enterprises price products, manage profits, and evaluate the effectiveness of each product line. Second, it plays a central role in budgeting and cost control, from production budget, raw material and labor costs to administrative expenses, enabling enterprises to operate within resource limits and promptly detect deviations

for adjustment (Huy, 2024) ^[10]. Third, MA provides critical information for strategic and operational decision-making, such as make-or-buy decisions, acceptance of special orders, or investment in new technology lines. Finally, through tools like responsibility accounting and the Balanced Scorecard (BSC), MA helps evaluate the performance of departments and managers, thereby motivating and providing a basis for reward systems, contributing to achieving enterprise goals.

2.2. Literature Review on Factors Affecting Management Accounting Practice

The foundational theory for studies on factors affecting MA is Contingency Theory, which states that no MA system is optimal for all organizations; its effectiveness depends on fit with situational factors such as business environment, technology, strategy, size, and organizational structure (Chenhall, 2003) ^[2]. Studies worldwide have identified many factors influencing the extent and complexity of MA practice. Senior management awareness is considered decisive, as their support and understanding determine resource investment in MA systems (Jermias & Gani, 2004) ^[11]. The professional competence of accounting staff directly affects the implementation of MA techniques from traditional to modern (Sulaiman *et al.*, 2004). Enterprise size is also important; larger firms tend to have more complex and developed MA systems due to greater information management needs and resources (Chenhall & Langfield-Smith, 1998) ^[3]. Other factors include IT application (e.g., ERP systems) facilitating complex data processing (Granlund & Malmi, 2002) ^[6]; competitive pressure forcing firms to adopt sophisticated MA tools for cost control and strategy support (Mia & Clarke, 1999) ^[14]; and organizational culture influencing information sharing and performance measurement use.

In Vietnam, MA research has been conducted from various perspectives. Some studies focus on specific MA tools, such as Kieu (2022) ^[12] and Ta (2022) ^[21] on factors influencing ABC adoption in cement manufacturing. Others examine factors affecting MA adoption in particular industries or enterprise types. For example, Bui (2021) ^[1] analyzed factors affecting MA use in construction enterprises, highlighting legal environment and industry characteristics. Nguyen *et al.* (2020) ^[16] surveyed SMEs in Ho Chi Minh City, confirming managerial awareness and accounting staff competence as the most influential factors. Overall, domestic studies agree that MA application, especially modern techniques, remains limited and influenced by a combination of internal and external factors.

Despite valuable contributions, previous research reveals gaps. Most Vietnamese studies focus on general SME groups or service and construction sectors, lacking comprehensive research dedicated to manufacturing enterprises - a sector with unique cost management, technological processes, and product structures. Moreover, studies are often conducted in southern localities (e.g., Ho Chi Minh City, Binh Duong) or nationwide with dispersed samples. There is a lack of focused research on manufacturing enterprises in Hanoi, a key political-economic center with distinct business environment, managerial culture, and competition level, potentially influencing MA practice differently. Hence, conducting a systematic study on factors affecting MA practice in Hanoi's manufacturing enterprises has both scientific significance and practical managerial implications.

3. Research Methodology

To achieve the objectives, this study employs a desk research method, a qualitative approach synthesizing and deeply analyzing secondary data sources. This design suits the goal of systematizing verified factors from previous studies to build a comprehensive theoretical framework tailored to manufacturing enterprises in Hanoi.

Data collection focused on selectively reviewing reputable academic literature, including peer-reviewed journal articles, doctoral dissertations, specialized books on management accounting, and relevant industry reports. Priority was given to empirical studies (both quantitative and qualitative) that identified and measured factors influencing MA practice in comparable contexts, especially manufacturing.

The main data analysis methods are synthesis and comparative analysis. The study aggregates models and factors identified in prior research, then compares and contrasts their influence levels and suitability to explain impacts in Hanoi's manufacturing context. This process enables constructing a scientifically grounded, holistic picture of influencing factors without primary data collection.

4. Research Results and Analysis

Synthesizing empirical studies globally and domestically, this research identifies a set of factors deeply influencing MA practice in enterprises. These factors fall into three main groups: human and organizational factors, system and resource factors, and external environmental factors.

Human and organizational factors play a foundational and often strongest role. Foremost is senior management awareness, regarded as decisive. Their support, understanding, and demand for MA information drive resource investment and systematic MA implementation. A case study in a large manufacturer showed managerial awareness as the most influential factor in organizing MA tools. Alongside is the competence of accounting staff, which determines the ability to apply MA techniques from basic to advanced and affects information quality. Numerous Vietnamese studies confirm this factor's significant impact. Organizational characteristics also matter. Enterprise size generally correlates positively with MA development, as larger firms have more complex management needs and resources. However, size is not always decisive. Organizational culture, reflected in willingness to share information and innovation spirit, is also important, as identified in Hanoi enterprises, affecting readiness to adopt strategic MA tools.

System and resource factors are necessary conditions for MA application. IT adoption, especially Enterprise Resource Planning (ERP) systems, positively affects MA practice by enabling efficient data collection, processing, and analysis, forming a foundation for advanced MA tools. Conversely, organizational and implementation costs pose significant barriers, especially for resource-constrained firms. Adopting new MA systems involves trade-offs between costs and expected benefits.

External environmental factors create pressure and context for MA practice. Market competition is a strong driver, compelling firms to use MA as an effective tool to control costs, improve efficiency, and make sharper strategic decisions to maximize profits. Although MA is not mandatory like financial accounting, legal frameworks and industry/state policies indirectly affect MA adoption by creating favorable or challenging environments.

The complex interaction between internal factors and external pressures shapes the diverse MA practice landscape in Hanoi's manufacturing enterprises. Proper identification and assessment of these factors are crucial for proposing suitable solutions.

5. Conclusion and Recommendations

5.1. Conclusion

By synthesizing and systematically analyzing domestic and international studies, this paper achieves its goal of identifying and explaining the key factors influencing MA practice in manufacturing enterprises in Hanoi. The findings show that MA adoption is not a singular process but results from complex interactions among multiple factors. These can be grouped into three main categories: (1) organizational and human factors, including managerial awareness, accounting staff competence, and organizational culture; (2) system and resource factors, including IT application level and implementation costs; and (3) external environmental factors, notably competitive pressure and legal framework.

Among these, the study emphasizes the decisive role of a triad: senior management awareness, accounting staff capability, and IT adoption. Managerial awareness is the origin, generating strategic demand and commitment for MA deployment. Empirical evidence shows it is the most influential factor in organizing MA tools in manufacturing firms. Meeting this demand is the accounting team's capability - the "supply" factor determining successful application of MA techniques from basic to advanced. Finally, IT acts as a catalyst and foundational support, linking managerial vision with operational skills, enabling processing of large and complex data, thus actualizing advanced MA tools. The synergy of these three forms a solid "three-legged stool," a prerequisite for MA systems not only to be applied but also to be effective, becoming a sharp management tool for Hanoi's manufacturing enterprises amid current competition.

5.2. Recommendations

Based on the analysis of influencing factors, the study proposes coordinated managerial implications to promote and enhance MA practice effectiveness in Hanoi's manufacturing enterprises.

First, focus on enhancing capacity and awareness of human resources. This foundational solution directly addresses major "strategic and knowledge barriers." For senior managers, organizing workshops and thematic forums to raise awareness of MA's strategic role in decision-making and competitive advantage is essential. For accounting staff, internal training programs should be developed to build capacity, focusing on data analysis skills and modern MA tools application. Human resource development should be viewed as a long-term investment strategy to sustain competitive advantage.

Second, enterprises need to strengthen investment in information technology and build a supportive organizational culture. Investing in modern accounting software systems, especially ERP, is essential to timely and accurately collect, process, and provide MA information. Concurrently, fostering an organizational culture that encourages transparency, information sharing, and data-driven decision-making creates a favorable environment for voluntary and effective MA tool application rather than mere formality.

Third, at the macro level, state management agencies and

professional organizations should provide specific supportive policies. Research shows the significant role of the state and professional bodies in MA adoption. Therefore, authorities should issue detailed guidelines on MA for manufacturing enterprises, organize training courses, provide advanced MA certification, and create forums for experience exchange among enterprises in Hanoi.

Although the study meets its objectives, it has limitations due to the desk research method, relying mainly on secondary data synthesis and analysis. Thus, conclusions and analyses about Hanoi's manufacturing enterprises are primarily logical inferences based on theory and similar contexts, lacking direct empirical verification.

Future research should conduct field studies in Hanoi's manufacturing enterprises, using quantitative methods with surveys to collect primary data from representative samples. Data can be analyzed using modern statistical models such as Exploratory Factor Analysis (EFA), Confirmatory Factor Analysis (CFA), and Structural Equation Modeling (SEM) to test theoretical models and measure specific factor impacts. This approach will provide robust empirical evidence, enabling more accurate and context-appropriate conclusions and recommendations.

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