

**THE SOLUTIONS TO ENHANCE THE USE OF MANAGEMENT  
ACCOUNTING IN SMALL AND MEDIUM ENTERPRISES  
IN THAI NGUYEN PROVINCE**

**A DISSERTATION**

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**By**

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## **LIST OF ABBREVIATIONS AND ACRONYMS**

1. E: Enterprise
2. BA: Business Activity
3. SMEs: Small and Medium Enterprises
4. FS: Financial Statements
5. WTO: World Trade Organization
6. GRDP: Gross Regional Domestic Products
7. PC: People's Committee
8. MA: Management Accounting
9. TPP: Trans-Pacific Partnership Agreement



## ABSTRACT

There have been a lot of studies and scientific researches on management accounting with many different topics and scopes. However, all of them have focused on state-owned enterprises and big and strong economic corporations of Vietnam only, none on the SMEs. The SMEs in Vietnam have its own characteristics, so effective management requires proper management accounting information. This study has assessed the actual use of management accounting of the SMEs in Thai Nguyen Province, identified and analyzed the factors affecting the tendency to use management accounting in the SMEs in Thai Nguyen Province in order to propose the solutions to enhance management accounting of the SMEs in Thai Nguyen Province.

The author has collected 200 survey questionnaires (corresponding to 200 samples) from the SMEs in Thai Nguyen Province, among which limited liability companies account for about 45%, joint-stock companies about 33%, private enterprises about 13% and the others account for the rest.

Surveying 200 SMEs in Thai Nguyen Province has shown that the use of management accounting in the SMEs is directly affected by five factors in the assumed model, which are Management Support (TN), Strategic Vision (TC), Strategic Link (LK), Inventory Labor (LT), Quality Standards Application (CL) and Dependent Variable of Management Accounting Use of the SMEs in Thai Nguyen Province (SD). From these findings, the dissertation has made effective measures to enhance management accounting in the SMEs of Thai Nguyen Province. This will be a scientific contribution of the author in applying theories to the SMEs in Thai Nguyen Province.

## CHAPTER 1. INTRODUCTION

### 1.1. Background and Rationale of the Study

In Vietnam, over the years, SMEs have developed throughout the country and they are considered the ‘backbone’ of the economy. Currently, along with the process of economic reform, Vietnam has been actively promoting international economic integration; especially, Vietnam has joined the World Trade Organization (WTO), a global trade organization. The process of integration has a strong impact on the economy in general and businesses as well as SMEs in particular, which has set up a more favorable business environment, helping SMEs have more opportunities to develop.

When starting the international integration, enterprises in Vietnam in general and the small and medium-sized enterprises (SMEs) in particular face new opportunities and challenges. With small production scale, difficulties in access to funding and low-level employees etc..., especially SMEs are not used to applying management accounting to operation, so they are at a disadvantage when competing with large corporations and foreign corporations. Under the general terms when joining the WTO and other trade organizations such as ASEAN or the signing of free trade agreement between Vietnam and the Eurasian Economic Union on May 29, 2015, Vietnam has to gradually dismantle tariff barriers so that trade becomes easier. But it also means that the level of competition will become more acute (The Working Committee on the Accession to WTO of Vietnam, 2006). However, a worrying problem herein is that Vietnam’s economy has slow reform from its inside due to the characteristics of transform from subsidized economy into socialist-oriented market economy. Therefore, SMEs not only take advantage of many opportunities but also face many difficulties created by integration process.

Once the business environment changes according to the trend of global integration, Vietnam’s managers must cope with a major challenge which is that they have to use new management tools in order to respond and increase competitive advantage of their businesses. Therefore, more than ever SMEs have to rapidly use management accounting to help managers get the timely, appropriate and effective information to support the decision-making process. However, because the market economy has been formed later than other countries in the world, teaching of management accounting in Vietnam only started in the early 1990s of the 20<sup>th</sup> century; therefore, today most of the accounting departments in SMEs in Vietnam are still unfamiliar with the use of management accounting. Through the author’s preliminary survey as well as previous researches, so far the application of management accounting to management operations in SMEs are still