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Analysis of the Factors Affecting the Organization of Accounting in Small and Medium-Sized Enterprises in Tuyen Quang Province, Vietnam

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Abstract:

The study has summarized some current situations and focused on analyzing the factors affecting the organization of accounting work at SMEs in Tuyen Quang province through the survey results of 335 SMEs in the province. The analysis results show that there are 4 groups of factors affecting the organization of accounting work at SMEs in the province with the decreasing influence level, respectively, including the professional qualifications of accountants, the scale of production and business of the enterprise, facilities for accounting work and legal guidelines on accounting.

Keywords: Factors, organization of accounting, SMEs, Tuyen Quang province

1. Introduction

In recent years, the Government of Vietnam has continuously implemented solutions to improve the investment and business environment by completing the legal framework to motivate the development of small and medium-sized enterprises (SMEs). In 2017, the Law on Supporting SMEs was proved by the National Assembly at the 3rd Session of Term XIV. This law took effect on January 1, 2018, with a series of basic policies supporting SMEs, such as support in accessing credit and information, support in human resource development, support in consulting and technological development. These policies have made a milestone in completing legal policies actively supporting SMEs. In addition, the Government issued Decree No. 39/2019/ND-CP dated May 10, 2019, on the organization and operation of the Development Fund for SMEs. According to this Decree, the SME Development Fund provides loans and credit support to improve SMEs' capacity. It is also responsible:

- For receiving, managing and using loans, grants, aids, contributions and entrustment,
- For debt classification,
- For provisioning and solving risks,
- For financial management

According to statistics of the Ministry of Planning and Investment of Vietnam, by the end of 2020, the contribution rate of small, medium and micro enterprises to the total national budget revenue was as high as 31%, accounting for 40% of GDP. These enterprises also created more than 5.5 million jobs for society from 2016 to 2020. Unemployment has increased and people's income has decreased, which is an urgent issue for the Vietnamese economy. In 2022, Vietnam's unemployment was 2.21%. In fact, the process of enterprises' recruitment and labor's job finding in the country has been facing many difficulties. Besides, the supply and demand in the labor market may be seriously imbalanced between different economic sectors. When hundreds of students have no work or have a work out of their training major after graduation, entrepreneurship is one of the best solutions for those who want to find and build their careers. Moreover, in Vietnam, small and medium-sized enterprises are the majority and main type of enterprises in the economy. In 2020, SMEs accounted for more than 97% of the total number of enterprises in the country, employing up to 36.3% of social workers.

As of December 31, 2021, there are 2,061 SMEs in Tuyen Quang. Enterprises are widely distributed in localities in the province, operating in diverse lines of production and business. In order to create favorable conditions for businesses and entrepreneurs, Tuyen Quang province's authority has transparently publicized the orientations, plans for socio-economic development and economic sectors, and policies related to enterprises and entrepreneurs. In addition, the province also has been creating good conditions for businesses to implement programs and projects; supporting enterprises and businessmen to expand their scale, improve their operational efficiency, competitiveness and ability of

international economic integration; encouraging the development of entrepreneurs in rural areas; creating an equal and favorable environment of production and business.

Along with the development of the national economy, the requirements and of providing accounting information for business administrators are increasingly diverse and timely to meet the needs of effective management, especially in terms of economic and financial management. In small and medium-sized enterprises in Tuyen Quang province, although organizational systems and management tools, including the accounting system, are increasingly concerned, they seem to be not really suitable to meet the requirements in the period of economic integration. Therefore, completing the organization of accounting in order to improve the quality of accounting information in SMEs is one of the important tasks. This task will make the organization of accounting to be suitable to the specific characteristics and conditions of the enterprises while respecting the principles and regimes of accounting. As a result, the enterprises will be able to overcome the shortcomings in the organization of accounting to improve the efficiency of accounting information for the operation of enterprises. It is an important thing to meet the needs of international accounting reporting standards (IFRS) in Vietnam.

2. Methodology of the Research

2.1. Methods of Data Collection

- Secondary data: The data were collected from internal documents of small and medium-sized enterprises in Tuyen Quang province, Domestic and foreign research in books, newspapers and magazines Official documents announced by the Ministry of Finance, Summary reports in the statistical yearbook of the General Statistics Office and the Statistics Department of Tuyen Quang province.
- Primary data: Primary data were collected, surveyed, and interviewed by the authors on the current situation of accounting for small and medium-sized enterprises in Tuyen Quang province. The determination of sample size will be divided into two cases: Population unknown and population known.
- Responders: Chief Accountants or accounting staff work in small and medium-sized enterprises operating in Tuyen Quang province.
- Size of survey sample: The topic uses a random sampling method. Sample size according to Slovin's formula for calculating sample size:

$$n = \frac{N}{(1 + N \cdot e^2)}$$

In which:

n: Sample size

N: The size of the population (With N = total number of small and medium enterprises in Tuyen Quang province).

E: The error of the model choosing the confidence interval is 95%, so the deviation level is 5%.

Applying the above formula, the sample size of the survey to ensure the representativeness of the survey was conducted with 335 responses at least.

2.2. Method of Data Processing

- Descriptive statistical method: To calculate, evaluate and systematize primary and secondary data on the actual situation of the organization of accounting in the small and medium-sized enterprises in Tuyen Quang province. Based on the data collected, the research conducts analysis through tables and charts.
- Methods of analysis, synthesis and comparison: Process the data to produce relative numerical indicators to indicate the causes of variation of the research phenomenon. This method is used to compare and evaluate the actual situation of accounting in small and medium-sized enterprises in Tuyen Quang province.

Quantitative research is carried out with data collected through a formal survey questionnaire. The data were statistically analyzed through SPSS software to verify the research scales and models.

3. Results and Discussion

The system of SMEs in Tuyen Quang province has an important position in economic and social development, accounting for over 90% of the total number of businesses operating in the province. These businesses focus on using the resources and potentials of the province, contributing to the objectives of economic and social development and creating jobs for labor inside and outside the province. With these important roles, the number of SMEs has grown significantly in the total enterprises in Tuyen Quang province.

Sector	2017	2018	2019	2020	2021	Comparison (%)			
						18/17	19/18	20/19	21/20
Agriculture-Forestry- Fishery	90	97	101	165	318	107.78	104.12	163.36	192.73
Industry and Construction	565	635	752	564	828	112.39	118.43	75	146.81
Trade and Service	635	750	838	672	915	118.11	111.73	80.19	136.16
Sum	1,290	1,482	1,691	1,401	2,061	114.88	114.10	82.85	147.11

Table 1: Number of Enterprises by Economic Sector

Source: Tuyen Quang Statistical Office

Table 1 shows that the number of SMEs involved in agriculture, forestry and fishery is low in the province. The number of enterprises in the industry and construction industry increased rapidly from 565 enterprises in 2017 to 828 in 2021. Trade and service enterprises, with the fastest increase in number, increased by 280 enterprises in the period 2017-2021. This fact proves that the process of economic restructuring has been strongly implemented, in which the trade and service sector has been invested to develop during this period.

Table 2 shows that currently, most of the SMEs in Tuyen Quang province organize their accounting apparatus in a centralized form. There are up to 288 companies out of 335 surveyed companies organizing their accounting apparatus in a centralized form, accounting for 85.97%. These enterprises usually have a fixed business location or a narrow business area. Five enterprises applying the distributed accounting system are construction and installation, trade and service enterprises that have dispersed business areas and are organized in teams or stores. The rest 42 enterprises that have applied the combination of centralized and distributed accounting organization mainly belong to enterprises in the field of construction and commerce with many different business locations.

Form of Accounting Apparatus	Votes	%
Centralized organization of accounting	288	85.97%
Distributed organization of accounting	5	1.49%
Combination of centralized and distributed accounting organization	42	12.54%
Sum	335	100%

Table 2: Organization of Accounting Apparatus in SMEs
Source: Result of the Survey

The survey shows that the organization of financial accounting and management accounting is done in combination with the accounting apparatus of the enterprises. Most of the SMEs in the province have not focused on the organization of management accounting. In fact, many enterprises have not organized management accounting, especially small-sized enterprises with simple production and business.

Reviewing several pieces of research related to the topic, the authors identified factors to propose a model for this study that is mentioned in figure 1 below.

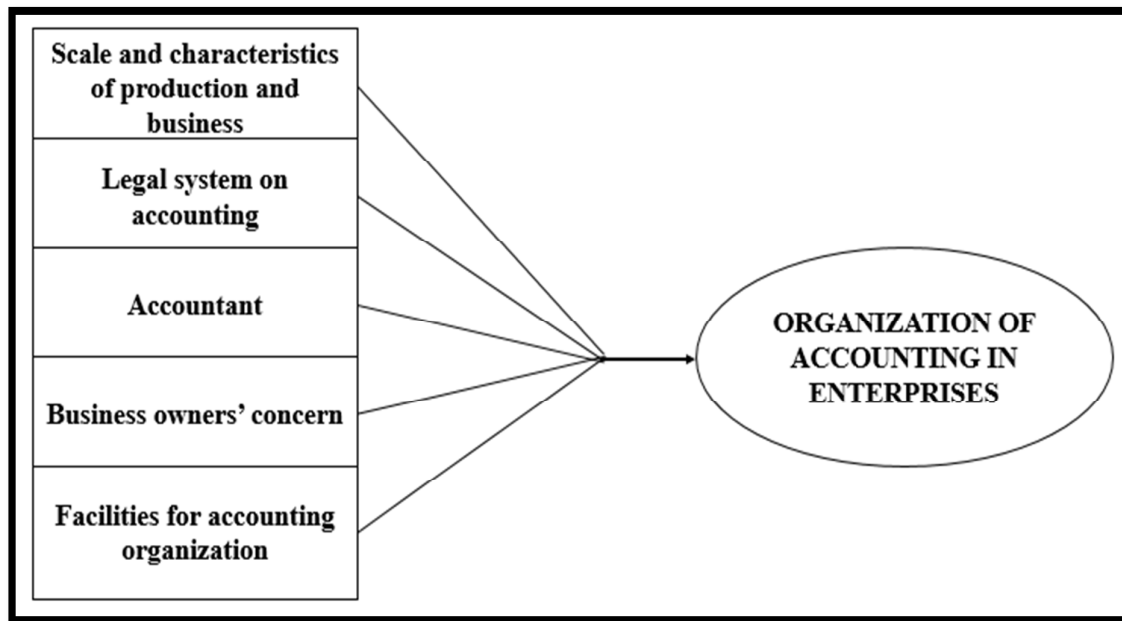


Figure 1: Proposed Research Model of the Study

With the data in table 3 below, we can see that the adjusted R-squared is 0.679, which means 67.9% of the change in the organization of accounting is explained by the variation of the independent variables in the model. The level of contribution and importance of the independent variables to the model will also be discussed and given solutions in the following section.

Model Summary								
Model	R	R Square	Adjusted R-Square	Std. Error of the Estimate		Durbin-Watson		
1	0,827	0,734	0,679	0,43684		1,837		
ANOVA								
Model		Sum of Squares	df	Mean Square	F	Sig.		
1	Regression	153,210	7	22,173	105,777	0,001b		
	Residual	65,191	315	0,210				
	Total	220,401	321					
Coefficients								
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0,248	0,126		2,134	0,044		
	LG	0,251	0,060	0,149	3,513	0,012	0,796	1,237
	BS	0,336	0,080	0,314	4,060	0,001	0,532	1,682
	Ac	0,168	0,067	0,483	2,379	0,004	0,711	1,457
	OC	-0,137	0,068	0,105	2,142	0,652	0,754	1,227
	EF	0,021	0,063	0,236	-0,174	0,023	0,634	1,463

Table 3: Regression Analysis of Coefficients of Independent Factors

The study proposed a research model of 5 factors affecting the organization of accounting in SMEs in Tuyen Quang province: Legal guidelines (LG), Size of the business (BS), Accountants' qualification (Ac), Business Owners' concern (OC) and Facilities for the organization of accounting (EF).

The analysis results showed that the variance exaggeration factors VIF of the groups of factors are all less than 2,000. Therefore, the independent variables are not correlated with each other. There is no multicollinearity between the independent variables. In order for the groups of factors to meet the conditions, it is necessary to have a Sig. Coefficient < 0.05, so after running the regression analysis, the research team found that the variables OC (Business owners' concern) need to be eliminated because of Sig. > 0.05. Of course, the 4 remaining variables all have Sig. < 0.05, so the model still has practical statistical significance.

Regression analysis results show that there are 4 groups of factors that affect the organization of accounting work in SMEs in Tuyen Quang province. In which the group of factors on the qualifications of accountants has the strongest influence on the organization of accounting in SMEs in the province, with the coefficient Beta = 0.483. The second most influential factor group is the production and business scale of the enterprise, with the coefficient Beta = 0.314. Next, the group of factors on facilities serving the organization of accounting work also affects the organization of accounting in SMEs (the coefficient Beta = 0.236). Finally, the group of legal guiding factors has the weakest influence on the organization of accounting work in SMEs in Tuyen Quang province.

4. Conclusion and Recommendations

For administrative reform and improvement of the investment environment, the following conclusions and recommendations have been made:

- Review and cut unnecessary procedures causing difficulties for businesses, especially those related to business registration, investment approval, loans, tax, land, and construction permit.
- Step-by-step modernize the model of a "One-stop service counter."
- Improve the capacity to monitor and evaluate the implementation process.
- Capture and handle difficulties and obstacles so that investment projects can be put into operation soon.
- Promote IT applications in the operation of state agencies and build provincial e-government.
- Help SMEs innovate and improve their technological capacity and technical level.
- Continue to provide financial support for SMEs in branding, registering the protection and granting product quality, environment-friendly, production process certificates, etc.
- Encourage SMEs to invest in science and technology activities with support from the state budget to carry out research projects on the technological innovation of SMEs.
- Help SMEs access the market and expand production and business.
- Create favorable conditions for SMEs to participate in the supply of public products and services of the province, ensuring equality between enterprises of all economic sectors in this field through the forms of auctions, ordering, etc.
- Encourage SMEs to participate in trade promotion programs in the domestic market.
- Support for human resource development for SMEs.
- Support for training in business start-ups and business administration.

- Support for vocational training;
- Implement an integrated combination of the National Target Program on new rural construction and the Target Program on Vocational Education - Employment and Occupational Safety.
- Support for direct training at small and medium enterprises.
- Regarding for support SMEs to access credit sources.
- Build policies to concentrate credit capital on priority areas, including small and medium enterprises.
- Promote the Bank-Enterprise Connection Program to remove difficulties and create favorable conditions for enterprises to access bank credit capital to develop production and business per the law.
- Implement preferential interest rates for short-term loans in Vietnam dong for small and medium-sized enterprises in accordance with regulations of the State Bank of Vietnam.
- Support premises for production and business.
- Simplify procedures about land.
- Guide administrative procedures and create favorable conditions for small and medium enterprises to access production and business premises.
- Statistics to implement land acquisition that is left fallow or used for improper purposes to create a land fund for concentrated manufacturing projects of agriculture, forestry and fishery of SMEs in accordance with the approved plan of land.

In conclusion, implementing the solutions will help the SMEs in Tuyen Quang province improve their organization of accounting. To do so, the SMEs first have to improve the awareness of enterprises about the role of accounting work. One of the reasons for the limitations on the organization of accounting in the SMEs in Tuyen Quang province is the perception of business owners about the role of accounting in operating production and business activities, for several objective and subjective reasons. Therefore, to improve the quality of the organization of accounting, business owners have to be properly aware of the role of accounting in the general operation of enterprises by improving the understanding of accounting, finance, and business administration for managers and business owners. The managers have to understand clearly the role of an accountant not only as a keeper of numbers but also as an assistant in implementing business and production strategies of enterprises in the market economy.

Besides, the State management agencies have to coordinate with professional associations and social organizations to update knowledge for business managers on how to access legal information and market, supplementing business legal knowledge, especially in the current situation when many SMEs are newly established, in which the business directors have limited legal knowledge and many business managers are still weak in a management capacity as well as lacks of experience, leading to risks and errors in the process of economic management.

In addition to improving the awareness of SMEs' owners about the role of accounting, it is necessary to improve the responsibility of the owners in complying with legal regulations on finance and accounting to create favorable conditions for accounting work so that it really becomes a financial management tool of enterprises and of the State. While formulating legal policies, State agencies must focus on inspecting and examining the observance of the subjects of application. The inspection, examination and audit should be reformed towards:

- Classification of objects for inspection, examination and audit, focusing on subjects with many risks (e.g., delayed disclosure of information, false information or lack of credibility, frequent tax fraud, late tax payment),
- Specifying clearly the sanctions and the level of sanctioning forms in the legal documents.

Strengthening IT application in accounting work is one of the important solutions for SMEs in the province nowadays. SMEs have to focus on investing in IT applications in accounting to improve accounting labor productivity so that it can provide adequate and timely economic information to serve business management requirements.

Moreover, SMEs in the province have to improve the organization of the enterprise's management apparatus. The organization of accounting work is implemented on the basis of the management apparatus model of the enterprise, ensuring that the tasks of each department are performed according to the general direction of the whole enterprise. Therefore, the SMEs should base on the characteristics of the production and business to complete the management apparatus, which is the basis for completing the organization of accounting.

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