

# INFLUENTIAL FACTORS ON STRATEGIC MANAGEMENT ACCOUNTING APPLICATION AND ITS INFLUENCE ON THE BUSINESS: EMPIRICAL EVIDENCE FROM A DEVELOPING MARKET

Thao Thi Thu Do <sup>\*</sup>, Ngoc Hung Tran <sup>\*\*</sup>

<sup>\*</sup> School of Finance and Accounting, Industrial University of Ho Chi Minh City, Ho Chi Minh City, Vietnam

<sup>\*\*</sup> Corresponding author, School of Finance and Accounting, Industrial University of Ho Chi Minh City, Ho Chi Minh City, Vietnam  
Contact details: School of Finance and Accounting, Industrial University of Ho Chi Minh City, 12 Nguyen Van Bao Street, Ward 4, Go Vap District, Ho Chi Minh City, Vietnam



## Abstract

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The successful application of strategic management accounting (SMA) and its influence on business in a developing market are contingent on various factors. Oyewo (2022) emphasizes the impact of contextual factors such as organizational structure, information technology (IT) quality, business strategy, market orientation, competition, and environmental uncertainty on the usage intensity of SMA and its influence on competitive advantage. This study investigates the drivers behind adopting SMA and its consequential effects on the performance of listed Vietnamese firms. The research employed a mixed-methods approach, integrating qualitative and quantitative methodologies to delineate research models, formulate hypotheses, assess the determinants influencing SMA implementation, and evaluate the impact of SMA application on corporate performance. The authors employed the partial least squares structural equation modeling (PLS-SEM) framework to analyse data from 147 listed companies in Vietnam. The outcomes reveal that variables such as the utilisation of information technology in business operations, participative decision-making, accountant qualifications, perceived environmental uncertainty, and strategic orientation positively influence SMA implementation, subsequently yielding positive effects on the performance of listed companies in Vietnam. This research contributes valuable insights into the factors shaping SMA adoption in Vietnamese enterprises, enriching practical managerial knowledge and theoretical perspectives.

**Keywords:** Listed Vietnamese Firms, Strategic Management Accounting, Information Technology, Participatory Decision-Making, Accountant Qualifications, Perceived Environmental Uncertainty, Strategic Orientation

**Authors' individual contribution:** Conceptualization — N.H.T.; Methodology — T.T.T.D.; Investigation — T.T.T.D.; Resources — T.T.T.D.; Writing — N.H.T.; Supervision — N.H.T.

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## 1. INTRODUCTION

This introduction delves into the field of strategic management accounting (SMA), first introduced by Simmonds (1981), and explores its implementation and impact on business performance. Despite widespread scholarly attention and the potential benefits of SMA in enhancing firm performance, there exists a paradoxical gap between theoretical understanding and practical implementation, as highlighted by studies by Alamri (2019), Pavlatos and Kostakis (2018), Turner et al. (2017), and Langfield-Smith (2008). This gap suggests a need for more nuanced research focusing on the contextual applicability of SMA practices.

The literature reveals that the effectiveness of SMA tools may be highly context-specific, requiring careful consideration of the environments in which they are applied. This perspective, supported by research from Cescon et al. (2019), Baird et al. (2018), Ax and Greve (2017), and Turner et al. (2017), points to a significant research gap in understanding the contextual factors that influence the successful implementation of SMA practices.

In Vietnam, the adoption and impact of SMA have been subjects of increasing scholarly interest. Bui et al.'s (2020) study on Vietnamese small and medium-sized enterprises and Dang et al.'s (2021) investigation into the Vietnamese sugar industry, along with Nguyen and Nguyen's (2021) research in the consumer goods sector, provide insights but also indicate a need for further exploration, especially in assessing the broad range of factors influencing SMA implementation and its consequent impact on performance.

The research aims to identify the literature gaps in the application of SMA in various contexts, particularly in the Vietnamese business environment. The central questions are:

*RQ1: What are the key factors influencing the adoption of SMA in Vietnamese enterprises?*

*RQ2: How does SMA impact their performance?*

The theoretical framework for this study draws from the existing literature on SMA's effectiveness and its contextual specificity.

The relevance and significance of this study lie in its potential to bridge the gap between SMA theory and practice, offering insights for both academics and practitioners. The methodology employed includes a mixed-method approach, combining qualitative and quantitative analyses to provide a comprehensive understanding of the adoption and impact of SMA in Vietnamese firms.

The main findings contribute to the literature by identifying specific factors influencing SMA adoption in different business contexts within Vietnam and by evaluating the impact of SMA on firm performance. These contributions offer practical implications for businesses and policy-makers, enhancing the understanding of SMA's role in strategic decision-making and operational efficiency.

The following parts of the paper include four sections. Section 2 stands for the literature review and the hypotheses development. Section 3 describes the research method and methodology. Section 4 discusses the main findings and Section 5 provides some discussions. Finally, Section 6 presents the concluding remarks.

## 2. LITERATURE REVIEW

### 2.1. Strategic management accounting and its practical research

The concept of SMA, initially articulated by Simmonds (1981), revolves around the provision and analysis of management accounting data concerning a business and its competitors, with the primary objective of facilitating the development and monitoring of the business's strategic direction. Subsequently, various scholars have expanded upon this notion of SMA by incorporating additional dimensions. These extensions include considerations such as furnishing insights into a firm's product markets, internal operations, and competitors' cost structures, all drawing upon financial and management accounting information (Bromwich, 1990; Cadez & Guilding, 2008; Langfield-Smith, 2008). Additionally, Rashid et al. (2020) present the contingent factors affecting the adoption decision and the effect of adopting a package of SMA techniques on firm performance in both developed and developing economies.

In contrast, traditional management accounting practices predominantly concentrated on internal financial reporting, often failing to furnish pertinent information regarding external market dynamics and non-financial aspects of operations (Cadez & Guilding, 2012). Moreover, conventional cost accounting approaches exhibited rigidity in cost allocation and the aggregation of cost nature, rendering them insufficient for identifying cost drivers in certain instances. Consequently, these methodologies could have facilitated cost-effective product design modifications or material changes with compromising quality, impeding cost-reduction efforts. SMA emerges as a potential solution to these limitations by formulating cost strategies.

Furthermore, SMA can significantly enhance business outcomes by enabling effective economic forecasting. This, in turn, empowers enterprises to expand their market share and gain a distinctive competitive edge within their respective industries or sectors. Such advantages translate into increased profitability and opportunities for business expansion or diversification by reducing unproductive operations and improving profit margins (Cadez & Guilding, 2012). Cescon et al. (2019) have emphasised that SMA is pivotal in aiding senior leadership in formulating competitive strategies and executing strategic planning. This, in turn, propels companies towards robust sustainability and growth through comprehensive analysis and a strategic mindset. SMA facilitates access to internal insights related to strategic objectives while concurrently enabling the timely evaluation of external factors tied to customers and competitors. SMA is an indispensable component of enterprise strategy management within accounting practice.

### 2.2. Firm size and strategic management accounting implementation

As highlighted in previous research, firm size can be quantified using various variables, such as the number of employees, sales turnover, total assets, and invested capital (Al-Omiri & Drury, 2007;

Krumwiede, 1998). These studies underscored the relevance of firm size concerning implementing SMA. Furthermore, Ahmad (2012) yielded a similar conclusion, emphasising that a company's size constitutes one of the influential factors affecting the adoption of SMA practices within businesses. Subsequently, in the context of Vietnam, Nguyen and Nguyen (2021) posited that enterprise size indeed significantly impacts utilising SMA practices.

*H1: The firm size positively impacts SMA implementation.*

### 2.3. Perceived environmental uncertainty and strategic management accounting implementation

Contingency theory highlights the inherent unpredictability of the business environment, underscoring the imperative for managers to maintain ongoing vigilance to avert disruptions. This proposition is substantiated by the findings of Al-Mawali et al. (2012), who established that the perceived level of environmental uncertainty significantly influences the adoption of SMA practices within Jordanian enterprises. Parallely, Erserim (2012) arrived at a similar conclusion when examining the relationship between perceived environmental uncertainty and the extent of management accounting practices, emphasising the interplay of organisational and environmental factors in the utilisation of management accounting practices, echoing earlier research by Abdel-Kader and Luther (2008).

Given the paucity of information and the inherent unpredictability embedded in the business environment, organisations may need help making well-informed decisions, leading to potential frustration. To address these challenges, governing boards formulate flexible strategies designed to enable swift responses to external risks, even in times of economic downturn. In this context, SMA practices emerge as valuable tools, providing managers with an array of risk-oriented solutions to mitigate the adverse effects of environmental risks on business success. In summation, a business's prosperity hinges significantly on its management's agility in addressing ecological uncertainty, a feat effectively achieved through successful SMA practices, as asserted by Cescon et al. (2019).

*H2: Perceived environmental uncertainty has a positive association with SMA implementations.*

### 2.4. The competitive intensity and strategic management accounting implementation

In 2012, Doan (2012) surveyed 220 enterprises in Vietnam. His research showed evidence of a positive influence of market competition on the SMA implementation. Furthermore, the results indicated that market competition was one of two significant factors that profoundly affected the application of SMA in Vietnam. This study was consistent with prior studies such as Williams and Seaman (2001). At the same time, the study of Ahmad (2012) showed that market competitiveness was one of the factors that impacted the application of SMA in businesses. Moreover, Oyewo (2021) highlighted that SMA usage intensity is predicted by compatibility

with competitive strategies, emphasizing the importance of aligning SMA with competitive strategies for extensive usage. Additionally, Oyewo (2022) demonstrated that deliberate strategy formulation significantly moderates the relationship between SMA usage and competitive advantage, suggesting that organizations taking a proactive approach to strategy issues may derive the most benefit from SMA utilization. Based on these empirical findings, the following core hypotheses have been formulated:

*H3: The competitive intensity positively impacts SMA implementation.*

### 2.5. The accountants' qualification and strategic management accounting implementation

Accountants with advanced qualifications, such as certified management accountants or chartered accountants, typically possess a more extensive skill set and a deeper financial and managerial accounting knowledge base. This heightened expertise equips them to contribute more effectively to SMA practices (Shah, 2017). Moreover, qualified accountants often excel in data analysis and interpretation, a proficiency that assumes paramount importance within the context of SMA. Their adeptness in this regard is crucial for thoroughly analysing financial and non-financial data, which in turn bolsters strategic decision-making (Simmonds, 1981). Furthermore, accountants who hold advanced qualifications frequently exhibit robust communication skills.

In addition to their communication prowess, accountants possessing higher qualifications tend to have a deeper understanding of strategic concepts and their practical applications. This strategic acumen can prove invaluable in aligning SMA practices harmoniously with the organisation's strategic objectives (Langfield-Smith, 2008). Accountants with professional qualifications also tend to possess a comprehensive grasp of regulatory and compliance requirements. Their in-depth knowledge ensures that SMA practices adhere to the pertinent legal and regulatory standards (Collier, 2015). Furthermore, these qualified accountants are more inclined to be well-versed in advanced accounting software and technology that supports SMA practices.

Monteiro et al. (2022) found that the age, professional experience, and academic qualifications of certified accountants tend to have an impact on the ability to implement accounting-based earnings management in financial statements, underscoring the influence of qualifications on the application of accounting practices. Oyewo (2022) emphasizes the need for management accountants to get involved in strategy issues, indicating that their qualifications and expertise are essential for contributing to strategic decision-making, further underscoring the importance of accountants' qualifications in leveraging SMA for strategic purposes. Thus, the study proposes the fourth hypothesis:

*H4: The accountants' qualification positively impacts SMA implementation.*

## 2.6. Participative decision-making and strategic management accounting implementation

Participative decision-making, which includes various stakeholders in the decision-making process, influences SMA practices within an organisation. Decision-making that engages multiple participants typically results in more comprehensive data collection and diverse perspectives, thereby enhancing the accuracy and relevance of data utilised in SMA processes, such as performance measurement and forecasting (Harrison, 1998). Additionally, participative decision-making is intrinsically linked to enhancing decision quality, capitalising on the group's collective intelligence. Enhanced decision quality, in turn, contributes to the efficacy of SMA practices (Amason, 1996). Notably, individuals who participate in decision-making processes are more likely to comprehend and endorse SMA practices, leading to heightened levels of acceptance and buy-in throughout all levels of the organisational hierarchy (O'Reilly et al., 1989).

Participative decision-making involves shared decision-making or the degree to which employers allow or encourage their workforces to partake in organizational decision-making (Dunmade, 2021). This highlights the importance of involving various stakeholders, including accountants, in the decision-making process, which can influence the implementation of SMA techniques. Research by Odia (2019) indicates that accountant participation in strategic decision-making has a significantly positive impact on the performance of financial institutions. This underscores the influence of accountants' involvement in decision-making processes on the successful implementation of strategic decisions, including the utilization of SMA techniques. As such, the following hypotheses have been developed:

*H5: The participative decision-making positively impacts SMA implementation.*

## 2.7. Information technology quality and strategic management accounting implementation

Managers rely on valuable and crucial information to inform their decision-making processes. Consequently, numerous enterprises have made concerted efforts to develop high-quality integrated information technology (IT) aimed at assisting managers in effectively carrying out their responsibilities and making well-informed decisions, as highlighted in studies by Maiga et al. (2014) and Booth et al. (2000), as well as by Schaltegger and Zvezdov (2015) and Dunk (2004).

Al-Omiri and Drury (2007) and Dillard (2000) have specifically characterised high-quality integrated information systems as systems designed to streamline the collection, aggregation, storage, and accessibility of data and information originating from diverse functional domains, encompassing accounting and other operational functions within enterprises. As a result, managers across various operational departments can rely on the availability of more detailed and pertinent information furnished by high-quality integrated IT to guide their decision-making processes. In this context, some scholars have posited that the presence of high-quality IT can effectively facilitate and

encourage the adoption of new management accounting practices, including SMA practices, as noted in the works of Al-Omiri and Drury (2007) and Dunk (2004). Based on these arguments, the ensuing assumptions will undergo testing:

*H6: The information technology (IT) quality positively impacts SMA implementation.*

## 2.8. Strategic orientation and strategic management accounting implementation

The alignment of strategic orientation with SMA practices is evident in the research conducted by Simmonds (1981), wherein it was emphasised that SMA should furnish the necessary data and analytical tools to underpin the formulation and monitoring of an organisation's strategic endeavours. This underscores the importance of harmonising SMA with an organisation's strategic orientation.

Further elucidating this connection, the study by Chenhall and Langfield-Smith (1998) delves into the relationship between strategic orientation and the allocation of resources within SMA. They underscore how the strategic emphasis on cost leadership or innovation exerts a discernible influence on the distribution of resources, thereby shaping the selection of SMA techniques employed.

Additionally, the impact of strategic orientation on performance measurement systems and SMA is explored in research conducted by Hoque (2004). This study delves into the idea that varying strategic directions necessitate distinct performance metrics, with SMA playing a pivotal role in formulating and implementing these metrics. As hypothesised, the results of this study affirm the existence of a significant and positive association between the strategic choices made by management and performance outcomes, which are mediated through the extensive utilisation of non-financial performance measures for evaluation.

*H7: The strategic orientation positively impacts SMA implementation.*

## 2.9. Strategic management accounting and its impact on corporate performance

In 2013, Aksoylu and Aykan (2013) conducted a study examining the impact of SMA usage on the perceived qualitative and quantitative performance of 229 large- and medium-sized Turkish firms. Grounded in strategic management theory, their research revealed a significant positive relationship between the utilisation of competitor- and customer-focused SMA techniques and the enhancement of perceived qualitative performance. Subsequently, Turner et al. (2017) embarked on a related investigation, drawing upon the premises of contingency theory. Their study sought to explore the mediating role of SMA usage in the context of 80 hotel properties across the United States. Hotel property performance was assessed using two distinct measures: customer performance and financial performance. The outcomes of their research substantiated the mediating function of SMA usage in linking the market orientation business strategy of hotel properties to their financial performance.

The impact of SMA usage on a firm's performance in the context of developing economies has received limited attention. Kalkhouran et al. (2017) delved into this area by investigating the indirect influence of SMA usage on firm performance in Malaysia. Their study substantiated the mediating role of SMA usage in shaping a firm's performance, mainly through chief executive officer (CEO) education and participation in networks. Additionally, Alamri (2019) conducted a comprehensive survey involving 435 accounting managers employed in Saudi-listed companies, focusing on the influence of SMA practices on organisational performance. This research meticulously examined five dimensions of SMA practices to assess their impact on financial and non-financial performance. The findings yielded compelling evidence that these facets of SMA practices significantly positively influence both financial and non-financial aspects of organisational performance.

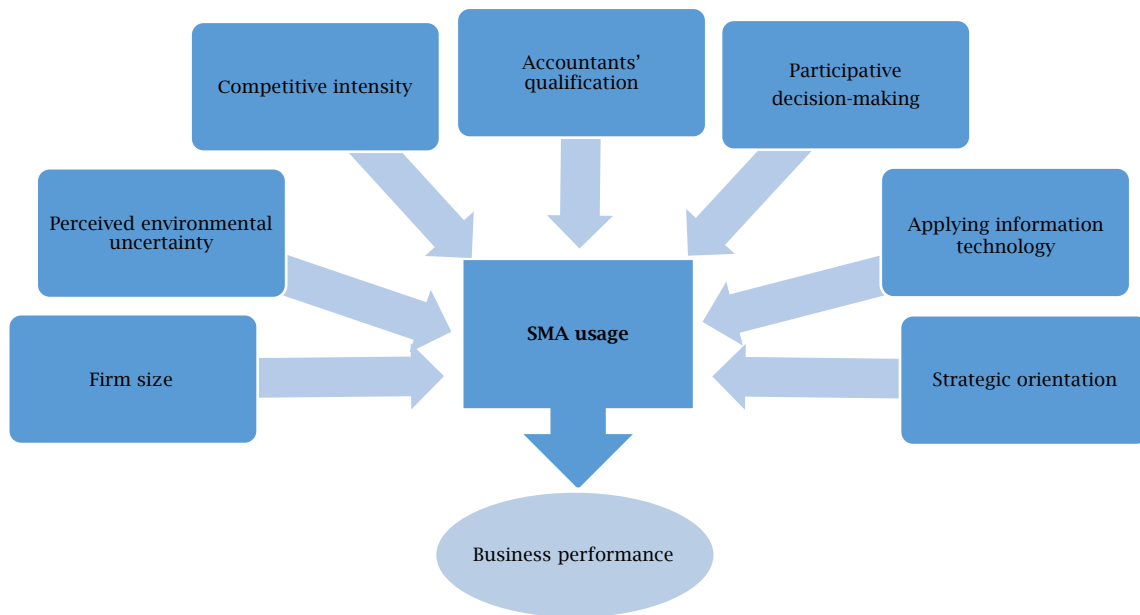
*H8: The SMA implementation positively impacts corporate performance.*

### 3. METHODOLOGY

The study is applied according to the partial least squares (PLS) path model to perform related tests.

The overall complexity of a structural model has very little influence regarding the sample size requirements for partial least squares structural equation modeling (PLS-SEM). The algorithm of this model uses ordinary least squares (OLS) regression to estimate the partial regression relationships of the model, allowing for reliability with a manageable sample size. The author determined the minimum sample size used in the study based on the guidance of Cohen (1992), with a statistical sensitivity of 80%, a significance level of 5%, and a minimum  $R^2$  of 0.1, as the minimum sample size required in the study will be 137. The study population is all enterprises, which the author approaches with a simple random sampling method, randomly selecting survey elements from the list of listed companies. To collect feedback from CEOs, chief financial officers (CFOs), chief accountants, and managers of other operational departments in Vietnamese listed enterprises, we distributed 300 questionnaires. Out of the 300 questionnaires distributed, 147 valid feedback responses were received, representing a response rate of 49%. After being cleaned, the collected data is analysed by SmartPLS 3.3.3 software.

**Figure 1.** Overview of the theoretical framework



Source: The Authors' synthesis of the theoretical overview.

In particular, firm size symbols are *SIZE* (three observed variables), competition intensity symbols are *CI* (six observed variables), perceived environmental uncertainty symbols are *PEU* (six observed variables), strategic orientation symbols are *SO* (four observed variables), applying information technology symbols are *AIT* (six observed variables), participative decision-making symbols are *PDM* (six observed variables), and accountants' qualifications symbols are *CAP* (six observed variables), SMA usage symbols are *SMA* (five observed variables). Business performance (*PER*) is measured through three observed variables

of business performance: 1) return on assets (*ROA*), 2) return on equity (*ROE*), and 3) return on sales (*ROS*).

### 4. RESULTS

Using SmartPLS 3.3.3 software, we present our measurement model evaluation results (refer to Table 1). These results indicate that the outer loading coefficients of the observed variables *CAP2*, *CAP6*, *CI5*, *PDM1*, *PEU5*, *PEU6*, and *PER3* fall below the threshold of 0.708. Consequently, it is advisable to consider removing these variables from

the model. This recommendation arises from these observed variables contributing to the latent variable's explanation of less than 50% of their variation. Moreover, all factors in the study exhibit Cronbach's alpha coefficients and composite reliability (CR) values exceeding 0.8. This robust reliability assessment suggests that the scale

employed is highly dependable. It further underscores the suitability of the observed variables, affirming their alignment with the latent variables' underlying characteristics. Notably, the factors demonstrate convergent solid validity, as evidenced by the average variance extracted (AVE) values exceeding 0.6.

**Table 1.** Results of testing the reliability coefficients

<i>Factors</i>	<i>Items</i>	<i>Outer loading</i>	<i>Cronbach's alpha</i>	<i>CR</i>	<i>AVE</i>
Appling information technology	<i>AIT1</i>	0.850	0.892	0.917	0.648
	<i>AIT2</i>	0.756			
	<i>AIT3</i>	0.890			
	<i>AIT4</i>	0.804			
	<i>AIT5</i>	0.754			
	<i>AIT6</i>	0.766			
Accountants' qualifications	<i>CAP1</i>	0.851	0.841	0.893	0.676
	<i>CAP2</i>	0.699			
	<i>CAP3</i>	0.794			
	<i>CAP4</i>	0.861			
	<i>CAP5</i>	0.715			
	<i>CAP6</i>	0.555			
Competitive intensity	<i>CI1</i>	0.744	0.845	0.889	0.617
	<i>CI2</i>	0.771			
	<i>CI3</i>	0.787			
	<i>CI4</i>	0.804			
	<i>CI5</i>	0.661			
	<i>CI6</i>	0.780			
Strategy orientation	<i>SO1</i>	0.871	0.885	0.918	0.738
	<i>SO2</i>	0.818			
	<i>SO3</i>	0.935			
	<i>SO4</i>	0.805			
Participative decision-making	<i>PDM1</i>	0.642	0.924	0.942	0.765
	<i>PDM2</i>	0.832			
	<i>PDM3</i>	0.887			
	<i>PDM4</i>	0.899			
	<i>PDM5</i>	0.836			
	<i>PDM6</i>	0.857			
Perceived environmental uncertainty	<i>PEU1</i>	0.756	0.908	0.931	0.773
	<i>PEU2</i>	0.929			
	<i>PEU3</i>	0.867			
	<i>PEU4</i>	0.956			
	<i>PEU5</i>	0.691			
	<i>PEU6</i>	0.643			
Firm size	<i>SIZE1</i>	0.987	0.921	0.943	0.847
	<i>SIZE2</i>	0.979			
	<i>SIZE3</i>	0.779			
Strategic management accounting usage	<i>SMA1</i>	0.752	0.849	0.893	0.625
	<i>SMA2</i>	0.783			
	<i>SMA3</i>	0.732			
	<i>SMA4</i>	0.842			
	<i>SMA5</i>	0.838			
Business performance	<i>PER1</i>	0.944	0.867	0.936	0.88
	<i>PER2</i>	0.882			
	<i>PER3</i>	0.371			

Source: The data was obtained from the SmartPLS software employed by the Authors.

The discriminant analysis using the Heterotrait-Monotrait (HTMT) ratio method reveals that the average correlation between the independent variables *CI* and *AIT* is 0.996, exceeding the conventional threshold of 0.9. This outcome indicates that, theoretically, *CI* and *AIT* are distinct constructs. However, it is noteworthy that the empirical data collected in this study needs to manifest a statistically significant difference between them. In light of this finding, the authors of

this paper decide to either incorporate additional variables or eliminate some variables from the model, as advocated by Henseler et al. (2015).

In response to this predicament, this study consolidates the indicators associated with the *CI* and *AIT* variables into a novel composite variable referred to as *AIT*. Subsequently, an assessment of the HTMT index following the amalgamation of variables is presented in Table 2.

**Table 2.** Discriminant value through HTMT

	<i>AIT</i>	<i>CAP</i>	<i>CI</i>	<i>SO</i>	<i>PDM</i>	<i>PER</i>	<i>PEU</i>	<i>SIZE</i>	<i>SMA</i>
<i>AIT</i>									
<i>CAP</i>	0.558								
<i>CI</i>	0.996	0.680							
<i>SO</i>	0.343	0.110	0.415						
<i>PDM</i>	0.515	0.570	0.576	0.168					
<i>PER</i>	0.219	0.170	0.185	0.073	0.170				
<i>PEU</i>	0.222	0.233	0.186	0.119	0.288	0.114			
<i>SIZE</i>	0.117	0.076	0.136	0.057	0.045	0.275	0.072		
<i>SMA</i>	0.778	0.563	0.855	0.343	0.657	0.456	0.237	0.134	

Source: The data was obtained from the SmartPLS software employed by the Authors.

To investigate the associations between the factors influencing the adoption of SMA and the subsequent impact of SMA on business performance, we employed SmartPLS 3.3.3 to analyse the gathered dataset. This analytical

approach encompassed an assessment of multicollinearity through the variance inflation factor (VIF) metric and bootstrapping techniques to gauge the statistical significance of the path coefficients.

**Table 3.** Results of inner VIF value

<i>Variables</i>	<i>PER</i>	<i>SMA</i>
<i>AIT</i>		1.930
<i>CAP</i>		1.624
<i>SO</i>		1.233
<i>PDM</i>		1.814
<i>PEU</i>		1.217
<i>SIZE</i>		1.028
<i>SMA</i>	1.000	

Source: The data was obtained from the SmartPLS software employed by the Authors.

Following the guidelines proposed by Hair et al. (2019), when the VIF is below 3, it suggests the absence of multicollinearity concerns. In our analysis, conducted using SmartPLS 3.3.3, all VIF coefficients yielded values less than 2, thereby

indicating that multicollinearity is unlikely within the model. The outcomes of the assessment of the interrelationships among the factors are presented in Table 4.

**Table 4.** Results of the research hypothesis test

<i>Hypothesis</i>	<i>Original sample</i>	<i>Sample mean</i>	<i>Standard deviation</i>	<i>t-statistics</i>	<i>p-values</i>	<i>Decision</i>
<i>H3 AIT -&gt; SMA</i>	0.441	0.427	0.077	5.724	0.000	Accepted
<i>H5 CAP -&gt; SMA</i>	0.149	0.157	0.073	2.038	0.042	Accepted
<i>H2 SO -&gt; SMA</i>	0.147	0.153	0.057	2.593	0.010	Accepted
<i>H4 PDM -&gt; SMA</i>	0.264	0.253	0.084	3.131	0.002	Accepted
<i>H7 PEU -&gt; SMA</i>	0.202	0.206	0.079	2.563	0.010	Accepted
<i>H1 SIZE -&gt; SMA</i>	-0.052	-0.056	0.064	0.810	0.418	Rejected
<i>H8 SMA -&gt; PER</i>	0.404	0.406	0.060	6.790	0.000	Accepted

Source: The data was obtained from the SmartPLS software employed by the Authors.

The influence of the independent variables, specifically *AIT*, *SO*, *PEU*, and *PDM*, is characterised by p-values below 0.05, indicating statistical significance. In other words, these findings support the hypothesis that *AIT*, *SO*, *PEU*, and *PDM* positively affect *SMA* with a 95% confidence level. The extent of influence attributed to these significant factors is quantified using the impact coefficient, denoted as  $f^2$ . Notably, the impact of the variables *CAP*, *SO*, *PDM*, and *PEU* on the dependent variable *SMA* is relatively modest ( $f^2 < 0.15$ ), while *AIT* demonstrates a more substantial, moderate-level impact on *SMA* ( $f^2 > 0.353$ ).

**Table 5.** Effect size  $f^2$ 

<i>Variables</i>	<i>PER</i>	<i>SMA</i>
<i>AIT</i>		0.264
<i>CAP</i>		0.036
<i>SO</i>		0.046
<i>PDM</i>		0.101
<i>PEU</i>		0.087
<i>SIZE</i>		0.007
<i>SMA</i>	0.195	

Source: The data was obtained from the SmartPLS software employed by the Authors.

The adjusted R-squared ( $R^2$ ) for the *SMA* model is computed at 0.602. This value signifies that the independent variables account for 60.2% of the variance observed in the *SMA* variable. The remaining 39.8% of the conflict is attributed to systematic error and other factors not encompassed within the confines of the research model.

**Table 6.** R-square and R-square adjusted

<i>Variables</i>	<i>R-square</i>	<i>R-square adjusted</i>
<i>PER</i>	0.163	0.158
<i>SMA</i>	0.618	0.602

Source: The data was obtained from the SmartPLS software employed by the Authors.

## 5. DISCUSSION

The preceding findings carry significant implications. Firstly, they underscore that the strategic orientation of enterprises, particularly those adopting a prospector strategy, positively influences the application of *SMA* within listed companies in Vietnam. This outcome aligns with prior research such as Pavlatos (2015), and Cadez

and Guilding (2008), which is in harmony with the argument put forth by Miles et al. (1978) that firms formulate strategies to adapt based on their perception of the business environment. These adaptive strategies enable companies to navigate changes effectively, with active support for SMA utilisation characteristic of prospector-oriented businesses.

Secondly, IT plays a favourable role in facilitating and promoting progressive accounting practices, particularly SMA. These results correspond with insights into the impact of IT on changes in management accounting. As Foster and Gupta (1994) posited, IT-enabled enhancements in the management accounting system can stimulate the adoption of accounting techniques tailored to customer needs. Alongside the practical application of IT, participative decision-making (PDM) also positively influences SMA (H5). These findings substantiate prior studies on decentralisation in management, as evidenced in works by Anh (2012). In this study, the authors enrich the understanding of factors influencing SMA application by considering managerial perspectives and management styles favouring employee involvement in decision-making processes, thereby fostering genuine administrative decentralisation and more informed decisions.

Thirdly, CAP positively impacts the application of SMA. This is essential for enterprises, as it aligns with the competitive nature of the economy. SMA provides crucial information supporting strategic processes driven by real-world requirements such as competition, technological advancement, participative decision-making, and more. Consequently, applying SMA requires accounting staff to possess the requisite competencies to ensure effective implementation of SMA practices. Contingency theory underscores the importance of resource proportionality with changes in management accounting. At the same time, the qualifications of accountants facilitate cooperation, knowledge sharing, and participation in an enterprise's strategic activities, thereby influencing the successful application of SMA.

Fourthly, the perception of uncertainty in the business environment emerges as a determinant impacting the application of SMA in listed companies in Vietnam. This outcome resonates with earlier research by Costantini and Zanin (2017), Al-Mawali (2015), and Pavlatos (2015). The study results further validate the empirical evidence highlighting that environmental uncertainty remains a fundamental concern for managers in strategic decision-making. This emphasises the need for businesses to employ SMA with a more comprehensive, sophisticated, and integrated range of information to support their operations, thereby underpinning the evolution of progressive accounting practices to sustain or enhance performance.

Fifthly, the study establishes a causal link between the usage of SMA and the corporate performance of listed enterprises in Vietnam. This finding is congruent with previous research by Turner et al. (2017) and Phornlaphatrachakorn and Na-Kalasindhu (2020). Additionally, this research bolsters the view that SMA's impact on business performance transcends specific sectors like

hospitality, finance, or manufacturing, extending its influence to other industries and regions. SMA emerges as a pivotal tool for supporting strategic decision-making, control, and evaluation, affirming that business performance is contingent upon aligning contingency factors with SMA usage.

Finally, it is notable that firm size does not exhibit statistical significance, implying that the need for accounting information in strategic enterprise activities remains imperative irrespective of an enterprise's size. These findings advocate for the application of SMA across all business sizes, including small and medium enterprises, in line with the current competitive landscape where information plays a vital role in the survival and success of enterprises, regardless of their scale.

## 6. CONCLUSION

This study was conducted to provide empirical insights into the influence of various factors, such as the utilisation of AIT, PDM, PEU, SO, and CAP, on the application of SMA. Additionally, the study sought to ascertain the positive implications of SMA implementation on corporate performance. With an established research model, data was gathered from the financial statements of publicly listed companies (relying on secondary data) and through a questionnaire administered to 147 listed companies on the Vietnam stock market in 2021. Subsequently, Smart-PLS 3.3.3 was employed to analyse and test the collected data in the quantitative phase of the study.

The research findings elucidate that various factors significantly influence the application of SMA within listed companies in Vietnam. These influential factors encompass PEU, SO, the integration of IT into business operations, PDM, and the qualifications of accountants. Notably, the findings underscore that the utilisation of IT in business operations exerts the most pronounced impact among the factors considered for the successful application of SMA in enterprises. This highlights the indispensable role of IT in enabling business innovation, characterised by enhanced data storage, faster data processing and distribution, and more widespread information dissemination. The technological revolution affects diverse facets of societal life and business activities, providing a conducive environment for establishing and advanced implementation of SMA within enterprises.

Moreover, PDM emerges as a pivotal factor influencing the utilisation of SMA. This democratic management style fosters an environment where employees are intrinsically motivated to pursue the organisation's objectives collectively. The research outcomes affirm that PDM positively influences the application of SMA in enterprises, emphasising the significance of leadership styles that promote openness and positivity, enabling employees to participate voluntarily in the decision-making processes. This approach forges close-knit relationships across all business activities, facilitating seamless management information flow forming the foundation for SMA's successful application. Factors such as strategic orientation and PEU also manifest as influential determinants affecting SMA usage within enterprises.



Furthermore, this study explores the relationship between the application of SMA and the corporate performance of enterprises. The results corroborate that utilising SMA positively impacts the business performance of listed companies in Vietnam. However, it is essential to acknowledge the research has some limitations such as the generalizability of these findings being constrained by the limited sample size drawn from listed companies on Vietnam's stock market.

Therefore, future research endeavours should focus on expanding the sample size and considering diverse business sectors to investigate the influence of industry-specific factors on the extent of SMA usage and its ultimate effect on business performance. In addition, further studies should investigate other factors like government support, network management, SMA implementation costs, etc., that were not covered in this study.

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