

## Evaluation the Supply Chain Management in the Accounting Service Firms in Hanoi



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**Abstracts:** The accountants in the accounting service firms in Hanoi all have a high level of education, an understanding of high socio-economic knowledge and a certain level of training can definitely involve in supply chain management (SCM) in the accounting service firms. This research was conducted to measure the SCM in the accounting service firms in Hanoi. Data were collected through a survey with 135 accountants and businesses employee from accounting service firms in Hanoi. With this data, we have used descriptive statistics, Cronbach's Alpha analysis to identify and measure sixteen (16) attributes of SCM in the accounting service firms in Hanoi. The results showed that SCM is highly appreciated by respondents. Based on the findings, some recommendations are given to improve SCM in the accounting service firms in Hanoi.

**Keywords:** SCM, customer, supplier, information share, information quality

**JEL code:** M10, M40, M29

### 1. Introduction

Supply chain management (SCM) is one of the highly effective new management methods for enterprises. According to Cigolini et al (2004), the mainly current competition is in supply chains rather than between individual enterprises. The SCM contains strategic and tactical issues, cooperation and technically scientific applications (Vaart & Donk, 2008).

SCM helps businesses to improve partnerships with suppliers (Chen & Paulraj, 2004; Chin et al., 2012), improve relationships and increase customer service (Chin et al., 2012), improve distribution process, increase the ability of on-time delivery and reduce delivery times (Chen & Paulraj, 2004).

The accounting service firms in Hanoi provide accounting services. These companies play an important role in assisting and advising investors and firms on the laws, regimes and financial and accounting institutions of State; guiding firms to make vouchers, bookkeeping, tax calculation and financial statements. However, most of accounting service firms were young, newly established, poor facilities, little corporate governance experience, having to compete fiercely with the larger force, which were unregistered units and individuals but still practiced in accounting service business. A number of companies that managed service quality were not scientific and had not fully issued the company's process documents (Mai, 2013). Therefore, accounting services firms need to develop comprehensively, with special attention to improve supply chain in order to enhance service quality; resulting in business efficiency, maintaining and improving competitive advantage.

### 2. Literature Review

#### SCM definition

Lambert et al. (1998) argue that SCM is the integration of important business processes from the end consumers through the original suppliers that provide value added products, services and information to customers and other stakeholders.

Stock & Boyer (2009) argued that network management within a company and among enterprises have linked together. Business units include material suppliers, purchasing companies, manufacturers, transportation, marketing companies and related systems. These will facilitate the transfer and the reversal of the flow of materials, services, finance and information from the producer to the end customer with the benefits of value increasing, maximizing profit, achieving efficiency and customer satisfaction.

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### SCM performance

Performance measurement can be defined as the process of quantifying the efficiency and effectiveness of action, including quality, time, cost, response and flexibility (Neely et al. (1995). This result is similar to that of Beamon (1999).

SCM includes activities that can facilitate the transportation of goods and information flows from material suppliers to the end customers. It helps to improve the relationship between suppliers and customers to produce a high quality product at a lower cost. This helps to gain a competitive advantage in the global market (Chuang & Shaw, 2005).

According to Sandhu et al (2013), supply chain management includes 7 dimensions: strategic supplier partnership, customer relationship, information sharing, information quality, postponement, agreed vision and goals and risk and award sharing.

### SCM practices

Donlon (1996) started a revolution in research on SCM practices by arguing that SCM practices involve suppliers cooperation, external forces usage, efforts to reduce production cycles, continuous production process and information sharing. Tan et al. (1998) argue that SCM practices include procurement, quality management and customer relationship management. Tan (2001) expands SCM practices to include the integration in the material flow-related chain, the information flow between the suppliers, the manufacturers and the customers, and the implementation of delay and mass production. Yap & Tan (2012) affirms that SCM practices include the following factors: chain integration, chain characteristics, information sharing, customer relationship management, quality management and just-in-time production capability.

Recently, there are increasing researches on SCM in Vietnam such as: Vo Thi Thanh Loc and Nguyen Phu Son (2011), Ha Van Hoi (2012), Le Thi Minh Hang (2016) ... However, previous researches have focused on the value chain or the current situation of SCM in a specific company or industry. There is lack of researches on SCM of accounting services firms.

### 3. Methodology

The sample is the accounting service firms in Hanoi. We send surveys to accounting service firms in Hanoi through email and by post or in person. In a 5-weeks period we collect data with firms that have been sent us by making phone calls or visiting in person. We gathered about 150 questionnaires to analyze the data. We choose accounting service firms in Hanoi because Hanoi is the leading economic center of Vietnam.

Inheriting results from previous studies, we identify SCM in the Accounting service firms in Hanoi included 16 attributes (indicators and scales) (see table 1).

**Table 1. Attributes of SCM in the Accounting service firms**

Code	Scale	Sources
Strategic supplier partnership (SSP)		
SSP1	Accounting service firms consider quality as one of the important factors in selecting suppliers	Li et al. (2006); Le (2016)
SSP2	Accounting service firms have helped their suppliers to improve their product quality	Li et al. (2006); Le (2016)
SSP3	Accounting service firms actively involve their key suppliers in new product development processes	Li et al. (2006); Le (2016)
Customer relationship (CR)		
CR1	Accounting service firms frequently interact with customers to set reliability, responsiveness, and other standards for them	Li et al. (2006); Le (2016)
CR2	Accounting service firms frequently measure and evaluate customer satisfaction	Li et al. (2006); Le (2016)
CR3	Accounting service firms frequently determine future customer expectations	Li et al. (2006); Le (2016)
CR4	Accounting service firms periodically evaluate the importance of our relationship with their customers	Li et al. (2006); Le (2016)
Level of information sharing (ISs)		
ISs1	Accounting service firms inform trading partners in advance of changing needs	Li et al. (2006); Le (2016)

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ISs2	Trading partners of accounting service firms share business knowledge of core business processes with them	Li et al. (2006); Le (2016)
ISs3	Accounting service firms and their trading partners exchange information that helps establishment of business planning	Li et al. (2006); Le (2016)
ISs4	Accounting service firms and their trading partners keep each other informed about events or changes that may affect the other partners	Li et al. (2006); Le (2016)
Level of information quality (IQ)		
IQ1	Information exchange between accounting service firms and their trading partners is timely	Li et al. (2006); Le (2016)
IQ2	Information exchange between accounting service firms and their trading partners is accurate	Li et al. (2006); Le (2016)
IQ3	Information exchange between accounting service firms and their trading partners is complete	Li et al. (2006); Le (2016)
IQ4	Information exchange between accounting service firms and their trading partners is adequate	Li et al. (2006); Le (2016)
IQ5	Information exchange between accounting service firms and their trading partners is reliable	Li et al. (2006); Le (2016)

SCM in the accounting service firms: The scales are measured by a 5-point Likert scale of 1 which is strongly disagree and 5 is strongly agree.

Analytical techniques: We use Cronbach' Alpha to assess reliability of scales. After cleaning, the collected data entered into the computer via SPSS 22.0 statistical software is 135 questionnaires. After coding and cleaning the data, it is acceptable since all Cronbach's Alpha coefficient of 0.6 or more (Hair et al. 2014).

## 4. Research Results

### 4.1. Descriptive Statistics

**Table 2: Respondents by Gender, Job Description**

	Frequency	Percent	Cumulative Percent
<b>Gender</b>			
Male	20	14.8	14.8
Female	115	85.2	100.0
<b>Job description</b>			
Business staff	20	14.8	14.8
Accounting staff	40	29.6	44.4
General accountants	34	25.2	69.6
Chief accountants	17	12.6	82.2
Deputy Manager of business department	14	10.4	92.6
Manager of business department	10	7.4	100.0
<b>Total</b>	<b>135</b>	<b>100.0</b>	

Information of data collected is shown in Table 2. It shows that among the 135 respondents, about 14.8% were male while the remaining 115 (85.2%) were female. Of these, among the respondents, business staff accounted for 14.8%, accounting staffs accounted for 29.6%, general accounting accounted for 25.2%, chief accountant accounted for 12.6%, deputy manager of business department accounted for 10.4% and while the remaining 7.4% or 10 respondents were manager of business department.

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**Table 3. Descriptive Analysis of Attributes of SCM in the Accounting service firms in Hanoi**

	N	Minimum	Maximum	Mean	Std. Deviation
<b>Strategic supplier partnership (SSP)</b>					
SSP1	135	2.0	5.0	4.052	.7563
SSP2	135	3.0	5.0	4.267	.7351
SSP3	135	2.0	5.0	4.200	.7310
Valid N (listwise)	135			4.173	
<b>Customer relationship (CR)</b>					
	N	Minimum	Maximum	Mean	Std. Deviation
CR1	135	2.0	5.0	4.015	.7329
CR2	135	2.0	5.0	4.044	.7905
CR3	135	2.0	5.0	3.815	.9157
CR4	135	2.0	5.0	3.637	.8945
Valid N (listwise)	135			3.878	
<b>Information sharing (ISs)</b>					
ISs1	135	2.0	5.0	3.785	.7369
ISs2	135	2.0	5.0	3.622	.7004
ISs3	135	2.0	5.0	3.650	.5900
ISs4	135	3.0	5.0	3.793	.7340
Valid N (listwise)	135			3.713	
<b>Information quality (IQ)</b>					
IQ1	135	2.0	5.0	3.726	.7169
IQ2	135	2.0	5.0	3.830	.7485
IQ3	135	3.0	5.0	3.793	.7238
IQ4	135	2.0	5.0	3.840	.6330
IQ5	135	3.0	5.0	3.770	.5850
Valid N (listwise)	135			3.793	

Table 3 shows that:

**Strategic supplier partnership (SSP)** including three (3) attributes were quite high with an average of 4.13 compared with the highest of the Likert 5-point scale. All these three (3) attributes were rated at an average of 4.052 or higher.

**Customer relationship (CR)** including four (4) attributes were quite high with an average of 3.878 compared with the highest of the Likert 5-point scale. All these four (4) attributes were rated at an average of 3.637 or higher.

**Information sharing (ISs)** including four (4) attributes were quite high with an average of 3.713 compared with the highest of the Likert 5-point scale. All these four (4) attributes were rated at an average of 3.622 or higher.

**Information quality (IQ)** including five (5) attributes were quite high with an average of 3.793 compared with the highest of the Likert 5-point scale. All these five (5) attributes were rated at an average of 3.793 or higher.

### 4.2. Cronbach's Alpha

SCM in the Accounting service firms in Hanoi has been measured by the Cronbach's Alpha. Results of testing Cronbach's alpha of SCM are presented in Table 4 below. The results also show that 15 attributes of SCM variables have Cronbach's Alpha coefficients that are greater than 0.6, and are less than the common Cronbach's Alpha coefficient; the correlation coefficients of 15 attributes are greater than 0.3. So, 15 attributes of the SCM are statistically significant (Hoang & Chu, 2008; Hair et al. 2009). IQ4'variable was eliminated because of Cronbach Alpha is greater than the common Cronbach's Alpha coefficient. (Hoang & Chu, 2008; Hair et al. 2009).

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**Table 4. Results of Cronbach's Alpha Testing of Attributes**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Strategic supplier partnership (SSP): Cronbach's Alpha: .848				
SSP1	8.467	1.878	.646	.845
SSP2	8.252	1.772	.755	.751
SSP3	8.319	1.786	.752	.754
Customer relationship (CR): Cronbach's Alpha: .898				
CR1	11.496	5.595	.706	.893
CR2	11.467	5.012	.832	.849
CR3	11.696	4.721	.759	.877
CR4	11.874	4.633	.817	.852
Information sharing: Cronbach's Alpha: .753				
ISs1	11.067	2.316	.692	.608
ISs2	11.230	2.462	.664	.629
ISs3	11.200	3.385	.312	.752
ISs4	11.059	2.579	.549	.696
Information quality (IQ) Cronbach's Alpha: .810				
IQ1	15.237	3.973	.756	.720
IQ2	15.133	3.967	.711	.735
IQ3	15.170	3.993	.737	.726
IQ4	15.119	5.150	.382	.831
IQ5	15.193	5.201	.414	.809

### 5. Discussions and Implications

#### Strategic supplier partnership (SSP)

There are some typical suppliers of accounting services firms include: enterprises providing accounting software, enterprises providing accounting human resources, enterprises providing office machines (printers, scanners, photocopiers ...), enterprises providing stationery... The relationship between accounting services firms and suppliers is quite close, based on many criteria, including quality factors. For example, for enterprises providing accounting software; quality factors are shown: (i) Save time for accountants, (ii) high accuracy, (iii) easy to use for all accountants, (iv) clear and fast execution, (v) can be linked to the tax declaration system, (vi) good warranty processing...

#### Customer relationship (CR)

Accounting service firms and customers jointly sign contracts on the provision of accounting services. The main contents of the contract are the jobs, the number of services, the completion time. In addition, rights and obligations of customers who hire services and accounting service firms are also clearly stated. Thus, the signed contract contributes to improving the responsibility of accounting service firms. Besides, it also helps customers feel secure. Customers always hope that Accounting service firms will fully and accurately exercise with high quality. Thereby, customers evaluate the quality of services provided by Accounting service firms (Dinh & Do, 2020).

#### Information sharing (ISs)

The information sharing of accounting services firms is shown to both customers and suppliers. However, the level and completeness of each information when sharing is different.

The process of providing accounting services shared by accounting firms to customers and suppliers consists of eight (8) steps (Nguyen et al, 2020):

(i) Receiving customer requests: Customers may request to provide services by phone, email or online request through the website of accounting service firms.

(ii) Survey: The accounting service firms conducts a preliminary survey on the status and characteristics of customers' activities in order to plan service delivery and analyze service charges.

(iii) Preparing quotation documents, negotiating, signing contracts: Accounting service firms send price lists to customers, sign contracts with customers, clearly stating the service content will provide, service fees, staffing services, etc.

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(iv) Service planning: The accounting service firms discuss with its customers the overall and detailed service plan to ensure that the work runs on time with high quality.

(v) Providing services to customers.

(vi) Exchanging, reporting performance results to customers: The accounting service firms discuss with the client about the results of the work and the notes in the providing service process. In the end, the accounting service firms and the client will have meetings to report and agree on overall results.

(vii) Preparing and publishing reports on the results of service provision: The accounting services firms send the customers the results of the service and the management letter.

(viii) Record keeping: Accounting service firms perform the record-keeping scientifically, safely and confidentially according to regulations.

### Information quality (IQ)

Customer's demand for accounting services is diverse. Customers have different business lines, so the demand for accounting services also has many differences. Customers expect the accuracy of time for some services like Tax report, Tax return. Customers also expect support on advising, clearly explaining the contents of newly promulgated legal documents such as regulations and circulars, etc. Accounting service firms serve customers quickly and happily, not putting pressure to customer (Dinh & Do, 2020).

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