

# **Decision-making ability in private accounting businesses in Vietnam**

**Tran Thi My Chau**

*The University of DaNang, VietNam – Korea University of Information and communication technology*

## **ABSTRACT**

The ability to make decisions is one of the important factors leading to the success of businesses. In today's fiercely competitive and constantly changing environment, determining which factors influence decision-making ability is a new and extremely important topic that has received attention in academic research and reality in businesses. Therefore, this study builds a proposed model related to decision-making ability in private accounting firms. The research results have proposed a general model including attention, memory, ideation, and emotion factors that influence decision-making ability in private accounting firms. This result has contributed new concepts to the theory of decision-making ability, risk, attention, memory, ideation, and emotion. However, its limitation is that it has not been experimentally proven how this model solves reality in businesses.

**Keywords** - decision-making ability, attention, memory, ideation, and emotion

## **Introduction**

Private accounting businesses play an important role in an open market economy by providing financial and accounting-related services to organizations and individuals. Accounting services such as invoice processing, financial reporting, or financial analysis services are all completed clearly and accurately by private accounting businesses. It also provides tax consulting services and auditing services to assist other businesses in complying with the law, ensuring the accuracy and transparency of financial information, thereby enhancing the reputation and image of the company. enterprise. Besides, it also helps businesses develop an effective financial strategy through financial management consulting services, planning, and risk assessment related to financial activities within the business. However, the rapid development of modern technology has helped create quality software along with the birth of more and more accounting service companies, making the accounting service market become more competitive. Accounting firms also face increased pressure from clients as well as changes in tax and legal regulations. This forces companies to adapt quickly and provide high-quality services that meet customer and government requirements. In addition, internationalization has also added business fields, so businesses need to constantly update knowledge and train employees to expand the scope of services. Businesses must also constantly learn and update digital knowledge to meet the diverse needs of customers and the State's requirements. Complex and fluctuating economic conditions are demanding on every business, carefully evaluate your decisions.

The accounting services market has gone through a difficult and challenging period with outdated accounting regimes. Now there are hundreds of accounting service firms and thousands of employees. Many reputable companies have promoted competition among businesses in the industry, leading to continuous improvement in service quality.

Revenue in recent times of the whole industry has achieved good growth, except during the Covid-19 period. In addition, the introduction of the Accounting Law has created opportunities for the development of this type of service. Modern technology also makes policy dissemination, training, and professional guidance easier. Businesses need to determine which factors affect their success beside many such challenges.

With the explosion of technology and information, the success of each business is always associated with knowledge factors (Jiatong et al., 2021), specifically decision making (Feng et al., 2022). According to Li et al. (2020), identifying business opportunities, assessing risks, and making decisions has a close relationship with creative thinking (e.g. ideation). Feng et al (2022) argue that strategic decision making will affect performance and profitability. This is similarly suggested in the study of Abbas (2020) that to survive and develop in an environment oriented towards sustainability (green environment) requires businesses to build product innovations and regular service, as well as the decision-making ability of managers. Rapid changes in market conditions require not only the ability to make accurate decisions but also the speed of timely decisions. Therefore, Pan et al., (2020) believe that researching influencing factors as well as improving decision-making ability in businesses is an extremely important topic in today's context, and service accounting at private enterprises is no exception.

## **Literature review and research model**

Managing resources to achieve goals as well as the success of a business is determined by the decision-making ability of managers (Kozioł-Nadolna and Wiśniewska, 2020). This is known due to the importance of properly identified, sufficient, and timely resources. Therefore, the measure of an administrator's capacity is related to decision-making in the enterprise at any position or leadership level in the company (Harrison, 1995). It can be human resources, property resources, or skills, all of which are related to the factor of how to use it effectively, which is the ability to make decisions. Therefore, this concept has been noticed in academic research as well as in business practice at enterprises. It is defined that it is the business success of the enterprise that is related to an individual's conclusion about a particular situation and it will determine the business performance (Drucker, 2001). Making a decision is considering choosing the most feasible option to implement based on the rationale and in-depth analysis of the situation. Similarly, Kuruppuge and Gregar (2020) believes that a business decision is a judgment of an individual or a few individuals based on the business's goals to bring about good results. In accounting service businesses, decisions are often related

to the applicable accounting regime, type of business customer, time to complete documents, declarations, etc. All of these decisions will lead to responsibilities tasks to be done and how effectively resources are used to achieve goals.

The decision-making process is complex and unpredictable, it is said to be based on determining the nature of the problem and the feasibility of applying it in practice (Griffin and Ricky, 2016). Therefore, Drucker (2004) believes that the effectiveness of decisions will depend on the accurate determination of the problem, the benefits achieved, planning and responsibility, communication and focus. Meanwhile, according to Eisenfuhr and Franz (2011), it is a process of choosing from several possible options to achieve the desired goal and result.

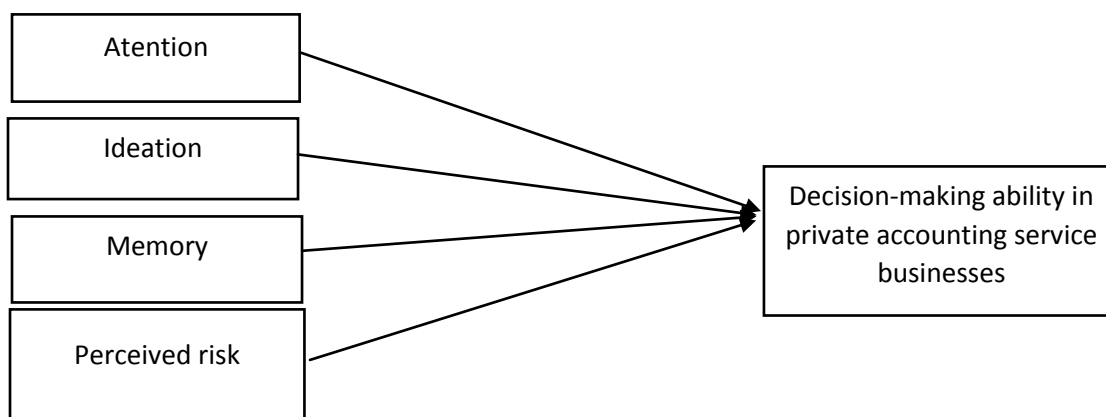
A study has shown that attention and emotion are related to job performance in different fields (Dudley et al., 2006). Decision makers are involved in the ethical aspects of the impact of decisions (Morente-Molinera et al., 2019). Similar to the study of Lerner et al. (2015), it is also found that emotions form strong decision-making motivators, sometimes these emotions also tend to have negative effects and unexpected results. Additionally, Sun et al. (2021) further explain that restraining emotions or giving up personal interests of decision makers will lead to high efficiency of business operations.

The knowledge that needs to be communicated will be stored in long-term memory (Yenkimaleki and van Heuven, 2017) until similar problems are encountered, then this knowledge will be used to solve the problem (Stocco and al., 2018). Therefore, when leaders have good memory, they will help them approach problems quickly and promptly, evaluate accurately and make reasonable decisions (Bechara and Martin, 2004).

In addition, attention is an important factor leading to the achievement of business goals as well as contributing to decision accuracy (Brosch et al., 2013). DelMissier et al. (2015) the brain's processing to generate ideas leads to decisions. During that process, the brain will analyze and predict components, come up with ideas to make decisions (Griessenberger et al., 2012).

Whether a business succeeds or fails, there is always the presence of risk factors. It is an underlying factor in decisions. The nature of this factor is difficult to evaluate because it comes from many causes, which can be subjective or objective factors. Objective factors are factors originating from the business environment such as trends or psychology of customers, and suppliers, or due to rapid changes in technology, government policies, inflation, etc. ..., these are factors that are difficult for businesses to control. Meanwhile, subjective factors often come from the leader's ability. A leader's poor risk assessment ability will lead to decisions that are harmful to the business. This can affect the resources and profitability of the business.

**Based on the above logic, the following hypotheses are proposed:**



### Conclusion

Although this is a relatively new topic in academic research, its importance is very important and necessary for private accounting service businesses. Therefore, reviewing previous studies and assessing the current state of operations of private accounting service businesses in Vietnam, the study has proposed the most general research model to measure decision-making ability. in this type of business. This study also reviews and supplements knowledge related to the concept of decision-making ability as well as related constructs. To increase the ability to make accurate decisions, in terms of business structure, they need to evaluate the management system as well as strengthen the work of building clear plans and roadmaps, then conduct assessments for each individual. period to learn from experience and make timely adjustments if necessary. From a manager's perspective, decision-making ability is affected by the factors as proposed. The important issue here is that this model needs to be tested with geographical areas with different cultural environments. different.

Kang and Lee (2017) argue that managers' cognitive speed is related to reduced stress as well as increased information sharing. This shows that awareness from similar situations to handle problems is especially important, which comes from the memory, ideation and attention of the decision maker. In accounting service businesses, this is even more widely applied due to the application of the same accounting document system by businesses in the same country.

The ability to remember and store information will help managers gain extensive knowledge about experienced situations and background knowledge. When it is combined with ideation, it will enhance the accuracy and timeliness of decisions. So the implication of this is that attention to information retention for ideation decision makers will speed up their own understanding and action. This can also be added that ideation is an important factor that needs focused attention to improve and continuously

learn. This is especially relevant in the accounting services environment, due to rapid changes in customer behavior, society, as well as the regulatory environment.

Emotions are often subjective to one or several individuals, they can have positive or negative effects, sometimes they give an individual a feeling of bias towards another individual. In accounting service businesses, emotions can lead to a preference for choosing one or several types of businesses to serve, or sometimes performing some illegal operations to support customers. This shows that emotions can bring unwanted results, so Zhang and colleagues (2015) believe that it is necessary to limit emotions before important decisions.

Besides the above contributions, the research still has certain limitations. The study only proposes a model that has not been tested through research samples. Future research could therefore overcome this limitation in the context of accounting services for private businesses or could expand to other research areas. Second, the lack of reference sources is also a limitation of this study. It requires that, to enhance generality, many previous studies should be informed and reasoned to provide a complete model that meets the diversity of the research field.

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