

FACTORS AFFECTING ACCOUNTING POLICY CHOICE: EVIDENCE FROM MANUFACTURING SMES IN HO CHI MINH CITY, VIET NAM

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ABSTRACT

This study investigates the factors influencing accounting policy choices among small and medium sized manufacturing enterprises (SMEs) in Ho Chi Minh City, Viet Nam. Survey questionnaires were distributed to 196 enterprises, of which 156 valid responses were collected and analyzed. The data were processed using descriptive statistics, exploratory factor analysis (EFA), correlation analysis, and multiple regression analysis. The findings identify six key determinants of accounting policy selection: corporate image toward external stakeholders, financial reporting information needs, firm characteristics, accounting staff competency, corporate image toward shareholders, and tax-related factors. The results indicate that all six factors positively influence accounting policy choices. Among them, corporate image toward external stakeholders exerts the strongest impact ($\beta = 0.319$), while tax related factors have the weakest influence ($\beta = 0.169$). The findings further reveal a shift in managerial priorities, emphasizing information transparency and corporate reputation over tax considerations. These results provide empirical evidence for policymakers and SME managers to improve accounting practices, enhance financial reporting quality, and strengthen stakeholder confidence.

Keywords: Accounting policy selection, SMEs, corporate image, financial statements, Viet Nam, regression analysis.

1. INTRODUCTION

Accounting policy choice is a critical issue in financial reporting, as it directly affects the quality, comparability, and reliability of accounting information. Different accounting policies may lead to significantly different financial outcomes, thereby influencing stakeholders' decisions, including investors, creditors, and regulators. In the context of small and medium-sized enterprises (SMEs), accounting policy choices are often more flexible but also more constrained by limited resources, managerial capacity, and regulatory understanding.

In emerging economies such as Viet Nam, the role of accounting policy choice becomes even more important. Vietnamese manufacturing SMEs contribute substantially to economic growth, employment, and industrial development. However, these firms often face institutional pressures, evolving regulatory frameworks, and varying levels of accounting sophistication. As a result, the selection of accounting policies may not only reflect technical considerations but also managerial incentives, external pressures, and firm-specific characteristics.

Prior studies have examined accounting policy choices from different theoretical perspectives, including positive accounting theory, agency theory, and institutional theory. These studies suggest that factors such as firm size, leverage, profitability, ownership structure, and audit quality can significantly influence accounting decisions. However, most empirical evidence has been derived from developed countries or large enterprises, while limited attention has been given to SMEs in transitional economies like Viet Nam. This creates a research gap, particularly in understanding how contextual factors shape accounting behavior in smaller firms.

Moreover, the manufacturing sector presents unique characteristics that may affect accounting policy choices, such as inventory valuation, cost allocation, and revenue recognition practices. These operational complexities, combined with resource constraints typical of SMEs, make accounting decisions more sensitive and potentially more heterogeneous across firms.

This study aims to investigate the factors affecting accounting policy choice in Vietnamese manufacturing SMEs. By employing an empirical approach, the study seeks to identify key determinants and assess their impact on firms' accounting decisions. In doing so, it contributes to the existing literature by providing evidence from a developing country context and focusing on SMEs, which remain underexplored in accounting research.

The findings of this study are expected to offer important implications for policymakers, regulators, and business managers. For policymakers, understanding the drivers of accounting policy choice can support the development of more effective and appropriate accounting regulations for SMEs. For practitioners, the results may enhance awareness of the consequences of accounting decisions and encourage more transparent and consistent reporting practices.

2. LITERATURE REVIEW AND THEORETICAL FOUNDATIONS

2.1. Literature Review

Cushing et al conducted a study on the determinants of firms' choices of inventory accounting policies. Their findings provide evidence that accounting policy decisions are driven by multiple factors. Specifically, firms tend to select accounting policies based on: (i) their impact on taxes and cash flows; (ii) their economic consequences, such as effects on reported earnings and stock prices; and (iii) other institutional and contractual incentives. These results suggest that accounting policy choices are closely associated with firms' economic motivations rather than being purely technical decisions [1].

A study by Christos Tzovas in Greece indicates that firms' accounting policy decisions are strongly influenced by managers' perceptions of how accounting information affects stakeholders. Based on a survey of 200 financial managers, the study finds that accounting information is considered a critical factor in banks' lending decisions and stock price fluctuations. The research also shows that firms often pursue profit-related objectives, such as tax minimization, influencing stock prices, and meeting credit requirements. However, these objectives may conflict with one another, particularly between minimizing taxes and maximizing reported earnings. Overall, the findings suggest that accounting policy choices are not merely technical in nature but constitute an integral part of firms' financial strategies, in which tax considerations play a significant role but are constrained by other costs and institutional factors [2].

Four years later, Fekete Szilveszter and colleagues extended the investigation into accounting policy choices of small and medium-sized enterprises (SMEs), with a particular focus on accounting measurement methods. Based on a survey of 51 firm representatives, the

study identifies five main groups of determinants influencing policy choices: users' information needs, taxation, corporate image toward third parties, firm characteristics, and the degree of faithful representation of financial statements. The results indicate that tax considerations exert the strongest influence, followed by corporate image—especially in contexts involving borrowing or financial support—and internal firm characteristics. Notably, the “faithful representation” of financial statements receives relatively limited attention in practice, highlighting a gap between accounting theory and firms' actual decision-making behavior [3].

A study conducted in Tanzania by Waweru N.M., Ntui P.P., and Mangena M. further clarifies the determinants of accounting policy choices. Using secondary data from the financial statements of 15 firms, the findings reveal that factors such as firm size, workforce size, the proportion of non-executive board members, and financial capacity significantly influence accounting policy decisions. In contrast, financial leverage does not exhibit a significant effect, contrary to some prior studies. Importantly, the study also highlights the role of non-executive board representation as a novel factor in explaining firms' accounting policy choices [4].

In Romania, Gurău and Mariana focus on analyzing differences in financial outcomes under various groups of accounting policies. The study identifies three categories of policies: cost minimization, capital maintenance, and tax compliance. When applied to the same dataset, each policy group yields different financial results, reflecting the underlying objectives pursued by firms. The findings demonstrate that accounting policies directly affect asset values and business performance, while also raising concerns regarding the “faithful representation” of financial statements. The study emphasizes the importance of consistency in the application of accounting policies to ensure comparability over time and support decision-making. Furthermore, strengthening auditing practices is considered essential to limit earnings management and enhance the reliability of financial information [5].

2.2. Theoretical foundations

2.2.1. Normative Accounting Theory

This theory primarily focuses on issues of recognition and measurement in accounting, aiming to establish optimal accounting principles and policies [6–10]. According to this perspective, accounting policies are formulated based on theoretical frameworks and principles designed to best reflect a firm's financial position. As such, accounting information not only supports the assessment of current performance but also contributes to predicting financial sustainability and facilitating future planning. However, a key limitation of Normative Accounting Theory lies in its flexibility of choice. When multiple accounting alternatives are all considered “appropriate,” this may lead to inconsistency and create challenges for users in interpreting financial statements.

Applied to this study, Normative Accounting Theory suggests that firms tend to select accounting policies that present their financial position in the most favorable manner. Accordingly, this research expects that corporate image influences accounting policy choices among small and medium-sized manufacturing enterprises in Ho Chi Minh City, as managers are inclined to adopt policies that enhance stakeholders' perceptions of stability and growth prospects.

2.2.2. Positive Accounting Theory

In contrast to the normative approach, this theory focuses on explaining and predicting firms' accounting policy choices based on empirical evidence [11][12]. From this perspective, accounting is not merely a recording tool but also reflects managerial strategic decisions. By analyzing past transactions, firms select accounting policies to interpret business performance

and their current financial position. Elements such as costs, revenues, and profits are evaluated in relation to the objective of maximizing benefits. However, this theory has been subject to criticism due to its assumption that managers primarily act in their own self-interest. This implies that accounting decisions may be influenced by motives such as tax minimization, increasing reported earnings, or enhancing corporate image.

Applied to this study, Positive Accounting Theory suggests that factors such as taxation and corporate image are likely to significantly influence accounting policy choices. In this context, managers tend to adopt accounting policies that reduce tax burdens while simultaneously improving reported profitability and corporate image in order to maximize their economic benefits.

2.2.3. Agency Theory

Agency Theory was developed by Michael Jensen and William Meckling to explain the relationship between shareholders (principals) and managers (agents). In this framework, shareholders delegate decision-making authority to managers to operate the firm and manage its resources. According to this theory, since both parties seek to maximize their own interests, conflicts of interest are inevitable. In particular, information asymmetry gives managers an advantage over shareholders, enabling them to make decisions that may not fully align with owners' interests. To mitigate such risks, firms often establish control mechanisms such as monitoring, auditing, and performance-based compensation policies [13].

In this context, the choice of accounting policies may also be influenced by managerial incentives. This study expects that factors such as taxation and the faithful representation of financial statements will affect accounting policy choices. Specifically, managers may prefer policies that both maximize their personal benefits and maintain a stable and credible corporate image in the eyes of stakeholders.

3. RESEARCH METHODOLOGY

3.1. Research Methods

The research methods employed in this study include both qualitative and quantitative approaches. The qualitative method is conducted through direct interviews with experts to validate findings from prior studies, as well as to refine and supplement the research content in accordance with the practical conditions of small and medium-sized manufacturing enterprises in Ho Chi Minh City. The quantitative method is employed to test the proposed research model, which is developed based on established theoretical foundations. The collected data are processed using appropriate analytical tools in SPSS to ensure the reliability and validity of the research results.

3.2. Measurement Scale Design

The measurement scale used in the survey questionnaire is constructed based on a five-point Likert scale, ranging from 1 ("very low") to 5 ("very high"), to capture respondents' perceptions of the research factors.

The observed variables are developed based on the inheritance and synthesis of prior studies. Accordingly, a total of 20 observed variables are designed to measure six independent variables in the proposed research model (Table 1).

Table 1. Measurement Scales of Research Variables

Construct	Code	Measurement Item	Source
Independent Variables			
Information Needs Provided by Financial Statements	NCTT1	Alignment between accounting records and financial reporting systems	Szilveszter Fekete et al. (2010)
	NCTT2	Information needs of managers	
	NCTT3	Information needs of shareholders	
	NCTT4	Users’ ability to understand and compare information across firms	
Taxation	THUE1	Minimization of accounting costs related to recognition and measurement	Szilveszter Fekete et al. (2010)
	THUE2	Minimization of corporate income tax and other taxes	
	THUE3	Minimization of financial expenses	
Corporate Image with Shareholders	HAVCD1	Building a favorable image with current shareholders	Christos Tzovas (2006)
	HAVCD2	Maximizing the use of tax incentives	
	HAVCD3	Influencing the level of profit distributed to shareholders and management	
	HAVCD4	Financial statement disclosures provide advantages to the firm (e.g., obtaining funding or subsidies)	
Corporate Image with Third Parties	HAVK1	Accounting policies selected by the firm are also adopted by other firms in the same industry	Christos Tzovas (2006)
	HAVK2	Creating a positive image of the firm for potential investors	
	HAVK3	Tax authorities accept the accounting policies chosen by the firm	
Firm Characteristics	DDDN1	Selected accounting policies provide useful information for third parties	Szilveszter Fekete et al. (2010)
	DDDN2	Accounting policies have been consistently applied over a long period	
	DDDN3	Best reflect the firm’s characteristics and resources	
Accounting Staff Competency	TDNVKT1	Accountants are able to record, process, and report business transactions	Phan & Huynh (2025); Nguyen Nguyen (2023)
	TDNVKT2	Accountants’ ability to understand accounting regulations supports appropriate policy selection	
	TDNVKT3	Enhancing accountants’ competency is necessary for sustainable development	
Dependent Variable			
Accounting Policy Choice	Y1	Minimization of corporate income tax and other taxes	Barry E. Cushing (1992); Christos Tzovas (2006); Gurau et al. (2014)
	Y2	Profit maximization	
	Y3	Enhancing capital mobilization capacity	
	Y4	Avoiding violations of debt covenants	
	Y5	Preservation of owners’ equity	
	Y6	Compliance with legal regulations	

Source: Compiled from previous studies

3.3. Hypotheses Development

Financial statements constitute a crucial source of information that assists managers in evaluating a firm's performance at a given point in time, thereby providing a basis for strategic planning and decision-making. Furthermore, according to the decision-usefulness theory, financial statements also supply relevant information to investors and other stakeholders to support economic decision-making processes. The study by Szilveszter Fekete et al. indicates that users' information needs significantly influence firms' accounting policy choices. Therefore, the selection of appropriate accounting policies to meet information demands is essential [3].

H1: Users' information needs have a positive impact on accounting policy choice.

Taxation represents a mandatory financial obligation of firms to the government and significantly influences financial and accounting decisions. In this context, firms tend to select accounting policies that minimize tax liabilities while maximizing economic benefits. The study by Szilveszter Fekete et al. demonstrates that taxation is one of the key determinants affecting accounting policy choices. Therefore, taxation is expected to exert a significant influence on firms' accounting policy selection behavior [3].

H2: Taxation has a positive impact on accounting policy choice.

Financial statements serve not only as a tool for reflecting a firm's financial position and performance but also play an essential role in maintaining and attracting investors. Accordingly, firms are inclined to adopt accounting policies that enhance their financial image and increase their attractiveness to shareholders. The study by Christos Tzovas shows that managerial decisions regarding accounting policy choices are closely associated with profit objectives and influence the firm's market value [2].

H3: Corporate image with shareholders has a positive impact on accounting policy choice.

Third parties, including banks and credit institutions, are important providers of capital for firms, particularly for small and medium-sized enterprises. Under financial constraints, firms are likely to select accounting policies that portray financial stability and strong solvency, thereby improving access to external financing. The study by Christos Tzovas indicates that accounting policy choices are associated with profit objectives and the ability to meet credit conditions. Therefore, building a favorable image with third parties is considered a key driver influencing firms' accounting policy choices [2].

H4: Corporate image with third parties has a positive impact on accounting policy choice.

Each firm possesses distinct characteristics in terms of business objectives, information needs, and organizational features, which in turn influence managerial decision-making. Consequently, accounting policy choices tend to reflect the internal characteristics of firms in order to best serve management objectives and information provision. Previous studies have identified firm characteristics as a significant factor affecting accounting policy choices [3].

H5: Firm characteristics have a positive impact on accounting policy choice.

Several domestic studies suggest that the qualifications and competencies of accountants significantly influence accounting policy choices, as accountants play a central role in recording, processing, and providing financial information for managerial decisions [15]. Furthermore, international research indicates that psychological and professional competency factors of accountants also affect the selection of accounting methods [16]. Therefore, accounting staff competency is expected to have a positive impact on accounting policy choice.

H6: Accounting staff competency has a positive impact on accounting policy choice.

3.4. Research Model

Building upon the research model proposed by Szilveszter Fekete and drawing on related studies, this paper develops a conceptual framework incorporating key independent variables, including: users’ information needs derived from financial statements, taxation, corporate image with shareholders and third parties, firm characteristics, and accounting staff competency. The proposed research model is illustrated in Figure 1.

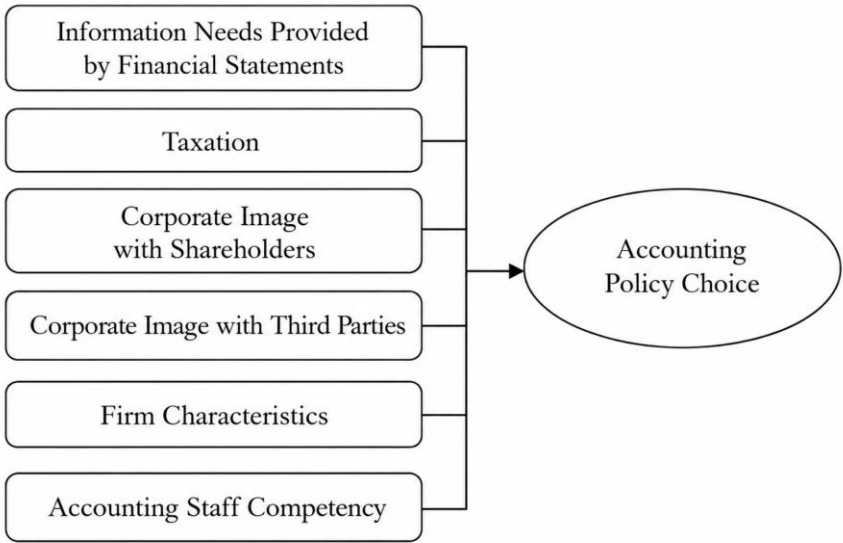


Figure 1. Research Model

(Source: Authors’ own proposal)

4. RESEARCH RESULTS AND DISCUSSION

4.1. Research results

4.1.1. Descriptive Statistics of Variables and Scale Reliability Testing

The descriptive statistics indicate that the impact levels of the factors on accounting policy selection by small and medium-sized manufacturing enterprises in Ho Chi Minh City are relatively clear, with both the mean and median values ranging between 3 and 4. Notably, three factors stand out as having the most significant influence: information needs from financial statements, corporate image toward third parties, and firm characteristics, all with mean values exceeding 3.4. This reflects a growing trend of enterprises recognizing the importance of selecting accounting policies that align with their operational characteristics and strategic objectives.

Reliability tests show that all 26 measurement items for the six independent variables and one dependent variable meet the required standards, making them suitable for exploratory factor analysis (EFA).

4.1.2. Exploratory Factor Analysis

Table 2. Rotated Component Matrix of Independent Variables

Observed Variables	Factor 1 (HAVCD)	Factor 2 (NCTT)	Factor 3 (DDDN)	Factor 4 (TDNVKT)	Factor 5 (HAVK)	Factor 6 (THUE)
HAVCD3	0.848					
HAVCD1	0.811					
HAVCD2	0.790					
HAVCD4	0.722					
NCTT3		0.827				
NCTT2		0.810				
NCTT4		0.809				
NCTT1		0.737				
DDDN3			0.841			
DDDN2			0.823			
DDDN1			0.781			
TDNVKT2				0.870		
TDNVKT1				0.794		
TDNVKT3				0.790		
HAVK1					0.779	
HAVK3					0.767	
HAVK2					0.749	
THUE1						0.797
THUE3						0.790
THUE2						0.770

(Source: Authors' analysis using SPSS)

The results in Table 2 indicate that all 20 measurement items have factor loadings greater than 0.5, confirming the representativeness of the observed variables for the latent constructs. Moreover, these 20 items are grouped into six factors influencing the selection of accounting policies (AP) in small- and medium-sized manufacturing enterprises in Ho Chi Minh City, namely: information needs from financial statements (4 items), taxation (3 items), corporate image toward shareholders (4 items), corporate image toward third parties (3 items), firm characteristics (3 items), and accounting staff competence (3 items). Additionally, the analysis using Principal Component Extraction and Varimax rotation shows that all factors have eigenvalues greater than 1. Six factors were extracted from the 20 observed variables, explaining a total variance of 68.4% ($\geq 50\%$). This confirms that the six-factor model is appropriate and that these factors account for the majority of the data variance, with the remaining 31.6% attributable to factors outside the model.

4.1.3. Correlation Analysis

Table 3. Correlation Matrix of Factors

Variables	1	2	3	4	5	6	7
1. NCTT	1.000						
2. THUE	0.089	1.000					
3. HAVCD	0.147	0.009	1.000				
4. HAVK	0.120	0.131	0.380**	1.000			
5. DDDN	0.198*	0.057	0.183*	0.150	1.000		
6. TDNVKT	0.087	0.038	0.190*	0.154	0.014	1.000	
7. Y	0.383**	0.255**	0.409**	0.500**	0.357**	0.322**	1.000

$N = 156$. $p < 0.05$; $p < 0.01$ (two-tailed).

(Source: Authors' analysis using SPSS)

The correlation analysis in Table 3 shows that the dependent variable, “accounting policy selection”, is significantly associated with most of the independent variables at the 1% significance level (correlation coefficients > 0.3). Among these, “corporate image toward third parties” exhibits the strongest correlation, followed by “corporate image toward shareholders”. This indicates that small- and medium-sized manufacturing enterprises in Ho Chi Minh City place particular importance on reputation and corporate image, both internally and externally. Factors such as information needs from financial statements, firm characteristics, and accounting staff competence have moderate effects. In contrast, tax-related factors show a low correlation (0.255), contrary to the initial expectation, suggesting that taxation may play a less significant role in accounting policy decisions than originally assumed.

4.1.4. Regression Analysis

Table 4. Regression Results

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	0.820	0.206		3.979	0.000		
	NCTT	0.140	0.034	0.243	4.098	0.000	0.937	1.068
	THUE	0.090	0.031	0.169	2.917	0.004	0.973	1.028
	HAVCD	0.088	0.033	0.170	2.681	0.008	0.814	1.229
	HAVK	0.171	0.034	0.319	5.059	0.000	0.826	1.211
	DDDN	0.120	0.033	0.217	3.650	0.000	0.929	1.077
	TDNVKT	0.107	0.030	0.210	3.574	0.000	0.951	1.051

a. Dependent Variable: Y

(Source: Authors' analysis using SPSS)

The results in Table 4 indicate that all six factors (information needs from financial statements [NCTT], taxation [THUE], corporate characteristics [HAVCD], corporate image [HAVK], firm features [DDDN], and accounting staff competence [TDNVKT]) significantly influence the selection of accounting policies in small- and medium-sized manufacturing

enterprises in Ho Chi Minh City, with all significance values (Sig.) below 0.05. Among these, “corporate image toward third parties” has the strongest effect ($\beta = 0.319$), followed by “information needs from financial statements” ($\beta = 0.243$) and “firm characteristics” ($\beta = 0.217$). The remaining factors have moderate effects, namely “accounting staff competence” ($\beta = 0.21$), “corporate image toward shareholders” ($\beta = 0.17$), and the lowest is “taxation” ($\beta = 0.169$), which is contrary to the initial expectation. The regression equation is specified as follows:

$$Y = 0.243 \cdot \text{NCTT} + 0.169 \cdot \text{THUE} + 0.17 \cdot \text{HAVCD} + 0.319 \cdot \text{HAVK} + 0.217 \cdot \text{DDDn} + 0.21 \cdot \text{TDNVKT}$$

4.1.5. Model Fit Assessment

Table 5. Model Fit Statistics

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics				Durbin-Watson
						F Change	df1	df2	Sig. F Change	
1	0.714 ^a	0.510	0.491	0.37114	0.510	25.883	6	149	0.000	1.466

a. Predictors: (Constant), TDNVKT, ĐDDN, THUE, NCTT, HAVK, HAVCD

b. Dependent Variable: Y

(Source: Authors' analysis using SPSS)

The results in Table 5 show that the adjusted R^2 is 49.1%, indicating a moderate explanatory power; accordingly, the six independent variables explain 49.1% of the variance in the dependent variable, “accounting policy selection”, in small- and medium-sized manufacturing enterprises in Ho Chi Minh City.

Table 6. Anova Results

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	21.392	6	3.565	25.883	0.000 ^b
	Residual	20.524	149	.138		
	Total	41.916	155			

a. Dependent Variable: Y

b. Predictors: (Constant), TDNVKT, ĐDDN, THUE, NCTT, HAVK, HAVCD

(Source: Authors' analysis using SPSS)

With the null hypothesis $H_0: \beta_1 = \beta_2 = \beta_3 = \beta_4 = \beta_5 = \beta_6$ (i.e., all regression coefficients are equal to zero), the results of the ANOVA test in Table 6 indicate a significance value of Sig. < 0.05. Therefore, H_0 can be rejected, demonstrating that the independent variables in the model are appropriate for the dataset and that the regression model is statistically significant. In other words, the independent variables are capable of explaining variations in the dependent variable.

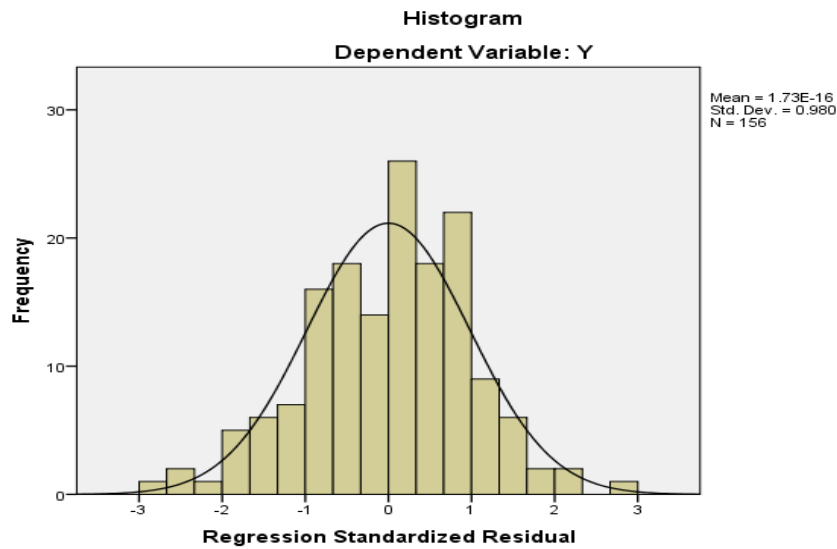


Figure 2. Histogram of Residuals Showing Approximate Normal Distribution
(Source: Authors' analysis using SPSS)

The diagnostic tests indicate that the residuals of the model are normally distributed (Figure 2). Specifically, the histogram shows that the residuals approximate a normal distribution, suggesting that the normality assumption is not violated. Additionally, the P–P Plot further supports this conclusion, as the observed points lie closely along the diagonal line (Figure 3).

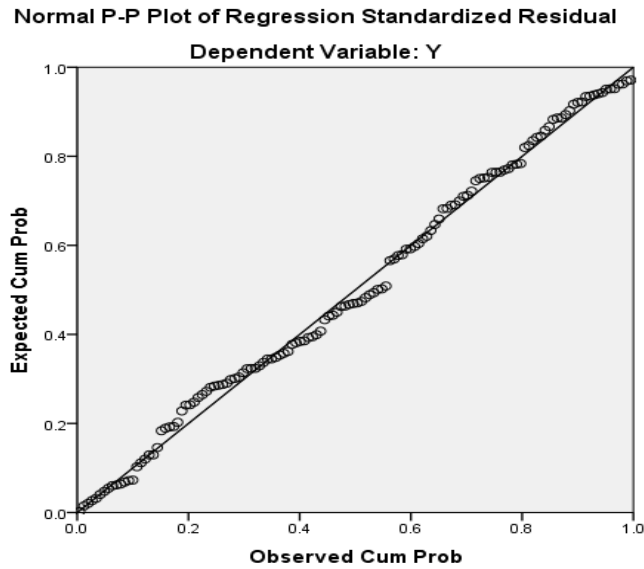


Figure 3. P–P Plot of Standardized Residuals
(Source: Authors' analysis using SPSS)

Additionally, the scatter plot shows that the residuals are randomly distributed around the horizontal axis at zero, without forming any specific trend or pattern (Figure 4). This confirms that the assumption of constant variance (homoscedasticity) in the regression model is satisfied.

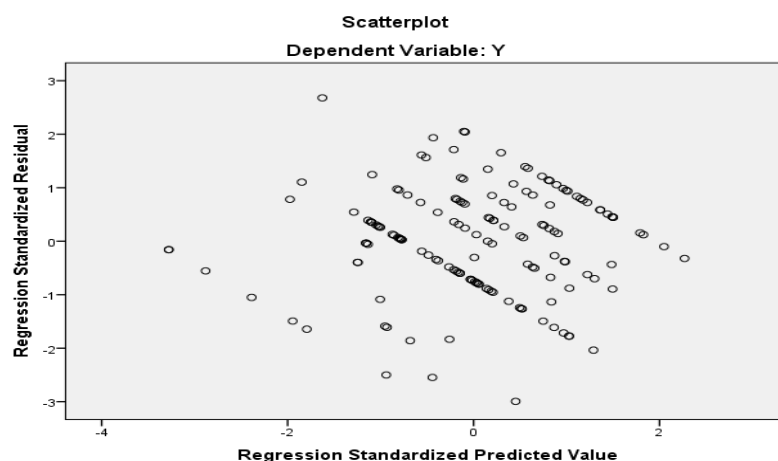


Figure 4. Scatter Plot of Residuals

(Source: Authors' analysis using SPSS)

4.2. Discussion

The results of the reliability test using Cronbach's Alpha and exploratory factor analysis (EFA) confirm that the measurement scales are reliable, with 26 observed variables representing six independent factors affecting accounting policy choices among small and medium sized manufacturing enterprises in Ho Chi Minh City. These factors include: (1) information needs provided by financial statements, (2) taxation, (3) corporate image toward shareholders, (4) corporate image with Third Parties, (5) firm characteristics, and (6) Accounting Staff Competency. Multiple regression analysis indicates that the model is statistically appropriate, and all six factors have a positive effect on accounting policy selection.

Among these factors, corporate image toward stakeholders has the strongest influence ($\beta = 0.319$), suggesting that enterprises increasingly consider accounting policy selection as a strategic tool for enhancing reputation, strengthening relationships with creditors and investors, and improving access to external resources. This finding is consistent with prior studies such as Fekete Szilveszter et al. (2010), although its dominant impact in this study reflects a stronger emphasis on corporate image in the current business environment.

The information needs provided by financial statements rank second ($\beta = 0.243$), indicating that enterprises place considerable importance on the decision usefulness of accounting information. This result aligns with previous findings and reflects growing managerial awareness of the role of financial reporting in supporting business decisions.

Firm characteristics represent the third most influential factor ($\beta = 0.217$), implying that accounting policy choices are shaped by differences in organizational scale, operational structure, and strategic orientation. This finding is consistent with earlier empirical evidence highlighting the importance of internal business context in accounting decision-making.

Accounting Staff Competency also has a significant positive impact ($\beta = 0.210$), emphasizing the critical role of accounting staff in interpreting regulations and selecting appropriate accounting policies. This result supports prior studies that identify professional expertise as a key determinant of accounting quality.

Corporate image toward shareholders shows a moderate influence ($\beta = 0.170$), suggesting that maintaining investor confidence remains an important consideration in accounting policy selection.

Finally, taxation has the weakest impact ($\beta = 0.169$), contrary to the initial expectation and previous studies in which tax considerations were identified as the most influential factor. This finding suggests a shift in managerial priorities, with enterprises placing greater emphasis on transparency, credibility, and long term strategic objectives rather than short term tax advantages. This represents an important contribution of the study.

5. CONCLUSIONS AND MANAGEMENT IMPLICATIONS

5.1. Conclusions

The study results indicate that the selection of accounting policies in small- and medium-sized manufacturing enterprises in Ho Chi Minh City is influenced by six factors, all of which have a positive relationship with decreasing impact as follows: corporate image toward third parties ($\beta = 0.319$), information needs from financial statements ($\beta = 0.243$), firm characteristics ($\beta = 0.217$), accounting staff competence ($\beta = 0.21$), corporate image toward shareholders ($\beta = 0.17$), and finally, tax-related factors ($\beta = 0.169$).

These findings suggest that enterprises today select accounting policies not solely based on taxation considerations but also focus on information provision and building corporate image. This reflects a shift in managerial awareness, where accounting policies are increasingly regarded as tools to enhance transparency and strengthen corporate reputation. Compared with previous studies, this is a positive signal, indicating a decreasing trend in using accounting policies primarily for tax purposes, and a greater emphasis on ensuring the quality and informational role of financial reporting.

5.2. Management Implications

Based on the research findings, several managerial implications can be proposed for small- and medium-sized manufacturing enterprises in Ho Chi Minh City.

First, enterprises should strengthen the strategic role of accounting policy selection in enhancing corporate image toward external stakeholders. Since corporate image toward third parties has the strongest impact on accounting policy choice, firms should recognize that transparent and consistent accounting policies contribute significantly to building trust with creditors, suppliers, customers, and regulatory authorities. Managers should therefore prioritize accounting practices that improve financial statement reliability and support long term business credibility.

Second, enterprises should place greater emphasis on improving the informational quality of financial statements. The significant influence of information needs provided by financial statements suggests that accounting policy selection should serve decision usefulness objectives rather than merely compliance purposes. Managers should adopt accounting policies that ensure relevance, comparability, and faithful representation of financial information to support internal decision making and external stakeholder assessment.

Third, accounting policies should be designed in alignment with firm-specific characteristics. Since firm characteristics significantly affect accounting policy selection, managers should avoid applying standardized accounting approaches mechanically. Instead, policy choices should reflect enterprise size, operational complexity, production structure, and strategic development orientation to maximize reporting effectiveness.

Fourth, improving accounting staff competence is essential. The positive effect of accounting staff competency indicates that enterprises should invest in professional training, technical updates, and continuous education for accounting personnel. Strengthening staff expertise enables more appropriate policy selection and enhances the enterprise's capacity to adapt to evolving accounting regulations and reporting requirements.

Fifth, enterprises should consider accounting policy selection as a tool for maintaining credibility with shareholders and investors. Transparent accounting choices can improve investor confidence, reduce information asymmetry, and support access to future financing opportunities.

Finally, although tax-related factors remain significant, enterprises should avoid excessive reliance on tax driven accounting policy choices. The relatively lower impact of taxation suggests a positive shift toward more balanced decision-making. Managers should continue moving away from short term tax minimization strategies and instead adopt accounting policies that simultaneously ensure regulatory compliance, financial transparency, and sustainable business development.

Overall, the findings imply that accounting policy selection in manufacturing SMEs should be approached as a strategic managerial decision that supports transparency, reputation enhancement, and long-term competitiveness rather than merely as a technical or tax related compliance issue

6. LIMITATIONS

This study has several limitations. First, although it reviews both domestic and international literature, only selected prior studies related to accounting policy choice were included, which may provide a limited perspective on the evolution and relative influence of determinants over time. Second, the sample consists of 156 small and medium sized manufacturing enterprises in Ho Chi Minh City, and the use of convenience sampling restricts the generalizability of the findings to the broader SME population. Third, the six identified factors may not fully capture all determinants influencing accounting policy choices in SMEs. Finally, the study did not identify any new emerging factors beyond those established in prior research, suggesting the need for further investigation with broader samples and additional contextual variables.

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