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### Managers' Perceptions Influence the Application of Green Accounting in Small and Medium-scale Garment Enterprises in Hanoi

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#### Abstract

When the environment faces major issues, the notion of Green Accounting has developed as a solution that not only assists businesses in managing their finances successfully, but also actively contributes to sustainable growth. Green accounting is regarded as a significant instrument for assessing the economic impact of the natural environment. This study investigates managers' opinions of green accounting and how they influence its use. The research approach combines qualitative and quantitative research to develop the research model, test the research hypotheses,

and assess managers' levels of awareness. Accounting for small and medium-sized clothing businesses in Hanoi. Based on data collected from 182 small and medium-sized textile factories in Hanoi. Research results show that managers in garment enterprises see the role and importance of implementing green accounting. However, the current situation in garment enterprises is that the level of green accounting application is not high. From the research results, the author proposes solutions to increase managers' awareness to apply green accounting.

**Keywords:** Green Accounting, Sustainable Development, Manufacturing Enterprises

#### 1. Introduction

The trend of international economic integration has resulted in significant economic developments, but it has also had environmental effects that influence our lives today and for future generations. Future. As a result, environmental preservation actions have become one of the most essential responsibilities of the Party, the State, and each person. The state pays attention and promulgates more and more legal laws to control the over-exploitation of natural resources for economic and social growth, while also limiting it to the greatest degree possible. Infractions, environmental degradation, and social pollution. Many legal regulations require businesses and investors to conduct environmental impact assessments and propose or implement environmental treatment solutions before implementing projects. To implement those legal regulations, many types of costs inevitably arise on an increasingly large scale related to the environment, environmental protection, handling impacts on environmental factors and improving environmental protection. Environmental quality in business contracts of enterprises and in the implementation of investment projects. Requirements arise and require managers to have more information about environmental-related costs arising in company contracts. In that context, the birth of green accounting is inevitable to meet the requirements for environmental information in the operations of units from both a theoretical and practical perspective. Therefore, the article studies the influence of managers' awareness on the application of green accounting.

#### 2. Theoretical Basis

##### Concept

In 1993, the United Nations issued the first guidebook on the "System of Environmental Economic Accounting" (SEEA). In 2014, the United Nations proceeded to develop an application program dubbed "Economic and Environmental Accounting Systems" (Green Accounting), and governments all around the globe were compelled to use green accounting in According to financial experts, green accounting is a contemporary, complete accounting system that records, summarizes, and publishes information about an organization's assets, liabilities, investment capital, revenue sources, and expenditures on the national green environment.

Green accounting can be defined as an accounting method that uses accounts in SEEA, focusing on the depletion of scarce natural resources and transforming behavior towards the environment and social impact. On costs/revenues and profits in currency. Especially issues of costs, revenue and benefits related to the environment and society are increasingly concerned by many countries around the world. However, traditional accounting methods do not provide enough information for responsibility for sustainable development.

According to S. Sudhamathi, S. Kaliyamoorthy (2014), green accounting includes 3 main goals:

- Identify, collect, calculate and analyze materials and energy-related materials;
- Internal reporting and use of information on environmental costs;
- Provide other cost-related information in the decision-making process, with the aim of making effective decisions and contributing to environmental protection.

#### ***The role of green accounting in sustainable development of businesses***

Green accounting helps provide information, check profits, revenues and environmental costs of businesses so that administrators can make production and business decisions.

Applying green accounting will help enhance reputation and enhance the competitiveness of businesses. Green accounting helps provide more accurate, complete and comprehensive information to measure the implementation process, thereby improving the image of the business with stakeholders, helping businesses improve relationships with creditors, banks, shareholders, customers... Meeting international environmental standards helps businesses create commercial advantages and enhance reputation in the community by developing a "green" image.

Good implementation of green accounting helps managers make important decisions such as reducing production costs, increasing productivity, investing in machinery and equipment for better, cleaner production, bringing better products. Quality products, leading to reduced costs. This helps businesses have a competitive advantage in terms of selling prices and higher profits, and reduces legal problems. Green accounting helps accountants anticipate the environmental impacts some factors can cause to a business or organization, thereby helping business administrators and policymakers have Reasonable ways to deal with and solve problems. From there, it helps reduce environmental risks as well as public health risks, while improving management accounting and environmental finance at the enterprise level.

Green accounting also helps improve the existing accounting system by organizing the accounting information system more scientifically and connecting the information flow of activities from different parts of the business.

Green accounting contributes to finding and providing important and necessary information about costs and revenues related to the environment; Guide businesses and project owners in economic decisions, encouraging them to make efforts to use resources, including man-made natural resources, effectively and minimize environmental destruction, limiting waste and pollution, changing behavior towards the living environment.

### **3. Research methods**

#### ***Qualitative research methods***

To clarify the practice of applying green accounting of small and medium-sized garment enterprises in Hanoi, the author uses a combination of qualitative research methods and quantitative research methods. Qualitative methods are used for the purpose of discussing the indicators used to measure business performance.

#### ***Quantitative research methods***

##### ***Collect data***

According to Hair *et al* (1998), the smallest sample size must be 50, preferably 100 and the ratio of observations/measured variables is 5/1, so the author selected 190 garment enterprises for survey. The sampling method is a convenient random method.

##### ***Data processing***

Survey data processing is carried out in the next stage to screen out inappropriate survey forms due to blank answers or inconsistencies in the answers. The number of survey questionnaires included for data analysis included 182 questionnaires. The questionnaires included in the analysis are entered and processed using SPSS software with the main analysis techniques: Descriptive statistics, EFA test and T-test to see the difference between the level of the researcher. Management in awareness of green accounting. Finally, there is the presentation of the research results and the presentation of the article.

### **4. Research results**

#### ***Introduction to small and medium-sized garment enterprises in Hanoi***

According to data from the General Statistics Office, Hanoi, although this industrial sub-sector only ranks 11/32 in terms of production value, it ranks 2/32 in terms of labor and employment. Hanoi's annual textile and garment export value also reaches over 1 billion USD/year.

In Hanoi, there are currently over 500 garment enterprises, attracting over 60 thousand workers. Including state-owned enterprises, private enterprises and over 20 FDI enterprises participating. Among them, small and medium-sized enterprises account for the majority.

The method of outsourcing sewing, which was very popular in the past at small and medium-sized garment enterprises in Hanoi, has now decreased because of its low efficiency. Small and medium-sized garment enterprises in Hanoi have strongly shifted to the production method of buying raw materials and selling products. In particular, Hanoi has had many garment enterprises create breakthroughs when switching to making products with their own brands, achieving higher economic efficiency. Some enterprises with FDI capital, although entering the market late, have quickly achieved large production scale such as Viet Pacific Company, Jc plus vina... Recently, many small and medium-sized garment enterprises in Hanoi have paying a lot of attention to in-depth development, focusing on design, style and quality. Processes that have long been weak such as R&D research and development, design, fashion sewing, developing new designs, developing distribution systems, etc. have also made very significant progress.

#### ***Statistical results and description of the survey form***

Based on the generalized theory and predetermined research methods, the author has synthesized the results of a survey

of managers' awareness of implementing green accounting at small and large-scale garment enterprises. Just in Hanoi. Regarding the characteristics of the administrators participating in the survey: The number of male administrators is 106, accounting for 58.25%, the administrators are mainly between the ages of 41 and 55 years old with 96 administrators accounting for 52.75%. The number of administrators with post-university degrees is 144 administrators, accounting for 79.12%.

**Table 1:** Personal characteristics of administrators participating in the survey

Criteria	Classify	Quantity	Rate (%)
Gender	Male	106	58.25
	Female	76	41.75
Age	Under 40 years old	28	15.38
	From 41 to 55 years old	96	52.75
	Up 55 years old	58	31.87
Academic level	University	38	20.88
	Master's or doctorate degree	144	79.12

Source: Author's survey

**Cronbach's Alpha test**

Cronbach's alpha coefficient is  $\geq 0.6$  and the total correlation coefficients of the observed variables all meet the requirement of  $\geq 0.3$ , ensuring that the given scales can be trusted in a statistically significant way.

Reliability Statistics	
Cronbach's Alpha	N of Items
.728	6

Item-Total Statistics				
	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
QT1	22.26	25.628	.558	.748
QT2	21.45	24.681	.669	.793
QT3	22.74	25.469	.712	.811
QT4	23.20	26.562	.683	.807
QT5	22.86	25.485	.691	.765
QT6	22.49	25.318	.708	.801

Source: Results of data processing

**Survey results on managers' awareness of applying green accounting**

In the theoretical basis, the author finds that the roles of green accounting for businesses are expressed through the following contents: (1) helping to provide specific information about environmental costs in businesses, (2) Enhance the reputation and competitiveness of businesses, (3) Reduce production costs, (4) Help administrators make decisions easily, (5) Forecast environmental impacts, (6) Improve business performance.

**Table 2:** Survey results on managers' awareness of green accounting applications (Descriptive Statistics)

	N	Mean	Std. Deviation
MD1. Green accounting helps provide specific information about environmental costs in businesses	182	3.658	.621
MD2. Green accounting helps improve the reputation and competitiveness of businesses	182	3.593	.625
MD3. Green accounting helps businesses reduce production costs	182	3.172	.562

MD4. Green accounting helps administrators easily make decisions	182	3.651	.618
MD5. Green accounting helps businesses forecast environmental impacts	182	4.236	.538
MD6. Green accounting helps businesses improve the efficiency of their business operations	182	4.105	.656
Valid N (listwise)	182		

Source: Results of data processing

The above results can see that managers are quite aware of the role of green accounting for businesses. However, the level of awareness differs quite clearly from level to level. The author tested the difference between different educational levels and awareness of green accounting through T-test.

Levene's Homogeneity of Variances test gives the value Sig.=0.002 < 0.05, meaning the variance is not uniform; The Kruskal-Wallis test results in the coefficient Sig.=0.006 being less than the significance level of 0.05; This shows that there is a difference between professional levels in terms of awareness of green accounting applications. Administrators with post-university degrees are more aware of green accounting applications (mean = 3.872) than administrators with college degrees.

Group - Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
University	17	2.896	.513	.0723
Master's or doctorate degree	58	3.872	.628	.0801

**5. Conclusion and recommendations**

The requirement for sustainable development, limiting and minimizing the impact of the environment has made green accounting become a concern of policy makers, business administrators, researchers and even people. People. Research results also show that managers' awareness affects the application of green accounting in businesses. And this has a difference between the professional and educational level of the administrator. The higher the level of education managers have, the higher their awareness of the role and application of green accounting in businesses. To enhance the application of green accounting in businesses, the author proposes a number of solutions:

For Businesses

First of all, it is necessary to increase managers' awareness of the role of green accounting as well as awareness of environmental protection issues. On the other hand, administrators also need to raise awareness of environmental cost factors that are much smaller than the total costs incurred when they have to pay taxes, fees or fines from environmentally harmful acts. School.

Business administrators need to have more information about environmental costs arising in business contracts to make appropriate business investment decisions. Thereby, you can both seek profits from projects and avoid environmental-related fines.

The level of managers shows the difference in awareness of green accounting. Therefore, it is necessary to improve the level of managers. On the other hand, enhance the quality of accounting human resources. Currently, because green accounting is not popular in businesses, the business's accounting department has very few accountants with knowledge of green accounting. Therefore, in the coming time, businesses need to focus on training to improve the

quality of accountants, while building an accounting department with capacity and experience in green accounting.

*For state management agencies*

The state needs to widely propagate the benefits of environmental protection, thereby promoting environmental protection activities of businesses. Businesses that protect the environment well will have a good image among the public and consumers of that company's products and services.

It is necessary to maintain and further popularize environmental-related awards for businesses such as: "green business award", green technology award, gold cup for environmental cause, Vietnam environmental award.

The state needs to improve the legal system on environmental protection and sanctions.

The Ministry of Finance should issue a green accounting regime for Vietnamese businesses, and issue specific guiding documents on implementing green accounting in businesses.

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