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Assessing the Role of Customer Accounting in Enhancing Operational Performance in Vietnamese Enterprises

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Abstract

This study examines the impact of customer accounting information—specifically, customer profitability analysis (CPA), lifetime customer profitability analysis (LCPA), and customer asset valuation (VCA)—on the operational performance (OPE) of Vietnamese enterprises. Data were collected through surveys from 315 participants, including unit managers, directors, and accountants in Vietnamese businesses. Using multivariate regression analysis with SPSS version 20 software, the findings indicate that customer accounting tools, such as customer profitability analysis and customer asset valuation, significantly affect business performance. Among them, CPA shows the strongest impact, with a coefficient of 0.250, followed by VCA, with a coefficient of 0.246. The study also shows that the age and size of enterprises positively affect performance. However, no significant relationship was found between LCPA and operational performance. These results provide a foundation for recommending strategies to enhance the performance of Vietnamese enterprises through the effective use of customer accounting data.

Keywords: Customer accounting, Customer profitability analysis, Lifetime customer profitability analysis, Customer asset valuation, Operational performance

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Introduction

Customer accounting has become a crucial element of managerial accounting since its development in the 1990s, designed to address the demands of businesses operating in competitive markets. This form of accounting helps businesses gain an in-depth understanding of their customers, including key insights such as individual and group profitability analysis, lifetime customer value assessments, and customer asset valuation [1].

Guilding and McManus [1] define customer accounting as a customer-focused method that integrates various accounting practices to assess the value, profitability, or income generated by individual customers or customer groups. These methods are essential for strategic decision-making within businesses. Holm *et al.* [2] further elaborate that customer accounting encompasses all techniques that measure the financial contribution of customers to a business's profit, with customer accountants responsible for tracking, categorizing, and reporting customer-specific financial data to assist in managerial decision-making.

Several studies have highlighted that businesses that successfully implement customer accounting practices tend to achieve higher operational performance. Customer accounting focuses on measuring financial metrics related to customer behavior and characteristics, which is essential for businesses to make informed decisions [3]. Moreover, it allows businesses to assess the cost-effectiveness of their product attributes that provide value to customers, enabling more strategic decision-making that

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aligns with company interests, competitiveness, and profitability [4]. This, in turn, enhances a company's ability to efficiently use resources and create value for customers, leading to a more sustainable competitive advantage [2].

The core purpose of customer accounting is to help businesses optimize operational efficiency by offering data on customer profitability and lifetime value. Such information enables companies to focus on the most valuable customers or customer groups, turning customers into a key source of competitive advantage and operational success. Numerous studies have found that customer accounting positively influences business performance outcomes [1, 5].

Ultimately, customer accounting serves as a foundation for achieving sustained competitive advantages and improved performance. The relationship between customer accounting and business success has been studied extensively, showing its ability to enhance market orientation, boost competitiveness, and contribute positively to overall business performance [1, 5, 6].

In Vietnam, the impact of management accounting information on business performance has only recently become a subject of study. Phi Anh [7] explored the influence of management accounting data on the performance of 220 Vietnamese SMEs in the context of a transition economy. In another study, Nguyen and Hoang [8] surveyed 276 Vietnamese SMEs to assess the impact of business capabilities on performance. However, research specifically focusing on customer accounting is limited. Vu [9] conducted a study that provided an overview of customer accounting but did not delve deeply into its practical applications within Vietnam.

This study intends to fill this gap by examining the effects of customer accounting information on business performance, focusing on three key areas: customer profitability analysis (CPA), lifetime customer profitability analysis (LCPA), and valuation of customer assets (VCA). The research also aims to assess how these factors influence performance across various business sizes, ages, ownership types, and sectors. The structure of the paper is as follows: Section 2 outlines the theoretical foundations, models, and hypotheses. Section 3 discusses the research methodology, data collection methods, and variables. Section 4 presents the results from data analysis using the proposed model. Section 5 summarizes the findings, while Section 6 concludes the study.

Theoretical framework

Customer accounting treats customers or groups of customers as integral components of accounting analysis. The primary aspects of customer accounting include customer profitability analysis (CPA), lifetime customer profitability analysis (LCPA), and valuation of customer assets (VCA).

Customer profitability analysis (CPA)

McManus [10] introduced CPA as an effective technique for measuring customer profitability, supporting businesses with customer-focused strategies. It allows companies to assess customer and segment profitability, helping to guide strategic decisions regarding customer relations and resource allocation. By distributing revenues and expenses to individual customer segments, CPA helps calculate profitability for specific customers or groups [11], providing valuable information for pricing, cost management, and profitability improvement.

CPA also enables businesses to make informed decisions about resource allocation based on the costs and benefits of customer acquisition, retention, and engagement. It provides essential insights into customer profitability, which directly impacts a company's financial performance. This analysis also plays a vital role in fostering stronger customer relationships, a critical factor for achieving sustained competitive advantage and improving operational efficiency.

Therefore, CPA serves as a crucial strategic tool that supports businesses in optimizing customer relationships and enhancing overall performance.

Lifetime customer profitability analysis (LCPA)

Pfeifer *et al.* [12] define lifetime customer profitability, or customer lifetime value (CLV), as the present value of the expected profits from a customer, adjusted for costs. Guilding and McManus (2002) consider Lifetime Customer Profitability Analysis as an advanced extension of customer profitability analysis (CPA). LCPA is an essential financial measure of the long-term value a company derives from its customer relationships. It provides a deeper understanding of a customer's worth over their entire lifecycle, rather than just at a specific point in time.

LCPA is integral to customer accounting as it evaluates the future profitability that can be generated by maintaining a relationship with a customer over an extended period. It allows companies to make strategic decisions regarding customer acquisition, retention, and investment. This method quantifies the present value of anticipated profits from a customer throughout their relationship with the business [13]. By considering the customer as a long-term asset, businesses that use LCPA can align their marketing and customer service strategies to enhance customer lifetime value, making it an important metric for improving long-term business success.

The LCPA approach is pivotal for businesses to create effective marketing strategies, select high-value customers, and optimize their resource allocation based on customer profitability. It serves as a critical tool for forecasting future revenue streams and ensuring long-term profitability [14]. Furthermore, by focusing on customer retention, resource allocation, and strategic upselling, businesses can improve their competitive advantage in a market where customer loyalty is crucial [15].

Valuation of customer assets (VCA)

Valuation of customer assets (VCA) is a technique used to treat customers or customer groups as assets and assess their value to a company. Gupta and Lehmann [16] argue that by classifying customers as assets, companies can more effectively evaluate and manage the contribution of each customer to their overall value. In this context, customer assets are viewed not only as sources of immediate revenue but also as long-term investments that contribute to the company's sustained success.

This technique allows companies to quantify the value of customers by considering factors such as the potential revenue generated over time, retention rates, and overall profitability. According to Cadez and Guilding [17], the concept of customer assets is foundational to a company's long-term strategy, as it helps organizations recognize the importance of building long-lasting, profitable relationships with customers. By properly valuing customers as assets, companies can optimize their marketing efforts and allocate resources more effectively to nurture high-value customer relationships.

Valuation of customer assets involves looking beyond short-term gains and focusing on the long-term value that customers bring to the company. It encourages businesses to treat customers as investments, guiding decisions regarding customer engagement, retention strategies, and personalized marketing campaigns. It is considered a vital part of customer accounting, helping organizations align their financial strategies with customer-centric goals [1].

In summary, the three key techniques— customer profitability analysis (CPA), lifetime customer profitability analysis (LCPA), and valuation of customer assets (VCA)—are all essential tools in the framework of customer accounting. These techniques provide valuable insights that support businesses in optimizing customer relationships, enhancing operational efficiency, and improving long-term financial performance. By adopting these approaches, companies can ensure they maintain a competitive edge and maximize the value derived from their customer base.

The relationship between customer accounting information use and business performance

The impact of customer accounting information on business performance has been a focus of considerable research, with varying findings. Some studies suggest that the greater the use of accounting information, the better the performance of the business [17, 18], while others indicate that the effects may depend on the specific context or yield negative outcomes [18, 19]. For instance, Malmi *et al.* [20] conducted research on customer profitability analysis and found no clear impact on business performance.

Despite some negative results, the majority of studies affirm a positive connection between the use of customer accounting information and enhanced business performance, particularly in financial terms. Accounting information is often viewed as crucial for strategy development and implementation, which directly influences operational efficiency [21, 22]. In the case of customer accounting, data such as customer profitability analysis, lifetime profitability analysis, and customer asset valuation provide vital insights that guide decision-making and improve the overall business strategy, contributing to a company's long-term success.

Given the literature's tendency to support a positive relationship, we propose the following hypotheses for this study:

H1: Companies that use customer profitability analysis more frequently will exhibit improved operational performance.

H2: Companies that utilize lifetime customer profitability analysis more frequently will experience enhanced performance.

H3: Companies that apply customer asset valuation more frequently will demonstrate better performance.

The model for this study includes one dependent variable—operational performance—and three independent variables: customer profitability analysis, lifetime customer profitability analysis, and valuation of customer assets. This model builds on previous research by Guilding and McManus [1], Gupta and Lehmann [16], and Pfeifer *et al.* [12], and aims to explore how varying levels of customer accounting information use affect a firm's operational performance **(Figure 1)**.

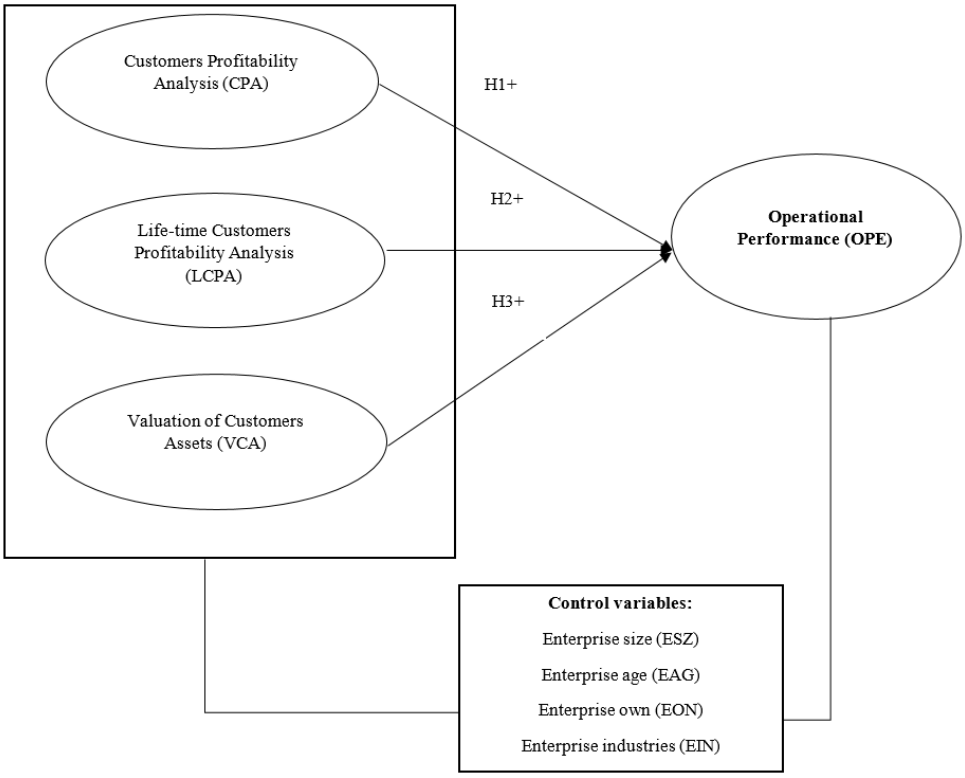

Figure 1. Proposed research model

Materials and Methods

Implementation process

The research process was conducted in several stages, from data collection to analysis, as follows:

- Step 1: Drawing from the theoretical frameworks established by Guilding and McManus [1], Gupta and Lehmann [16], and Pfeifer *et al*. [12], we designed a survey using Google Forms. To refine the questionnaire, we consulted with six experts, including two business directors, two chief accountants, and two university professors in Vietnam. Based on their feedback, we adjusted the measurement scales and observed variables. The finalized questionnaire was then distributed to business managers and accountants via email, using a convenience sampling method involving contacts such as friends, family, and business partners.
- Step 2: We collected 322 responses. After data cleaning and coding, 315 valid responses were retained for further analysis.
- Step 3: Data analysis was conducted using SPSS version 22 software. The following analytical techniques were applied: (1) Testing scale reliability using Cronbach's alpha, (2) Exploratory factor analysis (EFA), (3) Correlation analysis, and (4) Regression analysis.

Research scale

The survey was divided into four sections:

- Part 1: “Use of customer accounting information,” which covers three key areas.
- Part 2: “Operational performance,” based on established scales from Guilding and McManus [1], Gupta and Lehmann [16], and Pfeifer *et al.* [12].
- Part 3: “Business information.”
- Part 4: “Respondent information.”

The description of scales is presented in **Table 1**.

Table 1. Description of scales

No.	Factor	Code	Number of observed variables
1	Customer profitability analysis	CPA	06
2	Lifetime customer profitability analysis	LCPA	06

3	Customer asset valuation	VCA	05
4	Operational performance	OPE	09

Research sample characteristics

The study surveyed a total of 315 enterprises. For classification by size, the enterprises were grouped based on the number of employees into three categories: small (fewer than 100 employees), medium (100–200 employees), and large (more than 200 employees). Among the 315 enterprises, 121 were classified as small and medium-sized, employing fewer than 100 people (38.4%). Additionally, 118 enterprises were medium-sized, with 100–200 employees (37.5%), and 76 were large enterprises, each employing over 200 people (24.1%).

Regarding the age of the enterprises, the majority (n = 168 (53.3%)) had been in operation for 5 to 10 years. This was followed by 84 enterprises (26.7%) operating for more than 10 years, and the remaining businesses were less than 5 years old.

As for ownership structure, 268 enterprises (85.1%) were privately owned, 31 were state-owned (9.8%), and 16 were non-profit organizations (4.9%). In terms of industry, 172 businesses (54.6%) were in the trade and services sector, 91 (28.9%) were involved in manufacturing, 10 (3.2%) worked in construction, 14 (4.4%) were in information technology, and 28 (8.9%) belonged to other industries such as education, media, and entertainment.

Results and Discussion

Reliability analysis

To assess the reliability of the scales, Cronbach's alpha reliability statistics were used to determine the consistency of the observed variables within each factor—CPA, LCPA, VCA, and OPE. All factors exhibited Cronbach's Alpha values above 0.6 [23], confirming that the observed variables in each scale are reliable and suitable for performing exploratory factor analysis (EFA) **(Table 2)**.

Table 2. Reliability analysis

Groups	Cronbach's alpha	Number of items
1. Customer profitability analysis (CPA)	0.903	6
2. Lifetime customer profitability analysis (LCPA)	0.948	6
3. Valuation of customer's assets (VCA)	0.948	5
4. Operational performance (OP)	0.954	9

Exploratory factor analysis (EFA)

Following the reliability analysis, the observed variables were evaluated for factor convergence and divergence using exploratory factor analysis. This was done to confirm the structure of the scales.

The results of the KMO and Bartlett's test indicated a significance value of Sig. = 0.000, which is less than 0.05, and a high KMO coefficient of 0.943 (which is greater than 0.5). These results suggest that the observed variables are sufficiently correlated with each other, making the application of EFA appropriate. Additionally, the factor analysis revealed three factors with eigenvalues greater than 1, accounting for a total variance of 76.847%, which exceeds the 50% threshold, meeting the requirements for the analysis.

Multivariate regression analysis

Following the reliability and exploratory factor analysis, a regression analysis was conducted to examine the influence of VCA, CPA, and LCPA on operational performance (OPE), aiming to validate the proposed hypotheses in the research model. The model's adjusted R-square value is 24.1 (P-value < 0.01), meaning that 24.1% of the variation in operational performance can be explained by the factors VCA, CPA, LCPA, and control variables. As shown in **Table 3**, the variables VCA and CPA are statistically significant (Sig. < 0.05), confirming their positive contribution to business performance. However, LCPA was not statistically significant, indicating insufficient evidence to support its effect on business performance. Additionally, no multicollinearity was detected, as all VIF values were under 3 [23].

Control variables such as the age and size of the enterprises showed a positive effect on operational performance, while no significant relationship was found between business sector or ownership type and operational performance.

Table 3. Coefficients[a]

Model		Unstandardized coefficients		Standardized coefficients	t	Sig.	Collinearity statistics	
		B	Std. error	Beta			Tolerance	VIF
1	Constant	1.355	0.270		5.018	0.000		

VCA	0.195	0.049	0.246	3.961	0.000	0.628	1.593
CPA	0.271	0.058	0.250	4.680	0.000	0.848	1.179
LCPA	0.002	0.051	0.002	0.032	0.975	0.607	1.649
EAG	0.163	0.050	0.176	3.247	0.001	0.824	1.213
EIN	-0.001	0.026	-0.002	-.042	0.966	0.969	1.032
EON	-0.081	0.062	-0.066	-1.313	0.190	0.965	1.036
ESZ	0.122	0.044	0.150	2.747	0.006	0.805	1.242

a. Dependent variable: OPE

The regression equation is presented as:

$$Y = 0.246 *VCA + 0.250*CPA + 0.176*EAG + 0.150*ESZ + \varepsilon \quad (1)$$

In this study, the influence of customer accounting information on business performance was evaluated, revealing that there was insufficient evidence to support the impact of lifetime customer profitability analysis (LCPA) on operational performance (OPE). As a result, hypothesis H3 was not supported. However, the study found that Hypotheses H1 and H2 were validated. The use of customer profitability analysis (CPA) was shown to have the most significant effect on operational performance, with a standardized regression coefficient of 0.250. The valuation of customer assets (VCA) also demonstrated a positive influence, with a standardized regression coefficient of 0.246. Additionally, the size and age of the businesses were positively correlated with performance, with standardized regression coefficients of 0.176 and 0.150, respectively.

The research, which focused on CPA, LCPA, and VCA, with a sample of 315 Vietnamese companies, found that businesses using CPA and VCA showed improved performance. These findings suggest that businesses should improve their customer insights and strategically manage customer relationships. Such efforts can foster competitive advantages and enhance customer satisfaction, which is closely tied to business performance. This outcome aligns with the conclusions of prior studies by Guilding and McManus [1], Lord *et al.* [24], Phaprukbaramee (2018), and Helgesen *et al*. [5].

The results confirmed that businesses utilizing CPA tend to achieve better performance. CPA serves as a strategic tool for businesses to build strong customer relationships and sustain competitive advantages, which is consistent with the research of Lord *et al.* [24], Al-Mawali *et al.* [6], McManus [10], and Tanima and Bates [25].

Additionally, the study affirmed that businesses that use customer asset valuation (VCA) information are more likely to perform better. Effective management of customer assets helps companies generate long-term profits, enhance market share, and boost shareholder value. As such, managing customer assets plays a vital role in improving customer relationships and overall business performance. This finding is in agreement with previous studies by Guilding and McManus [1], Lord *et al*. [24], Al-Mawali *et al.* [6], McManus [10], Tanima and Bates [25], and Phaprukbaramee (2018).

The control variables, such as the age and size of the companies, also showed a positive impact on the use of customer accounting information and operational performance. This suggests that future studies should further investigate the differences in customer accounting practices and business performance across various company sizes and ages.

However, the study did not observe any significant impact of using customer lifecycle value analysis (LCPA) on business performance. One possible explanation for this is that customer accounting tools like LCPA are still emerging and may not yet be widely adopted or applied, which could account for the lack of a noticeable impact. This finding contrasts with the results from Guilding and McManus [1], Tanima and Bates [25], and Helgesen *et al.* [5].

Conclusion

This research provides empirical evidence that the use of customer accounting information, particularly customer profitability analysis and the valuation of customer assets, significantly influences operational performance. These findings align with the reviewed literature, demonstrating that these factors are crucial for explaining a company's strong performance. The results offer valuable insights and serve as a foundation for recommending strategies to enhance enterprise performance in Vietnam through effective utilization of customer accounting information. Additionally, the study opens avenues for future research, particularly to further explore and clarify why the lifetime customer valuation factor does not significantly contribute to the performance outcomes of Vietnamese companies.

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