



**ORGANIZATION OF COST MANAGERIAL ACCOUNTING
IN DEVELOPED COUNTRIES AND EXPERIENTIAL LESSONS
FOR VIETNAMESE ENTERPRISES IN THE SCENARIO OF PARTICIPATION
IN THE NEW GENERATION FREE TRADE AGREEMENTS**

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Abstract:

Organization of cost accounting in enterprises in Vietnam is still relatively new. Cost accounting is not given appropriate attention while companies in developed countries around the world have developed innovative management accounting system which provides useful information for internal administrators in plan development, implementation and evaluation. Vietnam has participated in several new Free Trade Agreements (FTA), which seem to be broader and more bilateral in comparison with the previously engaged agreements such as Trans-Pacific Strategic Economic Partnership (TPP), Europe - Vietnam Free Trade Agreement (EVFTA), Asean Economic Community (AEC). Once Vietnam has fully and seriously followed the regulations of those agreements, there are not only precious opportunities but also potential challenges for Vietnamese enterprises. Therefore, studying models of organizational cost managerial accounting from all parts of the world in order to collect experiential lessons would help business organizations enhance their prompt and comprehensive supply of accounting management information in planning and organizing business and production activities effectively in the new conditions.

Keywords: *Organization of managerial accounting, experiential lessons, experience.*

Introduction

“New Generation Free Trade Agreement” is a phrase referring to the difference with the traditional Free Trade Agreements (FTA), which Vietnam has involved in. With a wider scope of contents beyond commitments on trade, services and investment, those new agreements are embedded by the institution and legal in environmental matters, labor, state-owned enterprises, intelligence ownership, government procurement and so forth. In comparison with the already FTAs signed and implemented by Vietnam, the new generation FTAs that Vietnam has been dealing with have some features; specifically, the level of liberalization (open) is in depth with such criterion “Highly standardized FTA”. Despite unfinished negotiations, it can be sure that the level of opening up of Vietnam as well as other related partners in those FTAs is completely broad (eliminating the majority of tariff lines, strong opening for services, etc). Also, the scope of commitments is expansive; while the previous FTAs mainly focused on trade in goods, those new FTAs will consist of commitments in many new fields that Vietnam has never made commitment on, and opened the front door before. Nevertheless, the current cost accounting system in most Vietnamese enterprises primarily concentrates on serving information for preparing financial

statements that have covered details for corporate internal managers as well as analysis and evaluation of the determiners affecting the production and business of entrepreneurs, and consequently, once the administrators need useful information for making decisions or plans of business, there is almost no reliable basis from the cost practice of entrepreneurs. Therefore, as our country, Vietnam has participated in many free trade agreements, business organizations have been facing up with many challenges; then the organization of cost managerial accounting in the enterprise is essential for promoting the competitiveness of enterprises. With an aim to have cost managerial accounting in Vietnamese businesses well-organized, it requires creative and flexible applications from models in developed nations all over the world to build up and perfect the managerial accounting in general and cost accounting and accounting of product pricing in particular in the new context that those businesses are closely tied.

1. The concept, or nature of organizing cost managerial accounting

1.1. Concepts

Managerial accounting: “Managerial accounting is collecting, processing, analyzing and providing economic and financial information based

on managerial requests and economic and financial decisions in the internal financial accounting units". Managerial accounting supplies details on the internal operations of the business such as: costs of each department and each task, and each product; analysis and evaluation of implementation compared with planning in terms of revenues, expenses and profits; management of assets, materials, capital and liabilities; analysis of relationship between cost and quantities, and profits selection of appropriate information for short-term and long-term investment decisions; making budget estimates of production, business and so on in the purpose of operating, testing and making economic decisions.

Cost managerial accounting: It is a procedure of gathering, processing, analyzing and providing information of arising costs from business activities according to internal managerial requirements of the accounting units so as to equip specific information of additional expenses at particular periods of time, with characteristics and specific backgrounds for giving proper solutions to control costs.

Organizing cost managerial accounting: It is an operation of enterprises in the application of scientific methods combined with the means and humans to accumulate, process and analyze information on the business costs in order to serve more efficient enterprise management.

Organizational model of cost managerial accounting: The organizational model of cost managerial accounting is one structural model applied for the job of managerial accountants in the accounting department of each enterprise.

1.2. Nature of organization of managerial accounting

First, managerial accounting is a system of managerial information.

The system is constituted by different parts which have interactive relationships with one another and then form a unified whole with the capacity to perform certain functions or objectives. Thus, regarding the angle of corporate activities, a system is embedded by information systems, decision systems and operational systems. Of all, the information systems linking different systems to assure they can properly function so as to achieve their planned objectives.

Second, managerial accounting is an integral part of accounting system.

Accounting is a critical and reliable tool in management, administration and control; moreover, it has become an important subsystem that the economic is comprised of economic and financial information of the business organization. The main function of accounting is to supply information on

economic and financial activities of an entity with the purposes as follows:

- 1) Providing financial statements in accordance with the regulations for different users
- 2) Planning short-term and long-term strategies of the organization, serving the targets inside the organizations
- 3) Controlling the operational activities of the organization

As for individuals using a variety of information, needs to use accounting information are obviously different, which is a prerequisite for promoting development of accounting with the birth of financial accounting and managerial accounting. Financial accounting is aimed at giving pieces of information to the oriented subjects mainly outside the enterprise. Managerial accounting has purpose 2 and 3 undertaken to meet needs of information to the targeted audience within the enterprise. Managerial accounting provides business executives with daily activities, with progress of implemented schedule, costs of production and business, and product pricing. Managerial accounting reports are varied and it is possible to get whatever report done depending on the level of necessity that the enterprises recognize for serving decision-making.

2. Experience of applying managerial accounting organization in several countries around the world

At the moment, the countries with developed economies, managerial accounting generally and cost managerial accounting peculiarly is one crucial part of the Business Accounting system. The formation and development of managerial accounting in majority of countries has emphasized dealing with corporate management issues, which is among significant sources of information for enterprise executives to operate, control, manage planning and to make managerial decisions. Nonetheless, managerial accounting organization is completely dissimilar in different nations as some samples presented below:

2.1. Experience of applying managerial accounting organization in the United States

The United States is a country with developed economy where the accounting system has been built up and developed with a deep groundwork of theory and practice, including two part: financial accounting and managerial accounting. The commonly basic feature of this model is that the managerial accounting system is organized together with the financial accounting system.

With regard to the accounting organizational structure: The cost managerial accounting is not organized into a separate accounting department,

but is held in conjunction with the financial accounting, and each division is in charge of the assigned tasks. These parts both complete duties of financial accounting and of managerial accounting primarily for controlling procedures of production and business activities.

In terms of accounting documents: Financial accounting and managerial accounting are merely using original documents.

Regarding the accounting account: Generally financial accounting typically use the accumulated accounts, cost managerial accounting applies analysis accounts that are not developed by a single accounting account for the enterprise but based on accounting principles for the enterprise to make designs for the system of accounting accounts in line with the business characteristics and management requirements of the business organization.

In concern of Accounting Reports: Department of Cost Managerial Accounting considers partial reports as a channel to provide information for the internal enterprise, and Financial Accounting Department makes use of financial reporting system for publishing information for the targets outside the company.

From this model, the Chief Accountant take overall responsibilities for all accounting duties in the business organization such as setting up the accounting division, saving and sending receipts, applying accounts in order to provide optimal details for managers.

Nowadays managerial accounting is mainly using the cost accounting framework on the basis of activities and regularly focuses on the subjects including: analysis of the relationship of Cost - Production - Profits, impact of the the entire cost method and direct cost method in setting administrative tools, cost accounting promoted from operations, estimates of production and business activities, flexibility estimates and analysis of cost varieties, division reporting and evaluation of responsibilities of the divisions, appropriate expenses for short term business, and expense allocation in accordance with operations. With the enhanced role of individuals and senior managers, managerial accounting is seen as one complementary tool of management information; therefore, the managerial accounting in this country is designed to focus on analyzing information for decision making.

2.2. Experience of applying managerial accounting organization in European countries

France and Germany are two nations with developed economies long in Western European

countries. In these regions, accounting organization at high-level has made the managerial accounting model of these two countries become typical samples for European countries. This model illustrates the clear separation between managerial accounting and financial accounting. In detail, financial accounting strictly is complied with rules and regulations of the State; meanwhile, managerial accounting is considered as a completely separate responsibility of enterprises with the central goal to provide information to control and manage the internal enterprises.

Regarding the organizational structure of the Accounting department: Managerial accounting and Financial Accounting are organized into two separate accounting departments. To be more precise, financial accounting is assigned to record and reflect arising economic operations in the enterprise to capture, process and supply aggregated accounting information, make general estimates and give financial statements. On the other hand, managerial accounting department takes charge of gathering and processing information from original documents to make specific estimates, organizing and analysing economic operations, making reports of managerial accounting as required, etc.

In connect with accounting documents, in addition to using the common accounting document system, cost managerial accounting has also widely used the system of corporate internal documents.

Accounting Accounts: Cost managerial accounts are built into a separate system, with different symbols and notes compared to financial accounting.

Referring ledgers, using a separate accounting book system to serve noting and recording of managerial accounting.

Accounting Reports: The managerial accounting reports are prepared as estimates reports of production, profits and losses in each department or division.

Managerial Accounting put an emphasis on identifying and controlling costs in manufacturing enterprises by dividing expenses under the responsibility centers, analyzing, assessing, and seeking causes of falsifying expenses and regulating between financial accounting and managerial accounting. There is no doubt that the managerial accounting model of these two countries identifies great importance of nature of arising expenses, then constructing, analysing the system of responsible reports and division reports to manage costs. The managerial accounting system in France and Germany frequently concentrates on building up estimates system, and expense norms; analysing division reporting system and responsibility

centers, analysing breakeven, analysing financial statements.

2.3. Experience of applying managerial accounting organization in Asian countries

Experience applying managerial cost accounting in Asia is primarily studied through the managerial accounting systems of the two countries consisting of Japan and China.

Cost managerial accounting in Japan is usually applied separately from financial accounting. Japanese business organizations highly appreciate the role of cost managerial accounting costs in the costs management in cost establishments and controlling. Moreover, they are also extremely cared about setting norms and estimating costs. However, the matter in here is that those entrepreneurs still apply the traditional method of cost determining, mainly based on the overall cost method, the cost method based on operations have not been used. In particular, Japanese enterprises are interested in making advantage of targeted cost method. This method is combined with production management methods, for example, Just-in-time method (JIT), Theory of Constraints (TOC). It is the application of targeted cost method and production management methods that can bring huge contribution to control and reduce expenses for Japanese enterprises.

The second country is worth mentioning in here is China, which owns a large number of economic characteristics similar to Vietnam, developing from the focused planning economy with poor managerial accounting system. By contrast, China's temporary managerial accounting has been growing strongly in both theory and practice. Establishing norms and estimates has been increasingly used in China for planning and controlling costs. Chinese enterprises usually analyse costs on the extent of operations, profitability analysis contribution the relationship of Cost - Volume - Profit A special feature is that many business organizations have make use of standard cost method to determine expenses, give estimates, control expenses and evaluate performance. Managerial Accounting of China also utilises the concept of responsibility accounting together with ROI indicators to effectively assess the operations of responsibility centers.

3. Experiential lessons of organization of cost managerial accounting for Vietnamese enterprises

From the study of several managerial accounting models in developed countries, it can be seen that the common goal is to provide information for administrators to make decisions, but at every stage of development, with different economic

and political statuses, the models also are unique for other enterprises to learn and collect valuable experience in their own business, specifically:

The American accounting framework implements a mixed accounting model while French accounting system clearly separates general accounting and analytical accounting. French analytical accounting is divided into centers of responsibility and is connected with use of reflective account systems. The direct costs are taken directly to the fees, the indirect costs are driven into the centers and then distributed into costs and fees. Also analytical accounting in Japan is categorized into the responsibility centers for evaluating performance. It is the fact that US managerial accounting often focuses on detailing accounts and using cost classifications into cost variables and fees charged for making reports on management responsibility assessment. Analytical accounting regularly analyzes the implementation of collected costs based on different centers.

Compared with the French managerial accounting, the American model emphasises drafting estimates, clarifying specific objectives in the short-term period, using a variety of methods to quantify the accounting information and to analyze and interpret selection of business and production planning options; as a result, it has become more convincing and meet more needs of higher administration. On the other hand, in the allocation of costs, the US managerial accounting method has adopted ABC method, this is a commonly applied approach in the United States now; furthermore, this use is integrated as a standard function in the ERP software originated from the United States, such as Oracle, SAP and so on.

Therefore, studying organization of cost managerial accounting in some countries in the world to draw lessons for Vietnamese business organizations is totally essential, especially in the context where our country has presently participated in numerous free trade agreements.

First, building systems of managerial accounting information for businesses depending on the practical conditions and management needs of each level and each object in order to give administrators or managers necessary skills and acquisition to control production and business performances.

Second, in the present scenario, Vietnamese enterprises should combine the model of managerial accounting and financial accounting in the same accounting system which is regarded as the most appropriate, since this model allows the succession of the existing financial accounting contents and it

is specifically expressed in the current accounting system. On the other hand, the existence of an accounting system will save costs in accounting, and ensure the principles of cost-effectiveness, and become more efficient than separated models which are more costly compared achieved benefits. This practice may also be consistent with Vietnamese enterprises now because 90% of them are currently small-and medium-sized business organizations; and it is proper with the accounting staff's ability at the organizations too. At the same time, it can assure favorable conditions for management, inspection and control undertaken by the State.

Third, in the business organizations, for every accounting practice, it is better to clearly assign tasks to enhance the sense of responsibility of the accountants, while avoiding duplication in gathering, processing and providing information for business managers.

Fourth, establishing the accounting accounts system based on the fundamentals of accounting accounts system issued by Ministry of Finance to monitor and follow production performance and planning managerial accounting reports is a vital task for enterprises. To systematize and provide accounting information for preparing management accounting statements as managerial requirements, entrepreneurs need to adopt and design detailed

account systems level 2.3.4 etc suitably. Constructing detailed accounts system must be based on the requirements of business management such as management by cost items, specific price items on each type of product and each order.

Fifth, enterprises need to focus on building, strengthening and improving the system of economic norms, specifications and estimates, and a properly scientific target system. It is necessary to pay attention to analyzing the results in relation to invested or used expenses; and all causes of deviations should be clarified, and the departments or individuals taking responsibilities need finding out in order to possibly give timely reasonable solutions. Every functional center must take charge for costs not only the accounting department.

Applying experience in organizational models of cost managerial accounting and product pricing from different countries in the world will help Vietnamese businesses establish and improve organization of managerial accounting in general, cost and price managerial accounting in particular in a scientific and rational way. Thereby, accumulating, receiving, processing, and supplying information will be helpful and immediate for business executives various situations, and useful for them to make most optimal management decisions.

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TỔ CHỨC KẾ TOÁN QUẢN TRỊ CHI PHÍ CỦA CÁC NƯỚC TRÊN THẾ GIỚI VÀ BÀI HỌC KINH NGHIỆM CHO CÁC DOANH NGHIỆP VIỆT NAM TRONG BỐI CẢNH THAM GIA CÁC HIỆP ĐỊNH THƯƠNG MẠI TỰ DO THẾ HỆ MỚI

Tóm tắt:

Tổ chức kế toán quản trị chi phí trong các doanh nghiệp ở Việt Nam hiện nay còn khá mới, chưa được chú trọng áp dụng trong khi đó các doanh nghiệp ở các nước phát triển trên thế giới đã xây dựng hệ thống kế toán quản trị hiện đại, cung cấp thông tin hữu ích cho các nhà quản trị nội bộ để giúp họ trong việc lập kế hoạch, tổ chức thực hiện kế hoạch và kiểm tra, đánh giá việc thực hiện kế hoạch. Khi Việt Nam tham gia ký kết một số FTA thế hệ mới có tính mở rộng và có tính song phương cao hơn so với các Hiệp định đã tham gia như: Hiệp định Đối tác chiến lược xuyên Thái Bình Dương (TPP), Hiệp định Việt Nam - Liên minh Châu Âu (EVFTA), Cộng đồng kinh tế ASEAN (AEC)... Nếu Việt Nam thực hiện đầy đủ các Hiệp

định trên thì bên cạnh những cơ hội còn có nhiều thách thức cho các doanh nghiệp của nước ta. Vì vậy, việc nghiên cứu các mô hình tổ chức kế toán quản trị chi phí của các nước trên thế giới nhằm rút ra bài học kinh nghiệm giúp cho các doanh nghiệp Việt Nam nâng cao khả năng cung cấp thông tin kế toán quản trị chi phí kịp thời, đầy đủ cho nhà quản trị trong việc lập kế hoạch và tổ chức hoạt động sản xuất kinh doanh có hiệu quả trong điều kiện mới.

Từ khóa: *Tổ chức kế toán quản trị, bài học kinh nghiệm.*