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Organization of Cost Management Accounting in Non-Public Universities - Experience of Some Developed Countries and Lessons for Vietnam

Nguyen Thi Thuy Nga

University of Labour and Social Affairs, Hanoi, Vietnam

Corresponding Author: Nguyen Thi Thuy Nga

Abstract

Non-public higher education in Vietnam has been established for more than 20 years but still faces many difficulties, cost management accounting organizations have not been given due attention, and have not exploited and used accounting information effectively. Cost management accounting in enrollment and training decisions with the goal of meeting society's needs for training quality. Starting from the role of cost management accounting organizations, non-public universities in Vietnam must build for themselves a cost management accounting system suitable to the characteristics of each school and region. Therefore, in this article, the author has mentioned a number of related issues such as: Cost management accounting, cost

management accounting organization, current status of cost management accounting organization in non-public universities in Vietnam, introducing a few lessons learned in cost management accounting organization at non-public universities in some developed countries in the world such as the US, France, and China. National; thereby providing a number of implications for administrators to ensure high quality and efficiency for the organization of cost management accounting in non-public universities in Vietnam, thereby helping the Non-public universities change for the better to develop and integrate, helping the non-public higher education system in Vietnam to develop more and more sustainably.

Keywords: Cost Management Accounting, Non-Public Universities, Experiences and Lessons for Vietnam

1. Introduction

Non-public higher education is increasingly accounting for a high proportion of the entire higher education system globally. Currently in the world, higher education is gradually shifting from elite education to mass education. Most countries face the problem that the national budget cannot subsidize higher education. Public financial resources per student in higher education have clearly decreased. The process of transforming universities from purely public benefits to partly private benefits along with the trend of privatization of education and massification of higher education in the world has created an outbreak of foreign universities. public in the past two decades. However, in Vietnam, non-public higher education still faces many difficulties. The proportion of students studying at non-public schools not only does not increase, but also decreases, to the point where some industries are forced to close. Looking at the whole non-public education system, training results are not very bright, investment in quality is limited. However, there are many non-public universities that are considered successful such as FPT University, Thang Long University,...., these universities show their differences from both public and non-public universities and these differences meet the urgent needs of society that less dynamic public schools cannot meet. One of the factors that help non-public universities succeed is their professional management; they have a strategy to build an international model management system with good and clear cost management. To contribute to improving the quality of university training and good cost management experience from universities in developed countries, it is necessary to consider cost management accounting as one of the effective management tools to improve training quality.

Through research at a number of non-public universities in Vietnam, the author found that cost management accounting organizations have not been given due attention, and have not exploited and used management accounting information effectively. costs in enrollment and training decisions with the goal of meeting society's needs for training quality. Originating from the role of the cost management accounting organization and the shortcomings of the University as well as to provide information for management to make the right and appropriate decisions for each training activity. Specifically, non-public universities must build for themselves a cost management accounting system suitable to the characteristics of each school and

region.

In addition, it is very necessary for Vietnam to selectively refer to experiences in organizing cost management accounting in non-public universities from previous countries, helping Vietnam minimize opportunity costs and quickly keep up with world trends.

Therefore, the author chose this study to provide an overview of the cost management accounting organization in non-public universities. Using a qualitative approach, the author analyzes the experience of organizing cost management accounting in non-public universities in a number of developed countries and gives some implications to help organize accounting work. Cost management accounting in non-public universities in Vietnam is implemented effectively. Secondary data including articles and documents on cost management accounting organizations are the main tools used in this research.

2. Overview of cost management accounting organization in non-public universities

* Organize cost management accounting

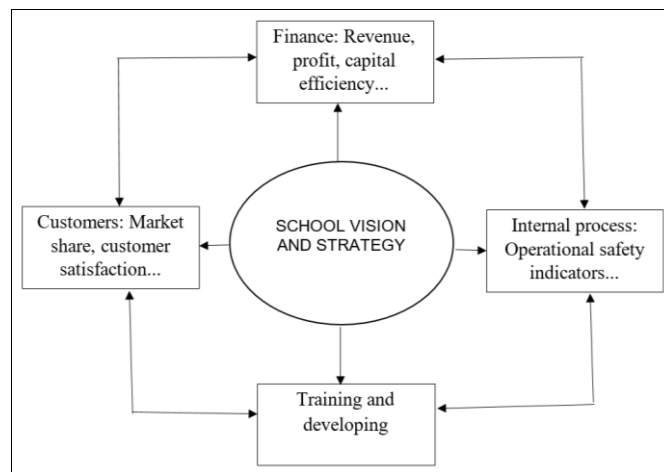
According to Garrison and Noreen (2003) [2] "Management accounting involves providing information to managers inside the enterprise - those who have the role of controlling the enterprise's operations. Management accounting can be contrasted with financial accounting - which is concerned with providing information to shareholders, creditors and others outside the business" [1].

According to the American Institute of Management Accountants, cost management accounting is a technique or method for determining costs for a project, process or product. These costs are determined by direct measurement, arbitrary transfer or systematic and reasonable allocation. Cost management accounting is a formal accounting system established to record costs. It is a systematic process for determining the unit cost of a product produced or service provided.

Organizing cost management accounting in units is the subjective activity of the unit in arranging and arranging personnel and applying general methods and specific technical methods of management accounting to collect revenue. Collect, process and provide cost information to administrators performing unit administration functions. Cost management accounting organization is a combination of objects, methods used and people to achieve useful information to serve administrators in making business decisions.

Cost management accounting organization includes many tasks and has many different approaches. Cost management accounting organizations can also follow specific accounting information functions or accounting cycles in organizational models combined or separate from financial accounting. Cost management accounting organization is an important content of management accounting organization, an important part of the accounting unit in order to have an accounting apparatus to receive, process and provide accounting information. financial information of the unit according to determined principles and methods to serve

management requirements. To carry out its role in providing information, the cost management accounting organization in non-public universities includes three basic contents: organizing the cost management accounting apparatus, organizing the contents cost management accounting content and use cost management accounting information to measure and evaluate performance. In modern cost management accounting, measuring and evaluating performance not only uses financial measures but also non-financial measures. The balanced scorecard is a method to transform vision and an organization's strategy into specific goals, measurements and clear targets by establishing an effective measurement system in work management.



Source: Robert S.Kaplan, David P.Norton - The Balanced Scorecard

Fig 1: Balanced scorecard model applied to service business units

* Non-public university

Non-public universities are universities established and operated by domestic individuals and organizations that are allowed to establish and invest themselves by competent authorities. Currently, besides the public university sector invested by the state, ensuring operating conditions and representing the owner, Vietnam has two types of non-public universities: private for-profit universities. For-profit, private, not-for-profit universities. These private universities can be invested by domestic or foreign investors, ensuring operating conditions. The system of non-public universities is constantly developing, both in quantity and quality of training. If in the 2005-2006 school year, the number of non-public universities was only 25 out of 125 universities, then by 2021-2022 it will increase to 67 out of 242 universities, accounting for 27.68% [5]. Along with the growth in scale and network of non-public universities, the number of students registering and enrolling in non-public universities has increased rapidly. In the 2000 - 2001 school year, the number of students at non-public universities was 89,464 people, in the 2010 - 2011 school year it was 189,531 people and in the 2021-2022 school year it was 416,570 people (Table 1).

Table 1: Number of university students over the years

Year	Number of university students (People)			Percentage of non-public university students (%)
	total	Public university	Non-public university	
2000-2001	731.505	642.041	89.464	13,9
2006-2007	1.173.147	1.015.977	157.170	15,5
2007-2008	1.180.547	1.037.115	143.432	13,8
2008-2009	1.242.778	1.091.426	151.352	13,9
2009-2010	1.358.861	1.185.253	173.608	14,6
2010-2011	1.435.887	1.246.356	189.531	15,2
2011-2012	1.524.447	1.295.780	228.667	15,0
2013-2014	1.670.023	1.493.354	176.669	10,58
2014-2015	1.824.328	1.596.754	227.574	12,47
2015-2016	1.753.174	1.520.807	232.367	13,25
2016-2017	1.767.879	1.523.904	243.975	13,8
2017-2018	1.707.025	1.439.495	267.530	15,67
2018-2019	1.526.111	1.261.529	264.582	17,34
2019-2020	1.672.881	1.359.402	313.479	18,74
2020-2021	1.905.956	1.540.599	365.357	19,17
2021-2022	2.145.426	1.728.856	416.570	19,42

Source: Compiled by the author based on statistics from the Ministry of Education and Training

3. Current status of cost management accounting organization in non-public universities in Vietnam

The financial management regime at non-public universities is based on Decree No. 53/2006/ND-CP, dated May 25, 2006 of the Government on policies to encourage the development of universities following the non-public model and according to the operating regulations of private universities according to Decision No. 61/2009/QĐ-TTg dated April 17, 2009 of the Prime Minister. Universities following the non-public model operate on the principle of financial autonomy, collecting all costs of the unit and preserving and developing financial resources. The state budget only funds the implementation of programs, topics, and projects that are separately accounted for and managed according to state regulations^[1]. To be consistent with the financial mechanism and type of operation, non-public universities are currently applying the small and medium-sized enterprise accounting regime issued under Circular No. 133/2016/TT-BTC dated December 26. /August 2016 of the Minister of Finance. All non-public universities surveyed are currently applying a centralized accounting model to suit the scale and operating characteristics of their units. According to the research team's survey, the current state of cost management accounting organization in non-public universities in Vietnam is shown in the following aspects:

Regarding the organization of the cost management accounting apparatus: all universities do not organize their own cost management accounting apparatus, but the universities' accounting apparatus performs both functions of financial accounting information and management accounting information.

Regarding the organization of cost identification: Universities mainly only classify and account for costs to meet the requirements of the financial accounting regime. All universities identify costs based on the economic content of the costs. In addition, to determine the price of training products, there were a number of surveyed schools that are large-scale and have long-term operating experience such as Thang Long University, Hanoi University of Business and Technology, and Hanoi University of Business and Technology, FPT University has implemented cost identification according to cost collection objects. In addition to the above forms of cost identification, some non-

public universities have also identified costs according to the level of activity.

Regarding the organization of building the system of norms and cost estimates: All schools have organized the construction of norms and are regulated in internal spending regulations and approved by the General Meeting of Shareholders, then that is approved by the Chairman of the Board of Directors. In addition, all schools have developed cost estimates, including 2 steps: building a quantity estimate, then building a spending estimate. Organizing the construction of quantity estimates is often done in functional departments such as training, science and technology, staff organization, equipment management, specialized departments... The overall expenditure estimate of the whole university is built on the basis of balancing the total revenue and expenditure of the entire school and then allocated to each task. Expenditure estimates are made by a specialized department in the financial planning department of the universities.

Regarding the organization of determining costs for fee-bearers: The main activities in universities are training and research. Training activities are carried out using the process costing method. Determining training costs for each major, course and each student has not been done by many universities. For costs of scientific research activities and short-term training courses, universities determine costs for each job.

Regarding the organization of cost information analysis for decision making: For short-term decisions, non-public universities have analyzed cost fluctuations by year and are carried out at the ministry. Financial planning department with the purpose of evaluating the implementation situation compared to the estimate and compared to the previous year in general. The results of the analysis are shown through reports on the implementation of cost estimates and reports summarizing this year's revenues and expenditures compared to previous years. For long-term decisions, schools do not organize financial information and analytical techniques to choose long-term decisions.

Regarding the organization of the cost management accounting reporting system: The cost management reporting system at non-public universities has not been scientifically and synchronously designed, is mainly spontaneous according to the administrator's information

request, so the information to the administrator is not timely. Information is mainly provided through management reports such as; Report on the implementation of estimates, reports on business performance evaluation, and cost reports. In addition, to evaluate the level of completion of the cost center and to evaluate the factors affecting the indicators in the cost analysis process, schools only use a few methods such as the comparative method; exclusion method. Regarding the cost center assessment reporting system, most schools prepare reports mainly to serve financial accounting.

4. Experience in organizing cost management accounting in non-public universities in some developed countries

The competitive free market economy has been around for a long time in developed countries such as the US, France... so management accounting in general and cost management accounting organizations in particular have been developed both in terms of theory and practice. China is a country with a market economy operating under state regulation, so it has many similarities with the Vietnamese market. Therefore, the author chose the US, France, and China as three typical countries to analyze cost management accounting organizations, thereby drawing lessons for Vietnam in applying cost management accounting organizations in non-public universities

4.1 American experience

The organization of cost management accounting is considered the unit's own work, so the State does not regulate it by ordinance and interfere deeply with expertise. Therefore, do not design a unified accounting system for the units, but only use accounting principles for the unit to design an accounting system consistent with the unit's operations and management requirements. The cost management accounting organization is considered a direct consulting department of the Board of Directors and in units with many different models. Regarding the content of cost management accounting organizations: The classification of production and business costs in cost management accounting in the US is mainly classified according to the behavior of costs into variable costs and fixed costs to Prepare reports evaluating management responsibilities. Responsibility centers and cost centers are methods for administrators to control costs incurred through department reports. Techniques for analyzing the relationship between costs, output, and profits are used to provide information for choosing business options and making short-term decisions by internal management levels within the unit. Currently, non-public universities in the US use modern methods to allocate costs such as the operating cost method (ABC). With this method, there is no longer the notion of "leveling" indirect costs between different products.^[3] Schools often use cost norms and cost estimation tools to control operating costs in the unit. Cost management accountants at non-public universities in the US use more methods to quantify accounting information than to analyze, interpret and select business options.

4.2 French experience

The characteristic of the accounting system in France is that within the same accounting apparatus, it is divided into two separate systems: general accounting and analytical accounting. The general accounting system is a static accounting model. Reanalytic accounting is a dynamic

accounting model and is not required for universities. The organization of cost management accounting in French non-public universities represents a segregated model. General accounting activities are mandatory according to State regulations, reports and accounting processes are guided and implemented uniformly to serve the tax reporting work of the unit. The account system is divided into 9 types, of which types 1 to 8 are used for general accounting. Particularly, type 9 account group is used for analytical accounting. Analytical accounting is organized into responsibility centers: Each department is often organized into an analysis center including a main center and a sub-center to determine the costs of each center and the cost of each activity and service, establish the implementation and explain the cause of the difference between estimated costs and the actual cost. Thanks to that, managers effectively control the unit's operations. The objects of analytical accounting are: Cost of each analysis center and cost of each product and service. French analytical accountants often use the method of rational allocation of fixed costs (based on standard activity levels) in analyzing costs to make decisions: When the unit operates at a normal level (activity coefficient is 1) variable costs and fixed costs are based on actual costs to calculate costs and expenses; When the level of activity of the unit is reduced, the fixed costs will be compensated in proportion to the activity coefficient, i.e. with an amount greater than the actual costs and the amount of fixed costs that are not equivalent will be the amount Interest is segregated and recorded in the productivity gain account. The model clearly delineates the different functions of the two types of accounting in the unit and analytical accounting directly serves information for effective control of each unit's activities^[4].

4.3 China's experience

Due to differences in the size of schools, the information needs and ways of organizing cost management accounting information systems of non-public universities in China are also different. While large-scale schools belonging to multinational corporations show respect for the role of cost management accounting information and mainly inherit experience and cost management methods from other multinational corporations, some other small-scale schools in the country do not show any interest in cost management accounting information. However, according to general assessment, since 1992, progressive ideas and cost management tools from Western developed countries such as activity-based cost management methods, target costing and cost management methods have emerged. Administrative control methods have begun to be widely applied in non-public universities in China. There have been significant changes in management thinking. Now, the cost management accounting information system has the effect of guiding schools to adapt to the ever-changing environment, supporting administrators in the process of organizing, planning and controlling activities. In the process of applying modern methods of establishing cost management accounting information at non-public universities in China, there are also big differences in regional factors. Development schools in the Eastern provinces mostly accept progressive cost management accounting methods while schools in the Western provinces accept less.

The use of budget information as a cost control tool as well as the theories of flexible budgeting and cost classification according to the relationship with production volume are increasingly recognized as useful and accepted. Used in units after 1990. Cost management accounting information system is used in C-V-P analysis and is highly appreciated by accountants. In particular, the standard cost system is used by most Chinese non-public universities (more than 93%) to make estimates, determine product costs, control costs and evaluate performance. But on the contrary, the ABC method is not used by Chinese non-public universities, the proportion of Chinese non-public universities applying the ABC method in cost management is extremely low, only about from 1-2%.

Non-public universities also organize cost control information systems according to responsibility centers. It is the target costs assigned to different levels of responsibility centers. Efficiency assessment will be carried out on the basis of implementation of cost targets. The essence of this cost control system is planning, implementation, evaluation and feedback that drives the meeting of cost targets by each responsibility center throughout the entire management cycle.

5. Conclusion and policy recommendations

Although Cost Management Accounting has been formed and developed in Vietnam for nearly 20 years, officially recognized in the National Assembly Accounting Law passed on June 17, 2003, the organization of management accounting current costs in non-public universities are still very limited. Most schools still confuse cost management accounting with cost accounting. Although both are intended to inform managers, there are differences in purpose and scope between these two types of accounting. Cost management accounting in our country today is generally not given enough attention commensurate with its position and role in unit management. In the context of an open economy and integration with the regional and world economy, with only qualitative experience, it is difficult for administrators to control and accurately evaluate activities of each department in the unit. To contribute to increasing the competitiveness of non-public universities in Vietnam with foreign schools, it is necessary to think about long-term development strategies, and to well organize management accounting in general and management accounting. Cost management in particular to improve unit management efficiency. However, which model to organize to bring the highest efficiency is a question for all non-public universities in Vietnam.

The development of non-public universities in Vietnam in the coming time must comply with the general development guidelines of the Party and State of Vietnam, in accordance with the conditions of international integration and innovation trends of the country, at the same time, we should move from a state monopoly model to a model of diversifying ownership types. Therefore, organizing cost management accounting in financial management for non-public universities is inevitable, it helps the unit manage finances more effectively, completing fulfill its mission in training. Universities should implement some of the following solutions to improve their cost management accounting organization:

First of all, regarding the organization of the cost management accounting apparatus, Vietnamese non-public

universities should organize according to the model of combining management accounting with financial accounting in the same accounting apparatus. According to this model, accounting staff need to be assigned specific tasks to save costs and avoid disturbing the organizational structure of the accounting apparatus in the unit, saving time in receiving, process and provide information, while ensuring convenience for State management and control.

Second, regarding the application of cost management accounting theories in the organization of cost management accounting in Vietnam, through survey results in countries with developed economies in the world, management accounting cost management has a long development process in both theory and practice, the application of modern cost management accounting theory (ABC method, target cost method, Kaizen cost method...) is still limited. Therefore, non-public universities in Vietnam, when organizing cost management accounting, initially apply traditional cost management accounting theories. These theories are still very useful in Building a unit management information system. When cost management accounting in universities has become common and popular, then universities can gradually apply modern cost management accounting theories. At the same time, through the above analysis we can see that in most countries there is always a focus on analyzing the results of production and business activities in relation to costs, this result is influenced by all relevant departments, not just the accounting department. Therefore, when there are errors, it is necessary to clearly understand the cause, clearly identify the directly responsible department and then have appropriate solutions. From there, it can be seen that non-public universities in Vietnam need to concretize the construction of cost management accounting models in the most effective way. These units need to focus on building, consolidating and perfecting the system of economic, technical and estimating norms, and the system of scientific and reasonable planning indicators to serve management accounting in the process. Process and provide information to unit administrators.

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