

## INTRODUCTION

### 1. The necessity of research topic

Vietnam has a huge and steadily growing population, a developing economy with a strong annual growth rate, and recently has seen a major increase in per capita income. The Ministry of Industry and Trade and the Government have paid close attention to the paper industry in Vietnam, and both demand and production capacity have steadily increased. In addition to investing in machinery, equipment, capital, human resources, etc., paper manufacturing businesses in Vietnam in general and the Central - Northern region in particular must innovate management methods, improve and effectively use management tools, assist managers in implementing business strategies, and expand markets in line with the trend of integration and sustainable development if they are to survive and develop in the new conditions. One of the key instruments used by businesses today for management operations is accounting, specifically cost management accounting.

In enterprises, management accounting, especially cost management accounting, is crucial for delivering cost information. Information will be supplied to various subjects depending on how the management accounting system is designed and implemented. Businesses in developed nations have created cutting-edge cost management accounting systems that give internal managers critical data serving them in planning, organizing, and executing plans as well as checking and evaluating how well they were executed.

Paper is a unique commodity with high social character, several benefits, and Vietnam's per capita use of paper is still fairly low, at just 33 kg/person (in 2013). In 2019, the average annual use of paper is 50.7 kg/person, down from the current global average of 70 kg/person, Thailand's usage of 76 kg/person, and the US and EU's consumption of 200 to 250 kg/person. A huge market for Vietnam's paper sector has emerged thanks to the population of 90 million people and rising living standards. The average growth rate from 2000 to 2007 was 10%, but from 2007 to 2018 it increased by 16%. The expansion of the paper industry in Vietnam is also a possibility. There are nearly 1000 businesses in the paper sector, and there are about 300 enterprises in the Central - Northern area. However, 80% of businesses nationwide and in the Central - Northern region are small and medium-sized ones.

Facing the current trend of fierce competition, paper manufacturing enterprises are required to promote internal resources, quickly grasp market needs, improve product quality, effectively control costs, and grasp timely and useful information to make appropriate business decisions. Hence, the development of an efficient and scientific cost management accounting system is a successful management tool in the

paper industry. Cost management accounting is currently not fully applied in paper manufacturing firms in Vietnam and the Central - Northern area. It is also a relatively new practice in these industries. The cost management accounting system in paper manufacturing businesses hasn't been adequately evaluated and invested, and it hasn't significantly influenced those businesses' decision-making, production, and company management. The research to build development orientation on "Cost management accounting in paper manufacturing firms in the Central - Northern area" is thus particularly required and significant from both a theoretical and practical standpoint.

## **2. Overview of studies related to the thesis topic**

Cost management accounting formed and developed along with the emergence and development of accounting. There have been several researches on cost management accounting both internationally and domestically, but since the middle of the 20th century, both theory and practice of cost management accounting have significantly advanced.

Cost classification studies

Studies on cost estimation

Method of determining the value of the cost-bearing object

Studies on cost analysis

Studies on management accounting reports

### ***Gaps for thesis research***

The research works on cost management accounting are studied by the authors from a variety of perspectives, ranging from general to each sector and technique of application. In the aforementioned studies, the authors did not go into great detail about each individual topic of cost management accounting, ensuring the provision of data to carry out corporate governance tasks, particularly with the kind of production enterprises going through numerous stages and utilizing complex production methods, like paper production enterprises. Despite the fact that the thesiss have examined the experience of using cost management accounting in some countries around the world, they only reflect at the broadest level about it without conducting in-depth research on the specific application of each management accounting method in various economies and management systems, thereby drawing lessons from experience in perfecting cost management accounting to suit economic development condition and management system of Vietnam.

In addition, those thesiss have neither considered the information needs of managers as a premise for the perfection of cost management accounting nor extensively mentioned in the institutional phases of estimating, classifying as well as cost determination. The majority of research studies have not specifically applied methods of determining value for cost-bearing objects according to modern ones and the application is still sketchy.

There are currently 2 research topics on management accounting related to

the paper industry. The first is the thesis of author Bui Tien Dung (2018) on "Organization of management accounting in paper production enterprises" - Research at Vietnam paper corporation and associated enterprises and author To Minh Thu's thesis (2019) on "Improving cost management accounting in Vietnamese paper manufacturing businesses". In the thesis of To Minh Thu, the author does a research on cost management accounting in Vietnamese paper manufacturing enterprises; however, this study only addresses firms with a production capacity of >10,000 tons per year, but in fact, the number of enterprises with a production capacity of <10,000 tons per year accounts for a large proportion of the total number of paper manufacturing ones. A cost management accounting reporting system has been proposed for the management accounting reporting one, but the impact of the variables and reasons contributing to the discrepancy have not been examined in the study.

In order to fill this "gap", my thesis will focus on examining how cost management accounting is utilized in paper manufacturing businesses using the production organization characteristics of paper enterprises in the Central - Northern region, through which preserve and elevate the theoretical basis of cost management accounting to be appropriate for this sector. Given the significance of management accounting, it is essential to research cost management accounting in Central - Northern paper manufacturing businesses.

### **3. Research objectives of the topic**

*In terms of theory:* Systematize the general theoretical basis of cost management accounting in manufacturing enterprises.

*In terms of practice:* Research, survey, analyze and evaluate the current situation of cost management accounting in paper manufacturing enterprises in the Central - Northern region. Based on this, the thesis makes recommendations for how to improve cost management accounting in paper production businesses in the Central - Northern region, emphasizing the proposal to apply the activity-based cost accounting (ABC) which gives managers timely and accurate information they can use to make the best decisions possibly under intense competition.

The following research questions are posed by this thesis in order to theoretically and practically accomplish the objectives:

- What are the theoretical bases of management accounting and cost management accounting in manufacturing enterprises?
- What is the current situation of cost management accounting in paper manufacturing businesses in the Central - Northern region?
- What solutions are needed to promote cost management accounting in paper production enterprises in the Central - Northern region? Why is it crucial to emphasize the solution of applying activity-based cost accounting (ABC) as a management tool in highly competitive business environment?

## **4. Object and scope of the study**

### ***4.1. Research object***

Research object of the thesis: Research on cost management accounting in manufacturing enterprises.

### ***4.2. Research scope***

*In terms of space:* Research thesis on cost management accounting, which focuses on studying cost management accounting in paper production enterprises in the Central - Northern region, excluding foreign direct investment businesses and small-scale ones. Only paper manufacturing businesses in the area – including large-scale production businesses with annual outputs of more than 10,000 tons and medium-scale ones with outputs of less than 10,000 tons – are studied in this thesis.

In addition, the study of cost management accounting in the paper enterprises in the Central - Northern region in this thesis is only mentioned in the scope of product production including: production costs and non-production costs, while financial costs and other costs will not be mentioned in the thesis.

*In terms of time:* The study was carried out during the period from 2017 to 2020 on the cost management accounting system in paper manufacturing enterprises in the Central - Northern region.

## **5. Research method**

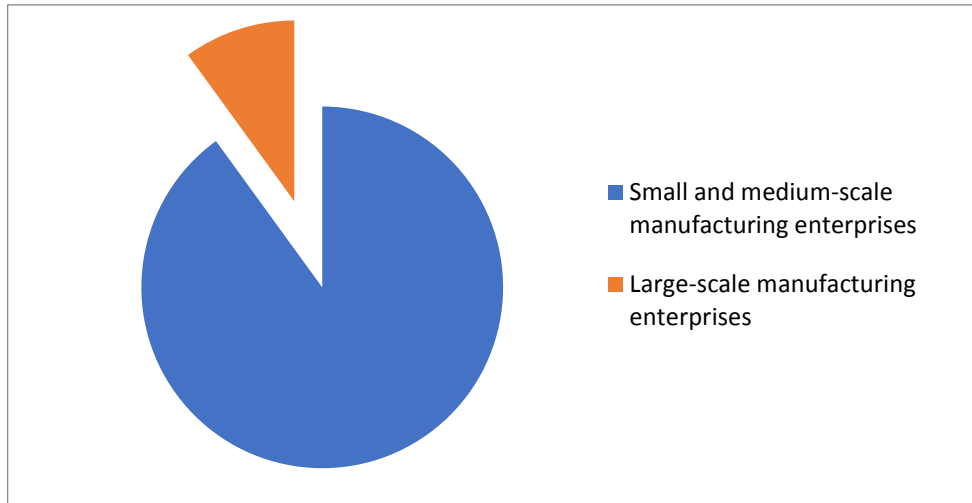
The current state of cost management accounting in paper manufacturing firms in the North-Central area is examined in this thesis with qualitative research techniques. In details, for information collection and document research: Gather, synthesize and analyze other research works related to the application and improvement of cost management accounting in manufacturing enterprises in Vietnam and around the world, in addition, the thesis also makes use of additional techniques such as: consulting experts to complete the survey questionnaire, interviewing methods, in-depth interviews with managers, chief accountants, and full-time accountants at some typical businesses; distributing questionnaires to paper production enterprises in the Central - Northern region, document processing methods such as systematization, synthesis, classification, comparison, analysis ... to build a theoretical and practical framework for research and survey content. Statistical results are presented in the form of tables, diagrams and graphs to draw findings on the current state of cost management accounting in paper production enterprises in the Central - Northern area.

In the process of collecting primary data, the author performs the following tasks:

*Selection of paper manufacturing enterprises to make a survey:*

Cost management accounting is shown in every production business, including paper manufacturing ones. According to the report of Vietnam's paper industry, the whole country has about 500 paper manufacturing enterprises, of which there are

about 300 in the Central - Northern region, but most of them are small and medium scale enterprises (accounting for approximately 90%). On the other hand, domestic enterprises have not been able to produce high-quality paper products. In order to meet the increasing demand for paper, businesses must expand their production scale.



**Chart 1. Scale proportion of paper enterprises in the Central - Northern region.**

*(Source of Vietnam Pulp and Paper Association)*

One of the biggest issues facing the paper industry today is the poor added value created by the majority of small and medium-sized businesses producing paper today. However, the advantages of paper products are crucial goods for education, culture, and society as a whole, coupled with the growth of the economy. Additionally, paper businesses across the country generally and in the Central - Northern area particularly engage in severe price competition as a result of the pressure of rising product quality and design standards. At the same time, these businesses have extremely little capacity for cost management accounting. Therefore, in order to develop production to meet the needs of product consumption, large-scale enterprises continue to press for technology while small and medium-sized enterprises must consider investment in producing expansion as a strong step forward, then raising profits for paper manufacturing businesses. This is the author's selection criterion for the survey's sample of paper manufacturing companies. In this thesis, the author only submits the survey form to large and medium-sized manufacturing enterprises because only these enterprises are eligible to implement cost management accounting successfully. Out of 51 survey responses from paper manufacturing enterprises, the author selected a non-random sample of 01 large-scale and prestigiously branded manufacturing enterprise, namely Bai Bang Paper Company and 02 medium-scale enterprises such as Lam Son Paper Company and Hoang Van Thu Paper Joint Stock Company. These enterprises have basically carried out cost management accounting but not made proper investment, not really achieved high efficiency and not applied modern models in cost management accounting. The author divided the remaining regions into zones, including the

Central Coast, the Northeast Provinces, the Northern Midlands and Mountains, etc. The author chose a small number of paper manufacturing businesses (a total of 18 businesses were randomly picked) from 100 businesses to serve as the survey's representative for each area.

*Identifying the object:*

The author sent surveys to two different groups of people to gather data for the study of the topic, including: (1) company administrators (Directors, Deputy Directors of enterprises) [Appendix 1A] to understand and survey the characteristics of business operations, the need to use cost management accounting information, and the role of cost management accounting in corporate governance; and (2) accountants (chief accountant, accountant) to assess the current status of cost management accounting.

*Survey method:*

The author conducted meetings and interviews directly with leaders, accountants, technical managers, accountants of Lam Son paper company and Bai Bang paper company; The remaining votes were sent by email and interviewed by telephone. Enterprises that did not receive feedback were: An Chau Paper Company, Vietnam Paper and Packaging Joint Stock Company, Packaging Production and Import-Export Joint Stock Company (Packexim), Hoan My Co., Ltd. , Tan Phong Chau packaging company.....

Conducting surveys, collecting information related to the thesis from two groups of subjects, namely administrators and accountants through survey questionnaires.

(1) The survey form for managers at all levels of the company is designed with 25 questions divided into two groups: the group of questions to collect "general information" and the group of questions to collect general information about cost management accounting. The author sends a survey questionnaire to managers at a paper production enterprise in the Central - Northern region to investigate as a basis for the study of perfecting cost management accounting in paper manufacturing enterprises in the Central - Northern area [Appendix 1A].

<b>Numerical order</b>	<b>Survey content</b>	<b>Questions</b>
1	General information	Question 1 – Question 2
2	Information about the status of cost management accounting for businesses	Question 3 – Question 25

(2) The author sends survey questionnaires to accountants (chief accountants and accountants), survey questionnaires (Appendix 1B) in paper production enterprises in the Central - Northern region to learn the accounting practice, the

content of accounting work, thereby identifying and evaluating the current situation of cost management accounting in paper manufacturing enterprises in this area. [Appendix 1B]

<b>Numerical order</b>	<b>Survey content</b>	<b>Questions</b>
<b>I</b>	<b>General information</b>	Question 1 – Question 4
<b>II</b>	Content of cost management accounting for businesses	
1	Information about the accounting apparatus and cost management accounting	Question 5 – Question 8
2	Classification of costs, setting norms and cost estimates	Question 9 – Question 19
3	Determining the cost for the cost-bearing object	Question 20 – Question 26
4	Collecting, systematizing and providing information for cost management accountants	Question 27 – Question 38
5	Cost analysis for price control and business decision making	Question 39 – Question 44

### ***Secondary data collection method:***

The author collects information from paper manufacturing companies in the Central - Northern region.

Summary reports on the website of Vietnam Pulp and Paper Association - VINAPAPE ([www.vppa.vn](http://www.vppa.vn)) of the Ministry of Industry and Trade.

The vouchers, accounting books of the paper production enterprises in the region according to the survey form.

Consulting the analysis of experts in the media.

### **6. Thesis contributions.**

#### *Theoretical contributions*

The thesis has systematized the general theories of cost management accounting in manufacturing enterprises.

#### *Practical contributions*

Researching and surveying the current situation of cost management accounting in paper manufacturing enterprises in the Central - Northern region. The thesis used qualitative research methods to analyze, evaluate and reflect the current situation of cost management accounting in paper production enterprises and pointed out limitations and causes of them.

To meet the information demands of managers in the present, certain proposals are made to enhance cost management accounting in accordance with the operational characteristics of paper manufacturing businesses in the Central - Northern area. In particular, the thesis suggests a solution based on activity-based costing (ABC) to provide comprehensive, timely and valuable information for managers to make optimal business decisions in the competitive environment.

### **7. Limitations of the thesis and future research directions**

The thesis still has certain limitations in terms of theoretical study and comprehending the current state of cost management accounting in paper producing firms in the Central - Northern area. These restrictions might have an impact on the research findings and how cost management accounting is used in paper manufacturing businesses, specifically:

In specific conditions, the author has only researched the topic briefly within the Central and Northern regions but not studied further in the South, meanwhile the paper production process is almost the same. In fact, the South has a wide variety of large-scale paper production companies with more up-to-date production lines. Additionally, the South has a wider variety of businesses, including ones with foreign investment. In the future, the author is intended to expand the research with a view to promoting cost management accounting for paper manufacturing enterprises in the whole country.

Additionally, the author has only used qualitative techniques to study cost management accounting; hopefully, quantitative methods are applied in the future to provide managers enough knowledge to complete cost management accounting in businesses.

### **8. Thesis layout**

The thesis is presented in three chapters, along with an introduction, a conclusion, a list of references, and appendices:

Chapter 1: Theoretical basis of cost management accounting in manufacturing enterprises

Chapter 2: Actual situation of cost management accounting in paper manufacturing businesses in the Central - Northern region

Chapter 3: Solutions to elevate cost management accounting in paper production enterprises in the Central - Northern region

## **CHAPTER 1: THEORETICAL BASIS OF COST MANAGEMENT ACCOUNTING IN MANUFACTURING ENTERPRISES**

### **1.1. The essence of cost management accounting**



**Management accounting** is a system of collecting, processing and making internal reports in order to provide information mainly for business managers, help them control costs, make economic decisions and plan for the future in line with business strategy.

**Cost management accounting** is a part of management accounting that provides information about the costs of an enterprise to help business administrators understand the situation of using, controlling costs and making business decisions.

### **1.2. The role of cost management accounting in business**

Functions to plan

Functions to organize and implement

Functions to check, control and evaluate the operational efficiency.

Functions to make decisions

### **1.3. Contents of cost management accounting in manufacturing enterprises**

#### ***1.3.1. Expense classification***

In a manufacturing enterprise, there are many types of expenses with different purposes and uses. Managers must classify costs according to a variety of criteria to make cost management and cost control easier, including: categorization based on the periodic relationship of business results; categorization based on activity level; categorization based on decision-making authority; and categorization based on influence on the selection of alternatives (for decision making)

#### ***1.3.2. Establishing standards and prepare cost estimates***

##### ***1.3.2.1. Creating cost norms***

The norm of production and business costs is the part expecting the costs to produce a product or a unit of service. The more accurate and more detailed the cost norm creating for all types of costs incurred, the more it helps managers to plan and allocate resources effectively. Norms are established for factors of production costs and non-manufacturing costs, and the setting of norms must be based on standard quantities (quantity norms) and standard prices (price norms) of the input elements.

##### ***1.3.2.2. Making a cost estimate***

The company constructs a cost estimating system based on the cost norm system it has created. When it comes to making estimates, there are many objects that need to be estimated such as consumption, production, cost, revenue, money expenditure estimates, etc., but within the scope of the research topic, the author only concentrates on estimating business expenses including direct materials costs, direct labor costs, manufacturing overheads, selling expenses and administrative expenses. The construction of a cost estimate helps the administrator in forming an acceptable strategy for resource allocation and through the process of cost estimation to monitor, control the implementation and use of resources in the enterprise. Cost estimates that can be combined in the form of static and flexible estimates will help businesses

reserve resources, manage expenses and income for the same level of activity.

### ***1.3.3. Determining the cost for the cost-bearing object***

Determining costs for cost-bearing objects is the process of determining direct costs and allocating indirect costs to cost-bearing objects for the purpose of calculating the cost of products, services, and services for business operations. The effectiveness of production and commercial operations, as well as checking and regulating expenses are influenced by determining the proper cost for each cost-bearing activity.

The traditional costing technique and the modern costing method are typically the two approaches used to calculate costs for cost-bearing objects. Currently, firms must contend with intense market rivalry. Therefore, businesses must make accurate decisions. However, the traditional approach to cost estimation has numerous drawbacks, one of which is the unjustified allocation of costs, which results in poor strategic choices.

### ***1.3.4. Cost management accounting reporting system***

"A management accounting report is a report on financial information by division, business sector, and different geographical areas of an enterprise to assist person using financial report clearly understand the performance of the business in previous years; properly assess the risks and economic benefits of the enterprise; and make reasonable judgments about the business," according to Alfonso et al. (2012).

Reports on accounting known as management accounting are used to monitor and carry out commercial and manufacturing operations at various management levels in an organization. Managers may anticipate, plan, assess, and control operations to accomplish the objectives in the organization using management accounting reports.

### ***1.3.5. Analyzing cost variations to keep expenses under control***

Analysis of cost fluctuations is to contrast actual costs with normative costs to ascertain the level of variation (difference) in costs, from which to find out the causes leading to the difference, the responsibility of each individual or groups, as well as finding solutions to overcome, contributing to cost savings for the following periods. Analysis of cost variation also yields information that is helpful for management decisions.

### ***1.3.6. Analyzing cost information for decision making***

The goal of business managers is to optimize profits, managers must make decisions for all aspects of production and business. Analyzing the link among cost - volume - profit is one of the useful tools to help managers make decisions about business plans, especially short-term business plans of enterprises. In addition, managers will benefit from the analysis based on predictive data while making future plans and directing in the current operational field.

## 1.4. Experience in applying cost management accounting from countries around the world and lessons learned for Vietnam

### 1.4.1. Experience in applying cost management accounting in the US

### 1.4.2. Experience in applying cost management accounting in France

### 1.4.3. Experience in applying cost management accounting in Asian countries

### 1.4.4. Lessons learned from applying cost management accounting to Vietnam

## CHAPTER 2:

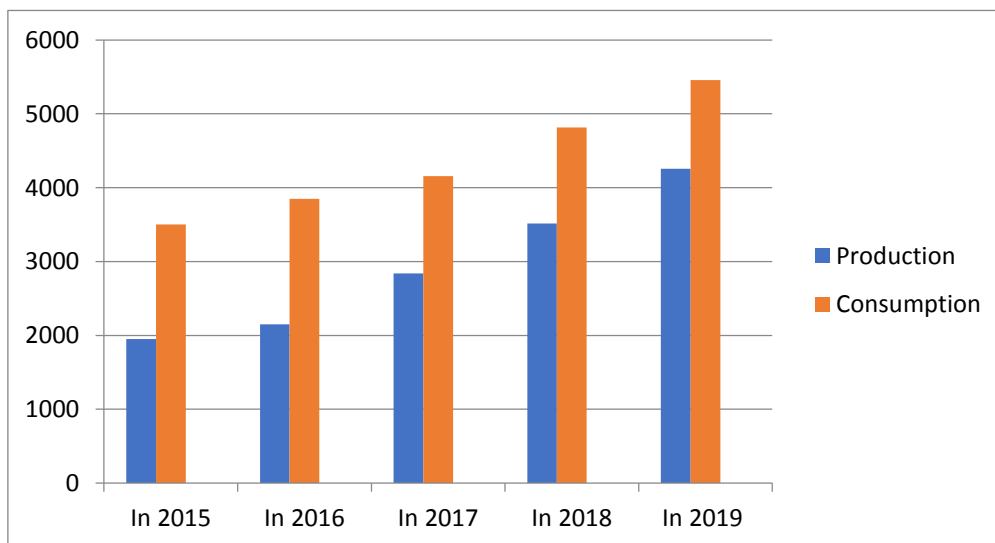
## ACTUAL SITUATION OF COST MANAGEMENT ACCOUNTING IN PAPER MANUFACTURING BUSINESSES IN THE CENTRAL - NORTHERN REGION

### 2.1. Introduction of paper manufacturing businesses

#### 2.1.1. Overview of paper manufacturing enterprises

According to the Vietnam Pulp and Paper Association (VPPA), the paper sector has significantly expanded over the last five years at a pace of 15–17% annually. The total paper output of the whole country has increased from barely 28,000 tons per year in 1975 to more than 4.5 million tons per year now, fulfilling 64% of domestic demand.

The first industrial pulp plant, with a 4,000 ton annual capacity, opened its doors in Viet Tri in 1912. Many paper mills, including Viet Tri Paper Factory, Van Dien Pulp Factory, Tan Mai Paper Factory, etc. were erected in the 1960s, although none of them had a capacity of more than 20,000 tons per year. Vietnam's paper industry had a total design capacity of 72,000 tons/year by 1975, but the actual output was only 28,000 tons/year, which was insufficient to meet the country's consumption demand of more than 2 million tons. But approximately 5,000 thousand tons of paper have been produced in the past 40 years, which is nearly enough to satisfy 70% of domestic demand.



**Graph 2.1: Supply and demand for paper in the country**

*Source: Vietnam Pulp and Paper Association (VPPA)*

### **2.1.2. System of paper manufacturing enterprises in the Central – Northern region**

#### *Structure of paper factory in the Central – Northern region*

According to the General Statistics Office, there were 316 paper manufacturing businesses in the Central - Northern area by the end of 2018. However, these businesses are small and medium-scale ones with ceased production lines. The majority of them are technologically outdated, reliant on imports substantially and have a shortage of raw materials. There is just one state-owned company, the Bai Bang paper company, out of 316 businesses.

**Table 2.1: Structure of paper factories in the Central – Northern region by design capacity in 2018**

Factory capacity	Factories (Enterprises)	
	Number	Percentage (%)
<10.000 tons/year	122	38,6%
10.000 – 30.000 tons/year	66	20,9%
30.000 - < 50.000 tons/year	48	15,2%
50.000 – 100.000 tons/year	45	14,2%
>100.000 tons/year	35	11,1%
Total	316	100%

*(Source: Vietnam Pulp and Paper Association)*

Paper mills are diverse in design capacity, but small and medium-sized mills (under 30,000 tons/year) account for 59.5% of the total number of mills. Due to the fact that domestic production barely covers two thirds of domestic consumption, the market for paper manufacturing businesses is quite promising. As a result, some factories with enormous design capacities (over 100,000 tons) have made investments in cutting-edge production lines, including An Hoa paper joint stock company (150,000 tons/year) and Bai Bang paper business (125,000 tons/year).....

### **2.1.2. The characteristics of the paper production process in the Central - Northern region influencing cost management accounting**

#### *2.1.2.1 Characteristics of the paper production process in the Central - Northern region*

There is a closed production technology process used by paper manufacturing companies generally and by paper production businesses in the Central-Northern area specifically. The technological process mainly goes through the following main stages:

*Stage 1:* Raw materials (bamboo, cork, wood) are cut into pieces through a system of chopping machines.

*Stage 2:* Using a thin bellows system, the pieces are transferred from the yard into the cooking pots (according to the aerodynamic principle).

*Stage 3:* After the powder is cooked, at the stage of washing the powder, the dilute black liquid recovered during the washing process is put into distillation into a solid black liquid supplied to the recovery boiler.

*Stage 4:* After the bleaching process, the pulp is sent to the XEO workshop to produce paper.

*Stage 5:* Before creating the paper, the powder solution is processed via an auxiliary system (sand filter and pressure sieve) to eliminate impurities, providing the powder a superior quality without clumping, steady pressure concentration, and ensuring the result meets the specified requirements and durability.

*2.1.2.2 Product characteristics, production technology processes influencing cost management accounting*

*First,* the process of making paper involves several manufacturing phases, the proportion of material costs accounts for a significant amount, particularly from 65 to 67% of the production cost.

*Second,* products created with high homogeneity, there are by-products in the production process.

*Third,* raw materials depend on imports and resources are distributed rather than concentrated.

***2.1.3. Characteristics of organization and management in paper production enterprises in the Central - Northern region***

According to the survey findings, there are 21/51 limited firms and 27/51 joint stock companies among the paper producing businesses in the Central-Northern area, respectively, making up 41% and 53% of the total. Companies are set up in a functional online way.

***2.1.4. Characteristics of regulating accounting work in Central-Northern paper manufacturing companies***

*2.1.4.1. Features of the accounting system's structure*

In paper production enterprises in the Central – Northern region, the organization of accounting apparatus has not yet separated between cost management accountants and financial accountants, so mainly accounting staff are concurrently holding some internal tasks of cost management accounting. Due to the characteristics of production and business activities, paper manufacturing companies in the Central and Northern area frequently set up their accounting system using a centralized approach.

*2.1.4.2. Form of accounting book organization*

The precise findings from a study of 51 paper manufacturing businesses in the area are as follows: The General Journal is the primary accounting form used by

small manufacturing businesses (accounting for 67% of all applications), followed by bookkeeping accounting forms (31%), journal and voucher forms (accounting for 2%), and Ledger Journal, which is not used by any paper manufacturing businesses.

Currently, most companies have applied information technology, launched accounting software or specialized management one with integrated accounting program.

*Regarding the voucher system used*

According to the survey in the Central - Northern region, 43% of paper manufacturing companies use the accounting system outlined in Circular no. 200/TT - BTC, while 57% of the companies apply the accounting system according to Circular no. 133/TT-BTC.

In accordance with Circular no.200/TT-BTC from December 22, 2014 and Circular no.133/TT-BTC from August 26, 2016, which were issued by the Ministry of Finance, paper manufacturing companies in the Central and Northern region use all documents with pre-printed accounting forms (inventory notes, delivery notes, time sheets, etc.), as well as self-printed vouchers from accounting software that businesses use.

*The features of the management structure, accounting apparatus, and financial management mechanism at the paper manufacturing businesses in the Central – Northern area influence the cost management accounting according to the following contents:*

First, influencing the organizational model of cost management accounting apparatus.

Second, influencing the choice of accounting system.

Third, influence in determining the cost of ancillary activities.

Fourth, influence in the choice of cost management accounting reporting system.

## **2.2. Actual situation of cost management accounting in paper production enterprises in the Central - Northern region**

### ***2.2.1. Status of cost classification***

100 percent of the paper manufacturing companies categorised their production and operating expenses based on the findings of the real enterprise surveys. Whereas 87.5% of businesses categorized expenses by type and use, including Lam Son Paper Joint Stock Company, Hoang Van Thu Paper Joint Stock Company, Muc Son Paper Company, An Chau Paper Company Limited, and Song Lam Paper Joint Stock Company, 12.5% of businesses did so according to economic content such as Mien Trung Packaging Joint Stock Company, Packaging Manufacturing and Import-Export Joint Stock Company (Packexim). Businesses simply categorize expenses, however,

in order to account for production costs under financial accounting; cost management accounting receives far less attention.

### ***2.2.2. Creating cost standards and cost estimates.***

#### *2.2.2.1. Creating cost standards*

100 percent of businesses have set cost norms in the following aspects: direct materials, direct labor, general manufacturing, sales, and business management, according to survey data (Appendix 1D). However, the level of construction will vary based on each paper manufacturing company in the Central – Northern area.

#### *2.2.2.2 Status of setting up cost estimates*

100% of the surveying units estimate direct material costs and cost estimates in accordance with the project plan for static accounting, 48% of enterprises estimate selling expenses, and 34% of enterprises estimate general and administrative expenses, and they typically only do so once at the beginning of the accounting year. These estimates are based on the economic and technical norms that the manufacturing enterprises have developed and the anticipated production plan. To assist the business in quantifying and planning the allocation for the implementation year, other amounts are estimated.

### ***2.2.3. Actual situation of determining costs for chargeable objects***

#### *2.2.3.1. Cost accounting object*

#### *2.2.3.2. Cost accounting in paper manufacturing businesses*

The survey's findings show that all paper manufacturing businesses in the Central and Northern area coordinate the application of accounting accounts, vouchers, and accounting books to gather expenses such direct material costs, direct labor costs, and manufacturing overheads.

#### *2.2.3.3 Accounting status of selling and administrative expenses.*

According to the survey, 23.5% of businesses distribute selling and administrative costs based on the volume of each product's consumption, including Bai Bang paper company and Hai Phong paper company (HAPACO)...., 68.5% enterprises make the allocation according to the revenue of each type of product such as Lam Son Paper Company, Packaging Production and Import-Export Joint Stock Company (Packexim)...., The remaining 8% of enterprises make the allocation according to the cost of each product such as Song Lam Packaging and Production Co., Ltd., Truong Xuan Paper Co., Ltd....

#### *2.2.3.4 Ancillary cost allocation*

According to the survey results of paper production enterprises in the Central – Northern region, 100% of enterprises are allocated by the direct method. The main object of collection is paper products, in addition, there are auxiliary workshops such as electromechanical workshops, maintenance workshops, chemical workshops (factories).

### *2.2.3.5. Determining product cost*

According to the survey results, 100% businesses use the traditional method of cost determination, which involves each workshop or production department, and all businesses use the actual costing method in conjunction with standards, while methods of cost determination from a modern point of view are hardly ever used.

#### **For paper products**

Paper manufacturing companies calculate product costs on a monthly basis. After being moved to the XEO department (workshop), pulp products will be processed into roll paper and other completed paper; from roll paper, kinds such as ram paper and school notebook paper will be processed. For roll paper products, the cost will be determined using a simple formula excluding by-products, while for ram paper and school notebook paper, the cost is determined using a coefficient specific to each type of paper.

#### **For chemical products and other services such as electrical, mechanical.**

A limited number of paper manufacturing companies must generate their own chemicals in order to supply the production process, as pulp uses a significant quantity of chemicals in the papermaking process.

#### **Internal transfer price**

Coal slag from operating boilers or electromechanical and chemical components that are given to the product production process are examples of recovered by-products, according to the papermaking process. The selling of extra paper used during manufacture is the service provided for the aforementioned goods.

### *2.2.3.6. The reporting system of cost management accounting*

According to the study, a system for accounting reporting has been developed by paper manufacturing companies in the Central-Northern area. The reporting system established by paper manufacturing businesses, however, is primarily used for financial accounting, while the system of management accounting reports in general and management reports on costs in particular has not been formed yet. The cost management accounting reports at the North Central region's paper manufacturing companies are sketchy and have not been given much thought.

### *2.2.4. Current status of cost volatility analysis*

The North Central region's paper manufacturing businesses currently only compare the cost of using raw materials directly in the production department to determine whether they can save or lose money on raw material costs; however, they have not yet prepared a statement of cost fluctuations for their selling expenses, administrative expenses, and the remaining production expenses.

### *2.2.5. Current status of cost information analysis for decision making*

The surveyed businesses did not, at the time of the survey, have specialized management accounting reports that could be used to advise on the choice of business plans and decision-making. Instead, the reports mainly provided basic information and did not analyze or consult on management accounting data.



## **2.3. Analyzing the current state of cost management accounting in paper manufacturing companies in the Central and Northern area.**

### ***2.3.1. Advantages***

Cost management accounting at enterprises have had certain success in the areas of cost identification and classification, creating cost standards and estimations, calculating costs, gathering, evaluating, and distributing cost information for corporate governance.

### ***2.4.2. Existing limitations and reasons***

Regarding the categorization of expenses: In the studied enterprises, classification of expenses primarily serves financial accounting; management accounting activity is not the primary focus of techniques for cost identification and categorization.

*Second: With regards to the development, administration, and application of norms, as well as making estimates*

Direct labor costs and general production costs have not been defined; only direct material cost guidelines have been established by businesses.

Direct labor and manufacturing overhead costs have not yet been evolved into precise estimates, and production cost estimating only goes as far as providing broad estimates for direct materials costs.

In the Central-Northern area, paper manufacturing companies have only produced fixed estimates; no flexible estimates have yet been produced.

*Third: Regarding the recognition and determination of costs for cost-bearing objects.*

The allocation of costs in paper-producing enterprises by traditional methods is not appropriate, and production costs will be inaccurate. Businesses should determine costs according to modern methods such as activity-based costing (ABC), which is a collection of indirect costs in the production process into each activity. Companies now only supply cost data for financial accounting and have not given management accounting data the attention it deserves.

*Fourth: Regarding the preparation of cost management accounting reports.*

Currently, the management accounting reports of paper production enterprises in the region are now in place, but they are not yet thorough, scientific, or comprehensive enough to meet management needs. Reports are also heavily enumerated and inconsistent, thus reducing the effect of cost control, or more precisely, those reports do not meet management's forecasting requirements.

*Fifth: Regarding the analysis of cost fluctuations*

In fact, paper manufacturing companies in the Central - Northern region have not conducted cost analysis for administrative requirements. The present cost study has not been given enough thought; it is only being done as a quick comparison to see how much expenses have changed. In addition to analyzing fluctuations in raw

material costs to control material costs, there are other costs in paper manufacturing companies in the Central - North region such as labor costs, general production costs, selling expenses, general and administrative expenses have not been evaluated for fluctuations in expenses during the period. Cost accounting only aims to manage costs according to the financial mechanism, which serves the task of financial accounting, but has not studied the relationship between them yet.

*Sixth: About analyzing information to make decisions*

Paper production enterprises in the region only determine revenue and total capital to determine gross profit. Cost analysis in paper production enterprises is just a comparison between reality and norm. Cost management accounting is only a formality, not yet a management tool for managers.

*Seventh: About choosing the organizational model of cost management accounting*

Paper manufacturing enterprises are currently combining their accounting systems rather than having their separate management accounting ones. The current accounting apparatus is only responsive to financial accounting. Enterprise cost management accounting has only progressed as far as comprehensive accounting, failing to meet the needs of cost management, which support planning and decision-making.

### **2.3.3. Cause of drawbacks**

The shortcomings of the cost management accounting system in the paper production enterprises in the Central - Northern region stem from the following objective and subjective reasons: It is unclear how management levels see management accounting in general and cost management accounting in particular, and it is ambiguous how enterprises should respond to competition...

## **CHAPTER 3**

### **SOLUTIONS TO ELEVATE COST MANAGEMENT ACCOUNTING IN PAPER PRODUCTION ENTERPRISES IN THE CENTRAL - NORTHERN REGION**

#### **3.1. Perspectives and strategies for the development of Vietnam's paper industry**

##### **3.1.1. Perspectives on the development of Vietnam's paper industry**

Among the industrial production industries, the paper industry is an important economic sector, associated with the development of the economy and society, and should be prioritized for development in accordance with the innovation path of the national economy, as well as the process of industrialization and modernization. The paper industry has a very wide market and cooperates with many industries such as forestry, agriculture, chemicals, printing, packaging and equipment manufacturing. To ensure modernization and economic efficiency, the paper industry must be designed for expansion in concentrated areas with sufficient scale (paper mill capacity of 100,000 to 150,000 tons/year or more, pulp mill capacity of 200,000 to 250,000 tons/year or more).

However, because the paper sector also produces a significant quantity of waste, investments in its growth must constantly prioritize environmental preservation and sustainable development. The Ministry of Sector and Trade outlines steps to expand Vietnam's paper industry sustainably in conjunction with the duty of environmental protection to address this issue.

### ***3.1.2. Development strategy of the paper industry to 2025 and a vision to 2030***

Paper is an essential product and the paper industry plays a crucial role in contributing significantly to the economic growth of Vietnam, even if it is not a core industry or holding a key sector of the economy. The paper business offers a wide range of goods for sociocultural, educational, production, research activities... Environmentally friendly paper goods have increased recently as a result of the environmental protection movement, offering the business substantial growth potential, particularly in the area of packaging paper as a replacement for disposable plastic items... Vietnam consumes just 50.7kg of paper per person annually, compared to the world average of 70kg, Thailand's consumption rate of 76kg, and the USA and EU's consumption rates of 200-250kg, respectively. Currently, the majority of paper manufacturing companies in Vietnam, particularly those in the Central-North area are small and medium-sized businesses with obsolete equipment, a lack of raw materials, and a significant reliance on imports. Vietnam still has to import paper goods because domestically manufactured paper goods are too expensive to compete globally or regionally.

The role of the paper industry is not only calculated by the actual existing value, but also the value at the auxiliary for other industries. For the paper industry to create products with high quality, competitiveness, environmental friendliness, meeting domestic consumption needs, and being able to export, it is crucial to prioritize its development in the overall circular economy belonging to the sustainable development project of Industry and Trade.

## **3.2. Requirements and principles for improving cost management accounting in paper manufacturing enterprises in the Central - Northern region.**

### ***3.2.1. Requirements to improve cost management accounting in paper production enterprises in the Central - Northern region.***

- Ensure to provide accurate, comprehensive, timely, and reasonable information.
- Claims are simple to make, comprehend, and apply.
- Meet information technology requirements.

### ***3.2.2. Principles of perfecting cost management accounting in paper manufacturing enterprises in the Central - Northern region***

It must be in line with the development of a management accounting model in general and the production, commercial conditions and features of the region's paper sector in particular, but the principles of conformity and harmony, inheritance, thrift and efficiency, and feasibility must always be upheld.

### **3.3. Solutions to improve cost management accounting in paper production enterprises in the Central - Northern region.**

#### ***3.3.1. Completing cost classification***

It is noteworthy to conduct a cost classification by activity level in order to meet the requirements of cost management accounting. Using this classification, production expenses are separated into three categories: variable costs, fixed costs, and mixed ones. This classification plays a crucial role in providing information for the decision-making process of managers.

#### ***3.3.2. Completing the construction of norms and making estimates***

##### ***3.3.2.1. Completing the construction of cost norms***

The thesis proposes that enterprises need to develop norms of direct labor costs, general production costs (according to variable and fixed costs) and develop non-production cost norms.

##### ***3.3.2.2. Completing the cost estimation system.***

The thesis suggests using variable estimates for production costs to assist organizations adapt quickly to market variations in the supply of input elements used in the manufacturing process. Building a fair and accurate estimating system helps firms in cost-saving, making the most of resources, proactive resource allocation, and flexible responsiveness to fluctuations.

#### ***3.3.3. Finalizing the cost for the cost-bearing object.***

##### ***3.3.3.1 Completing the accounting voucher system***

It is necessary to complete more documents showing the criteria of economic, technical norms, and cost estimates as a basis for comparison, timely implementation of material norms, compliance with cost estimates such as:

*Solution to complete the document system reflecting the cost of materials*

*Solution to complete the system of documents reflecting labor costs*

##### ***3.3.3.2 Completing the accounting system***

Based on the system of accounting accounts according to the current accounting regime as well as the information requirements of managers running paper manufacturing businesses, so when creating an accounting system, in addition to building an accounting system for each workshop and each expense item, businesses need to: *First*, creating an accounting account system must be compatible with how expenses are classified, in other words, dividing into variable and fixed costs, and the accounting accounts must be appropriate in this regard; *Second*, creating an accounting system to track both normal and abnormal spending in order to keep expenditures within the acceptable range.

##### ***3.3.3.3 Completing the accounting book system:***

The following types of books must be included in the synchronous cost management accounting book system: Cost books for direct materials, direct labor, general manufacturing, selling, and administrative and financial expenditures.

##### ***3.3.3.4. Completing cost allocation for product costing***

The thesis proposes a cost allocation method using cost accounting method based on activity level - ABC (Activities based cost)

It is clear that the ABC approach gives more accurate and appropriate cost information than the traditional cost accounting technique since the general cost is assigned in accordance with the cost's constituent parts.

***Principles of applying ABC accounting in paper production enterprises in the Central - Northern region***

For paper manufacturing companies in the Central - Northern area, the adoption of ABC accounting is actually required to enhance cost management accounting in the current time. Businesses operating in this industry need to be founded on the following concepts in order to execute ABC accounting in practice:

***First:*** Meet the desired goals of the administrator

***Second:*** Apply ABC accounting in accordance with benefits received and costs spent.

***Third:*** A team of managers and accountants with high knowledge and qualifications

***The need to apply ABC model in paper production enterprises in the Central - Northern region***

One benefit of ABC accounting is that it is acknowledged by several international studies and is regarded as a typical cost accounting approach. In addition to effectively allocating expenses to determine product costs, the ABC accounting approach also determines the cost of all resources utilized for activities supporting the manufacturing and delivery of goods to customers.

Vietnam now imports paper, making up roughly 35% of the nation's total paper consumption. Additionally, pulp, a necessary component in the creation of paper, is imported as well. As a result, there is also a chance for the paper sector to restructure, invent production technology lines, and train management and labor teams in order to remain competitive.... By using the ABC model, managers may gain full knowledge of the expenses associated with each operation and make decisions to reduce those costs for efficiency and in line with corporate objectives. Therefore, the ABC model is also associated with the business cost management method according to the operation process.

***ABC implementation in Central - Northern paper manufacturing***

When applying the ABC cost method, the following steps are usually followed:

***Step 1: Identify production activities and resources.***

With technological processes and management levels at paper manufacturing companies, activities can be:

Inventory planning and material supply activities.

Product manufacturing activities.

Repair and maintenance of machinery and equipment.



			(3)				
<b>Production department</b>							
Indirect employee salary	20%	40%	15%	15%	5%	5%	100%
Depreciation of factory fixed assets	5%	60%	5%	10%	10%	10%	100%
Materials and tools in the factory	5%	50%	5%	20%	10%	10%	100%
Expenses for external services, other costs	20%	40%	10%	10%	10%	10%	100%
<b>Business Administration Department</b>							
Salary of a business management staff	10%	5%	10%	5%	25%	45%	100%
Depreciation of office fixed assets	10%	0%	5%	5%	25%	55%	100%
Cost of materials and tools	5%	5%	5%	5%	20%	60%	100%
Expenses for external services, other costs	5%	5%	10%	5%	20%	55%	100%
<b>Marketing Department</b>							
Marketing staff salary	10%	0%	10%	0%	65%	15%	100%
Selling expenses	10%	0%	5%	0%	70%	15%	100%
Consumption support costs	0%	0%	10%	0%	70%	20%	100%
Expenses for external services, other costs	10%	0%	10%	0%	70%	10%	100%

(Source: Author's own calculation from data of Lam Son paper joint stock company)

Lam Son Joint Stock Company has annual general cost data in table 3.10

**Table 3.10 Indirect costs at Lam Son Paper Joint Stock Company  
June 2020**

<b>Expense List</b>	<b>Amount (Unit: VND)</b>
<b>Production department</b>	<b>2,756,332,936</b>
Indirect factory worker salary	921,150,310
Depreciation of factory's fixed assets	1,464,785,212
cost of raw materials, tools in the factory	79,962,076
Expenses for external services, other costs	290,435,338
<b>Marketing department</b>	<b>3,521,450,550</b>
Marketing staff salary	990,670,100
Selling expenses	1,027,599,480
Consumption support costs	1,050,640,310
Expenses for external services, other costs	452,540,660
<b>Business Administration Department</b>	<b>3,489,040,865</b>
Business administration staff salary	2,735,300,360
Depreciation of office fixed assets	198,850,530
Material and tool costs	165,329,550
Expenses for external services, other costs	389,560,425
<b>Total</b>	<b>9,766,824,351</b>

(Source: Author's own calculation)

Based on table 3.9 to allocate the input stage of the operating expense group (Table 3.11)



**Table 3.11: Allocating the input stage of the operating cost group**

<b>Expense details</b>	<b>Preparing for production (1)</b>	<b>Devices (2)</b>	<b>Checking product quality (KCS) (3)</b>	<b>Production auxiliary activities (4)</b>	<b>Consumption activities (5)</b>	<b>Executive management (6)</b>	<b>Total</b>
<b>Production department</b>	<b>319,554,494</b>	<b>1,403,486,424</b>	<b>244,453,445</b>	<b>329,687,017</b>	<b>229,575,778</b>	<b>229,575,778</b>	<b>2,756,332,936</b>
Indirect employee salary	184,230,062	368,460,124	138,172,547	138,172,547	46,057,516	46,057,516	921,150,310
Depreciation of factory fixed assets	73,239,261	878,871,127	73,239,261	146,478,521	146,478,521	146,478,521	1,464,785,212
Materials and tools in the factory	3,998,104	39,981,038	3,998,104	15,992,415	7,996,208	7,996,208	79,962,076
Expenses for external services, other costs	58,087,068	116,174,135	29,043,534	29,043,534	29,043,534	29,043,534	290,435,338
<b>Marketing Department</b>	<b>247,081,024</b>	<b>-</b>	<b>300,765,081</b>	<b>-</b>	<b>2,415,481,880</b>	<b>558,122,565</b>	<b>3,521,450,550</b>
Marketing staff salary	99,067,010	-	99,067,010	-	643,935,565	148,600,515	990,670,100
Selling expenses	102,759,948	-	51,379,974	-	719,319,636	154,139,922	1,027,599,480
Consumption support costs	-	-	105,064,031	-	735,448,217	210,128,062	1,050,640,310
Expenses for external services, other costs	45,254,066	-	45,254,066	-	316,778,462	45,254,066	452,540,660
<b>Business Administration</b>	<b>321,159,588</b>	<b>164,509,517</b>	<b>330,695,083</b>	<b>174,452,043</b>	<b>844,515,718</b>	<b>1,653,708,917</b>	<b>3,489,040,865</b>

<b>Department</b>							
Salary of a business management staff	273,530,036	136,765,018	273,530,036	136,765,018	683,825,090	1,230,885,162	2,735,300,360
Depreciation of office fixed assets	19,885,053	-	9,942,527	9,942,527	49,712,633	109,367,792	198,850,530
Cost of materials and tools	8,266,478	8,266,478	8,266,478	8,266,478	33,065,910	99,197,730	165,329,550
Expenses for external services, other costs	19,478,021	19,478,021	38,956,043	19,478,021	77,912,085	214,258,234	389,560,425
<b>Total</b>	<b>887,795,106</b>	<b>1,567,995,941</b>	<b>875,913,608</b>	<b>504,139,060</b>	<b>3,489,573,376</b>	<b>2,441,407,260</b>	<b>9,766,824,351</b>

(Source: Author's own calculation from data of Lam Son paper joint stock company)

Step 4: Allocate costs of activities and calculate costs.

**Table 3.12: Calculation of allocation by activity**

<b>Operating cost group</b>	<b>The total amount (Unit: VND)</b>	<b>Total criteria</b>	<b>Cost allocation ratio</b>
Preparing for production (1)	887,795,106	890 tons of products	997,523
Devices (2)	1,567,995,941	273 hours	5,743,575
Checking product quality (KCS) (3)	875,913,608	890 tons of products	984,173
Production auxiliary activities (4)	504,139,060	890 tons of products	566,448
Consumption activities (5)	3,489,573,376	916 tons of products consumed	3,809,578
Executive management (6)	2,441,407,260	890 tons of products	2,743,154

*(Source: Author's own calculation from data of Lam Son paper joint stock company)*

*\* Comparing ABC method with Traditional Cost Accounting (TCA) applied in Central – Northern paper manufacturing enterprises*

**Table 3.13: Comparison between traditional cost accounting and activity-based costing**  
**Product: Corrugated Cardboard Paper**  
**Output: 890,000 kg**

<b>Cost target</b>	<b>Amount (Unit: VND)</b>
<b>Traditional cost accounting</b>	
Direct materials cost	7,431,900,500
Direct labor costs	454,514,100
General production costs	2,756,332,936
Product allocation costs	7,010,491,415
<i>Selling costs</i>	3,521,450,550
<i>Business Administration costs</i>	3,489,040,865
<b>Total</b>	<b>17,653,238,951</b>
<b>Activity-based costing</b>	
<b>Direct costs</b>	<b>7,886,414,600</b>
Direct materials cost	7,431,900,500
Direct labor costs	454,514,100
<b>Indirect costs</b>	<b>3,835,843,715</b>
+ <i>Preparing for production</i>	887,795,106
+ <i>Devices</i>	1,567,995,941
+ <i>Checking product quality</i>	875,913,608
+ <i>Production auxiliary activities</i>	504,139,060
<b>Total</b>	<b>11,722,258,315</b>
<b>Costs not allocated to products</b>	<b>5,930,980,636</b>
<i>Consumption expenses</i>	3,489,573,376
<i>Executive management</i>	2,441,407,260
<b>Total</b>	<b>17,653,238,951</b>

*(Source: Lam Son Paper Joint Stock Company and the author's own calculation)*

The expenses arise from manufacturing, business, and other firm operations, but because general production costs are distributed using various techniques, the cost of goods will vary:

Applying the ABC method consumes a lot of costs as well as requires human resources to have a higher understanding. When activity-based costing is used, activities will be more easily identified and product costs will be calculated more accurately, giving businesses a price advantage over competitors and a foundation for managers to make long-term decisions.

### ***3.3.4 Completing the reporting system for cost management accounting***

Paper manufacturing companies in the North Central area must provide reports in three categories to suit the needs of informing company managers: The reporting group providing estimate information; The reporting group providing information on performance results; The reporting group providing information for control, assessment and decision-making.

### ***3.3.5. Solution to complete cost volatility analysis***

While the analysis of variations in general production costs, selling costs, and administrative costs is based on variable and fixed costs, the analysis of variations in direct material costs is completed by the following factors: product quantity, material consumption norm and unit price of raw materials, direct labor cost according to labor productivity, and unit cost.

### ***3.3.6. Improving the analysis of information for decision making***

For managers of paper manufacturing companies in the area, understanding the cost-profit structure of goods is a helpful tool for making decisions that are reasonable for each type of product and increase production safety.

### ***3.3.7 Completing the organization of the accounting apparatus in service of cost management accounting***

The thesis suggests combining financial accounting and management accounting to create the organizational model of the accounting equipment that paper manufacturing businesses should use. The financial accounting department still performs normal tasks while the management accounting department performs tasks such as planning, estimating, divisional reporting, analysis, consulting and decision-making. Regardless of the accounting paradigm, the apparatus must still be compact, appropriate, and separate from management and financial accounting.

## **3.4. Conditions for implementing the solution to improve cost management accounting in Central - Northern paper manufacturing enterprises**

### ***3.4.1. As for the State and authorities***

*First:* The State has to finish the accounting system as soon as possible to accommodate Vietnam's market economy.

*Second:* The State continues to update and augment legal and sub-law documents as well as administrative processes.

*Third:* In order to encourage the use of management accounting in manufacturing enterprises in Vietnam, the State must have policies that support manufacturing enterprises in general, paper production ones in particular, as well as approach and transfer cost management accounting models from foreign companies that have been successfully applied.

### ***3.4.2. As for Vietnam Pulp and Paper Association***

*First:* Train and develop human resources

- Raise awareness and management level for managers.
- Focus on training and improving professional qualifications for accounting staff in enterprises

*Second:* Apply information technology in accounting work

## **CONCLUSION**

Vietnam has been steadily taking part in the regional and global common economic activities in the framework of market economy growth and the trend of global integration. The economic management of businesses has been impacted by an atmosphere of fair competition and adherence to the general economic laws. Paper manufacturing companies in the Central-Northern area need strong management tools, such as usable information and timely, exact decisions to run production and commercial activities in the most efficient way if they are to own a firm foothold in the market and conduct business profitably. Cost management accounting is one of those instruments due to the adaptability and value of accounting data in meeting the needs of internal corporate governance. As a result, learning and polishing cost management accounting appropriate for paper manufacturing firms in the Central - Northern area will aid organizations in enhancing output and operational efficiency. The purpose of the study is to enhance cost management accounting in paper manufacturing businesses in the Central and Northern area. The thesis addressed the fundamental aspects of cost management accounting as described in the following contents:

1, Regarding the theoretical basis: The thesis has clarified the nature and role of cost management accounting, systematized its basic content in manufacturing enterprises, At the same time, the thesis has studied cost management accounting in other countries and drawn lessons for Vietnam.

2, Regarding the current status: The thesis has analyzed the current situation of cost management accounting for Central – Northern paper manufacturing enterprises, with the following contents:

Analyzing the characteristics of production and business activities, the management apparatus, the accounting apparatus and policies, the financial mechanism affecting the cost management accounting in the paper manufacturing enterprises.

Surveying, analyzing and handling information needs on cost management accounting, figuring out its current situation in Central – Northern paper production enterprises.

Assessing the current status of cost management accounting in Central – Northern paper manufacturing enterprises as well as clearly pointing out the advantages, disadvantages and causes of those shortcomings.

3, Regarding solutions: On the basis of theory and actual situation of cost management accounting in Central – Northern paper manufacturing enterprises, combined with the development strategy of the paper industry, the thesis has identified the principles and necessary requirements when perfecting cost

management accounting in Central – Northern paper manufacturing enterprises. Thereby, the thesis has presented methods to enhance cost management accounting in paper manufacturing businesses in the Central - North area in order to satisfy the criteria of corporate governance by optimizing cost management accounting in the accounting apparatus; Proposing the application of ABC method in determining costs for the enterprise's cost-bearing objects; completing the classification of costs, applying the cost norm system and setting the estimate of production and business costs; perfecting the recognition and identification of costs for the cost-bearing object, completing the analysis of information for cost control and decision-making, perfecting the model on how to organize the cost management accounting apparatus.

In order to ensure the feasibility of the solutions, the thesis has proposed a number of recommendations to the State and related agencies, the Vietnam Pulp and Paper Association, the Central – Northern paper manufacturing enterprises.