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BUDGETING PRACTICES IN VIETNAM: A SURVEY IN DA NANG CITY

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The study aims to examine budgeting practices in Vietnam. It is motivated from the lack of research about budgeting practices in developing countries, particularly in Vietnam. Major patterns of budgeting such as its adoption and purposes are investigated. Furthermore, the extent to which variance analysis is used and its roles are also investigated. Another purpose of the study is to compare budgeting patterns between small and medium size companies and large ones, and to find possible association between firm size and budgeting practices. In order to reach those goals, a survey is carried out in Da Nang city, Vietnam. Overall, there are 71 respondents who are financial and non-financial managers, and knowledgeable about the budgeting process in companies.

The study finds that most surveyed Vietnamese companies prepare budgets, especially traditional budgets such as annual budgets and operating budgets. On the contrary, “contemporary” budgeting practices such as flexible budgets are not adopted widely. Additionally, it is consistent with previous research that the budgets do serve various purposes in organizations, but planning and control roles of budgeting are more essential than evaluation role. Thirdly, variance analysis is not widely adopted in surveyed companies. For those who conduct variance analysis, control purpose are more focused than evaluation purpose. Last but not least, it is shown from the study that budgeting patterns in Vietnamese surveyed companies are quite similar in all firm sizes as only a few differences are found between SME and large company groups.

Keywords
Budgeting, Management Accounting, Vietnam.

Additional information
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