

# The Transformation and Development of Financial Accounting to Management Accounting in the New Environment

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**ABSTRACT.** *In the new economic situation, the transformation of financial accounting to management accounting has become the development trend of enterprises, and the advantages of management accounting are increasingly prominent. More and more enterprises begin to attach importance to the function of management accounting. Therefore, based on the understanding of the relationship characteristics and necessity of financial accounting and management accounting, this paper discusses the difficulties encountered in the transformation from financial accounting to management accounting, and gives the corresponding solutions. It also analyzes the role of industry finance integration model in the transformation from financial accounting to management accounting, which can provide the basis for the sustainable development of enterprises.*

**KEYWORDS:** *Financial accounting; Management accounting; Transformation dilemma; Integration of industry and finance*

## 1. Introduction

In recent years, China's social and economic construction has made great progress, the market economy is becoming more and more prosperous, and the contradiction of the traditional extensive economic growth model is increasingly prominent. In order to realize the sustainable development of China's social economy, accelerating the transformation of economic structure has become the main content of China's current social and economic development and construction. With the acceleration of economic structure transformation, in the new economic situation, enterprises want to seek development in the increasingly fierce market competition, the important role of financial management can not be ignored. In order to give full play to the positive role of financial management, it is necessary to improve the shortcomings of the traditional financial accounting management mode, update the concept of financial accounting management, and establish a new management accounting mode within the enterprise, so as to adapt to the development and change of social and economic environment and meet the

development needs of the enterprise. The transformation from enterprise financial accounting to management accounting is an important adjustment in the process of enterprise development at the strategic level, which plays a crucial role in the development and progress of enterprises.

## **2. the Relationship between Financial Accounting and Management Accounting**

Both financial accounting and management accounting belong to the accounting discipline. There are both connections and huge differences between them. Their relationship features are mainly manifested in two aspects: on the one hand, relevance: both originated from the same traditional accounting, and their basic theories are the same; the accounting objects of both are the same, and both are the economic activities of enterprises; the goals of both are the same, and both are to The enterprise provides data information, and the management of the enterprise makes decisions suitable for the development of the enterprise based on this information, so as to improve the profit space of the enterprise. On the other hand, there are differences in the service objects of financial accounting and management accounting: the service objects of management accounting are the internal management of the enterprise, while financial accounting only needs to objectively and truly check the financial situation of the enterprise and form a unified financial report; there are differences in accounting methods: the accounting methods of financial accounting are relatively simple and can be obtained by relying on basic accounting knowledge. On the basis of the accounting method of financial accounting, management accounting should also consider the use of statistical and mathematical methods to analyze the decision-making, budget and cost of enterprises. At the same time, management accounting personnel should also have the knowledge of economics and management, so as to grasp the direction of enterprise development from the macro perspective[1].

## **3. The Necessity of Transformation from Financial Accounting to Management Accounting**

The transformation from financial accounting to management accounting has become the future development trend of enterprises, which is due to the great advantages of management accounting itself. For example, management accounting can reasonably infer the national economic development trend according to the characteristics of enterprises, help enterprises grasp the development opportunities, and achieve the purpose of improving the comprehensive competitiveness of enterprises; management accounting can also analyze the information of all levels within enterprises. It can provide reliable basis for enterprise operation decision-making and help managers to improve the internal control system of enterprises. With the continuous change of social and economic environment and the wide application of modern science and technology in China, the state requires enterprises to improve their own management level, while financial accounting cannot participate in the accounting of enterprise management data, nor be

competent for big data information processing and Internet application, nor can it give evaluation suggestions and decision-making information for enterprise economic activities. On the contrary, management accounting With the above functions, the company can fully grasp the economic activities and development direction of the enterprise. Therefore, the importance of management accounting far exceeds that of financial accounting[2].

#### **4. Difficulties Encountered in the Transformation from Financial Accounting to Management Accounting**

##### ***4.1 Management Accounting Positioning is not Clear***

At present, in the enterprises of our country, there is a lack of understanding of management accounting, which leads to the unclear position of enterprise management, and also makes financial accounting unable to transform to management accounting. In addition, some enterprises' cognition of management accounting only stays at the level of preset position, which leads to unclear position of authority of management accounting in enterprises, little difference between its scope of work and financial accounting, and greatly reduces the influence of management accounting[3].

##### ***4.2 Unclear Management Concept***

The direct service object of management accounting is the management of an enterprise, which provides the management with scientific and effective financial information. Therefore, the attention of the management of an enterprise to management accounting will directly affect its work efficiency and quality. At present, most of the enterprises in our country have some problems, such as lack of understanding of management accounting, unclear job title and management, which make management accounting unable to play a role in enterprises[4].

##### ***4.3 Lack of Financial Management Talents***

Management accounting is different from general accounting personnel or financial personnel. It not only has the basic financial accounting ability, but also needs to know the enterprise's economy, business, management, etc., so as to provide real and effective information for the enterprise and provide good development strategies for the management. However, the current enterprise accountants or financial personnel do not have the ability to manage accounting, such as staying in the simple financial accounting, do not have the ability to master financial data management, financial knowledge, etc., and the quality of accounting personnel in some enterprises is not high, there are bad behaviors such as information omission, false report, false report, etc., leading to the distortion of enterprise financial information, which is not conducive to the long-term

development of the enterprise[5].

## **5. The Path from Financial Accounting to Management Accounting**

### ***5.1 Improve the Accounting System of Enterprise Management***

The understanding of management accounting in enterprises should not be limited to the understanding of positions, but should rise to a certain height. Management accounting is a concept and a system, which can provide reasonable information for the development of enterprises. Therefore, enterprises need to improve their own management accounting system. The management accounting system is to make clear the post responsibilities of accountants and ensure that the enterprise resources can be collected and used reasonably in time. An enterprise may establish a separate management accounting department, which is not affiliated to the financial department, but its work scope and financial management are intertwined, so that it can understand the financial affairs of the enterprise at a macro level, and supervise and coordinate with the financial department[6].

### ***5.2 Clarify the Accounting Concept of Managers***

The managers or managers of enterprises need to fully understand the importance of management accounting, and start from their own, accelerate the training and transformation of internal accounting personnel, and attach importance to talents with management accounting ability. At the same time, the authority and scope of work of the management accounting personnel should be clarified, the management ability and Internet application ability of the accounting personnel should be improved, and the appropriate decision-making ability should be given. In addition, on the basis of big data, enterprise management needs to establish an information system to help management accountants collect, sort out, analyze and manage enterprise financial information in time, so that financial data can be used scientifically[7].

### ***5.3 Introduction and Training of Financial Management Talents***

It is imperative for enterprises to change financial accounting if they want to improve their management ability. In view of the lack of management accounting talents in China's enterprises, enterprises can start from two aspects: one is to cultivate the management ability of accounting personnel in enterprises. First, it is necessary to change the concept of accounting personnel in enterprises. The work of management accounting is different from that of traditional accounting. On the basis of strengthening their professional knowledge and skills, enterprises also need to provide them with management knowledge. Training courses, such as hiring professional management accounting teachers to teach accounting personnel management business, financial economy and other theoretical knowledge, can also

regularly organize accounting personnel to go to the corresponding management accounting school for further study, and improve the comprehensive ability of accounting personnel. Secondly, enterprises should provide practice space for trained accountants to help them grow rapidly. For the accounting personnel with strong ability in practice, the enterprise management should give them more management authority, create space for them to play, let them really integrate into the enterprise management, apply what they have learned to the development of the enterprise, and improve the management level of the enterprise. On the other hand, the enterprise directly introduces management accounting technology by employing management accounting talents with high salary, which can not only rapidly improve the management level of the enterprise, but also form a management accounting team in a short time, provide reasonable suggestions for the financial management of the enterprise, and form a competitive mechanism of survival of the fittest within the enterprise, so as to promote the independence of the original accounting personnel. Improve their own management ability, so as to improve the overall working strength of the enterprise. At the same time, enterprises can establish corresponding training and evaluation mechanism, and give certain rewards such as promotion and salary increase to accounting personnel with strong ability and high business technology, so as to attract more management accounting talents and fundamentally solve the problem of insufficient management accounting talents[8].

## 6. Conclusion

In the new situation, the transformation from financial accounting to management accounting is the inevitable trend of development and in line with the law of development. Enterprises should attach great importance to actively promote the transformation process, and do a good job in financial and accounting guarantee for the healthy development of enterprises.

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