

# Research on Enterprise Management Accounting

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**ABSTRACT.** *Under the background of China's economic transformation and industrial upgrading, the content and mode of enterprise management need reform and innovation. Management accounting research also needs to apply the international mainstream research paradigm and root in the real situation of Chinese enterprise management practice. Based on the analysis of the status quo of management accounting research at home and abroad, this paper puts forward some thoughts on management accounting research under the Chinese context, and looks forward to the future development of China's management accounting research, in order to play a positive role in promoting the development of China's management accounting research.*

**Keywords:** *Enterprise; Management; Accounting*

## 1. INTRODUCTION

With the advent of the third industrial revolution, global technology has changed from hard technology to soft technology, new management ideas and methods, and new economic models are changing the world. China's manufacturing industry is facing a transformation and upgrading. The content and mode of enterprise management have changed. The competition mode based on resources and low cost has not been able to continue. Chinese enterprises must reshape their own competitiveness. Management accounting is the integration of "management" and "accounting". It is a system for managers to plan and promote organizational value creation. Management accounting plays an important role in improving corporate competitiveness and value creation. However, the existing management accounting theory research is difficult to fully dock practice, forcing Chinese scholars to re-examine the applicability of traditional management accounting theories and methods in contemporary Chinese enterprises. The existing Western management accounting theories and methods are mostly the products of the industrial era. It is worthy of reflection in the modern service industry, the rapid development of the information industry, and the application of big data, cloud computing based network economy and even virtual economy. China's management accounting research needs to be rooted in the real situation of China's reform and development. Responsible researchers must go deep into practice, identify the "true problems" of

China's management accounting research, and use international mainstream research paradigms to analyze and solve these problems. It serves the comprehensive deepening of reforms and the promotion of China's economic and social development.

## **2. CURRENT STATUS OF CHINA'S CURRENT MANAGEMENT ACCOUNTING DEVELOPMENT**

In recent years, with the leap-forward development of China's economic level, in order to better adapt to the market economy operating mode, China's enterprise management level has also been rising. People began to realize the importance of scientific management of enterprises. At the same time, the management concept of management accounting has gradually become familiar with people, and it has put forward new and higher requirements for its development. Management accounting is to analyze and research the relevant financial information of the enterprise through a series of scientific methods, scientifically manage and strictly control all economic management activities of the design enterprise, and provide their own opinions and suggestions for the relevant business decisions made by the senior management. A high-quality management tool to maintain corporate value and improve business efficiency and benefits [1]. China's current accounting field is still dominated by financial accounting. The development of management accounting is relatively backward, and it has encountered many flaws in the process of development.

The concept of management accounting is based on some limited economic environment. Some of the theoretical viewpoints and practical assumptions can not be realized in the current changing economic environment and it is almost impossible to apply these management concepts to solve the problems encountered by enterprises in practice.

The current social and economic market is constantly deepening and innovating, but there is no further research in the field of management accounting, and there is no substantial progressive significance. It is separate from the development of the times, and there are some places for contemporary corporate management concepts. It can not be applied to the development of modern enterprises, the concept seems a little backward.

The main spirit of the management accounting concept is to reasonably improve the economic efficiency of the enterprise and to manage and control the economic risks that may occur in the enterprise [2]. However, current management accounting often does not have a good grasp of this spirit in the actual operation of the enterprise. It only pays attention to the short-term economic benefits, but ignores the long-term economic benefits. It only pursues short-term benefits but ignores long-term benefits. Future operations and development have buried hidden dangers.

Due to China's own special market economy system and economic operation mode, China's socialist market economic system is still gradually deepening. China's current corporate economic management is still mainly under the control of the

government, lacking independent innovation, and the degree of use of foreign management accounting models is obviously different [3]. However, because management accounting is still in its infancy in China, it has not formed a large scope and system scale. Everything is still being explored and practiced. Many cash management accounting concepts have not been applied.

At present, whether it is at home or abroad, developed countries or underdeveloped countries, when applying management accounting, they pay too much attention to its research in practical applications, while ignoring its basic theoretical knowledge and paying too much attention to solving problems. The application of the method ignores the role of its main spiritual aspect. However, the theoretical theory of management accounting as a basic concept is often combined as a theory that can control the overall situation and understand theoretical knowledge through systematic analysis. The two are indispensable. At present, the application of management accounting in China is still lagging behind compared with foreign countries. Chinese enterprises have copied a large number of foreign management models, lacked systematic summary of their own enterprise management, and cannot form a scientific and comprehensive research model of management accounting system. It hinders the development and progress of the future management accounting model.

Most of the current accounting theory research in China is aimed at financial accounting. It can also be seen in the discipline setting, such as financial accounting, financial auditing and other disciplines [4]. However, for management accounting, it is still only in the research stage. It is only reflected in the analysis of data and forecasting problems. It does not form a complete theoretical view on management accounting theory, so it cannot be promoted and applied. In addition, in the aspect of enterprise management, the application of accounting for most enterprises is mainly reflected in the daily income, reimbursement, wage settlement, economic activity expenditure and income of enterprises, and the application of management accounting is greatly restricted. Most of the accounting personnel in the enterprise lack the professional knowledge of management accounting, and their own theoretical limitations can not be practiced using the theory of management accounting. Some people have never heard of the concept of management accounting. These aspects have seriously restricted the practical application and promotion of management accounting in Chinese enterprises.

Table 1 lists the distribution of management accounting research topics for 1990-1999 and 2000-2009, respectively: (1) Overall, the number of research management accounting documents continues to increase, and the growth rate is large, from 1990-1999 120 The number of articles increased to 401 in 2000-2009, which shows that management accounting is increasingly attracting the attention of researchers and becoming a hot spot in accounting research; (2) the share of various topics within management accounting is increasing and decreasing, and management control is always occupied. The larger share of management accounting research (60.83% and 65.44%, respectively), the decline in traditional cost accounting and management and decision-making method research share (from 20% to 13.72% and from 7.5%, respectively) The decline to 2.24%), while the share of strategic

management accounting has been greatly improved (from 3.33% to 13.96%), the share of management accounting information system has declined slightly (from 8.34% to 4.74) (3) From the number of documents on the subject of research, the number of studies on standard cost, accountability accounting, and quantitative analysis has decreased, the target cost has remained basically the same, and the number of studies on other topics has increased; Strategic management accountant Product profitability under analysis, very few literature customer profitability analysis and competitor analysis, customer profitability analysis even in the number of documents the two periods are zero.

*Table 1 Distribution of research topics*

theme	1990-1999	2000-2009
Standard cost	8	6
Operating budget	9	52
Performance measurement	4	74
Incentives	30	119
Responsibility accounting	17	2
Transfer pricing	5	9
activity-based costing	20	34
Target cost method	3	4
Environmental cost accounting	1	17
Capital budget	4	9
Quantitative analysis	5	7
Value chain analysis	3	2
Product profitability analysis	0	52
Customer profitability analysis	0	2
competitor analysis	1	0
Management accounting information system	10	2

After comparing the number of studies in each sub-category of Table 1, the paper lists the five most studied topics in Table 2. These five topics represent hot issues in management accounting research. change.

*Table 2 Theoretical research hotspots*

Topic sorting	1990-1999	2000-2009
1	Incentives	Incentives
2	activity-based costing	Performance Evaluation
3	Responsibility accounting	Operating budget
4	Management accounting information system	Value chain analysis
5	Operating budget	activity-based costing

Accounting formula related to the company:

To assess the economic benefits of an enterprise, a series of indicators are required, and the data required for the indicators are mainly calculated by accounting. The following accounting formulas are very common basic formulas for assessing the economic benefits of enterprises.

$$\text{Asset} = \text{Liability} + \text{Owner's Equity}$$

The assets of the enterprise are derived from the invested capital of the owner and the borrowed funds of the creditor, as well as the accumulation of benefits generated by the enterprise in the production and operation. The assets are derived from the owner's equity and the creditor's rights, and the part belonging to the owner forms the owner's equity;

The part belonging to the creditor forms the creditor's rights (ie the liabilities of the enterprise). Assets and equity must be equal.

$$\text{Profit} = \text{Income} - \text{Expenses}$$

The net amount of the income of a certain period of time after deducting the expenses incurred by the enterprise is adjusted to be equal to the profit. In the absence of adjustment factors (such as gains and losses directly included in current profits), income minus expenses equals profits, that is, income-cost = profit. The above relationship between income, expenses and profit is the basis for the preparation of the income statement. This formula extends to the enterprise and can be expressed as the following two formulas:

$$\text{Total Profit} = \text{Product Sales Profit} + \text{Non-Operating Income} - \text{Non-Operating Expenses}$$

$$\text{Product Sales Profit} = \text{Product Sales Revenue} - \text{Tax} - \text{Sales Expenses}$$

### **3. THE THINKING OF MANAGEMENT ACCOUNTING RESEARCH IN THE CHINESE CONTEXT**

China's modern academic development has been influenced by foreign cultures many times, but in the end it is the local culture that gradually dissolves and integrates foreign cultures-the management should also be like this (Guo Chongqing, 2011). In management studies, Cheng (1994) pointed out that simply copying American studies to other countries is not an effective way to generate universal knowledge. Scholars should engage in Context-embedded research, where the organization The social, cultural, legal, and economic factors of the state are used as predictors to explore their effects on the dependent variables such as organizational characteristics. In the case of the Western research paradigm, the study of specific situations is crucial to the establishment of a valuable global management knowledge system, especially in China, which is very different from Europe and the United States in terms of social culture and economic system. Local situational factors should be considered (Tsui, 2004; Xu Shuying and Zhang Zhixue, 2006). Only by revealing the effects of the surrounding environment associated with phenomena on organizational phenomena can the phenomena studied be elucidated (Cappelli & Sherer, 1991). In recent years, top international academic journals have asked researchers to consider organizational conditions, time constraints, and even external conditions that affect their outcomes, and to incorporate these conditions into the construction of theory (Bamberger, 2008; John, 2006).

The biggest difference from financial accounting research is that, on the one hand, management accounting is mainly based on the management practice of enterprises, and the lack of a rigorous, complete and effective theoretical system has become a problem that management accounting scholars have been constantly rethinking. In the 1970s, the introduction of agency theory and information economics theory led to the revision of some management accounting assumptions, but it was still weak compared with financial accounting. On the other hand, management accounting research usually requires non-public data information. The measurement methods used in the analysis of the survey data or small sample data do not reach the level of precision comparable to financial accounting research. The reliability of research conclusions is not as good as financial. However, because of the above limitations, management accounting has its own charm, which brings opportunities to researchers and has a late-comer advantage. To this end, management accounting needs to broaden the research perspective and explore new ideas and methods for management accounting research. Reflection and criticism are important paths for theoretical innovation and academic progress. Therefore, in the future management accounting research, further integration of other disciplines such as psychology and sociology theory has become the only way to manage accounting development. With the addition of more and more "Chinese contexts", it has provided unprecedented possibilities for Chinese management scientists to make innovative results with world influence that can lead some research directions (Zhang Wei, 2009). More and more scholars are beginning to pay attention to the Chinese issue. Only by insisting on "topping the ground" in the research, that is, using the common language to describe the original scientific knowledge in the

Chinese context on the international platform, can we produce high-quality works and develop China's management accounting research. .

#### **4. THE PROSPECT OF MANAGEMENT ACCOUNTING RESEARCH IN THE CHINESE CONTEXT**

The Ministry of Finance has included management accounting in the future direction of accounting reform and development. From recent years, domestic universities have set up management accounting research centers, established management accounting academic journals, and held high-level international academic seminars on management accounting. It is seen that the good atmosphere of China's management accounting research has gradually formed. With the development of China's market economy, the transformation and upgrading of Chinese enterprises and management accounting issues will become a worldwide topic. Looking forward to the future, Chinese accounting scholars should base on Chinese enterprises and their management accounting practices in a transitional economic environment, learn from the mainstream research paradigm of international management accounting, comprehensively and systematically study Chinese business management accounting theories and methods, broaden the research perspective, and break the accounting research island. The pattern explores the new model of modern accounting research, and draws the research results with basic, cutting-edge and originality and application, solves or explains the new problems arising from the management accounting practice of Chinese enterprises, and promotes the practice innovation of Chinese management accounting.

China's economic system reform has undergone a reform from a micro-management mechanism (from the end of 1978 to October 1984), decentralizing power to state-owned enterprises, reforming the resource allocation system, and beginning to attach importance to market system construction (from October 1984 to the end of 1991). Chinese enterprises are in a period of special economic transformation. From the highly concentrated planned economic system to the individual production, the independent operation, the self-financing enterprise, the imbalance and diversification of development, and the highly adaptive management accounting theory And practice. In addition, economic globalization and networking are changing the way of business management and resource allocation, which has led to the transformation of the economy and management model and the radical transformation of the management organization structure. The traditional management accounting organization system has been unable to adapt to enterprise development and management. The need to explore a new type of strategy, business model and organizational management is an urgent problem to be solved in management accounting research theory and practice research.

Chinese traditional cultural elements such as relations, paternalistic leadership, the doctrine of the mean, humanized management, people-oriented, morality first, man-made, and Chinese-style management are deeply rooted in China. China has always used the customary practices and moral constraints supported by traditional Confucian ethics to regulate the harmony and stability of the operation of the state's

social order. The lack of the spirit of the legal system and the proliferation of the rule of human governance has led to the softening of the system. Today, the trend of globalization has made enterprises face more complex The changing economic environment and the impact of worldwide culture. According to Xu Shuying (2011), the results of the "Chinese Management" academic research published in the first-class international management journals since China's reform and opening up to the past 30 years have revealed that the published research results have not revealed any unique Chinese management practices or The management model, but confirms the fact that the homogenization trend of global management. Under such circumstances, the study of China's management accounting issues should not only fully consider the influence of Chinese traditional culture, but also consider the impact of foreign culture.

A diverse social environment in change. With the opening of the post-crisis era, the global economic situation is complex, the competitive environment is more intense, information technology is changing with each passing day, and business models are constantly innovating. This series of uncertain factors has a tremendous impact on the survival and development of enterprises. The emergence of big data, the era of the cloud, the rise of Internet finance, the acceleration of the ageing of the population, the impact of the new scientific revolution, and the transformation of the management model have made the operation and management of Chinese enterprises face new opportunities and challenges, vigorously develop management accounting, and promote enterprises. Value creation, transformation and upgrading are very necessary.

## **5. THE FUTURE DEVELOPMENT OF CHINA'S MANAGEMENT ACCOUNTING RESEARCH**

Build a management accounting theory system of "rooted practice and service management". Management accounting mainly serves the internal management of the enterprise. Its functions should include two aspects of planning and control. In the past, traditional management accounting focused on control functions, mainly through implementing responsibility, assessing performance and analyzing the implementation of the plan. control. With the changes of the economic environment, the increase of corporate survival pressure makes the creation of value creation and enterprise competitiveness become the inevitable development of management accounting. In the future, management accounting can focus on planning functions, research on comprehensive budget management and other issues, through the determination of business objectives, the preparation of budgets, and the use of modern information tools to conduct full process management around enterprise resources for future business activities. Pre-forecasting and in-process control provide services, realize value creation, and build a new management accounting system of "rooted practice and service management".

Promote the study of "embedded" management accounting paradigm. On the one hand, the industrial revolution has brought about tremendous changes in the development of the social economy, but also brought damage to the ecological



environment. The Social Responsibility Guide Standard (ISO26000) also proposes a general paradigm model that integrates social responsibility into the organization, including understanding the organization's social responsibility, comprehensive integration of social responsibility, social responsibility internal and external communication, social responsibility evaluation and improvement of the four core activities. . How to integrate other corporate goals into the management accounting framework is a major issue for future research. On the other hand, the development of environmental accounting theory and practice has enabled people to re-examine and reflect on the development model of pollution re-governance (Zhou Shouhua and Liu Guoqiang, 2014). In the future, management accounting research is of great significance for the construction of ecological civilization. The measurement of environmental efficiency, the preparation of natural resource balance sheets, and the assessment of ecological benefit results are the research priorities of management accounting in this respect.

Focus on the "scientific" of management accounting research methods. On the one hand, due to the complexity and diversification of the social and economic environment, future management accounting research should advocate field research methods such as field work and participatory observation to explore practical problems in Chinese enterprise management and transform business management thinking. Providing theoretical support; on the other hand, big data, cloud era, new scientific management, and the third industrial revolution have become the new era background, bringing earth-shaking changes to Chinese technology and changing the way we live and think. Living in society can not deal with different data, how to quickly obtain valuable information from various types of data is crucial to the development of the enterprise. The control of massive data will become the most direct decisive factor for the development of enterprises. How to get rid of the predicament of information and the lack of ideas, knowledge and solutions requires data integration, case reasoning, calculation deduction and large sample file research.

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