

# *Research on the Transformation from Financial Accounting to Management Accounting in State-Owned Enterprises*

Hongwen Song, Li Han\*

*Qufu Normal University, Rizhao, 276826, Shandong, China*

*\*Corresponding author email: hanli@qfnu.edu.cn*

**Keywords:** State owned enterprises, Financial accounting, Management accounting, Transformation and upgrading

**Abstract:** in today's increasingly fierce market competition, enterprises must adjust their strategies according to market changes at any time. Financial accounting with accounting and supervision as the main work content has greatly failed to meet the needs of enterprise development, especially the state-owned enterprises as the pillar of the national economy should establish a management accounting system based on financial accounting, In order to give better play to the role of financial management and provide a reliable basis for business decision-making. Starting from the problems existing in the financial management of state-owned enterprises, this paper expounds the necessity of the transformation from financial accounting to management accounting, and puts forward some strategies to promote the transformation and upgrading, so as to better promote the development of state-owned enterprises.

## 1. Introduction

Today's market competition is fierce and the situation is severe and complex. In order to survive and grow well in the general environment, we must effectively use financial accounting to change the main functions of financial accounting from accounting and supervision to budget and control functions of management accounting, that is, the work of financial accounting should be based on accounting and supervision, Use the historical business data of the enterprise to predict the future activities of the enterprise, and provide high-quality decision-making suggestions and basis for enterprise managers.

In terms of costs and expenses, not only the actual measurement and reasonable distribution of enterprise costs and expenses should be achieved, but also the production costs and expenses of each department in the current period should be compared with the costs and expenses of each historical period, review whether there is a significant increase in costs and expenses, and analyze the causes of costs The specific reasons for the increase of costs and whether it can reduce the ineffective costs and redundant costs of enterprises. Prevent avoidable costs, reduce enterprise profit space and reduce enterprise market competitiveness.

In the aspect of property management of state-owned enterprises, we should manage and analyze

the preservation and appreciation of property, whether the spare funds can be invested, whether the temporarily shelved fixed assets can be leased, actively carry out the aging analysis of accounts receivable and customer credit management, speed up the speed of capital flow, reduce the risk of debtors'; failure to repay debts, and improve the operation efficiency of enterprises, reduce enterprise operational and financial risks.

In terms of profits and their distribution, financial personnel should actively analyze the profitability of various investment projects and the funds required for the production and operation of the enterprise, do a good job in the enterprise budget, reserve sufficient funds in advance, reduce the uncertainty of the future use of funds, and enable the currency of the enterprise to create higher value.

To sum up, the transformation and development of financial accounting to management accounting is conducive to the expansion of profit space and the long-term and healthy development of enterprises. It is the general trend and required by the market. State owned enterprises should fully recognize the necessity of the transformation from financial accounting to management accounting, promote the transformation process and establish a complete management accounting system as soon as possible, So that financial management can realize the real maximum service value.

## **2. Problems in Financial Management of State-Owned Enterprises**

(1)The development of financial management system lags behind the needs of modern management system

The financial management system of modern enterprises has developed and innovated, but compared with the development of modern management system and the rapid change of market, its renewal speed needs to be strengthened. In particular, the development speed of financial management system of state-owned enterprises lags behind the needs of today's management to a great extent.

The work of financial management in state-owned enterprises mainly includes two parts: the measurement and regular inspection of enterprise assets, and the accurate recording of capital inflow and outflow in enterprises according to business facts. The main work still remains in the objective record of the enterprise's historical business activities, with the ultimate goal of providing financial statements to the enterprise's stakeholders. The level of financial management is too shallow, which fails to give full play to the analysis and prediction function of financial management, can not provide a better decision-making basis for the enterprise's managers, and does not play a role in increasing the enterprise's value, The financial management system of state-owned enterprises has not been modernized, and management accounting has not been integrated into the enterprise financial management system, which has reduced the competition of state-owned enterprises in the market.

(2)Lack of transformation power

Financial accounting is to conduct accounting and supervision according to historical economic behavior under the guidance of unified accounting standards, and the state has clear provisions on the disclosure of financial information of enterprises. In addition, various financial indicators are also an important basis for many investors to make investment choices. Increasing the popularity of enterprises is a necessary way for enterprises to finance for external and domestic needs, Enterprise managers pay more attention to financial accounting.

Compared with financial accounting, China's management accounting originated late and has not yet formed a unified and complete system. Instead, each enterprise needs to make innovative application based on the theory of management accounting according to its own actual needs. In

today's increasingly competitive market, management accounting can greatly expand the profit space of enterprises and promote the long-term and healthy development of enterprises. However, state-owned enterprises not only pursue economic interests, but also pay more attention to social benefits and play a political role. The performance evaluation of managers in state-owned enterprises despises the profitability of state-owned enterprises. Whether state-owned enterprises can realize transformation and change has no vital interest relationship with managers. In addition, the managers of state-owned enterprises are affected by traditional accounting ideas, It also lacks the enthusiasm to explore the framework innovation. Therefore, the state-owned enterprises generally lack the initiative to promote the transformation from financial accounting to management accounting.

### (3)Lack of highly qualified financial personnel

In any era, for any enterprise, talents are very important. Talents inject fresh blood into enterprises. The rapid development of any enterprise is inseparable from talents. The battle of modern enterprises is essentially a battle for talents. Especially under the complex background of the continuous development of China's economy and the rapid change of market environment, in order to effectively carry out financial management and make financial management really play an important role in enterprises, high-level and innovative modern financial managers are indispensable. In state-owned enterprises, according to the statistical data in recent years, half of the highest education of personnel in state-owned enterprises are concentrated in undergraduate courses, no more than 7% are graduate students and above, and half of the professional titles of financial personnel are below intermediate titles. In recent years, there is a brain drain problem in state-owned enterprises, especially in the developed areas of the south, talents are more inclined to join private enterprises or start their own businesses.

It can be seen from the data that the attraction of state-owned enterprises to senior financial personnel is weak. The reasons for this phenomenon are that the concept system of state-owned enterprises is relatively solidified, the personnel incentive system is imperfect, and the personnel's expectations of development prospects are relatively pessimistic. Therefore, state-owned enterprises should reflect on their own defects and strengthen their attraction to talents.

Moreover, there are many problems in the talent introduction strategy of state-owned enterprises and the follow-up training of enterprise financial personnel, and the insufficient management accounting knowledge reserve of accountants, which makes it difficult for state-owned enterprises to complete the financial transformation of state-owned enterprises.

### (4)Financial management does not make full use of information databases

With the rise and development of modern Internet of things and cloud computing technology, the world has entered the era of big data. Many software have good processing and analysis functions for massive data without complex and time-consuming manual calculation. The effective analysis and utilization of massive data has become possible, which has greatly promoted the development of enterprises, which will also lead to another wave of innovation in financial management.

At present, although state-owned enterprises have introduced financial information processing software to keep up with the situation, most of them only use financial information processing software as financial software, which only reduces the workload of financial staff, is a mere formality, and has not been really applied to the application analysis of state-owned enterprise strategy, industry prospect prediction and so on.

## **3. Solutions to the Transformation from Financial Accounting to Management Accounting in State-Owned Enterprises**

### (1)Promoting the reform of state-owned enterprise system

First of all, to realize the system reform of state-owned enterprises, we should fundamentally solve the “disapproval” of the managers of state-owned enterprises about the profitability of state-owned enterprises. First, we must always adhere to the principle of “separation of two rights and separation of government and enterprises”, that is, the separation of capital contribution right and legal person property right, and the separation of ownership and management right. The ownership of the means of production of state-owned enterprises remains unchanged and still belongs to the state and the people, but the management right of state-owned enterprises is strictly divided into the enterprise itself and is free from government intervention. And the state-owned enterprises are responsible for their own profits and losses, and the government will no longer reveal the bottom, so as to truly uncover the “protective cover” of state-owned enterprises and make state-owned enterprises truly enter the incentive market competition environment. Second, establish and improve the supervision and evaluation system for managers of state-owned enterprises, link the performance of managers with the profitability and development prospects of state-owned enterprises, and increase the attention of managers of state-owned enterprises to the profitability of enterprises.

In addition, managers should fully realize the great significance of management accounting for improving enterprise efficiency, which is the premise of the system reform of state-owned enterprises. Managers should actively strengthen their understanding of management accounting, change from post accounting management to pre budget and control, enhance their sense of responsibility, improve their innovation ability, have the courage to jump out of the “comfort circle” of enterprise management, have long-term development goals, and can not only focus on short-term interests. Managers should strengthen the introduction of talents, improve the talent incentive strategy and talent welfare system, and increase the attraction of enterprises to talents.

#### (2) Strengthen the research on management accounting

Management accounting is different from financial accounting. The establishment of management accounting system is not once and for all. According to the different characteristics and specific actual situation of different enterprises, we should deeply understand the theory of management accounting, flexibly use various tools and methods of management accounting, pay attention to the dynamic changes of the market in real time, and adjust the management accounting system of enterprises in time.

China’s major universities and researchers should strengthen the research on management accounting theory at home and abroad, improve the theoretical system of management accounting, and provide strong theoretical basis and implementation suggestions for the transformation of state-owned enterprises. China’s financial department should also increase the guidance for the transformation of management accounting of state-owned enterprises, and the government should facilitate the transformation and upgrading of state-owned enterprises and comprehensively promote the transformation and upgrading of state-owned enterprises.

#### (3) Strengthening the construction of accounting informatization

Since the world entered the Internet era, the role of big data can not be ignored, and the value of information should be paid attention to. The era of big data makes all data more transparent and information sources more diversified. Enterprises should make effective use of the convenience brought by big data, actively cooperate, learn from the experience and lessons of all parties, develop various ways to obtain market news, and use cloud computing and other means to screen, sort out and analyze effective information and tap value from the data. The huge impact of big data and cloud computing on enterprises will also promote the transformation and upgrading of accounting. State owned enterprises should learn to use various network tools to conduct intelligent quantitative analysis of financial data, so as to provide a strong basis for enterprise decision-making.

## 4. Conclusion

To sum up, based on the accounting and supervision function of financial accounting, state-owned enterprises should use management accounting for budget control, better realize enterprise development, reduce enterprise costs and enhance enterprise core competition, so as to ensure the leading position of state-owned enterprises in economic development, maintain China's economic structure system and lay the foundation for the sustainable and healthy development of China's economy. In short, the transformation and upgrading of state-owned enterprise financial accounting to management accounting is the inevitable result of market development. The transformation and upgrading of state-owned enterprise financial accounting is urgent and urgent!

## References

- [1] Wang Lijuan. *Research on the integrated development of management accounting and financial accounting in the transformation and upgrading of state-owned enterprises [J]. Enterprise reform and management, 2018 (07): 105-106*
- [2] Hou Qianqian. *Analysis on influencing factors and measures of the transformation from financial accounting to management accounting in state-owned enterprises [J]. Enterprise reform and management, 2018 (22): 153 + 188*
- [3] Ma XianFen. *Research on the integration of management accounting and financial accounting in the transformation and upgrading of state-owned enterprises [J]. Accounting learning, 2019 (08): 113 + 115*
- [4] Yu Jia. *Research on the integrated development of management accounting and financial accounting in the transformation and upgrading of state-owned enterprises [J]. Accounting learning, 2019 (29): 90-91*
- [5] Xi Shoujun. *Problems and solutions of the transformation from financial accounting to management accounting in state-owned enterprises [J]. Light industry and technology, 2019,35 (10): 128-129*
- [6] Zhang Zhimin. *Analysis on the integration of management accounting and financial accounting in the transformation and upgrading of state-owned enterprises [J]. Accounting learning, 2020 (23): 96-97*
- [7] Wu huiran. *Research on the integrated development of management accounting and financial accounting in the transformation and upgrading of state-owned enterprises [J]. Financial circles, 2021 (26): 121-122*