

## Analysis on Application of Management Accounting in Small and Medium-sized Enterprises

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### Abstract

Since the 1970s, China's economy has developed rapidly, giving birth to a large number of small and medium-sized enterprises. With the competition among small and medium-sized enterprises becoming more and more fierce, internal management is also playing an increasingly important role. However, most of the accounting of small and medium-sized enterprises are still in the traditional accounting stage and need to be improved. Therefore, starting from the application status of management accounting in small and medium-sized enterprises, this paper analyses the problems in the application of management accounting in current enterprises and even in society and puts forward corresponding countermeasures.

### Keywords

Small and medium-sized enterprises; Management accounting; Application status; Economic benefit.

## 1. INTRODUCTION

As a juxtaposition with financial accounting, management accounting has already played an irreplaceable role in the development of small and medium-sized enterprises under the current situation of economic development. In the current development of small and medium-sized enterprises, the role of management accounting has focused on making optimal decisions for enterprises and improving management. In the current economic development situation, while the business decision-making and concept mode of enterprises have changed to different degrees, the country has also started to combine the development of the accounting industry and issued opinions on the construction of management accounting system, which has made computing technology begins to permeate into the accounting industry in an all-round way. Moreover, management accounting can also use the existing big data, cloud computing and other technologies to improve the effectiveness and accuracy of accounting information. While improving the efficiency and accuracy of information acquisition, management accounting can more effectively avoid risks and create greater value for enterprises. However, while the management accounting of small and medium-sized enterprises is in a good state of development, there are also many problems that need to be solved urgently, which are out of touch with practice. At present, the rapid development of society and the development of information technology have caused changes in the old management accounting model and various factors in the process of enterprise development. These problems have seriously affected the development and existence of medium-sized enterprises. Enterprises must begin to attach importance to the development of management accounting.

## **2. APPLICATION STATUS OF MANAGEMENT ACCOUNTING IN SMALL AND MEDIUM-SIZED ENTERPRISES**

Under the current economic development situation and policies, the economic development of small and medium-sized enterprises has become more and more smooth. While stimulating the economic development, the economic development of China has also been inseparable from the development of small and medium-sized economy. Therefore, it is necessary to change the development mode of management accounting in small and medium-sized enterprises, correctly understand the development status and promote the normative development of management accounting. In order to get in the management accounting to promote the development of small and medium-sized enterprises at the same time, the development of small and medium-sized enterprises can further promote the management accounting to a further development. On the whole, management accounting is showing a thriving development trend and has an obvious development advantage.

### **2.1. Management Accounting Provides An Important Way for The Management of Small And Medium-Sized Enterprises**

In the management of small and medium-sized enterprises, management accounting provides an important form. Traditional accounting can no longer meet the development of enterprises. If the development mode of old management accounting is still rigidly adhered to, the development of small and medium-sized enterprises will be hindered later. But on the other hand, under the long-term development of practice, traditional accounting has developed and presented a relatively mature development state. In the practical operation of management accounting, small and medium-sized enterprises can already skillfully use management accounting methods to process relevant data, screen and obtain relevant information useful to enterprises and use these accounting information to provide a more powerful development path for the development of small and medium-sized enterprises. In the current situation, not only small and medium-sized enterprises, but also other types of enterprises are aiming to win benefits. In the aspect of finance, management accounting plays a more important role in management and plays a more important role in the development of small and medium-sized enterprises. Management accounting should give full play to its advantages to create economic benefits for enterprises and at the same time, accumulate experience to provide lessons for the further development of management accounting.

### **2.2. The Continuous Accumulation of Management Accounting in Enterprise Application Management Makes the Theoretical Results More Abundant**

The traditional management accounting theory has a great influence on the advancement and development of management accounting theory. In today's enterprise management, combining with the characteristics of traditional management accounting, the current accounting information system is reformed to better meet the information support needs of scientific decision-making of enterprises and make the management accounting control system more targeted and effective, which is an important basis for promoting the long-term development and theoretical perfection of management accounting. In the long-term development process of management accounting, management accounting has gradually developed to a more perfect aspect from an imperfect theoretical basis at the beginning. Also, in the initial development, management accounting changed from the original process of seeking experience through experiments to the application of existing theoretical experience. This is an improvement and I believe it will become more perfect in the long-term development in the future.

### **2.3. The Function of Management Accounting Is More Standardised**

With the development of various occupations, the development of various occupations has become more specific and the distribution and division of occupations have become more detailed, which requires the division of accounting functions to be more detailed. At present, management accounting has more clearly defined and served items. It occupies a more important position in the development of small and medium-sized enterprises, making the development of management accounting person more possible and the current situation of management accounting more optimistic.

### **2.4. Management Accounting Plays An Increasingly Important Role in Promoting the Economic Benefits of Enterprises**

Management accounting plays an important role in the development and operation of small and medium-sized enterprises as an important link in enterprises that can improve their management and economic benefits. In the development of practice, management accounting has not only become an important subject of accounting. It has played a deeper role in the development, providing more effective accounting information for the economic development of enterprises and more guarantees for the improvement of economic benefits of enterprises, which is also an important task for management accounting today.

Management accounting has a good development status and prospect in the current economic society, However, what cannot be ignored is that due to the imperfection of the original system, its practical results are not clear enough. Therefore, in the development of small and medium-sized enterprises, although there are good prospects for development, there are still shortcomings that cannot be ignored. For example, there is no theory and there is no supplementary verification in practice. The professional quality of accountants is not high. Management accounting lacks a good standard system in enterprises. Lack of training on relevant contents of the management meeting. The mode and rule of management accounting are not fixed and unsystematic. Therefore, small and medium-sized enterprises can only design their management accounting model through their development situation and explore its laws [1].

## **3. PROBLEMS EXISTING IN APPLICATION OF MANAGEMENT ACCOUNTING IN SMALL AND MEDIUM-SIZED ENTERPRISES**

Although management accounting has a good way to learn from other aspects of operation, it provides an important mode of operation for the development of small and medium-sized enterprises and convenience for the economic benefits of enterprises. However, on the other hand, the management accounting of small and medium-sized enterprises also has disadvantages that cannot be ignored.

### **3.1. Theory Is Divorced from Practice**

On the one hand, accounting personnel in colleges and universities are mostly recruited graduates, lacking theories and practical experience and lessons. However, under the current system, most accountants do not have a good grasp of management accounting, which easily leads to low work efficiency. However, the courses these personnel study in colleges and universities are related to cost accounting. They have no theories and cannot get better practice. Most of them lack experience. The low level of management accountants leads to the low business level of enterprises which will also hinder the development of enterprises. This is a series of chain reactions. On the other hand, fundamentally speaking, management accounting has not yet formed a standardised theoretical system. Some theories introduced from the West are still in qualitative analysis and have not been tested by practice [2].

### 3.2. Low Quality of Accounting Staff

The comprehensive professional quality of accounting personnel has an important impact on the application effect of management accounting in small and medium-sized enterprises. Under the current situation, the work and methods of management accounting are different from those of traditional accounting, which requires extremely high quality of staff. As management accounting plays an important role in small and medium-sized enterprises, it is necessary to provide information for enterprises to improve their management when making optimal decisions. This will provide more information support for the development of enterprises, have more development basis and can serve the development of enterprises to improve economic benefits. Therefore, management accounting is extremely important. Since most of the management accountants in small and medium-sized micro-enterprises do not have specialized personnel to take up the post, they mainly have accountants to take up the post concurrently. They lack professional accomplishment, formal knowledge education experience of management accounting and systematic knowledge system of management accounting, which makes it difficult to form the thinking of management accounting in practical work [3]. In the long run, it will do no good to the better development of small and medium-sized enterprises.

### 3.3. The Work of Enterprise Management Accounting Lacks Standardisation

Under the current economic system, small and medium-sized enterprises are relatively small in scale and their direct use of resources is relatively limited. Under the condition that the management personnel can make use of less resources, what the management accountants can do is relatively limited, the business of the accounting staff is not mature enough and the division of their functions is not accurate enough, it is difficult to ensure the work of small enterprises. Under the old development situation of management accounting, the relevant managers of enterprises confuse financial management with management accounting. The result is that there are not a large number of professional personnel dedicated to the management of accounting work, which is lack of pertinence and can not play the excellent role of management accounting work. As a result, the management accounting can not provide effective accounting information for the leaders of the enterprise, to seek greater profit space for the enterprise [4]. Due to the limitation of the development scale of small and medium-sized enterprises themselves, they lack corresponding functions and have no perfect one-chain development mode, thus easily causing internal management chaos of small and medium-sized enterprises. More importantly, due to the lack of sound rules and regulations and perfect incentive and restraint mechanisms, it is difficult to ensure the enthusiasm of accountants. While reducing the efficiency of various work, it also seriously affects the development of management accounting in small and medium-sized enterprises.

### 3.4. Insufficient Understanding of Big Data Application

The development of management accounting in the industry is not comprehensive and the aspects that it can be responsible for are not comprehensive enough. In the current era of big data, with the development of science and technology increasingly slow, management accounting cannot integrate into the current situation, which will also face severe challenges. However, in the development of various things, opportunities often coexist with challenges. Management accountants should strengthen the application of big data technology, collect relevant information through big data, understand the market situation and then employ relevant talents. This can not only strengthen the integration of human resources, but also create a good working environment for employees and encourage them to work for the enterprise [5]. In the current situation of rapid development of big data, we should learn to put forward new development methods in the application process of management accounting, inject new vitality into the new development of management accounting and do not follow these

new forms of development. The development of enterprise management in small and medium-sized enterprises will have a great impact.

### **3.5. High Cost of Management Accounting Method**

When some small and medium-sized enterprises apply management accounting methods, they need to use professional talents in their operation and management, while financial personnel often have limited ability to use management accounting tools and methods. This requires much workforce and material resources, resulting in huge costs. When using specific methods, it is required to combine the mathematical model of management accounting for calculation. This makes it more difficult for many employees who are not professionally competent to do so, which is expensive and it is also easy to delay other routine financial work.

## **4. COUNTERMEASURES FOR APPLICATION OF MANAGEMENT ACCOUNTING IN SMALL AND MEDIUM-SIZED ENTERPRISES**

Although the current development of management accounting takes on a better form, it is not easy to reduce the disadvantages existing in small and medium-sized enterprises. It is necessary to improve the existing disadvantages step by step in the application of management accounting. Given various drawbacks, several countermeasures are put forward:

### **4.1. Thinking Transformation of Financial Personnel in Enterprises**

In the application of management accounting, it is also necessary to train or introduce its talents, to give the specific management accounting work to more professional accountants for responsibility [6]. This can not only improve the standardisation of management accounting application, but also improve the ability and level of management accounting application. The financial managers of enterprises should change their thinking from passive workers to decision-makers. They should actively learn the business knowledge of management accounting and put it into every link of enterprise management. Participating in the business decision-making management of enterprises should not be limited to a small part of the scope of management accounting, but be more involved in the development of enterprises. Small and medium-sized enterprises can not be compared with the internal perfect mechanism of large enterprises, but management accountants should participate in the internal of enterprises more, contribute to the development of enterprises and realise the transformation from traditional accounting accountants to managers of enterprises. The change of staff's thinking mode provides a new development idea for the development of small and medium-sized enterprises.

### **4.2. Improve Enterprise Management and Operation System**

As an important part of enterprise management accounting, the mode of enterprise operation must follow the corresponding rules and procedures, various rules and regulations within the enterprise, do not violate economic laws and comply with relevant requirements in order to ensure the development of small and medium-sized enterprises to be more dynamic. Also, the enterprise should be managed indirectly and the management accounting personnel should be given management authority, so that the management accounting personnel can enhance the creativity and enthusiasm of employees in participating in the development of the enterprise. Based on ensuring the management and operation of the enterprise, it will make the operation mode of the enterprise more dynamic and promote the Bloomberg development of small and medium-sized enterprises. It is an important way to standardize the working methods and mechanisms of all kinds of work and improve the working efficiency, to stimulate the enthusiasm of accounting work and provide convenience for the development of small and medium-sized enterprises. Relevant managers of small and medium-sized micro-enterprises need to strengthen the compliance of management accounting standards and norms in their



daily lives, to drive others to comply with the relevant systems and norms of management accounting. In short, the application of management accounting can make clear the long-term development route of the enterprise and then establish a reasonable and perfect management plan, strengthen the quality of enterprise management and create conditions for the sustained and good development of the enterprise [7].

#### **4.3. Combination of Practice and Knowledge**

The disjunction between theory and practice will lead to the lack of soil for management accounting to develop in enterprises and even more difficult to obtain development. Therefore, small and medium-sized enterprises should let theory guide practice, understand theory from practice and provide more theoretical and practical basis for the development of small and medium-sized enterprises so that the development of management accounting can be combined with the existing development environment and have more powerful development power, which requires a better combination of practice and theory. Management accounting is a new development in the accounting industry. Its theoretical basis is relatively weak and its theoretical research results are relatively few. Therefore, it is necessary to establish a management accounting system suitable for Chinese enterprises according to the needs of China's national conditions and the actual situation of Chinese enterprises and to strengthen research on management accounting theory [8]. Also, we should pay more attention to ensure that the application of practice and theoretical research are not divorced from each other and cannot only focus on one aspect of development. This will lead to the application of small and medium-sized enterprises in the development, it is difficult to get better use, can not better serve small and medium-sized enterprises.

#### **4.4. Set Up Correct Management Accounting Consciousness**

All the theoretical basis of management accounting is due to the experience accumulated in practice and has formed a new system mode in the development of practice and this mode matches with its actual development. In the process of operation and management, enterprises need much economic information. They cannot only rely on cost information and asset information provided by financial accounting, but also master other effective information through management accounting, thus providing comprehensive information and data for the production and operation activities of enterprises [9]. As the manager of an enterprise, he must first learn the relevant theoretical knowledge of management accounting, combine with the current development situation, keep pace with the times and learn the relevant theoretical knowledge and basis that the current management accounting lacks. According to the actual situation of enterprise development, the traditional accounting and management accounting are separated and innovated to give full play to the advantages of management accounting. For management accounting staff, they should not only establish a new development awareness of management accounting staff, but also pay attention to their knowledge accumulation, have a higher level to adapt to the development of management accounting and promote the development of accounting work in small and medium-sized enterprises.

#### **4.5. Improve the Comprehensive Quality of Management Accountants in Enterprises**

During the development of management accounting, while ensuring the training of management accounting, the quality of enterprise management accounting personnel should also be improved. It is necessary to grasp the theoretical basis of management accounting and learn the relevant knowledge of management accounting. Moreover, management accounting should understand the development form of small and medium-sized enterprises, while learning management accounting knowledge combined with the current development status, to provide conditions for the development of enterprises. We should focus on the task of enterprise management accounting and have absolute competence. Enterprises should also

train outstanding personnel to provide them with good conditions, broaden their horizons, develop themselves and master the latest knowledge. Moreover, by improving the relevant theoretical system of management accounting in our country, we can promote the all-round cultivation of management accounting talents in our country, thus we can also make a good reserve of human resources for the sustainable development of modern enterprises [10]. As management accountants of small and medium-sized enterprises, they should strengthen their sense of responsibility, improve their knowledge level and ability in management accounting through learning knowledge and be able to master new theories, new skills and new business abilities of management accounting, to improve their professional quality. In the process of working practice, innovative methods can be applied to the practical process of management accounting, which not only injects new vitality into the development of small and medium-sized enterprises, but also creates greater value and provides greater convenience for the development of small and medium-sized enterprises to adapt to the development of small and medium-sized enterprises.

## 5. SUMMARY

As an important link in the new enterprise development process, management accounting runs through the whole process of enterprise development. By analysing the past to control the present and better guide the future and mastering the relevant knowledge of management accounting, it can not only provide conditions for the operation and management of small and medium-sized enterprises, but also better provide economic benefits for small and medium-sized enterprises and more comprehensively and objectively understand the current business situation of enterprises. Therefore, management accounting is becoming more and more important to small and medium-sized enterprises. In long-term development state, management accounting has already had a relatively mature development situation. However, this is only one aspect. If management accounting wants to set up a good image in the hearts of the public, it should improve the quality of management accounting of small and medium-sized enterprises and seek development for itself in the environment provided by society. Management accounting currently has a good development status. Although there are some problems, we have summarised these problems in practice and actively sought solutions, which should help small and medium-sized enterprises to develop management accounting better. Moreover, in the Internet age, small and medium-sized enterprises need to actively adapt to the changes and trends of the times and strengthen the adaptability of management accounting methods to the times and enterprises. As far as the current development situation of management accounting is concerned, its prospect is very considerable. What the management accounting of small and medium-sized enterprises should do is to find out the development problems of management accounting, solve the problems and promote the development of management accounting to better promote the development of small and medium-sized enterprises.

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