

The new economic normalcy of management accounting in small and medium-sized enterprises

Bing Zhao

School of Economics and Management, Guangxi Normal University of Science and Technology, China

Abstracts. As China's economic development has entered a new normal, small and medium-sized enterprises (SMEs) are facing great pressure and challenges to survive. Management accounting, as an emerging modern management tool, can enhance the efficiency of enterprise value creation and enable enterprises to sustain sound development. The article starts from the four elements of management accounting, discusses the problems existing in the actual application of small and medium-sized enterprises, and on this basis, proposes to improve the application of the integration of business and finance environment, implement strategic planning at all levels, integrate the tools and methods of management accounting and build a management accounting reporting system and other measures to help small and medium-sized enterprises to build a perfect management accounting system.

Keywords. New normal economy, management accounting, small and medium-sized enterprises (SMEs).

1. The necessity of applying management accounting to small and medium-sized enterprises under the new normal situation

China's existing more than 40 million enterprises, of which more than 95% are small and medium-sized enterprises, in promoting the development of the national economy, absorbing employment, optimizing the production capacity structure, and rational allocation of resources have made significant contributions. As China enters into a new normal, the domestic and international situations are complicated, the downward pressure on the economy is increasing, the demographic dividend is gradually disappearing, the environmental constraints are increasing, the cost of land and raw materials is rising, and some uncertainty risks are becoming apparent. At this stage, the small scale, low profitability, difficult financing, insufficient risk-resistant ability and lack of innovation drive of SMEs in China have gradually appeared, and the rising cost of resource factors and increasing tax burden have further weakened the profitability of SMEs, and the survival and development of enterprises have encountered serious challenges. Therefore, how SMEs can break through the current predicament and actively explore the road of transformation and development has become a top priority.

Management accounting is an important branch of accounting, which can organically integrate financial and business activities and play an important role in enterprise forecasting, planning, decision-making, control and evaluation, etc. Its essence is to enhance the efficiency of value creation and promote the sustainable and sound development of enterprises. It can help SMEs make efficient purchasing decisions, scientifically formulate production plans, strengthen production operation management, optimize cost control, and reduce capital consumption in purchasing, production and sales, etc. It can enhance the efficiency of SMEs' working capital management, and thus improve the economic efficiency of enterprises. During the period of control of the new crown pneumonia epidemic, Prof. Zhu Wuxiang conducted a survey on 1,435 small and medium-sized enterprises (SMEs) in many parts of the country, and the results showed that 35.96%, 31.92%, and 17.03% of the SMEs had cash balances on their books that could sustain their survival for one month or less, two months, and three months, which revealed that SMEs were seriously short of funds, difficult to raise funds, and susceptible to the impact of unforeseen circumstances, and other problems. If management accounting is introduced into small and medium-sized enterprises, it can standardize their financial management process, improve the efficiency of capital use, focus on long-term profits, increase the value of assets, and then improve the internal accumulation of the retained enterprises, to protect the internal financing ability of small and medium-sized enterprises in their daily operations, and to prevent the risk of shortage of funds. At the same time, management accounting helps to improve the management structure, internal control and financial system of small and medium-sized enterprises, to prevent external risks and improve risk resistance. The credit evaluation of the enterprise will also rise, reducing the risk cost of financial institutions' assessment of it, forming a good lending relationship and broadening the financing channels.

2. Problems in the application of management accounting in SMEs

The four elements of management accounting are application environment, management accounting activities, tools and methods, and information reporting, which are the main part of the conceptual framework of management accounting, and their direct influence on the construction of enterprise management accounting system. Although the management accounting application guidelines gradually standardize the construction of the four elements, SMEs still have a series of problems in practice. Mainly reflected in the following aspects:

- (1) The level of business and financial integration is not high

The Basic Guidelines for Management Accounting states that units applying management accounting should fully understand and analyze their application environment. The rise of big data and cloud computing for management accounting to build a platform for access to data, how small and medium-sized enterprises to use data to create value, you need to optimize the internal application environment with the help of the industry and financial integration model. At

present, the financial informationization construction of small and medium-sized enterprises is backward, most enterprises still use independent financial software modules, individual enterprises even rely on Excel, Access and other office software to deal with day-to-day accounting business, the use of ERP systems is less, the use of big data and cloud financial platform is even more rare. This makes business and financial management remain independent in their respective departments, and the "integration of business and finance" is just a formality, failing to really put it into practice and creating a favorable environment for the development of management accounting. Most enterprises have not set up a management accounting organization, and the daily energy of accounting personnel is mainly focused on the recognition, measurement and management of financial information. The daily efforts of accounting and finance personnel are mainly focused on the recognition, measurement, recording and reporting of financial information. They seldom participate in business activities and know little about the integration of business and finance. They seldom participate in business activities and know little about the integration of business and finance. In addition, enterprises do not pay enough attention to cultivating management accounting personnel, resulting in a weak talent base and a lack of personnel to organize and carry out management accounting work.

(2) Difficulty in the smooth implementation of management accounting activities

Management accounting activities refers to the unit using management accounting information, the use of management accounting tools and methods, in planning, decision-making, control, evaluation and other aspects of the relevant activities to serve the management of the unit. How to effectively carry out related activities? In addition to building an application environment for industry-finance integration and scientific use of management accounting tools, it is more necessary for enterprises to break down hierarchical and departmental barriers, flatten the organizational structure and achieve information resource sharing. SMEs are small in scale, and when they are initially established, most of their organizational structures are not sound in order to save manpower costs. In the subsequent development process, the enterprise strategy is not clear, lack of foresight, organizational structure is often opened in accordance with the existing business and personnel structure, the overall presentation of the pyramid-shaped organization, each department has its own responsibilities, the degree of cooperation is not high, each other to shirk their responsibilities to carry out the heavy responsibility of management accounting activities in the financial sector. As a result of poor communication among departments and unclear division of responsibilities, it is more difficult to design a reasonable evaluation system to assess the implementation of activities, and the activities do not have continuity, effectiveness and sustainability.

(3) Inappropriate use of management accounting tools

Management accounting tools are specific means for units to achieve management accounting objectives. Most SMEs pay more attention to the promotion of management accounting tools, while the actual utilization varies. Management accounting tools are numerous, cover a wide range, and can be combined with the value chain to optimize operational efficiency in all aspects. Nowadays, SMEs do not use enough kinds and quantity of tools, mainly focusing on budget management, quality management, operation cost method, etc., and emphasizing the functions of planning business objectives, controlling economic processes, and participating in business decision-making, while the tools for predicting economic prospects and assessing and evaluating business performance are less frequently used. Although China has continuously introduced management accounting guidelines for enterprises' reference, there is a lack of necessary theoretical guidance and application guidelines for enterprises to utilize the specific details. SMEs need to choose the tools and methods according to their own actual situation, and continue to explore and improve them in the process of practice. Due to their weak profitability and high cost of trial and error, they may blindly copy others' experience or refuse to integrate multiple tools because of choking.

(4) Lack of effectiveness in management accounting reporting

Management accounting report is an important expression of the results of management accounting activities. At present, small and medium-sized enterprises, whether they prepare external or internal financial reports, are mainly based on financial information, and a large amount of non-financial information fails to be collected and sorted out. Even though some enterprises have strengthened informationization and collected a large amount of business data, it is still difficult to solve the problem of how to formulate data extraction rules, dig out effective data for processing and analysis from the huge amount of information, and make it match with the dimension of financial analysis. Most enterprises prepare management accounting reports at the initial stage from the perspective of the whole enterprise, without analyzing in depth the specific operation of a certain department, which in turn makes it difficult to directly guide the personnel of each department to participate in management accounting activities. At the same time, the presentation time of the management accounting report refers to the traditional financial report, with monthly, quarterly, semi-annual and annual cycles. However, the essence of the report is to provide the information needed for business decision-making. Business decision-making happens all the time, but the report has a stereotypical periodicity, and it is difficult to harmonize the two times. No matter how comprehensive the information reflected in such a report is, it cannot meet the decision-making needs of management due to its lagging nature.

3. Suggestions for strengthening the application of management accounting in SMEs

Through the above analysis, it can be seen that SMEs use management accounting in a poor condition, the application environment, management accounting activities, tools and methods and information reporting are deficient, failing to give full play to its due value, which requires SMEs to strengthen the construction of management accounting system. Specific measures focus on the following aspects:

(1) Improve the application environment of business-finance integration

It is mentioned in the Basic Guidelines for Management Accounting that units should accurately analyze the value creation model and promote the organic integration of finance and business. Then, SMEs can combine the characteristics of big data and cloud computing with industry-finance integration to build a management accounting platform. There are three main platform framework layers, which are platform layer, data layer and application layer. The platform layer mainly collects data through ERP, management, material, billing, branding and other systems. These systems can be further refined into sub-systems for specific functions and operations, from which information with a higher degree of refinement can be collected, i.e., information mainly based on financial data from financial accounting, budgeting, funding, investment, taxation and other sub-systems, and information mainly based on non-financial data from other sub-systems. The data output from the platform layer is the original data form, which is the factual description of the operation status of the enterprise, the data information is huge, and the valid data and invalid data are mixed together, which cannot be directly used for analysis and application, and need to be processed by the data layer at a deeper level. The data layer processes the input data in various forms by extracting, classifying, merging, calculating, sorting, converting and other methods, which leads to the integration of business data and financial data. At the same time, enterprises can use big data, cloud computing and other technologies to upload data to the cloud for processing and storage, so that users can easily access the information. The application layer mainly utilizes the data processing results to carry out business applications. On this layer of the platform, the tools and methods of management accounting can be implemented to analyze and formulate plans for business, products, customer groups, operating regions, supply chains, investment and financing, and other aspects. In addition to building a good management accounting platform for industry-finance integration, it is also necessary to equip specialized technical talents to ensure the implementation of management accounting. Therefore, the management should focus on cultivating composite financial talents, formulate talent training programs, and increase training efforts, so that in addition to financial accounting and financial management skills, financial personnel also need to master management accounting knowledge and Internet technology, and be familiar with the daily business of the enterprise.

(2) Implementing strategic planning at all levels

The first and foremost task of industry-finance integration is to formulate strategic planning. Strategic planning refers to the enterprise based on the external environment and its own business situation to develop and implement strategies, and the implementation of the process of control and feedback, which is common with the five functions of management accounting forecasting, decision-making, planning, control, assessment and evaluation. Strategic planning in the development and implementation of the process, need to be completed by the business sector and the financial sector, strengthen communication, coordination and control mechanisms, and clarify the scope of their respective responsibilities, so that each department to do their part, but also to cooperate with each other. Organizational structure as far as possible to adjust to the flat, reduce intermediate links and management levels. On the one hand, it can reduce repetitive work, simplify the management process, improve management efficiency and reduce management costs; on the other hand, the organization is established with planning and goal-oriented, breaking down interdepartmental and upper and lower level barriers, making the departments and individuals to a certain extent have a relatively free space, which can increase the coordination and information exchange among employees, help the development of management accounting activities, and support the realization of the unit's various levels of Strategic planning. In the process of implementing the activities, it is also necessary for enterprises to develop a reasonable evaluation system and use feedback information to optimize the management process. The development of the evaluation system can use the strategy map in the management accounting tools as a starting point, combining strategic planning with performance management modules, breaking down the strategic objectives layer by layer, implementing them to the responsible departments, teams and personnel, focusing on the combination of quantitative and qualitative when setting key indicators, and then determining the standard values and weights, and conducting regular assessment and evaluation. The evaluation results will further improve management accounting activities and continuously promote the application of management accounting.

(3) Integration of management accounting tools

Management accounting tools and methods cover all aspects of enterprise business activities and are mainly divided into seven major fields, namely, strategy management, budget management, cost management, operation management, investment and financing management, performance management and risk management. There are many kinds of tools and methods in each field, and the representative ones are: SWOT analysis, value chain, strategy map in the strategic field, comprehensive budget management in the budget field, economic value added method and balanced scorecard in the performance field, target cost method and job cost method in the cost field, cost-volume-profit analysis and lean

management in the operation field, project management and discounted cash flow in the investment and financing field, risk matrix model, etc. These are the tools and methods in each field, which are mainly divided into seven fields, namely, strategic management, cost management, operation management, investment and financing management, performance management and risk management. Risk Matrix Model, etc. These are popular tools adopted and respected by enterprises nowadays, which can be used by SMEs to learn from and select the applicable tools according to their own management characteristics and practical needs. Although management accounting tools can be divided into different areas, their essence is not completely independent, and there will be overlapping parts between the functions. Therefore, in the process of introducing tools, SMEs should avoid relying on a single tool to control the whole situation and ignoring its limitations; they should also avoid citing a variety of tools but not integrating them, resulting in duplication of functions and closed operation of the tools alone. Most of the effective use of management tools cannot be separated from the refinement of data processing, so the integration of management accounting tools is the first thing to build a good information management system, it is best to join the "big data" "cloud computing" technology, so that you can extract a large amount of detailed information, and efficient processing. The first thing to do is to set up a good information management system, preferably with "big data" and "cloud computing" technology, so that a large amount of detailed information can be extracted and processed efficiently, and the processed information can be input into various tools. Secondly, it is necessary to consider the interconnection and complementary relationship between the tools, so as not to form a chaotic use of tools or repeated processing of data, resulting in confusion in enterprise management and waste of resources. For example, comprehensive budget management can be utilized for tool integration, and tool integration can also be carried out under the perspective of value chain management. The business philosophy of SMEs can be integrated into it, and the philosophy can be used as a wind vane for tool integration. The common balanced scorecard is four dimensions, namely, finance, customers, internal operations, and learning and growth. Nowadays, General Secretary Xi Jinping has repeatedly emphasized the concept of green development, and environmental accounting and carbon disclosure are gradually emerging. Enterprises with the concept of environmental management can add green dimensions when using the balanced scorecard, forming a five-dimensional balanced scorecard. Enterprises focusing on value chain management can combine management accounting tools with the value chain to understand the implementation process of each value activity, so as to achieve the prediction beforehand, control during the process, and evaluation afterward, and improve the economic efficiency of enterprises.

(4) Construction of management accounting reporting system

From the point of view of the enterprise's operation and management, the reporting information required by different management levels has different focuses, so the management accounting reporting system can be constructed in accordance with the strategic layer, the operational layer and the business layer. The strategic layer is from the perspective of the overall situation of the enterprise, and the contents of the report mainly include: changes in the internal and external environments, long-term development goals, product and industry layout, overall business performance, identification and assessment of major risks and reports on significant matters. The operation layer report mainly reflects the management activities related to the operation and management objectives, i.e. the implementation of the budget, investment and financing management, cost management, profitability, performance evaluation and so on. The targets of business level reports may be specific to business units, functional departments and departmental groups. When SMEs prepare this type of report, they start from the supply chain and investigate the business processes of R&D, purchasing, production, and marketing of the enterprise, and then add the analysis of after-sales, human resources, finance, and other auxiliary areas to form different reports. Forming a report system according to different levels is, on the one hand, conducive to the formation of data extraction rules, which can provide a direction for sorting out and disclosing massive business and financial information. On the other hand, the enterprise development planning from the generalization of the gradual refinement, and then implemented to the departments, timeliness. Therefore, the management accounting report can not only have the financial report by year, quarter, month to present the periodicity, but also have to generate the timeliness at any time. It is necessary to build a good management accounting platform to record the business and financial activities of SMEs in real time, screen out the key indicators needed for different reports, categorize and organize the data recorded in real time according to these indicators, and transmit it to the strategic layer, operational layer and business layer for their analysis, and then quickly form management accounting reports through spreadsheets, the Web, mobile and other means.

4. Conclusion

After China's entry into the new normal economy, the economic situation is complex and severe, coupled with the impact of the new crown epidemic, the world economy is in the doldrums, the global market is shrinking, and the recovery situation is not optimistic. This makes the small and medium-sized enterprises are facing a huge pressure of survival, its profit space suffered multiple squeezes, and the business risk increases with it. To gain a foothold in such an environment, promoting the application of management accounting has become an important means, which can enable SMEs to do a good job in strategic deployment, business and financial integration, internal control, cost reduction, value creation and other work. However, the current application of small and medium-sized enterprises is not good, there are many problems, need to proactively improve the application environment, adjust the organizational structure, the construction of composite talent team, the integration of management accounting tools, the scientific preparation of management

accounting reports and other ways to improve the construction of the management accounting system, to promote the sustained and healthy development of enterprises.

References

- [1] Wen su-bin,jiao ran. Research on the Impact of Management Accounting Tools Application on Working Capital Management Efficiency--An Analysis Based on Stakeholder Perspective[J]. Accounting Research,2020(09):149-162.
- [2] YAN Shu-Suan, LI Shan-Yan. Impact of the New Crown Pneumonia Epidemic on Small and Medium-sized Enterprises and Countermeasures[J]. Business and Economic Research,2020(21):134-138.
- [3] WU Dajun,NIU Yanxiu. Management Accounting (5th Edition) [M]. Dalian:Northeast University of Finance and Economics Press,2018:4-5.
- [4] Leng Jibo,Yang Shuhui. Research on management accounting framework for industry-finance integration under the background of "Internet+"[J]. Friends of Accounting, 2019(12):19-23.