

A Summary of Research on Strategic Management Accounting in China

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Abstract

With the deepening of economic globalization and the complexity of the market, more and more Chinese enterprises have joined the international competition. In the international context, the competition among enterprises has become increasingly fierce, and traditional management accounting methods have been unable to adapt to the current economic situation and management trends. Therefore, in order to enhance the core competitiveness of the enterprise, improve the enterprise management, and further enhance the international competitive position of the enterprise, a new enterprise management mode-strategic management accounting came into being. This paper analyzes the current research situation in China in this branch of strategic management accounting and the implementation of Chinese enterprises, and summarizes the specific measures that can make strategic management accounting provide high-efficiency assistance to the development of Chinese enterprises.

Keywords

Strategic Management Accounting; Traditional Management Accounting; China; Summary of Research.

1. Introduction

With the gradual improvement of China's socialist market economic system and the rapid development of science and technology, more and more Chinese companies have gone abroad to compete with major international companies. Due to the changes in the competitive environment, the traditional enterprise management model applicable to most Chinese enterprises has been unable to meet the further development needs, and how to defeat other competitors and gain a competitive advantage in the fiercely competitive international market has become the first and foremost problem faced by these enterprises. In such a difficult living environment, it is particularly important to attach great emphasis to strategic management accounting.

Strategic management accounting emerged in the 1980s and was first proposed by British scholar Simon. Subsequently, western countries generally began to pay attention to the application of strategic management accounting in theory and practice, which made the research scope of strategic management accounting in western countries gradually expanded. China, on the other hand, only introduced the concept of strategic management accounting in the late 1980s, and its development history in China is not long. Therefore, Chinese academic circles have not yet formed a fully unified understanding of it, and the understanding of it is still not yet complete.

2. The Concept of Strategic Management Accounting

Strategic management accounting (SMA for short) is the product of the combination of enterprise strategic management and traditional management accounting [1]. It is based on the theory of enterprise strategic management, and uses accounting information to effectively serve the new field of enterprise strategy by means of management accounting. [2]. We can understand strategic management accounting from three aspects, which are also the three characteristics of strategic management accounting recognized by most scholars at present: First, it is strategic, that is, strategic management accounting serves the purpose of strategic goals, and its core is to serve the formulation and implementation of corporate strategies; the second is extroversion. In order to provide a path to achieve strategic support, only relying on internal corporate information (marketing information, financial information, human resources information, etc.) is not comprehensive enough, nor can it be carried out effectively. And scientific strategic decision-making, therefore, strategic management accounting requires companies to collect, process, and analyze external information (the information of a series of stakeholders such as customers and competitors); the last is long-term, strategic management accounting from long-term development strategies and interests To analyze the investment of enterprises, increase the competitive advantage of the enterprise, it is conducive to the adjustment of the enterprise's competition strategy, so that the enterprise has a lasting competitiveness in the fierce market competition.

To sum up, although there are still differences in the expression of strategic management accounting among scholars, we can summarize the core of strategic management accounting through the above characteristic analysis: focus on the long-term development of the enterprise, and collect, sort, and analyze The internal and external information of the enterprise is a modern information system that formulates and implements the strategic plan for the enterprise, promotes the continuous development of the enterprise and finally realizes the strategic goal.

3. The Necessity of Implementing Strategic Management Accounting in Chinese Enterprises

3.1. The Needs of Modern Market Competition

With the advancement of science and technology, the market economic system has been continuously improved and strengthened. Even for Chinese local enterprises, traditional management accounting has no longer met the needs of the development of modern high-tech enterprises, let alone the strategic requirements of modern enterprise development. Therefore, if Chinese enterprises want to go abroad and take a place in the fierce international market competition, it is inevitable to change the original management strategy. As a new type of macro management, strategic management accounting can efficiently integrate internal and external information of an enterprise to make detailed analysis, which is conducive to timely adjustment of business strategies and helps enterprises maintain a certain competitiveness. The development track from traditional management accounting to strategic management accounting is in fact an inevitable result of management accounting in different historical environments, and it is also a requirement for the evolution of management accounting functions due to environmental changes [3].

3.2. The Need for Corporate Strategic Goals

The traditional enterprise management accounting mainly pursues the maximization of the profit of the enterprise in the short term, and regards the profit of the enterprise as the development goal of the enterprise, but ignores the long-term sustainable development goal of

the enterprise. It is short-lived and difficult to stand on for a long time. The content of strategic management accounting is opposite to that of traditional accounting. It mainly focuses on the long-term development of the enterprise, pursues the maximization of the overall interests of the enterprise, guides the development direction of the enterprise with a long-term perspective, and comprehensively improves the competition of the enterprise in the market competition. strength and development ability, and lay the foundation for the long-term development of the enterprise.

3.3. Conducive to the Sustainable Development of Enterprises

If an enterprise wants to achieve sustainable development, it means that in the process of enterprise survival and development, it must take into account the business purpose and profit growth of the enterprise, not only to improve the market dominance of the enterprise, but also to improve the management ability of the enterprise. The strategic management accounting focuses on the long-term development of the enterprise, attaches importance to the improvement of the positioning and ability of the enterprise in market development, and evaluates the normal operation of the enterprise in a timely manner, so that the enterprise can obtain a long-term competitive advantage. Therefore, strategic management accounting is applied to In modern enterprises, enterprises can achieve sustainable development for a long time.

4. The Current Situation of Implementing Strategic Management Accounting in China

China currently has the conditions for implementing strategic management accounting, which are mainly reflected in: China has established a modern enterprise system, some enterprises have carried out the practice of strategic management [4], and information network technology has been vigorously developed, all of which are important for China to implement strategic management. Accounting lays a solid foundation. However, compared with the leading companies in the western developed countries, there are still many deficiencies in the practice of strategic management accounting in China, which are mainly summarized in the following three aspects.

4.1. Lack of Theoretical Support

Due to the late introduction and immature development, only a few enterprises in China have cited strategic management accounting, which has achieved remarkable results, but it has not yet achieved popularization for most enterprises. This theory lacks a theoretical system suitable for the development of Chinese enterprises, and the managers of most enterprises do not really realize the importance of strategic management accounting, and it is difficult to practice without theoretical guidance. In addition, during the research process of strategic management accounting, its research results lack practicality in terms of methods and analysis, and the theory and practice do not match. The main reason is that the researchers lack practical experience and do not conduct research according to the development of enterprises. It is only limited to theory and mainly uses mathematical models for analysis. It is difficult to understand and apply data with high cost. There are many methods born from the research of strategic management accounting theory, but they cannot solve the most fundamental problems of enterprises, and their practical value is insufficient.

4.2. Cultural and Institutional Factors

In Chinese enterprises, the work of accounting mainly focuses on financial accounting, and the work of strategic management accounting has not been paid much attention by enterprises. Because the work of enterprise accounting requires a lot of manpower and material resources,

management accounting will be ignored by enterprises to a certain extent, which leads to the slow development of strategic management accounting in China's practical application. The reason why enterprises lack attention to strategic management accounting is because the management of enterprises lacks awareness of strategic management. For long-term development, an enterprise should formulate a management system, and when formulating strategic management goals, it should be comprehensive and long-term consideration for the enterprise, so that the enterprise can achieve long-term development and realize the strategic management of the enterprise. However, the management of some companies only focuses on short-term interests. In other words, the management of most companies focuses on their own interests, because the performance of management is mostly linked to the profitability of the company. Just think, if management is the owner of the business, they will naturally tend to aim for long-term development. China's market economic system has strong Chinese characteristics. It is difficult for some foreign enterprise management systems that are compatible with the national system to be perfectly integrated with China's economic system. For example, in China's state-owned enterprises and state-controlled joint-stock enterprises the actual rights and ownership of property rights are not clear enough, and many incentive mechanisms cannot be applied. However, the development of private enterprises is affected by national policies, and the development is relatively slow, and the citation of advanced theories is too slow. Whether it is lack of attention or lack of awareness of the management, in the final analysis, it is produced in the Chinese environment, but everything has a gradual process. How to combine strategic management accounting with Chinese enterprise management system and maximize the benefits is the key to the focus of the researchers' future research.

4.3. Lack of High-quality Talents

The accounting system in China is divided into financial accounting and management accounting, and the key task of accounting in Chinese enterprises is the calculation of financial affairs, and management accounting is rarely used. However, strategic management accounting has higher requirements for accounting. Strategic management accounting should have the ability to flexibly use strategic costs to analyze various reasons for the enterprise, not only limited to the calculation of financial indicators. Therefore, practitioners of strategic management accounting need to be familiar with professional knowledge such as economics, statistics, marketing, management, etc., and also need to have the thinking of strategic management, to deal with any problems that arise in the enterprise from a strategic perspective, so that the enterprise can survive in the fierce market competition. Seize the opportunity and get good development. However, there are problems in the professional ability of strategic management accounting practitioners in China, and there is a serious shortage of High-quality talents. Because the management of the enterprise does not pay attention to the strategic management accounting, the training work of the accounting personnel is mainly based on the accounting professional knowledge, and the training of the strategic management accounting knowledge is ignored, which leads to the inability of the existing accounting practitioners of the enterprise to operate skillfully of the strategic management accounting.

5. Suggestions for the Future Implementation of Strategic Management Accounting in China

Scholars in China have rich views on how strategic management accounting can be better applied in China, but their essence is similar, and they are all based on the above-mentioned problems in the current implementation of strategic management accounting in China, after the author's research, it is summarized into the following two mainstream suggestions.

5.1. Improve the Application Environment of Strategic Management Accounting

In order to realize the effective application of strategic management accounting in enterprise management, the application environment of strategic management accounting must be improved. Specifically, the application environment of strategic management accounting in China can be improved from the following three aspects. The first is to strengthen the basic construction facilities for strategic management accounting. It is necessary to establish a sound organizational system in enterprise management in order to ensure the normal operation mode of the enterprise. It is necessary to integrate various resource management from external to internal of various enterprises, elevate traditional management accounting to the height of strategic management accounting, use advanced information technology to improve the organizational structure of strategic management, and establish a strategic management accounting information database. Second, in terms of system establishment, enterprises are not only required to pay attention to the management of the internal environment, but also to formulate corresponding systems to pay attention to the changes in the external environment of the enterprise. To regard the inside and outside of the enterprise as an inseparable whole, we should pay attention to not deviate from the impact of any kind of environment on the enterprise in terms of system. It is necessary to establish a sound system to grasp the future development direction of the enterprise, so that the enterprise can maintain a long-term competitive advantage. Third, in terms of personnel allocation, it is necessary to continuously introduce and cultivate talents for strategic management accounting. From the national level, the state should give comprehensive support. First of all, the theoretical knowledge of strategic management accounting should be popularized from the accounting majors. The course of strategic management accounting is a compulsory course for accounting students. At the same time, the state should encourage colleges and universities to strengthen the research on strategic management accounting, and enterprises should strengthen cooperation with colleges and universities to build a theoretical system of strategic management accounting that is in line with the development of Chinese enterprises. From the perspective of enterprises, in the process of training accounting practitioners within the enterprise, training courses focusing on strategic management accounting knowledge should be strengthened, so that practitioners have a new understanding of the theory and methods of strategic management accounting.

5.2. Constructing a Theoretical System of Strategic Management Accounting with Chinese Characteristics

Theory plays an important role in guiding practice. The theoretical framework of strategic management accounting is an important basis for helping companies apply strategic management accounting to practice. Only under the guidance of theory can the development of practice be promoted. Strategic management accounting plays an important role in the application of enterprises. First, China should actively introduce advanced theories from abroad, and then formulate a theoretical framework suitable for the development of Chinese enterprises based on the market economy environment of its own country. By redefining the theoretical framework of strategic management accounting, a set of theoretical systems with Chinese characteristics will be formed. my country's strategic management accounting needs more original research, so as to provide more vitality for the development of my country's strategic management accounting [5].

6. Conclusion

In recent years, research on strategic management accounting has begun to emerge in China. Although it is still in its infancy, its breadth and depth are not as high as those of Western

scholars, but it still lays a good foundation for future research. In the increasingly fierce competition of globalized enterprises in the future, strategic management accounting will play an important role in providing protection for enterprises to cope with changes in the economic environment, which is also an important development trend of accounting in the future. If Chinese enterprises want to go abroad and go global, they must have advanced management systems, formulate scientific development strategies, and continuously improve their competitiveness. Chinese enterprises should keep pace with the times, strengthen corporate strategic management accounting functions, strengthen personnel training in related areas, actively introduce advanced management accounting theories, and create a good environment for the application of management accounting in enterprises.

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