

Research on the Application of Management Accounting in Administrative Institutions

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Abstract: Management accounting is a brand new branch extended from the traditional accounting content, introduced from the West and used in reality in China, there are more introduction and less use, lack of perfect legal provisions system, unsound development of the use system, management accounting theory and practice do not meet, management accounting and financial management, cost accounting overlap and other phenomena. Recently, the country carries out a huge scale of financial changes to promote the development and innovation of management accounting in domestic administrative institutions. The original financial accounting has accounting functions, but in the use of management accounting, the financial accounting of administrative organizations can comprehensively improve the efficiency as well as the ability to use financial resources and ensure the development of accounting activities in the direction of synthesis and efficiency. Under the new management conditions, administrative institutions should also continue to improve the efficiency of the use of management accounting, comprehensively ensure the use of management accounting in the real development, and efficiently deal with the real problems existing in the application period. This paper focuses on the application of management accounting in the management of administrative institutions, discusses the current situation of the integration of management accounting and the management of administrative institutions, and points out the measures and ways to strengthen the use of management accounting in the real management, so as to help administrative institutions use management accounting comprehensively and accelerate the long-term and stable development of the units.

1. Introduction

Management accounting has been studied in China after the mid-twentieth century, so far its development is located in the slow period, and neither theoretical nor practical research has got the expected effect. However, China has always stimulated the research of management accounting, for example, in 2014, the Ministry of Finance formulated the Guidance on Comprehensively Promoting the Construction of Management Accounting System, which accelerated the development of management accounting to a certain extent and determined the future development direction, which is the main driving force for the future development of management accounting. At this moment, management accounting gradually becomes an important direction for the transformation of traditional accounting, thus opening the trend of financial accounting to management accounting [1.2]. Analyzing from the perspective of domestic administrative institutions, the uniqueness of their nature has led to certain uniqueness of their internal operations. Even though there are many financing methods available for administrative institutions, based on the current domestic situation, the development funds of administrative institutions are generally obtained by financial allocations. However, with the increase in the number and quality of economic operations of these units, the demand for funds is increasing, resulting in large losses for the government, which cannot be fully met if the original traditional accounting model is used[3]. Therefore, the use of management accounting to such units becomes very critical, simply put, with the help of the measurement model of management accounting, not only can reduce the financial burden of such units, ensure the effectiveness of the internal management of such units, especially budget management, and secondly,

it can also reduce the financial burden of the government, and at the same time can accelerate the soundness of the domestic public infrastructure and promote the stable development of the economy[4.5].

Most of the domestic management accounting is to learn and refer to the management accounting theoretical system of developed countries, the use of less in the country, still need to follow up the development, especially in the domestic administrative and institutional units[6]. Because the strength of the internal control system of such units is not high, the management is disorderly, and there is a lack of scientific and efficient constraint and incentive system and leading management system, thus leading to the problem that management accounting is not commonly used in administrative institutions, or the application level is not high, which to a certain extent affects the universal use of management accounting in domestic administrative institutions. In addition, due to the low comprehensive ability of domestic accountants, they are unable to integrate management accounting information and administrative institutions' decision making efficiently[7]. In order to fully stimulate the realistic function of management accounting and further serve the domestic administrative institutions, domestic management accounting analysis starts to take the realistic national conditions as the starting point, combine many theories and approaches, analyze and deal with the realistic problems encountered, and then summarize the development experience of management accounting in domestic administrative institutions[8]. When domestic accounting experts study and refer to the management accounting knowledge and experience of developed countries, they also need to analyze management accounting activities comprehensively and develop management accounting systems and methods that meet the domestic reality, thus enhancing the efficiency of domestic administrative institutions[9].

2. Literature Review and Hypothesis Presentation

2.1 Concepts of Management Accounting

Management accounting definition is mainly understood in terms of both discipline as well as work. Management accounting is a separate discipline, studied from the academic field, which mainly interprets management accounting as an important condition of accounting and also as an emerging discipline combining management and the rest of related disciplines. At the same time, management accounting is also a very important work at present, and the study from the above-mentioned perspective needs to be interpreted as an important accounting information system that provides financial planning, programs, and review systems to units or companies[10]. Therefore, management accounting is essentially an important system, and the key function is to provide companies and units with the financial data needed for decision making. Along with the development of society, management accounting criticality is beginning to be understood by the public and it will have a positive impact in the period of decision making in domestic administrative institutions[11].

2.2 Objectives of Management Accounting

The main objectives of management accounting are: (i) to provide sufficient data to unit managers, focusing on improving the efficiency and comprehensive competition level of such units in serving the public; and (ii) to participate in the unit's business decisions and thus stimulate the decision-making management role. To accomplish these development goals, it is necessary to stimulate the following functions of management accounting, mainly business prognosis, participation in decision making, planning, control activities and performance evaluation[12].

3. Current Situation of Management Accounting Application in Administrative Institutions

3.1 The Application of Management Accounting in the Internal Control of Administrative Institutions

Management accounting, an important part of accounting, is commonly used in the internal control of administrative institutions and has far-reaching effects. It can summarize and process the

information and data implied in financial accounting, prompt unit managers to carry out budgetary control and planning for daily projects and operations, and assist leaders to improve efficiency and thus accomplish the expected development goals. The change of management accounting has accelerated the progress of internal control norms in administrative institutions, prompting them to develop a perfect and efficient legal system, and therefore possessing a better safeguard function [13].

3.1.1 Planning and Decision Analysis

Decision-making in administrative institutions is related to many fields with relatively complex goals, which generally require thinking about multiple economic and social benefits, not only efficiency but also social equity, thus requiring the use of management accounting to assist leaders in planning and making scientific and fair decisions. Management accounting provides practical financial and decision-making information for the internal control of such units, mainly on the premise of researching estimated data, using reasonable technical tools, and evaluating the economic results obtained from various decisions, which mainly consists of two types of analysis: qualitative research assists leaders in dealing with realistic problems, and generally relies on the leaders' sufficient realistic experience and knowledge and personal The quantitative approach helps leaders to deal with the question of what to do and is an important mathematical approach that allows for the rational processing of a wide range of information related to decision making and facilitates the efficient use of information[14].

3.1.2 Budget and Performance Evaluation Analysis

Budget is an important management item that divides, reviews, and controls the financial and non-financial resources of different organizations within the unit to accomplish the desired development goals. Administrative institutions usually do not consider effectiveness as an objective. First, budgeting is relatively sketchy, and the organization's budget is usually prepared in accordance with the current year's financial situation, the previous year's income and expenditure, and the budget unit's own characteristics and operations, without being detailed to the actual items, and budget expenditures cannot be verified in each case. Secondly, the budget is less rigid, lacking in planning and rationality, with more budgetary adjustments than additions, unpredictable application of funds, and weakened budgetary constraints and control. The actual results cannot be evaluated in monetary terms and therefore cannot be evaluated using only financial indicators. In addition, it is necessary to use management accounting methods to assist administrative institutions to carry out performance evaluation and accomplish internal supervision and evaluation goals[15].

3.2 Application of Management Accounting Tools in Administrative Institutions

3.2.1 Balanced Scorecard

The Balanced Scorecard is a new and sophisticated performance evaluation tool and strategic management approach designed by Robert S. Kaplan and David P. Norton, which has a positive impact on administrative organizations in a period of change and development. The balanced scorecard, consisting of financial, customer, internal business process and learning and growth components, takes care of long-term and short-term goals, financial and non-financial evaluation methods, and internal and external performance, resulting in a relatively complete system of indicators and the basis for the full implementation of organizational goals. Its main four parts are to carry out reasonable and efficient evaluation and review of the personnel of administrative institutions[16].

(1) Economic indicators part: Administrative institutions do not seek economic benefits, so they do not consider benefits as development goals, and the benefits that exist within economic projects are used to increase the number and quality of services supplied by the unit to the outside world; in other words, the benefits and properties of administrative institutions, etc. must be used to complete their own tasks and cannot be given to staff or managers, so financial indicators are set to balance investments in the unit's operations time whether the appropriate return or benefits, but also can fully reflect the level of management financial management and the reality of efficiency[17].

(2) Customer segment: The general public is the performance of the customer level in administrative institutions. The supply of public goods and social benefits are the main objectives of the operation of such units, whose main role is to provide public goods and services to the public that cannot be obtained from private companies[18].

(3) Internal business process: The main competitive ability of the unit is the execution and management ability of the unit in achieving its goals. It generally includes the level of innovation of internal managers, the level of decision control, the smoothness of built-in rules and regulations, and the concept of unity and cooperation of staff. Therefore, internal business processes are the beginning and key point for the unit to improve its development performance[19].

3.2.2 Value Chain Management

Using the strategy of transforming operation management to turn the strategic objectives of the administrative unit to meet the industry and management needs is the focus of value chain management. Value chain management analysis mainly sets the direction for the development of management accounting, which not only can fully play the function of management accounting in the internal operation management of the unit, but also can accelerate the theoretical and practical development of management accounting. Value chain management is the transformation of operational management solutions, regulating the organization to a strategic position with high efficiency and practicality, and making efficient use of all development opportunities[20].

3.2.3 Total Budget Management

Total budget management is a key way of financial resource allocation and an important management control that brings together all important issues within the unit and is a major part of management accounting. The realistic functions of this part of management generally converge in the sections of strategic management, risk, cost control and performance evaluation. The income of this part of the unit is generally derived from non-reimbursable funds such as financial allocations and business income, the concept of cost management is not deeply rooted, the efficiency of the use of funds is generally low, and the budget is generally divided into mere self-segmentation, which lacks rigor, prudence and objectivity. Therefore, we need to use the knowledge and theory of management accounting to strengthen the control and supervision of such budgets. The implementation of comprehensive budget management can assist in strengthening the internal control of the chemical unit, completing the efficient allocation of resources, and enhancing the real economic benefits.

3.2.4 Management Accounting Reports

Accounting reports in such units themselves study the relevant data and contents implied in financial reports, however, because of the main function of financial accounting and the working concept of adhering to objective facts, they do not carry out forecasting of the unit's information and business frontiers and strategic plans, do not deeply study the future development trend of the industry, do not carry out information and contents of the operation and service chain and value chain of the unit's related industries. In-depth research, analysis and planning of information on the needs of the service industry. Management accounting reports are essentially forward-looking reports based on management and operations, which generally provide important data for decision makers and managers, with the main goal of improving operational structures and process control systems, as well as efficient cost management.

3.3 Problems of Management Accounting Application in Administrative Institutions

3.3.1 Management Accounting Theoretical System is Not Perfect

Nowadays, management accounting is commonly used in some administrative institutions, and in addition, it has shown certain advantages. However, because management accounting is a newly emerged discipline, the domestic accounting industry carries out relatively superficial analysis of it, and does not produce a complete and rigorous theoretical and methodological system, which currently remains in a relatively simple and one-sided narrative, even in the part of theoretical

analysis of management accounting in administrative institutions, the domestic theoretical field gets good conclusions and analyzes the conceptual approach relatively more, however, the management of administrative institutions The analysis of the practical use part of accounting is obviously insufficient, and there is the problem that theory lags behind practice. It is generally reflected in the following: in the analysis of management accounting content part most of them study western theories, but not much analysis of domestic realistic application part, which does not produce a theoretical system that can guide the development of management accounting practice in domestic administrative and institutional units; in the specific analysis object part, it focuses on the practical analysis of the company, and less analysis of how to use management accounting in the unit; in the analysis mode and method part, it focuses on the analysis of basic theories, and pays little attention to The problem of incompatibility between theory and practice is relatively obvious. Up to now, it has not produced a relatively perfect management accounting application theory system.

3.3.2 No Internal Control Environment of Management Accounting is Formed

Internal control and management accounting mainly take the long-term development of the organization as the goal, and the two sides assist each other. Management accounting is the way and tool for sound internal control, and perfect internal control is the basis for management accounting to get efficient operation. However, a few units do not have a deep understanding of internal control and currently do not produce a general internal control structure and system is too formalized, lacking efficient implementation and enforcement, and does not produce a better internal control environment, the rights of leaders cannot be restricted, the rights are too centralized, and many leaders directly determine the form of unit management and determine development plans, and some modify accounting data.

3.3.3 Lack of Applied Talents in Management Accounting

The thickness and sharpness of talents affect the development structure of the organization, and now the main problem of administrative institutions in the part of management accounting application is the lack of talents. Analyzed from the current accounting industry environment, management accounting has not entered the country for a long time and started after the opening to the outside world, there is a significant lack of talent cultivation and storage, which cannot keep up with the current realistic demand for the continuous development of management accounting. There is not only a lack of talents with high professionalism in administrative institutions, but also financial accounting personnel do not understand the activities related to management accounting and have insufficient realistic working experience, in addition, there are not many cultivation activities in administrative institutions, so the working level and realistic experience cannot be improved comprehensively, but compared with companies, the administrative institutions with relatively dull employment system, the staff have poor learning autonomy and low innovation level However, in comparison with companies, administrative institutions with relatively rigid employment system, staff members have less autonomy in learning and less innovation, and are unable to find the right form of work, so the quality of work is low, and management accounting operation system and information system cannot operate smoothly, which also affects and limits the use of management accounting in administrative institutions to a certain extent and restricts the future development of such units.

3.3.4 Awareness of Management Accounting Application of Unit Decision Makers Needs to Be Further Improved

Management accounting in administrative institutions has not received sufficient attention from leaders, and in addition, adequate management accounting concept is what managers lack, and they cannot even directly undertake the main task of management, so they cannot fully stimulate their own audit and supervision role. Most of the managers of administrative institutions can only understand the simple accounting and accounting and other minor functions, but do not pay attention to other functions. Most of the time, managers make incorrect decisions, so it is difficult for them to conduct scientific and adequate research on finance. If the above problems are to be dealt with, the auxiliary

role of unit management accounting needs to be fully stimulated to assist leaders in making scientific economic decisions.

4. Ideas for Promoting the Application of Management Accounting in Administrative Institutions

4.1 Promote the Construction of Management Accounting Theoretical System

Each country has different political, economic and cultural environment from other countries, and the development of all the theoretical system needs to be all in line with the national reality so that it can promote the efficient development of the country. Therefore, the creation of theoretical system of management accounting for domestic administrative institutions also needs to start from the domestic reality, and only when the reality needs to be reached can it be developed well. The construction of theoretical system of management accounting for administrative institutions with our country's characteristics cannot be copied from foreign theories, and in addition, the theories of the company cannot be used in administrative institutions. Instead, it is necessary to take the domestic reality and the reality of administrative institutions as the basis.

4.2 Sound Internal Control Supervision System

Administrative institutions need to continuously improve the financial management system, adhere to a clear division of labor among the staff of the financial organization, carry out detailed requirements for all the duties of all staff, implement project accountability and carry out supervision and review. In advance, make a scientific and reasonable budget for the use of funds, and let separate financial staff manage and carry out a comprehensive budget. During the process, we monitor the actual status of the project funds and adjust the budget on time to ensure that the funds are used efficiently. After the fact, project inspection and fund settlement are reviewed to avoid overuse of funds and to improve the efficiency of fund use. The division of financial functions not only makes the internal accounts of the unit more detailed and more specific, but also makes financial management more scientific and enhances the authority of administrative institutions.

The unit needs to create an internal control system that meets the reality of the unit with reference to the Code of Internal Control for Administrative and Institutional Units (for Trial Implementation) and prepare for its implementation. The detailed work needs to include integrating the specific procedures of various economic projects of the unit, identifying business activities, systematically studying the risks of economic activities, defining risk points, selecting risk treatment solutions, creating a perfect internal management system of the unit based on the above-mentioned basis with reference to the relevant requirements of China and assisting the relevant personnel to fully implement and enforce it.

An efficient system of internal control and supervision is the key basis for the unit's financial management organization to accomplish its work in accordance with the system. A sound internal control system stimulates the independence and efficiency of the auditing organization and oversees the smooth operation of the unit in accordance with procedures. In addition, there is a need to integrate the internal control system with the management accounting system. The internal control system provides sufficient information for management accounting and is a prerequisite for carrying out management accounting. Along with the realistic use of management accounting, the management accounting system needs to feed the data content to the relevant staff to promote a tighter internal control system within the unit and efficiently avoid the problems of favoritism, discipline and violation of law within the administrative institutions.

4.3 Promote the Training of Management Accounting Talents

In order to let management accounting play a full impact, enhancing the professional level of accounting personnel and creating a team of personnel with strong comprehensive strength become

the most important. In the real development, the school should pay extra attention to the accounting discipline, focus on the cultivation of professional talents, comprehensively strengthen the orientation cultivation of talents in the school, and promote the comprehensive integration of the theory and real experience of talents. In addition, administrative institutions need to pay attention to the cultivation and further training of staff, and create good cooperation with schools, and provide opportunities for accounting staff to work and train outside, to help management accounting staff's reserves of more adequate knowledge, so that they continue to meet the development of society and the economy, and lay the foundation for the cultivation of management accounting talent. In it is also necessary to continuously strengthen the ideological and moral development, enhance the ideological and moral ability of the staff so that they like the accounting business, in addition to a strict management system to punish the accountants who violate the personnel accordingly, thus limiting the violating activities of the accountants.

4.4 Increase the Importance of Unit Leaders to Management Accounting

The leadership management concept of administrative institutions is an important condition that affects the function of such accounting, so for the leaders, they need to continuously strengthen the concept of management accounting and understand the key influence of management accounting on the future development of the unit, and in order to accomplish the above development goals we to create an efficient and scientific social restraint system, and then comprehensively restrict the decision-making activities of the leaders within the unit, so as to make management accounting get the internal staff's attention, and when the relevant government departments carry out leadership training, they need to add new theories and knowledge related to management accounting to unit leaders' attention to management accounting to a certain extent.

As important personnel who are decision makers of administrative institutions, even though the internal system of the unit is relatively perfect and clear, they will have a corresponding influence the development of the unit. Therefore, firstly, it is necessary to continuously strengthen the management accounting concept of decision makers and support and pay attention to management accounting activities; secondly, unit leaders need to autonomously involve financial accounting personnel in the development and management of the organization and participate in the activities of the organization to provide sufficient, accurate and comprehensive contents to assist managers in making correct decisions; finally, it is necessary to continuously publicize and promote management accounting, so that unit leaders can understand the positive impact on the future development of the organization and promote the attention and use of management accounting by decision makers.

5. Conclusion

This paper provides an in-depth analysis based on the current situation, where administrative are not currently using management accounting efficiently and are not using it in operational management. The main functions of management accounting and its positive impact on the development of accounting activities within the unit need to be accomplished at this time using a comprehensive strengthening of the integration of management accounting and unit management. Therefore, our country and administrative institutions need to continuously improve the current internal and external environment for the use of management accounting at the institutional and unit levels, and start to improve the level of integration of management accounting and administrative institution management, thus accelerating the long-term and stable development of the unit.

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