

## Research on the Transformation from Financial Accounting to Management Accounting in Universities in the New Era

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**Abstract:** With the changes in the market economy environment, traditional financial accounting is no longer able to meet the needs of enterprises and institutions for decision support and performance management. Therefore, more and more universities are actively promoting the transformation from financial accounting to management accounting. However, due to the late start of research on management accounting in China, there are still many problems in the transition from financial accounting to management accounting in universities. This article analyzes these issues. Finally, based on domestic and international research results and the actual situation of local universities, strategies for universities to promote the transformation from financial accounting to management accounting were explored.

### 1. Introduction

Financial management activities are an important component of efficient management work, and accounting information provides an important basis for major decisions in universities. Financial accounting mainly focuses on the preparation of financial statements and accounting for units, emphasizing the recording and analysis of past operating and financial conditions. With the advancement of education reform in universities and the implementation of the new government accounting system, relying solely on financial accounting and finding it difficult to meet the needs of efficient decision-making support and performance management, it is necessary to introduce more advanced accounting systems and methods. The Basic Guidelines for Management Accounting issued by the Finance Department provide a basis for public institutions to carry out management accounting work, and more and more universities are participating in the construction of management accounting systems. However, due to the late start of research and application of management accounting in China, there are still many problems in promoting the transformation of financial accounting to management accounting in universities. Therefore, the study explores the promotion of the transformation of financial accounting to management accounting in universities, so that the accounting system in universities can better serve the management and decision-making of universities[1].

### 2. Issues in the transition from financial accounting to management accounting in universities

#### 2.1 Low degree of integration between industry and finance

In the process of transforming from financial accounting to management accounting in universities in the new era, more management accounting should be applied to various businesses. However, due to the lack of management accounting talents in universities, it is difficult to apply management accounting to various management businesses during the transformation process. Financial personnel still focus on traditional financial accounting work in their work and have not consciously approached the direction of talent integration. There is insufficient communication between different departments and departments within universities, as well as between departments and finance departments. Financial personnel are also prone to numerous obstacles when carrying

out accounting and management accounting work. For example, finance personnel require business departments to strictly follow the financial information collection requirements of the finance department to independently and regularly submit information, but some business department personnel do not attach importance to this, and the submitted information is often incomplete. It greatly affects the effectiveness of financial management and risk control in schools. For example, research funding management is an important aspect of financial management in universities. As universities promote the transition from financial accounting to management accounting, the degree of integration between industry and finance is low, and financial accounting is still the main focus. Therefore, some research personnel cannot receive compensation through reasonable channels for their mental labor during project research and development. The difficulty of reimbursement management is high, and there may even be cases of illegally obtaining research funding during the reimbursement process. The balance of funding for different research projects in a certain university is shown in Table 1. From the table, it can be seen that although the proportion of surplus funds at the end of some projects is relatively high, the funds applied for by the project team, in addition to purchasing office supplies and paying graduate labor fees, are difficult for some project team members to receive appropriate compensation[2].

Table 1 Balance of Funds for Different Scientific Research Projects in a Certain University (RMB)

Project	Amount received	Amount after deducting management fees	Surplus funds	Balance ratio
Project 1	300000	285000	187137	65.66%
Project 2	720000	684000	343719	50.25%
Project 3	420000	399000	275714	67.10%

## 2.2 Lack of professional management accounting talents

Although the selection and application standards for financial personnel have been continuously improved in an efficient manner, and there is increasing emphasis on training and assessment of financial personnel, in the process of promoting the transformation of financial accounting project management accounting, the cultivation of existing financial personnel management, accounting knowledge and skills has been neglected, resulting in a shortage of professional management accounting talents. At present, although the existing financial personnel in universities have a solid grasp of financial accounting knowledge and skills, their abilities in cost management, budget preparation, management accounting report preparation and analysis still need to be improved, making it difficult to meet the needs of the transformation from financial accounting to management accounting. At the same time, in the process of transitioning from financial accounting to management accounting in universities, it is also necessary for accounting personnel to have good cross departmental cooperation, data analysis, and communication skills, in order to reduce information asymmetry between departments, obtain more information, conduct complex analysis and interpretation, and provide strong basis for efficient managers to make significant decisions. However, many accounting personnel are accustomed to the working mode of financial accounting. The poor ability to collaborate and communicate across departments has greatly affected the pace of the transition from financial accounting to management accounting[3].

## 2.3 Management accounting reporting system not yet established

The management accounting reporting system is an important component of management accounting. Only by establishing a relatively complete management accounting reporting system in universities can the role of management accounting be fully utilized. The management accounting reporting system includes management accounting reports at the strategic level, management accounting reports at the management level, and management accounting reports at the business level. However, currently, universities have not established a relatively complete management accounting system, which greatly affects the implementation of management accounting[4].

### 3. Strategies for Universities to Promote the Transformation from Financial Accounting to Management Accounting

#### 3.1 Strengthen the integration of industry and finance

Under the new situation, universities should further coordinate financial work and promote the integration of industry and finance from the perspective of systems and work objectives. Firstly, universities should improve the organizational and operational models for the integration of industry and finance, by defining the responsibilities of financial personnel at the institutional level to enable them to conduct in-depth financial analysis and decision support based on information collected through cooperation with business departments, as shown in Figure 1.

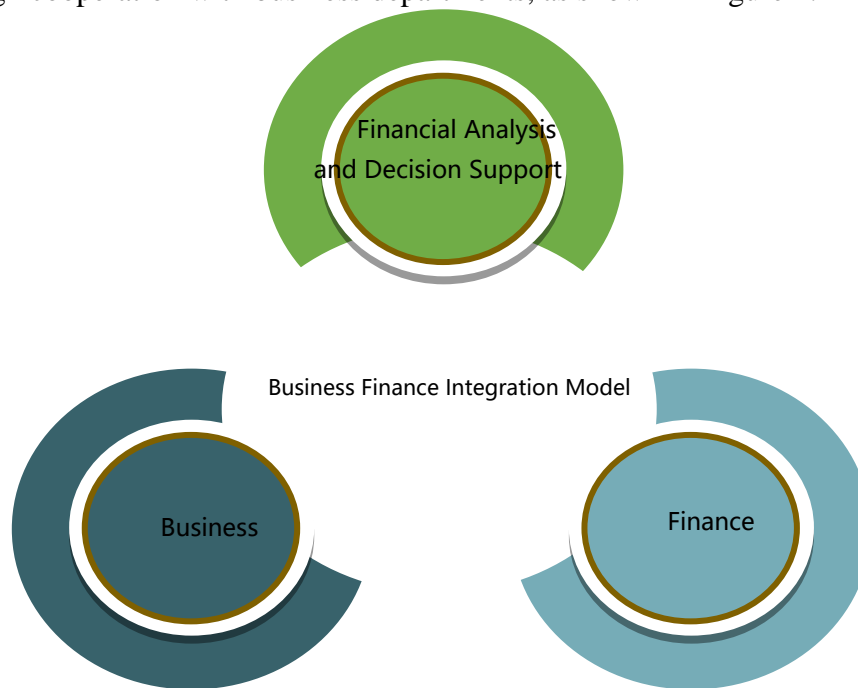


Figure 1 Integration Model of Industry and Finance in Universities

Secondly, universities should reasonably coordinate their business and financial goals and promote cooperation between business and financial departments. Due to the different functions of the business and finance departments in universities, there are significant differences in their work objectives and content. In the process of promoting the transformation from financial accounting to management accounting, it is necessary to use information technology, strengthen communication between the business and finance departments, and on this basis, coordinate the financial goals, with a focus on weakening the degree of inconsistency between the two goals, and making the two goals closely integrated. In practical work, university managers need to clarify the relationship between the two departments in the integration of industry and finance, and identify the value of both parties to each other. For example, the finance department can help business departments such as the Academic Affairs Office establish more standardized business plans and educational funding operation models, making business activities more systematic and achieving business goals more smoothly. The business department should use information technology such as cloud computing to provide a large amount of business information for the finance department, facilitating financial analysis, cost management, and other work for financial personnel, improving the accuracy, authenticity, and comprehensiveness of accounting information, and providing a strong basis for major decisions such as university investment. On this basis, universities can establish a standard process for integrating industry and finance based on the value relationship between the business department and the finance department. For example, the finance department first proposes budget control and other related financial requirements to the business department based on information such as budget roles and education fund allocation. The business department can carry out business activities within the scope of financial requirements, as long as the expenses brought by the

activities do not exceed the scope of business requirements, The financial information of the expense items, i.e. expenditure amounts, for business activities at the designated time is reported to the finance department. Based on financial analysis, the finance department provides internal control suggestions to the business department, enabling it to achieve the final goal within a reasonable range[5-6].

### **3.2 Strengthening the Training of Management Accounting Talents**

On the one hand, universities should try to reform the functions of financial positions and promote personnel transformation. The reform of the functions of financial positions in universities needs to be based on the financial accounting position, attempting to push the functions of management accounting to financial accounting positions. Based on this, management work requirements are proposed to existing financial accounting personnel to encourage them to adapt to management accounting work. For example, adding and optimizing financial processes to the traditional responsibilities of financial accounting positions, assisting department heads in external communication work, etc[7].

On the other hand, universities also need to strengthen the training of existing financial personnel, continuously improve their professional level, especially their understanding of management accounting, and promote the transformation of financial personnel into management accounting. When universities organize and design training for financial personnel, they should include training on management awareness for financial accounting personnel, as well as content on management accounting theory and case analysis, in order to enhance the management ability of financial personnel and help them understand the new functions of financial management positions. In the context of informatization, universities should also encourage financial personnel to actively engage in online self-directed learning in management accounting and information technology. The results of online learning and assessment can be linked to excellence and performance assessment, accelerating personnel transformation speed[8-9].

### **3.3 Improve the management accounting reporting system as soon as possible**

In the process of transforming and developing towards management accounting, universities should establish a more comprehensive management accounting reporting system as soon as possible. They should adhere to the principles of information reliability, diversity of forms, and timeliness of reporting, and focus on the role of management accounting. The goal of constructing a management accounting reporting system is to provide management decision-making information, improve efficient internal management level, and improve efficient risk response ability. According to the management accounting documents issued by the finance department and other departments, as well as the requirements for efficient management, a management accounting reporting system will be gradually constructed from the strategic, operational, and business levels. The strategic management accounting report should include strategic management report, risk management report, and business analysis report. The management accounting report should include budget management report, project investment and financing analysis report, and education special fund analysis report. The business management accounting report should include performance evaluation report and education cost management report. In developing a strategic management accounting reporting system, managers should also conduct SWOT analysis in conjunction with macro policy systems, clarify strategic goals based on the analysis results, implement strategic evaluation, and determine the overall strategic goals as promoting the construction of applied universities, improving the quality and core competitiveness of talent cultivation, and then refine and determine talent cultivation goals, discipline construction goals, and scientific research goals around this overall goal The goal of campus cultural construction, etc[10].

## **4. Conclusion**

In the process of promoting the transformation from financial accounting to management accounting, universities must recognize the problems existing in talent systems and accounting

systems. They should learn from the experience of other domestic universities, combine the characteristics of management accounting, and promote the integration of industry and finance at the institutional level, as well as the construction of management accounting reporting systems. They should strengthen the cultivation of management accounting talents and continuously improve the level of financial management.

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