

# Analysis of State-owned Enterprises Based on Management Accounting

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**Abstract:** The purpose of this paper is to analyse the difficulties and corresponding strategies of business-finance integration in state-owned enterprises from the perspective of management accounting. First, it describes the functions of management accounting in state-owned enterprises, including decision support, cost control, performance evaluation and risk management. Then, it analyses the importance of business-finance integration in state-owned enterprises from the perspective of management accounting, including providing comprehensive information, performance evaluation, resource allocation, strategy development and internal control. Then it discusses the difficulties of business-finance integration in SOEs, such as the integration and analysis of complicated data, organizational and cultural problems, obstacles in system construction and information technology support, and difficulties in performance evaluation and incentive mechanism. Finally, it proposes strategies for business-finance integration in SOEs, including the establishment of a unified data standard, the construction of a management accounting information system, and the training and introduction of professional information technology personnel. This study has a certain reference value for promoting the integration of business and finance in SOEs and improving the competitiveness and long-term development capability of enterprises.

**Keywords:** Management Accounting; State-Owned Enterprises; Industry-Finance Integration; Information System Construction

## 1. Introduction

With economic globalization and intensified market competition, state-owned enterprises are facing a series of new challenges and opportunities. As an important means of modern enterprise management, business-finance integration can effectively integrate enterprise resources, improve operational efficiency and enhance enterprise competitiveness. However, in the actual operation of state-owned enterprises, the integration of business and finance still faces many difficulties and challenges. The purpose of this paper is to analyse the difficulties in the integration of business and finance in state-owned enterprises from the perspective of management accounting, and put forward corresponding strategic recommendations to promote the sustainable development of state-owned enterprises.

## 2. Functions of Management Accounting in State-owned Enterprises

Management accounting is an accounting system that helps managers make decisions and exercise control. In state-owned enterprises (SOEs), management accounting plays an important role and has the following functions [1].

First, it helps SOE managers make decisions. By providing information, management accounting helps managers assess the potential outcomes and impacts of different decision options. For example, management accounting can provide cost estimates to help managers decide whether to invest in new production facilities or start a new business, and it can also provide financial forecasts to help managers develop long-term strategic plans.

Second, cost control. Management accounting

can help managers strengthen cost control by formulating cost budgeting program and enterprise consumption evaluation system. Cost budgeting is an important task of management accounting, which can help managers set expected financial targets and monitor and adjust the gap between actual consumption and budget. In addition, management accounting can help managers track and evaluate business performance by providing key performance indicators and reports. Management accounting analyses and evaluates business processes to identify potential efficiency problems and wasted resources, and makes recommendations for improvement. For example, management accounting can perform cost-benefit analyses to help managers determine which business processes can be improved to reduce costs or increase efficiency.

Finally, it can improve risk management and performance evaluation. Management accounting can provide risk assessment and management tools to help managers identify and manage potential risks. Management accounting can also develop performance indicators and methods to help managers evaluate the performance of individual departments and employees, and reward or penalize employees based on their performance.

In general, management accounting collects, organizes, and analyses internal and external information of SOEs to provide accurate and timely analysis reports for strategic decisions, investment decisions, cost control decisions, etc., and to help the management of SOEs make wise decisions.

### **3. The Importance of Business-finance Integration in State-owned Enterprises from the Perspective of Management Accounting**

First, financial accounting focuses on the financial status and operating results of an enterprise, while management accounting focuses on the operation and efficiency of an enterprise. Through the integration of business and financial accounting, financial and non-financial information can be integrated to provide SOEs with comprehensive information, which can help the management to fully understand the operation status and problems of

the enterprises, so as to make more accurate and comprehensive decisions. Secondly, performance management is one of the core contents of management accounting, and it is also an important task for the management of SOEs. By combining business and financial indicators, it is possible to assess the performance of an enterprise more accurately. For example, by formulating KPIs and correlating them with financial indicators, it is possible to better measure an enterprise's operational efficiency, market share, customer satisfaction, etc. Meanwhile, by establishing a performance evaluation system, it is possible to assess the performance of an enterprise. At the same time, by establishing a performance evaluation system and performance incentive mechanism, it is possible to stimulate the enthusiasm and creativity of employees and improve the performance level of the enterprise. Thirdly, SOEs are unique in terms of resource allocation and need to take into account the government's guidance and constraints. Through the integration of business and finance, the management can better understand the utilization and effectiveness of the enterprise's resources, so as to optimize the allocation of resources. Moreover, through budget management and investment decision support, the effective utilization of resources can be ensured and the return on investment of the enterprise can be improved [2]. Fourth, the development of state-owned enterprises requires the formulation and implementation of effective strategies. Through the integration of business and finance, management can better understand the internal and external environment of the enterprise and provide strategic decision support. Fifth, SOEs face certain challenges in internal control, such as over-centralization of power and imperfect supervision. Through the integration of business and finance, the internal control of enterprises can be strengthened and the risk management ability can be improved.

In short, through business-finance integration, SOEs can better understand their operations and problems, and improve their competitiveness and long-term development [2].

### **4. The Importance of Business-finance**

## **Integration in State-owned Enterprises from the Perspective of Management Accounting**

### **4.1 Integration and Analysis of Voluminous Data**

Data integration and analysis is a key step in realizing the integration of business and finance in SOEs. SOEs usually have a large amount of business and financial data, which come from different departments and business units and may have different formats and measurement methods. How to integrate and analyse these data is a very challenging task. First, data integration requires addressing the issue of data standardization. Different departments and business units use different data formats, data definitions and measurement methods, resulting in inconsistency and incomparability. Second, data integration requires the establishment of a suitable information system. State-owned enterprises need to establish appropriate management accounting information systems to support data integration, storage and query. These information systems should be able to handle large amounts of data and have high data security and reliability. To this end, SOEs need to train and bring in professional IT staff to support the operation and optimization of the systems, which is undoubtedly a major project. Finally, after data integration, data mining and analysis is also a technical challenge. It is important to point out that data integration and analysis do not only rely on technical means, but also require the establishment of a corresponding data quality management system to ensure the accuracy and reliability of the data [3].

### **4.2 Organizational and Cultural Issues**

SOEs tend to have large organizational structures and complex management levels, making it difficult to implement business-finance integration. First, there is a lack of effective communication and collaboration mechanisms. Information flows between different departments are poor, and the problem of "information silos" is prominent. Interdepartmental collaboration is often limited, resulting in delayed decision making and inefficiency. Second, the culture of SOEs is

resistant to change and innovation. Influenced by the management model, some personnel in SOEs lack innovative thinking and are resistant to change, hindering the effective development of business-finance integration [4].

### **4.3 Systems Development and Information Technology Support Impediments**

In the process of business-to-finance integration, the establishment of an appropriate management accounting information system is essential. This system must collect, integrate, analyse, and report data from various departments and segments to support decision-making and management. However, for state-owned enterprises (SOEs), existing information systems often fail to meet these needs. First, SOEs have outdated information systems. Due to historical reasons or a lack of system upgrades over time, SOE information systems may be outdated and unable to meet current business and management needs. Second, SOEs have inadequate information systems. Due to historical reasons or poor management, many SOEs' information systems have imperfect functionality, incomplete data, and unfriendly interfaces. This requires optimizing the information system, adding new functions and modules, and improving the completeness and accuracy of data. Finally, SOEs may have incompatible information systems. For historical reasons or because they were developed independently by different departments, SOEs' information systems may be incompatible, preventing seamless data integration and sharing [5].

### **4.4 Difficulties in Performance Appraisal and Incentives**

In the integration of business and finance, it is crucial to establish a scientific and reasonable performance evaluation and incentive mechanism. However, SOEs still face some challenges in performance evaluation and incentive, such as administrative intervention and a large number of stakeholders. First, administrative intervention may have a negative impact on the performance evaluation and incentive mechanism. First, administrative intervention may have a negative impact on

performance evaluation and incentives. The government plays an important role in SOEs, influencing decision making, goal setting and performance evaluation. Second, there are many stakeholders in SOEs, such as the government, employees, and shareholders, who may have different needs for the design of performance appraisal and incentives. How to communicate with each stakeholder and balance the interests of each party to ensure that the performance appraisal and incentive mechanism meets the needs of each party and realizes that all parties can share the fruits of enterprise development is a very complicated issue. Finally, performance evaluation and incentive mechanisms must be consistent with the goals of business-finance integration. In the process of implementing business-finance integration, SOEs may face conflicts between short-term economic interests and long-term development. To avoid excessive pursuit of short-term economic benefits at the expense of long-term development, SOEs need to take measures to balance the relationship between the two.

## **5. Strategies for the Integration of Business and Finance in State-owned Enterprises from the Perspective of Management Accounting**

### **5.1 Data Integration and Analytical Response Systems Development and Information Technology Support Impediments**

The following countermeasures can be taken to address the difficulty of integrating and analysing the complex data in the business-finance integration of SOEs: First, SOEs can establish a unified data platform to integrate and centralize all business and financial data. First, state-owned enterprises can build a unified data platform to integrate and centralize all business and financial data. This platform can use advanced data management and analysis tools, including data warehousing, data mining, and big data analysis technologies, to better integrate and analyse complex data. Second, to ensure data consistency and comparability, SOEs can develop unified data standards and specifications, including data naming, data formats, data collection, and data storage, to maintain data consistency across different business and

financial departments for easier integration and analysis. Third, enterprises can deploy automated and intelligent technologies, such as artificial intelligence, machine learning, and automated report generation, to accelerate data integration and analysis. These technologies can automatically extract, cleanse and integrate data, reducing manual intervention and improving the efficiency and accuracy of data analysis. Fourth, enterprises can set up cross-departmental data analysis teams composed of professional data analysts and financial personnel to analyse and interpret complex data. In this way, business and financial data from different departments can be comprehensively analysed to identify potential business opportunities and financial risks. Fifth, strengthen data security and privacy protection. In the process of data integration and analysis, enterprises can take measures such as encrypted storage, rights management, data backup, and employee training to strengthen data security and privacy protection.

### **5.2 Organizational and Cultural Responses**

In view of the organizational and cultural difficulties in integrating business and finance in SOEs, the following countermeasures can be taken: First, establish a cross-departmental cooperation mechanism to break down barriers between departments and promote communication and cooperation between business and finance departments. First, interdepartmental cooperation mechanisms should be established to break down barriers between departments and facilitate communication and cooperation between business and finance departments. For example, regular meetings, workshops, and project teams can be organized to facilitate communication and information sharing among departments and improve synergy efficiency. Second, a dedicated business-finance integration department can be established to coordinate the integration of business and finance. The department should be composed of professionals with management accounting background and experience, and be responsible for formulating business-finance integration plans and strategies, as well as monitoring and evaluating their implementation. Third, improve the corporate culture. State-

owned enterprises should build a positive, open and inclusive organizational culture, and promote cross-departmental cooperation among employees. Fourth, strengthen management leadership. Management plays an important role in integrating business and finance in SOEs, and its leadership should be strengthened. Management can promote organizational and cultural change by participating in the integration project, emphasizing the importance and value of integration, and providing the necessary resources and technical support.

### **5.3 System Building and Information Technology Support Response**

The following countermeasures can be taken to address the problems of system construction and IT support in the integration of business and finance in SOEs: First, SOEs need to define the objectives and needs of business-finance integration, and determine the scope and functions of system construction. First, SOEs need to define the objectives and needs of business-finance integration, and determine the scope and functions of system construction. Relevant information can be obtained through demand research, user feedback, and expert consultation to ensure that the system meets business needs. Second, SOEs should seek appropriate information technology to support business-finance integration according to their business and financial needs. Third, strengthen the integration and interoperability of information systems. SOEs' business and financial systems often operate independently and have information silos, so it is necessary to strengthen the integration and interoperability of the systems. Technical means such as integration platforms, data interfaces or middleware can be used to realize data sharing between business and financial systems and ensure the accuracy of information. Fourth, state-owned enterprises should strengthen information security management in system construction. They can formulate information security policies and standards, and take measures such as firewalls, encryption technology, and access control to ensure that business and financial information is not subject to unauthorized access or tampering. Fifth, system construction and information

technology support often require employees to have relevant knowledge and skills. State-owned enterprises can provide training services to help employees become familiar with new systems and improve the application level of their information systems.

### **5.4 Performance Appraisal and Incentive Mechanism Responses**

The following measures can be taken to address the problems of performance evaluation and incentive mechanisms in the integration of business and finance in SOEs:

First, SOEs need to set clear performance assessment indicators that cover both business and financial performance. First, SOEs need to set clear performance assessment indicators that cover both business and financial performance. Specifically, key performance indicators related to business-finance integration can be formulated according to the strategic goals and business characteristics of the enterprise, such as sales growth rate, profit margin, return on assets, and so on; they can also be quantified and specific time limits can be set to effectively measure and evaluate performance.

Second, establish a perfect performance evaluation system. Specifically, SOEs can adopt a multi-dimensional evaluation method that takes into account both business and financial performance, such as weighing profit, market share, customer satisfaction and financial risk indicators; at the same time, they must ensure that the evaluation process is fair and transparent, and that employees are given the opportunity to provide feedback and make improvements.

Third, establish an appropriate incentive mechanism to motivate employees to play an active role in the integration of business and finance. SOEs can consider formulating an incentive system, such as performance bonuses, stock incentives, or promotion opportunities, to stimulate employees' motivation. At the same time, it is necessary to link the incentive mechanism with performance evaluation to prevent the incentives from deviating from the company's goals.

Fourth, SOEs can provide relevant training and development opportunities to help employees improve their ability to integrate business and

finance. They can organize internal training or external professional training to let employees understand the theoretical knowledge and skills of business-finance integration and enhance their professionalism in management accounting. At the same time, SOEs can provide employees with development opportunities, such as participation in project management, financial analysis, or decision making, to motivate employees to learn and grow.

### **5.5 Integration of Business and Finance in the Overall Development Orientation**

While implementing specific countermeasures, the overall development direction of business-finance integration should also be clarified. In general, from the perspective of management accounting, the development of business-finance integration in state-owned enterprises includes the following principles: First, the maximization of enterprise value should be the goal. First, the maximization of enterprise value should be the goal of business-finance integration in SOEs, so as to improve the profitability and market competitiveness of enterprises through reasonable financial management and business management. Second, take cost control as the core. The business and finance integration of SOEs must focus on cost control, use management accounting tools to carry out refined management of enterprise costs, reduce enterprise operating costs and improve enterprise profitability. Third, focus on risk management. The integration of business and finance in state-owned enterprises must focus on risk management, assess and control risks through management accounting, reduce business risks and ensure the healthy development of enterprises. Fourth, based on

performance evaluation. The integration of business and finance in state-owned enterprises must focus on performance evaluation, evaluate and analyse the enterprise's operating performance through management accounting, and provide a scientific basis for enterprise decision-making. Fifth, supported by informationization construction. The integration of business and finance in state-owned enterprises must focus on informationization construction. Through management accounting means, a perfect information system should be built to improve the informatization level of enterprises and support their management and decision-making.

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