

## **A Study on Management Accounting Methods Based on Environmental Uncertainty**

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*Abstract: With the rapid social and economic advancement, financial work has gradually received higher and higher importance from Chinese enterprises and studies on scientific management accounting methods have sprung up. For this reason, this paper gives a specific study on management accounting methods based on environmental uncertainty in the hope of providing certain reference for relevant insiders.*

*Keywords: Environmental uncertainty, Management accounting, Methods*

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### **1. INTRODUCTION**

In recent years, with the constant deepening of economic globalization in China, various kinds of Chinese enterprises begin to face increasingly fierce international competition, for which, enterprises are confronted with many potential influencing external factors, namely environmental uncertainty. On this ground, in order to reduce as much as possible the impact brought by environmental uncertainty on enterprise development, this paper presents a specific study on management accounting methods based on environmental uncertainty.

### **2. OVERVIEW OF DEVELOPMENT OF MANAGEMENT ACCOUNTING**

#### **2.1 Definition of Management Accounting**

Management accounting itself is called as accounting for internal reporting, which mainly aims at providing document used in planning and control of economic activities for management of the enterprise with the combined use of professional approaches and in light of financial related data. And the core of management accounting lies in creation of value and maintenance of regulations. For the purpose of in-depth understanding of management accounting, the author intuitively shows the development course of China's management accounting through Tab. 1<sup>[1]</sup>.

Tab. 1 Development Course of China's Management Accounting

Stage of Development	Time	Feature
Executable management accounting	Before the 1950s;	Job function mainly lies in control of economic activities of management of the enterprise;
Decision-making management accounting	Before the 1980s;	Job function mainly lies in planning of economic activities of management of the enterprise;
Contingency management accounting	After the 1980s;	Importance is given coordination and cooperation between information support system and management control system;

## 2.2 Difficulties in Application of Management Accounting

After a brief introduction of management accounting, a discussion on difficulties in application of management accounting is given. In accordance with relevant literature and personal investigation, the author summarize the difficulties as internal environmental condition, project fund and materials management, business production cost management, risk prevention mechanism and human resources management, which are clearly shown in Tab. 2<sup>[2]</sup>.

Tab. 2 Difficulties in Application of Management Accounting

Difficulties in Application	Concrete Manifestation
Internal environmental condition	Lack of due importance attached to management accounting, for which, it is hard for the enterprise to gain growth potential and management accounting falls behind the enterprise development;
Project fund and materials management	Unsound system of funds management and poor hardware facility, which cause difficulty in gaining support from high-quality information for management accounting;
Business production cost management	Loose cost control and lack of a scientific budgeting system, which cause difficulty in meeting requirements of management application;
Risk prevention mechanism	Lack of risk identification and blind pursuit of economic benefits, which hinders management accounting from paying its role;
Human resources management	Lack of a scientific human resources management system and severe brain drain, ill-performed teamwork, which adversely affect smooth implementation of management accounting work;

### 3. OVERVIEW OF ENVIRONMENTAL UNCERTAINTY

#### 3.1 Definition of environmental uncertainty

Based on the brief introduction of management accounting, it is necessary to present a clear definition of environmental uncertainty, and in accordance with relevant literature and knowledge of the author, this paper regards environmental uncertainty as environmental variability. Thus, the environmental uncertainty in enterprise's business operations substantially refers to the changes in international market and socialist market economy.

#### 3.2 Characteristics of environmental uncertainty

After a introduction of definition of environmental uncertainty, it is necessary to analyze the characteristics of environmental uncertainty. The author shows clearly the characteristics in Tab. 3, with which, we can clearly know the characteristics of environmental uncertainty in enterprise's business operations, which include maturity of economic society, enterprise collectivization, rapid development of information industry, and increasingly socialized enterprise<sup>[3]</sup>.

Tab. 3 Characteristics of Environmental Uncertainty in Enterprise Business Operations

Characteristics of Environmental Uncertainty	Concrete Manifestation
Maturity of economic society	Personalization of product demand, springing up of high valued-added products and normalization of quantity production;
Enterprise collectivization	Competition with enterprises in the world and implementation of collectivized business strategies
Rapid development of information industry	Application of big data and other information technologies;
Increasingly socialized enterprise	More concerns given to impact on environment and social sharing;

### 4. APPROACHES TO COPE WITH ENVIRONMENTAL UNCERTAINTY FOR ENTERPRISES IN MANAGEMENT ACCOUNTING

Through the preceding context, we get a comprehensive understanding of the environmental uncertainty for enterprises and management accounting. Besides, in order to present a in-depth study in this paper, the author gives a detailed discussion on the approaches to cope with environmental uncertainty for enterprises in management accounting from three aspects:

increasing collection of environmental information, transforming structural style of the system and enhancing accounting practicability.

#### 4.1 Increase collection of environmental information

Through strengthening importance attached to collection and arrangement of environmental information, the enterprise can ensure management accounting gain adequate support from all sorts of information. In this case, the author suggests relevant enterprises should establish a well-developed information network so as to substantially increase collection of environmental information and provide powerful support for exerting the full effect of management accounting. Thus, environmental uncertainty for the enterprises can be properly dealt with<sup>[4]</sup>.

#### 4.2 Transforming structural style of the system

In terms of transforming structural style of the system, relevant enterprises shall set up professional departments to cooperate with management accounting work, enhance the level of scientific operation of all the departments, which will bring about strong support to realization of reducing external disturbance to relevant enterprises. And then, the impact of environmental uncertainty for the enterprises can be under control.

#### 4.3 Enhancing practicability of management accounting

Tab. 4 clearly shows the specific measures to enhance practicability of management accounting, with which, we can intuitively understand the approach to cope with environmental uncertainty for the enterprise.

Tab. 4 Measures to Enhance Practicability of Management Accounting

Measure	Specific Content
Achieving good cultural propaganda	Placing the focus of cultural propaganda on the basis of a stable basic structure;
Realizing close connection between the side and outside the enterprise	Avoiding the negative effects caused by discordance;
Improving cultural propaganda of the system	Guiding enterprise development;

### 5. CONCLUSION

In the study on management accounting methods based on environmental uncertainty presented in this paper, the author gives a detailed discussion on development of management

accounting development, definition of environmental uncertainty in enterprise business operations, and puts up with approaches to cope with environmental uncertainty in management accounting in the hope of providing certain inspiration to relevant personnel.

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