Analysis on the Reconstruction of Management Accounting Framework from the Angle of Corporate Social Responsibility

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Abstract

Along with China’s opening-up to the world and speedy social economic development, the economic strength will not serve as the only attribute of evaluating an enterprise. In this paper, by analyzing from the perspective of the management accounting framework under corporate social responsibility, the theoretical bases for enterprises to manage corporate image were discussed from two aspects: economic strength and social responsibility.

Keywords: Corporate Social Responsibility; Management Accounting; Framework Reconstruction

1. Introduction

The enrichment of the material life in China has promoted the national people's pursuit and needs for spiritual culture; they have begun to commonly evaluate the comprehensive strength of individuals and organizations using moral standards and word-of-mouth foundation. Enterprises need to shoulder the responsibilities for environment, employees, and consumers while making profits; they also need to change the traditional capital-centered management concept and lay a great emphasis on the construction of corporate culture for the goal of making contributions to society, environment, and consumers from the speed of production. Seen from the current corporation management situation of China, the concept of social responsibility has not entirely fulfilled by enterprises: social responsibility itself can reflect an enterprise’s recognition on its own ascription of economic responsibilities and legal consciousness, but also it is a theoretical basis for enterprise management to shift the focus from enterprise production benefit to enterprise social responsibility. Enterprises’ reset for management accounting framework is not merely a need for its own development, but also a method of improving their active fulfillment to corporate social responsibility. Therefore, enterprises need to analyze the role of social responsibility in organizational framework and management accounting, and also reconstruct the management accounting framework from the social responsibility enterprises shall undertake.

2. Overview and significance of corporate social responsibility in China and foreign countries

Early after the first industrial revolution, corporate social responsibility (CSR) had been equipped with some standards on the corporate moral level, which was regarded by economics founder Adam Smith as invisible hand. In the mid-nineteenth century, the industrial revolution brought about profound changes to productivity and economic benefits, and corporate management mechanism and employee security system were also gradually well-improved:

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shouldering social responsibility had been a new requirement of the society for enterprises in terms of social behavior, but also turned into a necessary measure of raising corporate image and word-of-mouth reputation. In the mid-twentieth century, increasingly more business academics in foreign countries proposed on authoritative account that 'enterprises shoulder social responsibility' was a basis of producing benefit effect to enterprises besides earning money, but also an action of promoting corporate sustainable development and survival capability: any commodities advertising was not as good as the effect from the image improved by enterprises by contributing charity and social welfare.

In China, a social responsibility system was made for the international purchasing behavior of enterprises at the beginning of the 21st century; under the impetus of the international brands, China's enterprises began to gradually receive the test in international responsibility. Enterprises are the main body of the social market economy system, and therefore, good reputation and image are the essential factors for the development of social responsibility and corporate scale. Enterprise managers understanding and supports of social responsibility can help consolidate the corporate development direction and improve the internal control framework; adding new public responsibility into management concept can promote corporate benefit development and responsibility norms. Enterprises' economic strength is the foundation for the implementation of corporate social responsibility, and thus the reconstruction of the management accounting framework improving corporate benefit is a major measure of enhancing comprehensive corporate strength, but also a way of winning a good image and reputation for corporate development.

3. The effect of management accounting framework reconstruction on corporate social responsibility

Management accounting is also referred to as internal control statement accounting, in which accounting personnel sort out the related data through professional financial information and facilitate other management personnel to effectively control and plan corporate book of accounts and operating behavior: it is functionally divided into cost calculation and integrated

Figure 1. Framework of the proposed method.
management, and can play role in enhancing and promoting corporate development strategy and management effect. Therefore, the reconstruction of management accounting framework is a way of managing corporate business and finance, but also a basic management strategy of corporations to undertake social responsibility.

3.1 Determining the reconstruction direction of management accounting framework

Management accounting can be divided into four aspects of management and restriction: morality, function, belief, and diagnosis. But to classify the corporate behaviors of fulfilling so social responsibility is based on the moral aspect. That is to say, it is necessary to do a good job in corporate management from morality and economy. Seen from the basic functions, the management accounting’s goal is the multi-level development of management attributes, which meets the need for grasping financial condition and obtaining economic benefits in the management. However, adding the concept of social responsibility provides moral management framework and theoretical basis for the corporate overall management system.

Along with the establishment of the socialism with Chinese characteristics, China’s traditional corporate management way has been unable to accommodate the current social market atmosphere with increasing moral level; what corporations need is not only making efforts to gaining a sustainable development based on the current benefits, but also necessarily building up a positive, bright corporate image through the risks and responsibilities restricted by law and morality. The reconstruction of management accounting framework from the direction of social responsibility is to let corporations fundamentally meet the ethical and moral concepts: in terms of the management of internal accounting personnel, they are required to mutually promote each other from financial management information and social responsibility, combine responsibility planning and benefits, and associate social responsibility with management accounting in the form of belief input. In corporations, belief guide is an important component of managerial principles. Therefore, corporations can independently set up an administrative department based on the needs of related functional departments to supervise corporate social responsibility and restrict the implementation of corporate ideas and the two-way system of morality and law and also to explicitly define the associated forms of social responsibility and corporate economic benefits, for the purpose of promoting corporate image and word-to-mouth reputation from the perspective of social contributions.

3.2 Innovating the management accounting framework reconstruction system

In the normal operating behaviors of corporations, the framework of management accounting plays a very important role and significance in society and organizations, and therefore innovative reforms to the traditional management accounting system has been a necessary action of corporations to increase capital cost. The traditional management accounting is to make a comprehensive analyzing processing for the financial data and also provide corporate management personnel with related information; but in this period, the processing is non-transparent—this means the work handover between financial and management personnel can't be shown in the form of data to all shareholders, finally generating great negative effects on corporate cultural and moral levels. For all these reasons, the management accounting framework is necessarily processed in a modern way; positive innovation and reform are necessarily made for improving corporate image and social responsibility.

The modern management accounting framework is due to analyze corporate planning and goals and educate operating target and social responsibility to management and financial personnel. The function of the modern management accounting is to analyze and explain the accounting work and also obtain the future plan’s decision bases from the past experience.
History is always strikingly similar: this is not always coincidence in many circumstances as there are often correct ways for people to seek from the historical events, so is management accounting. Processing, analyzing and extending the past data problem emerging in finance is an overall plan for the future development of corporations. Meanwhile, predicting risks and planning the future are objective managements implemented for the developing prospects of corporations, but also theoretical bases of improving social responsibility concepts and decision scientificity.

3.3 Expanding the functions of management accounting framework reconstruction

The function of management accounting is analyzing and submitting the financial work data; but the reformed management accounting framework should require corporate management personnel to dynamically combine corporate economic benefits and management levels; the functional expansion of management accounting department plays a very important role in the development of corporate economic benefits and social responsibility. Along with the continuous development of management accounting framework, corporations should add the contents of social responsibilities and social service in the process of reconstructing management accounting framework, insist on improving the capital utilization rate, and guarantee corporate investment results and positive social effect, in order to adapt to the market economic economy.

The function of corporate management accounting can be expanded to the coordination of the relationship between social benefits and contributions, and to raising reasonable schemes for corporate public benefit activities. Carrying on public benefit activities is an important way of increasing corporations' sense of social responsibility, but also a concrete way of constructing good corporate image and word-to-mouth reputation. Therefore, corporations' sense of social responsibility and economic effects are in a mutually-promoted positive relationship, and can help make coordinating contributions to corporate strategic management and economic indexes. The function of corporate management accounting also includes auditing and supervising internal data: this is a functional reflection to guaranteeing the basic interests of investors and shareholders. Then, improving the comprehensive quality of financial personnel and the responsibility concept of accounting personnel is a theoretical basis for the expansion of the management accounting functions, but also an important management direction for optimizing corporate social responsibility sense and operating activities development.

![Figure 2. The procedures of the proposed method.](image-url)
4. Conclusion

From the above analysis, under the dual acceleration by market economy and social responsibility, the reconstruction of management accounting framework is a management mechanism reform mode necessary for corporations to experience in the developing process. Chinese corporations, in the internal structure control of management accounting, need to permeate a correct corporate social responsibility concept into the construction of related operating behaviors. Therefore, effective adjusting schemes are necessarily provided for the developing direction of corporate management accounting functions in accordance with China's existing national conditions and actual corporate operating state; under the premise of guaranteeing corporate benefits, corporations need to input reasonable involvements and investments in public interest activities, to provide a development basis for building up a good word-to-mouth reputation and a positive value, and to dynamically combine both capital benefits and social benefits.

References
