

Research on the Application of Management Accounting Tools in Enterprise Cost Control

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Abstract: With the development of the market economy, the competition among enterprises has become more intense, and enterprises have become more concerned with the control of their own costs. Reducing costs and increasing efficiency, and the pursuit of maximizing corporate interests have become the constant goals of enterprises. As an accounting method, management accounting plays an important role and position in the internal management and control of enterprises. This article analyses the principles and steps of enterprise cost control, analyses the necessity of management accounting in enterprise cost control, points out the existing problems of enterprise cost control, and proposes targeted suggestions, hoping to provide ideas for enterprise cost control.

Keywords: Management accounting, Cost Control, Applied Research

1 Introduction

From a narrow perspective, it can be found that the management accounting work is to maximize the economic benefits of the enterprise under the market economy system. By strengthening the internal management of the enterprise, it can make full use of the financial information in the enterprise and finally make the decision for the enterprise. Provide more data reference. From a broad perspective, it can be found that when financial accounting work is in progress, many functions are involved, and there is an inseparable connection between these functions and corporate financial management[1].

When management accounting is working, it mainly uses some methods to do a good job of comparative analysis of actual indicators and planned indicators, according to the results of the analysis to minimize the gap between the plan and the actual, and ultimately achieve the goal of improving the efficiency of enterprise production and operation. The use of management tools in the process of enterprise management accounting can reasonably plan the future development of the enterprise, and ultimately provide important decision-making functions for enterprise decision-makers[2].

Enterprise cost control refers to the in-depth analysis of cost occurrence and formation mechanism, to find the key factors affecting cost, and to control and manage these factors, find the difference between actual cost and target cost, and take effective measures in time to manage, so that the actual cost is controlled within the established range. Cost control runs through the entire process and all aspects of enterprise production and operation, and requires all employees to participate[3].

2 Principles and steps of cost management

2.1 The principle of cost management

Cost control is to reduce costs through the application of relevant tools and methods. If a company wants to effectively control costs, it must follow the basic principles of cost control, including: cost-effectiveness principle, comprehensiveness principle, importance principle, objective principle, applicability in principle, which is as follows in **Figure 1** .

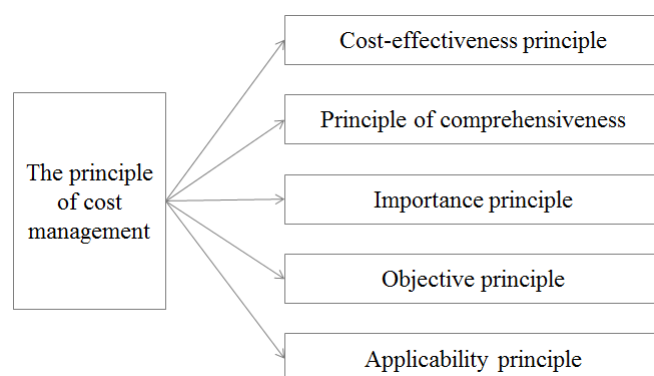


Figure 2 The principle of cost management

2.2 Steps of enterprise cost management

When enterprises carry out cost management, they follow the general steps of cost management, including cost forecasting, cost decision-making, cost planning, cost control, cost accounting, cost analysis, cost assessment and other links. Cost forecasting is the first step of cost management[4].According to the results of enterprise cost management forecast analysis and other industry-related data information, data comparison and comprehensive analysis are carried out, the best solution is selected, and cost management decisions are finally formed, which lays the foundation for continued cost management in the future , which is as follows in **Figure 2**.

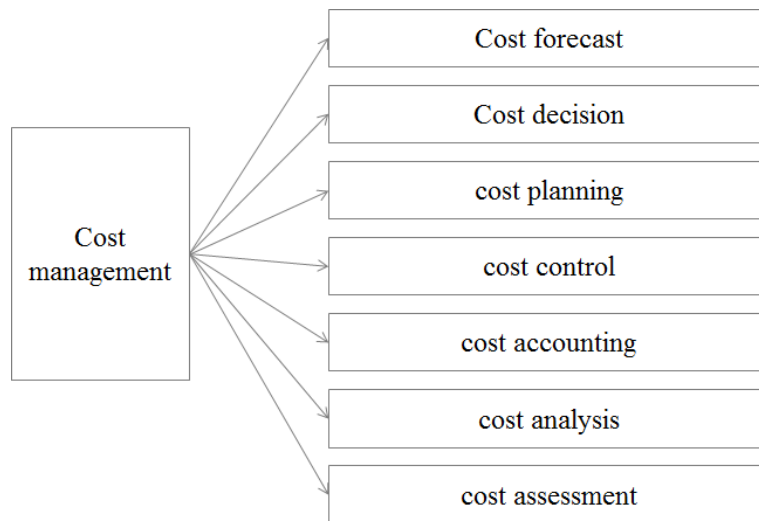


Figure 3 Steps of cost management

3 The Value of Management Accounting in Enterprise Cost Control

Because management accounting originally originated in Western society, if my country directly applies it in accordance with Western application methods, there will be certain limitations due to different national conditions, and it cannot be directly applied in enterprises. [5].The emergence of limitations of management accounting has accelerated our country. Researcher's research on the application of management enterprises in enterprise cost control.

3.1 Forecast the development trend of the enterprise

Management accounting is forward-looking, it can use scientific methods to analyze the historical data of the enterprise[6].Through the surface analysis of the data, you can see the hidden actual situation behind it. Through the objective presentation of the data, it can provide reliable data support for the cost control of the enterprise. Through reliable data analysis, enterprise management can not only improve the accuracy of decision-making and reasonably reduce enterprise costs, but also predict the future development of the enterprise, which is conducive to the establishment of a more realistic development strategy[7].

3.2 Promote the economic efficiency of enterprises

An important part of the management accounting function is the determination, calculation, and control of costs. It is ubiquitous in the whole process of participating in the business operation.[8]. According to different management requirements, the determination and classification of costs are controlled, calculated and sorted, and cost control system is effectively constructed. The current market competition is becoming more and more complex,

and maintaining cost leadership is the key to winning in the fierce competition.[9]. As an important item in cost management, cost control is a key task that enterprises must pay close attention to from beginning to end. Effective cost control is a powerful guarantee for driving the overall operation of the enterprise and making it more profitable.[10].

3.3 Improve the scientific and rationality of business management

For the financial analysis of management accounting, the most critical part is to calculate the sales profit, that is, to predict the sales status of the enterprise by effectively collating various data and information, and cooperate with the marketing department to formulate a practical financial execution plan, Ensuring the scientific and rationality of market management. At the same time, fully analyze the variable cost method, summarize and summarize the output data, profit margins and cost conditions, and then use relevant calculation formulas to calculate the profit income of the company in sales, and the level of sales income in the phased production cycle to evaluate. Through the application of the variable cost method, information such as contribution gross profit and fixed cost can be obtained, so that relevant person can predict the business balance point of the company, and scientifically evaluate the production volume required by the company to complete the sales target, so as to more accurately guide the company's development. Production and sales activities effectively improve the quality of enterprise market management[11].

3.4 Enhance the effectiveness of enterprise cost control

Management accounting based on the product perspective mainly refers to the quantitative analysis of product production quantity parameters and specific prices to clarify the value of the product, and then improve the competitiveness of the product in the market on this basis. In this process, the sales department of the enterprise should actively cooperate. The work of the management department ensures that the enterprise can seize the market space in a shorter time[12]. At the same time, for enterprise product production, through the application of the variable management method in management accounting, the fixed costs incurred can be eliminated indirectly, thereby reducing product production costs[12]. Through the application of this calculation method, not only the purity of product profitability can be ensured, but also the contribution of gross profit data can be provided for the work of financial management staff, so that financial management staff can fully grasp the execution quality of various behaviors in the production of the enterprise. Through the application of data such as variable cost and contribution margin, it is also possible to further clarify the sales price of a company's pricing product, and help the company grasp the maximum selling price of a product in sales[13].

4 Problems in enterprise cost control

Although the use of management accounting plays an important role in enterprise cost control and has achieved good results, there are also many problems waiting for us to discover and solve. The existence of these problems, to a certain extent, caused the waste of resources and the loss of funds, which further expanded the enterprise's investment in cost production. Therefore, solving these problems is the key to effective cost control for enterprises. Combining relevant data and literature, the following problems were found:

4.1 The cost control system is not sound

Judging from the current situation of most enterprise management accounting work, cost control has been accepted by many enterprises. Enterprises have realized the importance of management accounting to the development of enterprises. However, affected by factors such as enterprise scale, personnel quality, management experience, etc., currently enterprises generally have not established a scientific and reasonable cost control system, and their system and mechanism innovation level is not high, and it is difficult to provide effective support for enterprise cost control work.

First, the cost control is limited to the product manufacturing process, without comprehensive consideration from the perspective of corporate strategy; second, the concept of people-oriented is not established, and the quality, ethics and benefits of personnel are ignored, which makes the system difficult to implement and greatly frustrates The work enthusiasm of employees; third, the responsible unit is not clear, the distribution of responsibilities and rights is unreasonable, and the cost control objectives are not clearly decomposed, resulting in the unclear division of labor in various departments of the company, shirking each other, and irresponsibility; fourth, the evaluation system is not perfect, focusing on Cost control without considering humanized and scientific management concepts; lack of pertinence or incentive mechanism, too tight constraints on employees, affecting employee creativity and enthusiasm, or too loose, system failure to develop lazy behavior, system is ineffective, etc.; Fifth, There is no budget system or the budget system is not sound, the budget is not formulated or the budget is unreasonably formulated, it is not suitable for the business of the enterprise itself, and lacks control and guidance.

4.2 Lack of cost control awareness and ability

Some companies have incorrect cost control concepts, such as focusing on cost accounting and focusing on the flexible resource consumption in the product manufacturing process, saving costs and paying attention to the short-term benefits of the company, saving R&D investment and harming it based on whether it is saving as the standard Long-term benefits may not be considered from the overall perspective, but only local. Through analysis, it is found that the reasons for the above problems are as follows:

(1) The management lacks attention. Due to the limited professional knowledge and skills of the management, it is unable to deeply understand the role of management accounting, and thus cannot strengthen the knowledge of management accounting by management accounting staff.

(2) Affected by traditional management concepts, most of the management think that accountants are just doing accounts, and their ideological cognition has not been separated from their limitations, resulting in the restriction of the development of management accounting and the lack of corresponding independence.

(3) The understanding of management accounting and financial accounting is different. There is a big difference between management accounting and financial accounting. Management accounting is not only for financial accounting and preparation of statements, but also to assist enterprises in management, so as to achieve monitoring of corporate costs. Due to certain

differences in understanding, it is unable to play its role, which seriously affects the cost control of enterprises.

4.3 Insufficient ability of corporate accounting staff

The comprehensive quality of accounting professionals determines the actual effect of management accounting. However, in most corporate accounting personnel, most of their accounting personnel are not of accounting professional background, which leads to their understanding of management accounting only in management accounting. On the surface, there is a lack of knowledge and understanding of the deep-level content contained in management accounting. As a result, the development of management accounting cannot meet the needs of enterprise cost control, which is manifested in the following Table 1.

Table 1 Insufficient performance of accountants

Number	Questions
1	The company lacks the appointment of professional talents
2	The company lacks professional knowledge and skills training for employees after joining the company
3	Incumbent employees are not strict with themselves and lack continuous learning of new knowledge and skills.
4	Incumbent employees cannot use financial software proficiently, which reduces the quality and efficiency of management accounting

In addition, when some companies use management accounting tools, they pay more attention to the construction of work processes and systems, and ignore the introduction and training of talents. The focus of traditional accounting is mainly on basic tasks such as bookkeeping and accounting. Even if they have rich work experience, they do not have a sense of innovation, unable to adapt to the development requirements of the times, adjust the work mode, and the professional knowledge and skills are very limited, the company has not organized various training work, and cannot meet the requirements of modern management accounting implementation and landing.

4.4 Management accounting is not quantified

At present, Chinese enterprise management cost accounting has not really achieved very good application effects in actual cost control, and has not really realized the business institutionalization of cost management. For example, in terms of comprehensively strengthening budgetary risk management and capital risk management, companies need to be guided to continuously strengthen the management and control of corporate funds, taxation, and actual corporate debt. Different investment companies have different entrepreneurial cost risk control management indicators, so it is difficult to make a unified cost judgment on the cost of each entrepreneurial company at the same cost level.

In addition, because many large companies have large production volumes and large account collections, companies usually rely on large amounts of financing to ensure their normal operation. In such a large enterprise, the scope of funds that can be used by management accounting will also be greatly reduced, which affects the effectiveness of enterprise cost control.

4.5 Insufficient level of computerized accounting

With the continuous development of science and technology, more financial software has been developed and utilized. However, with the increase in the types of financial software, many companies cannot choose the appropriate financial software according to their actual development when choosing financial software, which reduces the efficiency and quality of financial software. For some large-scale enterprises, there are certain differences between the accounting software used by the headquarters and the subsidiaries, which cannot realize the effective connection of enterprise cost control and affect the cost control effect. At the same time, in the application of management accounting, most companies currently do not have a unified standard, and some companies do not fully and correctly understand management accounting, lack coordination and communication in specific use, and the level of computerized accounting is low. Failure to consult in time for related computerization issues affected the effective implementation of cost control.

5 Application Measures of Management Accounting Tools in Enterprise Cost Control

5.1 Establish a complete cost control system

One of the important measures of cost control is to establish a reasonable and effective cost control system. As an important part of the enterprise's internal control system, the cost control system does not exist in isolation. It is closely related to the enterprise's internal control system. Cost control runs through the entire process of enterprise production, operation, and service. The object of control is product cycle costs rather than simple product production costs. A reasonable and effective cost control system must adapt to the company's own operating characteristics and business scale, and it also requires a complete set of The administrative management system closely cooperates with it. A sound cost control system mainly includes: product design process cost control, purchase process cost control, production service process cost control, warehouse management cost control, after-sales service cost control, marketing process cost control, budget system, management expense and financial expense control. In the current social environment, cost control information is seriously distorted. Enterprises should establish strict management systems, clarify strict reward and punishment systems and implement them effectively, so as to reduce the impact of cost control information distortion on cost control decisions.

The standard cost method is used for cost control, which has a higher demand for financial and management personnel. The new cost control also requires them to further innovate their work content and improve team building faster. The financial staff of the company not only do accounting, but also understand production. As shown in Figure 3, under the guidance of the whole process control theory, three modules are designed according to three stages: before,

during and after, and efforts are made to implement the concept based on standard cost accounting in the whole process, so that cost control can better serve the value creation of enterprises. Further training of production and finance personnel will improve their abilities.

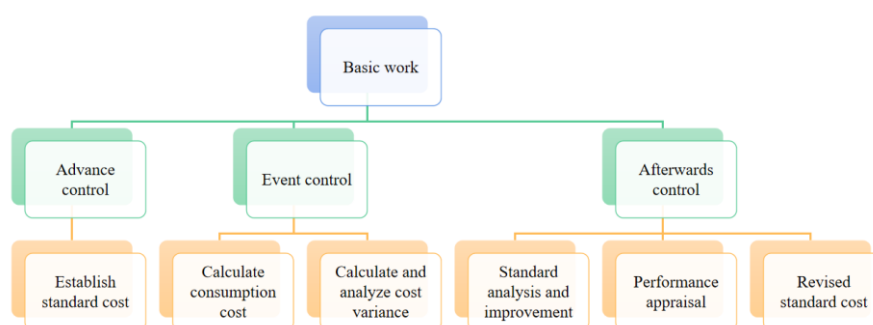


Figure 3 Standard cost control system

In the process of carrying out cost control related work, enterprises should pay attention to strengthening the construction of management accounting work mechanism, and integrate management accounting work with the existing work system to improve the cost control level of the enterprise. In the design of the cost control work plan, it is necessary to encourage and support the innovation of internal management mechanisms, including management accounting, so that innovative measures that meet the needs of the company's cost control work can be fully reflected in the plan design and mobilize management accounting personnel to participate in the cost control work. Personnel in management accounting positions should strengthen the research on the competitive environment of enterprises and better adapt to the needs of management accounting work mechanism construction and cost control. The supervision and evaluation mechanism of enterprises also needs to strengthen the value evaluation of management accounting work, clarify the responsibilities and corresponding powers of management accounting work, so as to meet the requirements of the construction and application of management accounting work mechanism. In the process of exploring the new working mechanism of management accounting, accountants need to summarize and analyse the changes and trend of the corporate structure, combine the specific changes in the structure during the development of the enterprise, and deal with the reform plan design work of the management accounting working mechanism. Management accounting-related businesses can fully adapt to the actual needs of the adjustment of the main work of each department on the basis of clear application requirements, provide sufficient guarantee for the further improvement and innovation of the management accounting work mechanism, and provide assistance for the high-level mobilization of the enthusiasm of the internal accounting personnel of the enterprise .

5.2 Strengthen the awareness of cost control of all employees

First of all, strengthen the awareness of cost control of all employees of the enterprise. If the system is the prerequisite element of cost control, then people are the key factor in the

implementation of the system. In the final analysis, the cost control work is planned, promoted, supervised and improved by people. Therefore, the role of enterprise employees cannot be ignored. Can correctly understand and use cost information, have a desire to control and a good cost awareness, cultivate the habit of saving, and reduce costs through planning, mutual supervision and improvement. Companies can take corresponding rewards and punishments to mobilize employees' enthusiasm for cost control, so that every employee has a sense of cost control at all times.

Secondly, corporate management is ultimately about managing people, and so is cost control. Therefore, corporate management must emphasize "people-oriented", attach importance to employee training, respect talents, and advocate respect and appreciation of employees based on the company's system and environment. Provide each employee with a space for personal development. Through learning and training, employees have the opportunity to master new technologies and new processes, and reserve human resources for enterprise development; establish and improve various systems such as personnel, employment, and distribution, and use relevant systems and resources to lead and motivate employees, through effective communication and coordinate the relationship between the enterprise and its employees and employees to achieve the ultimate control goal of the enterprise.

5.3 Improve the professional level of financial staff

The development and progress of an enterprise is inseparable from the support of outstanding talents. Therefore, if an enterprise wants to develop in the long term, it must strengthen the construction of a professional talent team. In view of the problems of the skills and level of financial personnel, companies should regularly arrange various training tasks, and formulate detailed training plans through the assessment of the professional level and skills of existing talents, so that they can learn more professional knowledge, improve their professional quality, and more. Good for management accounting. First of all, schools should pay attention to the cultivation of comprehensive talents, so as to guarantee the enterprise's demand for excellent management talents. Secondly, relevant management accounting personnel should strengthen their own learning and ability training, independently learn advanced knowledge and skills, and absorb advanced management accounting concepts. Third, enterprises should strengthen the introduction and training of outstanding talents, and carry out relevant induction training before management accountants take up their posts, so that they can meet relevant standards before they can be employed. After the incumbents take up their posts, they should pay attention to their later training work, and constantly update and improve the professional knowledge and skills of the incumbents to meet the needs of daily work. Fourth, companies should also strengthen the construction of performance appraisal systems, provide employees with various incentives, mobilize employees' enthusiasm for work, attract more professionals, and promote the healthy development of the company.

5.4 Introduce a variety of cost control methods

In order to achieve cost control goals and obtain ideal cost control requirements, companies should adopt different cost control methods based on actual conditions, such as target costing, standard costing, and activity-based costing. Among them, the target cost method mainly refers to an estimated cost set by an enterprise in order to ensure the rapid completion of the target profit within a period of time, and as the work target of all employees in the cost center.

It is a product of the integration of cost forecasting and target management. With the cooperation of multiple departments, the improvement of the cost control level should be regarded as the work goal, so that the cost control can be more scientific and reasonable, and the ideal control effect can be obtained. Cost model and variable analysis are also available.

(1) Cost model

C can be divided into two parts: C_r and C_a , that is, the cost model can be expressed as:

$$C = C_a + C_r \quad (1)$$

In which:

C —Total cost of enterprise;

C_r —Idle resource cost;

C_a —Activity cost.

(2) Output quantity

According to formula (1), let the following relationship exist:

$$Q = \int \eta dt = \Psi(\eta) \quad (2)$$

In which:

Q —Output;

η —Comprehensive efficiency of enterprises.

When η is a multiple of λ (λ is a constant),

$$\Psi(\lambda \eta) = \int \lambda \eta dt = \lambda \int \eta dt = \lambda \Psi(\eta) = \lambda Q \quad (3)$$

(3) Activity cost

C_a is the product of Q and c_a , then:

$$C_a = Q \times c_a \quad (4)$$

Substituting equation (2) into equation (4), C_a can also be expressed as:

$$C_a = c_a \times \int \eta dt = c_a \times \Psi(\eta) \quad (5)$$

According to formula (5), the factors determining C_a can be concentrated to two: c_a and η . c_a also includes two parts, namely, the necessary consumption of direct raw and auxiliary materials unrelated to η , and the extra loss of direct raw and auxiliary materials and man-hour consumption related to η .

The necessary direct consumption of raw and auxiliary materials per unit output is determined by the product structure and the technological level of the enterprise. Under certain technological level conditions, its consumption is a fixed value (set as q). Therefore, this part of the cost is the product of q and the unit price of the material (set as p); The extra loss and man-hour consumption of direct raw and auxiliary materials related to η are inversely proportional to η . Assuming that the cost of this part is $\mu(\eta)$, there are:

$$c_a = pq + \mu(\eta) \quad (6)$$

And satisfy

$$\mu(\lambda \eta) = \frac{1}{\lambda} \mu(\eta) \quad (7)$$

Substituting formula (6) into formula (7) to get:

$$C_a = [pq + \mu(\eta)] \times \Psi(\eta) \quad (8)$$

(4) Idle resource cost

C_r depends on η . The higher η is, the smaller C_r is. When η reaches the ideal state that the technological level of the enterprise can achieve, C_r is the minimum. According to the above definition and analysis of C_r and η , it can be considered that C_r is a function of η and is the same as η is inversely proportional. Expressed as a function:

$$C_r = \Phi(\eta) \quad (9)$$

And satisfy:

$$\Phi(\lambda\eta) = \frac{1}{\lambda} \Phi(\eta) \quad (10)$$

(5) Total cost of enterprise

C is the sum of C_a and C_r . In terms of quantity, it is equal to all resource consumption calculated according to the traditional cost concept. Substitute Formula (8) and Formula (9) into Formula (1) to get:

$$C = [pq + \mu(\eta)] \times \Psi(\eta) + \Phi(\eta) \quad (11)$$

Standard cost is a scientific forecast of the future cost of a product or operation. Standard cost is formed in the budgeting process, discovering and analysing the main content of actual cost to control the deviation of standard cost. In addition to performance evaluation, standard cost also has other functions, such as product pricing, project bidding, production technology selection, etc. The activity-based costing method is mainly used in enterprise costing activities, and the total cost is calculated according to the operating items. Because the production cycle of the enterprise is relatively long, the product cost needs to be calculated after production, so calculating the operating cost is convenient for evaluating the cost of the project based on the operating project, strengthening the daily cost management, controlling the expense, and saving the production cost.

5.5 Strengthen the construction of accounting information

With the advent of the information age, traditional accounting tools can no longer meet the requirements of modern business development. In order to smoothly apply management accounting to corporate cost control activities, corporate managers need to strengthen the construction of management accounting information. In the management accounting work, the use of computerized processing can effectively improve the efficiency of management accounting work on the one hand, secondly can save a certain amount of time and human resource costs of the enterprise, and finally greatly enhance the utilization rate of related resource information.

Since 1990s, the information technology revolution represented by computer technology and Internet technology has promoted the change of social production mode and brought revolutionary changes to human social life. As a social science, the development of accounting is bound to be closely related to the development of science and technology, and the development of information technology has a far-reaching and significant impact on the research of accounting theory and the development of accounting work. At the same time,

information technology has had a profound impact on the organizational results and business methods of enterprises. The traditional pyramid organization and business model has been difficult to meet the needs of the development of information technology, and the flat organizational structure is more efficient and dynamic, which has become an inevitable choice for the development of enterprises. The impact of information technology on accounting practice is shown in Figure 4 below:

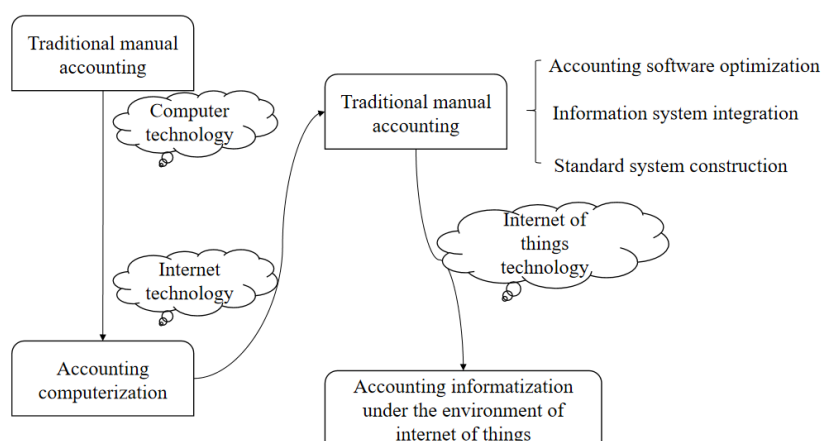


Figure 4 Schematic diagram of the influence of information technology on accounting practice

Enterprises purchase or research and develop management accounting software that meets the needs of corporate development, requiring corporate managers and financial personnel to do a good job of information exchange in decision-making and planning, and to formulate auxiliary registration statements that are consistent with management accounting data. This is for management accounting software and financial personnel, Managers are fully connected to provide support. If the enterprise independently researches and develops management accounting software, it needs to strengthen the early warning system construction, which is to ensure that the management accounting software cannot deviate from the cost control goal during the development and construction of the management accounting software, realize the visualization of the cost framework, and solve the problems in the cost control and planning process.

6 Conclusions

This article expounds the importance of cost management to enterprises, sorts out the principles and steps of enterprise cost management, and analyses the importance of cost management to enterprise development. In view of the in-depth analysis of the problems of management accounting in the enterprise cost management, the targeted cost control measures are proposed.

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