Research on the Path of Transition from Financial Accounting to Management Accounting Under the Background of Big Data

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Abstract: Driven by the wave of big data, the traditional financial accounting model faces an urgent need for transformation, as it struggles to adapt to the complex requirements of modern enterprise management. This paper aims to explore the feasible path for transitioning enterprise financial accounting to management accounting in the context of big data. It first analyzes the limitations of financial accounting in the era of big data, then highlights the necessity of transitioning to management accounting. Following this, the paper outlines the various challenges that may arise during this transition and, based on the analysis, proposes a series of corresponding transition strategies. These strategies aim to provide theoretical support and practical guidance for enterprises seeking a smooth transition from financial accounting to management accounting.

Keywords: Big data; Financial accounting; Management accounting

1. Limitations of financial accounting in the context of big data

1.1. Weakening of management functions

Traditional financial accounting focuses primarily on bookkeeping, with accountants spending significant time reviewing original vouchers, preparing accounting documents, maintaining ledgers, and generating financial statements. This focus often results in the neglect of management functions, as accounting personnel are seldom involved in the enterprise's decision-making and management processes [1]. With the development of big data technology, much of the accounting work has been automated. However, under the traditional financial accounting system, accounting personnel's management capabilities are not fully developed or enhanced, making it difficult for them to meet the enterprise's management needs for decision support.

1.2. Limited scope and content of information disclosure

Traditional financial accounting predominantly relies on financial statements and other forms of structured data disclosure, which fail to satisfy stakeholders' demands for diverse and real-time information. Financial statements mainly present an enterprise's financial position and performance but lack disclosure of non-financial information, such as corporate social responsibility and environmental impact [2]. This restricts stakeholders from gaining a comprehensive and in-depth understanding of the enterprise.

1.3. Lack of data processing capacity

In the era of big data, enterprises need to extract valuable insights from data to enhance business value. Traditional financial accounting systems often lack advanced data analysis tools and technical support, making it challenging for accountants to derive meaningful information from vast amounts of data. Moreover, these systems struggle to provide adequate data-mining capabilities, limiting an enterprise's ability to leverage data for informed decision-making [3].

2. The necessity of financial accounting to management accounting transformation

2.1. Enhance the comprehensiveness of accounting information

Traditional financial accounting focuses on preparing and disclosing financial statements, which aim to reflect an enterprise's past financial status and operating results. However, with the advancement of the big data era, it is difficult to meet the diversified needs of modern enterprise management solely through financial statement information. Management accounting, on the other hand, emphasizes the systematic collection, detailed processing, and in-depth analysis of massive internal and external enterprise information, with the goal of delivering more precise and accurate management information to assist managers in decision-making.

Management accounting builds a comprehensive and multi-dimensional information analysis framework by integrating knowledge systems and tools from various fields such as financial accounting, cost accounting, budget management, and performance evaluation. This framework enables enterprises to thoroughly examine their business conditions, including key dimensions such as cost structure and performance, providing robust data support for precise management [4]. Additionally, by analyzing market trends, competitor actions, and internal resources, management accounting provides a data-driven basis for decision-making and forward-looking planning for enterprise strategy development. This approach not only enhances the adaptability and flexibility of enterprise strategy but also ensures accurate monitoring and timely adjustments during strategy implementation [5]. In terms of cost control and resource allocation, management accounting can accurately identify cost drivers, optimize cost structure, and improve resource utilization efficiency, allowing enterprises to reduce production costs while maintaining product quality and service levels, thereby enhancing market competitiveness.

2.2. Achieve efficient decision support

Ensuring real-time and accurate decision-making is crucial in enterprise management. The traditional financial accounting system often emphasizes summarizing historical data and compliance records, limiting its functionality. However, with the rise of big data technology and the widespread use of data analysis tools, financial data has evolved beyond recording the past to predicting the future and assisting enterprise management in decision-making [6]. Management accounting utilizes comprehensive information such as

sales data, market dynamics, and consumer behavior for in-depth analysis, enabling enterprises to forecast future revenue changes and market demand trends. This predictive capability is vital for optimizing product development and marketing strategies.

With the forward-looking financial insights provided by management accounting, decision-makers can respond swiftly and accurately, based on immediate financial insights and predictive data, significantly improving the timeliness and accuracy of the decision-making process. Moreover, management accounting fosters flexibility and efficiency in financial management. By conducting in-depth analyses of real-time income and expenditure data, enterprises can dynamically adjust budget allocation strategies, achieve optimal capital flow allocation, and ensure efficient resource utilization and steady business operations.

2.3. Promote the stable development of enterprises

In the face of fierce market competition, future forecasting has become increasingly crucial for enterprises, challenging traditional financial management [7]. As a core support for enterprise decision-making and management, management accounting systematically collects, organizes, and analyzes a wide range of financial and non-financial information from within and outside the enterprise. It covers both historical data and future predictions, offering management a comprehensive and accurate depiction of enterprise operations. This helps guide them in making more scientific and rational strategic and operational decisions, fostering sustainable enterprise development.

Furthermore, management accounting accurately allocates and efficiently utilizes enterprise resources, maximizing resource efficiency by identifying key business areas, optimizing cost structures, and strengthening budget and cost control. This lays a solid economic foundation for long-term enterprise development [8]. At the same time, by establishing risk identification, assessment, and early warning mechanisms, and by strengthening internal control and auditing processes, business risks can be significantly reduced, ensuring the accuracy of financial reports. Additionally, the performance evaluation system established by management accounting uses objective and fair standards to measure the performance of various departments and employees, which not only stimulates team vitality and innovation but also encourages enterprises to continuously optimize management processes and business models through feedback mechanisms, driving continuous improvement and innovation.

3. Challenges faced by enterprises in the transition from financial accounting to management accounting

3.1. The low level of information technology

Most existing financial accounting systems are based on traditional frameworks such as relational databases and host architectures, which struggle to meet the urgent need for instant data analysis and multi-dimensional exploration in the era of big data. The aging of enterprise hardware facilities is apparent, making it difficult to achieve real-time data processing and in-depth analysis. Additionally, deficiencies at the software system level cannot be ignored. Some systems may be outdated or lack compatibility, making it challenging to seamlessly integrate with emerging technologies such as artificial intelligence and machine learning algorithms, thereby limiting the efficiency of data analysis. This technological disconnection makes it difficult for enterprises to efficiently integrate and process massive, heterogeneous financial and non-financial data from multiple sources, hindering in-depth insights for management accounting.

More critically, financial professionals' understanding and application of cutting-edge information

technologies such as cloud computing and artificial intelligence are still insufficient. This limitation restricts their ability to optimize management accounting practices through these technologies. The lag in information technology not only hampers the effective construction and widespread use of enterprise management accounting decision support systems but also becomes a key bottleneck in the transformation from financial to management accounting. Therefore, strengthening information technology infrastructure, improving software and hardware compatibility and advancement, and enhancing the IT training of financial personnel have become essential measures to promote the transformation and upgrading of enterprise management accounting.

3.2. The lack of professional ability of personnel

For management accountants to more effectively support strategic decision-making, they must deeply engage with every aspect of business operations and have a comprehensive understanding of key information such as business processes, market trends, product features, and customer needs. This depth of understanding helps assess the financial status of the enterprise accurately, better identify potential business opportunities and risks, and contribute to the long-term development of the company. However, in practice, many financial personnel are often confined to traditional financial tasks, such as accounting and report preparation, lacking a tangible understanding of the complexity and diversity of overall business operations. This knowledge gap limits their ability to provide comprehensive and in-depth management advice. Financial personnel, therefore, need to proactively step out of their comfort zones, actively participate in various business activities, establish close collaborations with business departments, and deepen their understanding of operations through cross-departmental communication and learning.

Furthermore, strong communication and collaboration skills are essential qualities for management accountants. They must be able to communicate effectively with team members from diverse backgrounds, ensuring accurate information transmission and understanding while coordinating resources to achieve synergy. When faced with communication barriers or coordination challenges, financial personnel should continuously improve their communication skills and teamwork abilities, fostering a work environment of mutual trust and cooperation.

In particular, in the era of big data, management accountants need to stay updated with advanced data analysis tools and techniques. Traditional accounting software and basic office software, such as Excel, are no longer sufficient to meet the increasingly complex data processing demands. Therefore, financial personnel should actively learn tools like Python, SQL, and Tableau, and use them proficiently to conduct data mining, analysis, and visual presentations. This will enable them to uncover deeper insights from the data and provide more accurate decision-making support for management [9].

4. The path of transformation from financial management to management accounting in the context of big data

4.1. Promoting change in ideological models

In the era of big data, the transformation from financial accounting to management accounting is a multi-dimensional and systematic project. The primary task is to promote a profound change in mindset, ensuring alignment with the pulse of the times and continuously innovating and optimizing work processes. Senior managers must abandon traditional constraints, re-examine, scientifically define, and expand the existing functional scope of financial accounting from a big data perspective, and plan long-term development

strategies based on the actual needs of the enterprise [9]. Simultaneously, enterprise leadership should spearhead this ideological innovation and increase investment in professional training systems [10]. The goal is to comprehensively improve the capabilities and professional qualities of financial personnel, providing robust intellectual support and a talent pool for the financial transformation of enterprises, thus accelerating the transformation process and fostering sustainable and prosperous development.

4.2. Promoting the effective integration of business and financial systems

To accelerate the transition from financial accounting to management accounting, enterprises should strive to eliminate information silos and ensure seamless integration between business and financial systems. Achieving this goal requires adopting standardized data exchange formats within the enterprise system so that management accountants can more easily collect data from diverse sources, perform cross-dimensional comparative analyses, and drive the transformation of financial management from traditional post-verification to a forward-looking early warning mechanism and process control [11]. Additionally, enterprises should establish a unified data management platform where business and financial departments can submit and receive data. This not only ensures data accuracy and timeliness but also greatly enhances information sharing, communication, and collaboration among departments, improving information flow efficiency across the enterprise [12].

Furthermore, enterprises should actively explore and implement data-sharing mechanisms, aiming to convert unstructured business data into structured data and enabling the deep and efficient integration of financial and business data [13]. This process equips enterprise management with a broader and more comprehensive data perspective, providing a solid data foundation and scientific basis for strategic decision-making.

4.3. Improving accountants' data processing capabilities

Existing accounting personnel should be trained in data analysis and data mining skills to improve their capabilities in processing and analyzing data. Enterprises should develop systematic and continuous training plans that cover not only the basics of data analysis—such as statistical principles and data visualization techniques—but also advanced financial analysis tools and techniques, including Python, R, and others [14]. Through simulations, case studies, online courses, and other methods, enterprises can ensure that every accountant masters these skills proficiently. Additionally, a learning incentive mechanism should be established to encourage accountants to take the initiative in exploring and sharing learning outcomes, creating a positive learning atmosphere. Industry experts should also be invited regularly to give lectures and facilitate exchanges, allowing accountants to stay updated on industry trends and the latest concepts and technologies in financial analysis.

Moreover, enterprises should establish professional data analysis teams. They should define clear job requirements, set a reasonable salary and benefits system, and attract professionals with solid data analysis skills and practical experience. By fostering a diverse and inclusive team culture, communication and collaboration between members with different backgrounds and expertise can be enhanced, stimulating innovative thinking. At the same time, systematic onboarding training should be provided for new employees to help them quickly integrate into the team and understand corporate culture and business needs [15]. Through a combination of internal training and external recruitment, enterprises can gradually build a high-quality team that understands both finance and data analysis, providing strong talent support for the organization's transformation.

Disclosure statement

The author declares no conflict of interest.

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