

Management Accounting Practices Among Chinese Enterprises



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Abstract: *This study examines the management accounting reporting practices based on the management accounting guidelines among the enterprises in China. Using questionnaire survey on the enterprises in China in the province of Xian, the results show that the level of management accounting reporting practices among the Chinese enterprises is still low and not in accordance with the requirements of the application guidelines. The results also show that half of the enterprises failed to comply with the requirements of the guidelines, an indication that in the process of practice, there are inconsistencies between theoretical understanding and practical practice. However, most enterprises have a positive attitude towards the preparation of management accounting reports and agreed with the importance and significance of the preparation of reports mentioned in the practices guidelines. In addition, this study also shows that the enterprises that prepared the management accounting report adhere to the requirements of the guidelines. Specifically, the number of enterprises preparing operation management accounting reports is the largest, while the number of enterprises preparing strategic reports is the smallest. The findings in this study implicate that enterprises that have not prepared the management accounting report should pay more attention to management accounting reporting. This study sheds some lights to the policy makers on the level of management accounting reporting practices and instils awareness to enterprises on the importance of preparing such reports by giving guidance and assistance after issuance of guidelines.*

Keywords: *Management Accounting Guidelines, Reporting, Enterprises, China*

I. INTRODUCTION

On 27 October 2014, the Ministry of Finance of the People's Republic of China has formulated and promulgated the Guiding Opinions on Promoting the Construction of Management Accounting System in an All-round Way. Based on the social nature of China, the construction of management accounting system has been promoted to a strategic point of view, which also means that promoting the construction of management accounting system has become an important measurement of the national governance system.

Subsequently, on 22 June 2016, the Ministry of Finance of the People's Republic of China has formally issued the Basic Guidelines for Management Accounting. These guidelines serve as a guide for management accounting practices in enterprises, and further clarified that the management accounting reports should provide useful information for the management. The first 22 "Guidelines for the of Management Accounting Practices" were promulgated on 29 September 2017 including "Guidelines for Management Accounting Practices No. 801 - Guidelines on Enterprise Management Accounting Reporting", which standardized and guided the preparation of management accounting reports for enterprises.

The formation of management accounting system is not at its infancy. In China, although the concept of management accounting system was introduced, the management accounting reports have not gained much attention. In addition, there have conflicting views between the academics and practitioners on the management accounting practices since academic theories were criticized for inadequate response to the management accounting practices (Alsharari, Dixon & Youssef, 2015). It is worth noting that there were no basic guidelines for management accounting practices in the world for reference before China. At the same time, the application of management accounting guidelines issued by the Ministry of Finance of the People's Republic of China is voluntary. In this case, enterprises may neglect in paying attention to management accounting due to the voluntary nature in reporting the daily operation and also on the impracticability of the guidelines. This contradicts to the advocacy policies of the state and affects the enterprises in achieving the goal of management accounting.

One may pose the question: Then, how about the preparation of management accounting reports by the enterprises? Do enterprises compile management accounting reports based on the guidelines? What are the attitudes of managers or financial personnel towards the guidelines and to which level do these guidelines make sense in guiding the enterprises in preparing the management accounting reports? The answers to these questions would shed some lights to the policy makers on level of management accounting reporting practices and instill awareness to enterprises on the importance of preparing such reports. The remainder of this paper is organized as follows. Section 2 proceeds to reviews related literature on migration and its motivations. This is followed by research method in Section 3. The empirical results and discussions are presented in Section 4.

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Final section concludes the paper which includes suggestions for future research.

II. LITERATURE REVIEW

Management accounting report is a significant channel for providing information to the internal decision-makers. It is closely related to management accounting goal and enterprise management goal and becomes an important part of the management accounting system. It is different from the financial accounting reports prepared by the enterprises, which are more oriented towards external users. Management accounting report is mainly aimed for the internal managers and plays a role in providing overall views for the operational process of the enterprises. As a formal form of internal reporting, the management accounting reporting system provides timely, reliable and relevant formal information to the managers which make up for some deficiencies of current financial and accounting reports. It also helps the enterprises to effectively transmit, coordinate and communicate information among strategy, operation and transaction levels. Of consequence, this allows the enterprise resources to become more effectively integrated, improves enterprise economic efficiency and creates value and ultimately maximizes enterprise value as far as possible (Xiaobo, 2016). Through the information disclosed in the management accounting reports, managers can analyze, evaluate and summarize operating activities in the past reporting period, and subsequently, predict future business activities, and formulate plans and objectives to provide effective help for realization of short-term profit target and the future development of enterprises. Therefore, management accounting reports should be taken seriously.

Based on reviewing the literature, it can be seen that the significance of the application of management accounting is commonly recognized. However, it is worth noting that in the application of management accounting, scholars pay more attention to the specific methods, the application of technology and the factors affecting the management accounting practices. There are few studies on management accounting reports. As a direct way to provide information and a bridge to communicate information in enterprise management, management accounting report is very important for enterprise management. However, there is limited literature to explore this issue. Compared with financial reporting, which provides information to external information users, the application of financial report has been studied by many scholars. As an internal accounting report, management accounting report plays a vital role in the internal management and operation of enterprises, it is worthy study. In view of China's situation, whether the management accounting report is implemented in accordance with the requirements of the guidelines and what role it plays in practice are issues worthy of academic attention.

A body of the accounting literature has examined the management accounting practices. Most of the studies in this body of literature tend to focus on the certain industry and on developed countries. For example: Abdel-Kader and Luther (2006) examined the food and drinks industry in the UK since this industry is significant not only in the UK but also in all

countries. They found direct costing has been widely practised, and the balanced scorecard and other non-financial performance measures were never or rarely used by 40 percent of the enterprises. They also found product profitability analyses were frequently applied.

Pavlatos (2015) found seven factors affecting strategic management accounting usage in the hospitality industry and that traditional management accounting techniques such as budgeting practices, profitability measures, product profitability analysis were more widely adopted compared to newly developed tools. He concluded that the traditional management accounting was still widely used. In addition, Lasyoud, Haslam and Roslender (2018) investigated the change in management accounting and control systems within two large public manufacturing companies. Similarly, Hussain (2005) examined the nature of management accounting performance measures in the financial services industry and found the practices of the recent trends of management accounting in non-financial performance measurement were negligible. He also found that the management of the banks paid more attention to improving and measuring financial performance rather than on non-financial performance.

Toorchi, Asiaei and Dehghan (2015) proposed a framework to investigate the association between the level intellectual capital and management accounting practices within the Iranian public listed companies. It is also observed in Nimtrakoon and Tayles's study (2015) that companies pursuing differentiation, prospector, entrepreneurial, or build strategies reported higher benefit from contemporary management accounting practices and companies with a cost leadership strategy obtained higher benefit from traditional management accounting practices. Similarly, Almaryani and Sadik (2012) examined the companies in Romania on the use of strategic management accounting techniques and found the use of methods and techniques of strategic cost accounting and strategic management accounting have become an urgent necessity for all organizations and at various kinds, in order to survive and grow in the light of the complex and changing environment.

There are studies that have examined management accounting practices in developing country. For example: Sulaiman, Nazli Nik Ahmad and Alwi (2004) examined the management accounting practices among Asian countries namely, Singapore, India, Malaysia and China. They found low usage of contemporary management accounting tools among the four countries. In addition, they also found that to such low level of practices are attributed by high costs involved in implementing contemporary management accounting techniques and the lack of awareness of new reporting guidelines (Shanmugam et al. 2019a, 2019b). One eminent area of interest among the accounting researchers are on reporting practices. The most common reporting practices examined is on financial reporting. For example: Li and Wang (2010) studies on the relationship between financial reporting quality and investment efficiency in China whilst Kaminski,

Sterling Wetzel and Guan (2004) focused on financial ratios' function on fraudulent financial reporting. Other studies such as Grant, Miller and Alali (2008) examined the effect of information technology (IT) control deficiencies on financial reporting whilst Bozcuk, Aslan and Arzova (2011) conducted their study using Turkey setting to investigate internet

financial reporting following major regulatory changes.

Another body of the literature has focused on environmental accounting reporting in academic field. For example: Ribeiro, Aibar-Guzmán, Aibar-Guzman and da Silva Monteiro (2016) studied environmental accounting by looking at the trend of the future model on reporting namely, integrated reporting which is a single report comprising several important elements of reporting. In a Malaysian setting, Ghani, Jamal, Puspitasri and Gunardi (2018) examined the level of integrated reporting disclosure and found that the level of integrated reporting disclosure among the real property companies has increased over time although such level is still low.

There are six chapters in the guidelines for reporting management accounting practices, including general principles, strategy management accounting report, operation management accounting report, transaction management accounting report, management accounting report process and supplementary rules. The general principles refer to the basic information of management accounting reports, and provide advice for enterprises before preparing reports, such as the setting of accounting period, etc. The second, third and fourth chapters elaborate the objectives, contents and requirements from three levels of report preparation. The fifth chapter includes the route and way of submitting management accounting reports. The last part, the appendix states that the responsible department is the Ministry of Finance of the People's Republic of China. Following the introduction of these guidelines, several Chinese scholars have started to research on this area due to the importance of management accounting report as a part of the accounting information system that provides the internal managers and employees of enterprises with information for decision making purpose (Xiaobo, 2016). In other words, it plays a decision-making supporting role in the management activities. This is evidenced by Zhang (2005) that argued financial accounting reporting are paid more attention to, but management accounting objectives and management accounting reporting are neglected, which lies in the misunderstanding of accounting objectives, especially accounting related objectives.

In sum, the existing studies that have examined this area were mainly based on theoretical rather than practical. Therefore, this study examines the management accounting reporting practices in China and provides contributions to the field of management accounting literature techniques and the lack of top management support.

III. RESEARCH DESIGN

A. Research Objectives

The objective of this study is to examine the current management accounting reporting practices in Chinese enterprises. Specifically, this study examines:

1. The level of reporting management accounting practices among the enterprises in China.
2. The nature of the enterprises that have prepared the management accounting reports in China.
3. The size of the enterprises that have prepared the management accounting reports in China.
4. The industry type of the enterprises that have prepared the management accounting reports in China.

These research objectives are attained by way of a questionnaire survey.

B. Sample

The target sample or respondents for this research is the employees in the Chinese enterprises. Specifically, this study selects managers and financial personnel that are familiar with the financial situation of their enterprises. Since the content of this study involves the management accounting reporting of enterprises, which is internal information, the individuals who are familiar with the financial situation can provide feedback on the information about enterprises. In addition, because management accounting reports are prepared by financial personnel, financial personnel have a direct impact on the final presentation of management accounting reports.

C. Research Instrument

This study relies on questionnaire as the research instrument as it provides first-hand information directly and less time-consuming way of investigation. The development of the questionnaire is based on the guidelines for reporting of management accounting. This study seeks to examine whether enterprises compile management accounting reports in accordance with the requirements of the guidelines and their attitudes towards the contents specified in the guidelines. To make it clear to observe, for each rule stated in the guidelines, corresponding questions are designed in the questionnaire for respondents to answer, and the actual situation of enterprises would be reflected in the returned feedback following the items prescribed in the guidelines. By this way, the practicability of the management accounting practices guidelines can be reflected by the respondents' answers.

There are two sections in the questionnaire. The first section of the questionnaire requests the respondents to complete a series of questions on the preparation of management accounting reporting. This section requests the respondents to provide response on the financial work and the preparation of financial reporting of their companies. This is because the content of the questionnaire is designed according to the items stipulated in the practices guidelines, which are in professional expression. Then, the respondents are requested to choose answers according to the enterprises' own practical situations and their own understanding of financial issues.

In this section, the respondents are requested to complete their response based on a five point scale from ‘1’ being ‘strongly disagree’ to ‘5’ being ‘strongly agree’ or answered in “Yes” or “No”.

The second section is the demographic profile, which requested the respondents to provide information of their companies such as the industry, scale and nature of the company.

D. Data Collection

The questionnaire for the survey was prepared over a period of a month. The first draft of the questionnaire was not completed as some questions only requested to complete the question in “Yes” or “No”. After further discussion, the choices of questions were extended to using a five-point scale, since different degree of attitudes more suit company situation because it is possible that some enterprises follow the guidelines not completely but partly. Some questions were also modified to state in better expressions and format. The final draft the questionnaire was published on the Chinese survey website (Wen Juan Xing) to get easy access to the managers and financial personnel in the Chinese enterprises.

After the preparation of the questionnaire was completed, the link of the questionnaire address was sent to the potential managers and financial personnel directly through social media Wechat. The whole waiting period for feedback was one month and the valid amount of the questionnaire received was 46. Since the target of the respondents was clear, more than 30 respondents have completed the questionnaire within the first one week. Other respondents completed the questionnaire within the last three weeks.

IV. RESULTS

A. Nature of Enterprises

Table 1 shows the distribution of nature of the enterprises in terms of frequency and percentage. Based on table 4.1, the distribution for private enterprises is higher than state-owned enterprises where the number of respondents from private enterprises is 30, representing 65.2% of the total number of respondents while respondents from state-owned enterprises are 16 which representing 34.8% of the total distribution for company nature.

Table 1: Frequency and Percentage by Nature of Enterprises

Nature of Company	Frequency	Percentage (%)
State-owned Enterprise	16	34.8
Private Enterprise	30	65.2
Total	46	100.0

B. Size of Enterprises

Table 2 shows the distribution of size of the enterprises of which the respondents are attached to. The size of enterprise is classified into three categories according to the number of staff (below 100, 100-500, more than 500). The highest frequency (37 respondents) is for respondents who are between 36 to 45 years old which represents 45.7% of total distribution for age. This is followed by respondents who are between 26 and 35 years old (38.3%) and respondents who are above 45 years old (14.8%). The lowest distribution of

age is for respondents who are between 21 and 25 years old (1.2%).

Table 2: Frequency and Percentage by Size of Enterprises

Age	Frequency	Percentage (%)
Below 100	19	41.3
100-500	12	26.1
More than 500	15	32.6
Total	46	100.0

C. Industry of Enterprises

As shown in Table 3, the respondents are from different industries. Fifteen respondents are from finance industry, which is in the leading role among different industries. The least proportion is the construction industry. Only 5 respondents are working for construction enterprises.

Table 3: Frequency and Percentage by Industry of Enterprise

Industry	Frequency	Percentage (%)
Manufacturing	8	17.39
Construction	5	10.87
Finance	15	32.60
Service	10	21.74
Others	8	17.39
Total	46	100.0

D. Descriptive Analyses

The first section of the questionnaire issued by this study contained three parts. The first part consists of eight questions requesting the respondents to provide their understanding and attitude of financial personnel to management accounting reports. The second part on the other hand, requested the respondents to identify specific content of the management accounting report which includes strategy, operation and transaction. The respondents gave feedback according to the real situation of their enterprises. The third part requested the respondents' understanding of the process of preparing management accounting reports.

Since the respondents gave their response from "1" to "5" for each question, for each enterprise, by averaging the score of each part and stating the result of mean, the practice and application of each enterprise in the above three parts of management accounting report can be observed. Frequency of raw data is also stated to show the feedback of respondents directly.

E. Attitudes to Management Accounting Reports

For the first eight questions in the first part, the respondents responded with their own understanding. For example, they were asked if they thought “enterprises should establish an organizational system of management accounting reports, set up relevant posts, and all departments should fulfil relevant responsibilities” and chose a mark to reflect the degree of agreement.



Table 4 presents the frequency of scores for attitude. As shown in Table 4, out of the 8 questions asked on the attitude of management accounting reports, most of the respondents strongly agree the most for statement number 5 which is “the compilation, examination and approval, submission and use of enterprise management accounting report should be adapted to the enterprise” with 32 respondents. This is followed closely by statement number 1 which is “enterprises should establish an organizational system of management accounting reports, set up relevant posts, and all departments should fulfil relevant responsibilities” with 31 respondents. However, there are also respondents that provided strongly disagree for all the statements with statement number 2 which is about the objective of management accounting report with has the most number of respondents with 8.

Table 4: Frequency of Scores for Attitude

Statement	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
Enterprises should establish an organizational system of management accounting reports, set up relevant posts, and all departments should fulfil relevant responsibilities.	4	3	4	4	31
The objective of enterprise management accounting report is the managers of all levels and links that need management accounting information.	8	2	2	7	27
Enterprises may set reporting periods according to the needs of management and the nature of management accounting activities.	7	0	4	14	21
The content of enterprise management accounting report should be determined according to management needs and reporting objectives.	7	1	1	10	27
The compilation, examination and approval, submission and use of enterprise management accounting report should be adapted to the enterprise organizational structure.	5	0	2	7	32
Enterprises should determine different approval processes according to the content, importance and object of the report.	6	2	1	8	29
Enterprises should rationally design reporting routes to ensure that management accounting reports are delivered to the reporting objects in a timely and effective manner. Enterprise management accounting report can be submitted step by step or directly according to the nature of the report and management needs.	4	1	3	9	29
Enterprise management accounting reporting system should form result report and cause report based on causality chain in every link of management activities.	5	2	4	8	27

Table 5 shows the max value among the 46 respondents is 5 and four enterprises reached this value, while the minimum value is 1.00. Such results indicate that there are enterprises agreeing to the content of the guidelines completely and also enterprises totally disagreed to what the guideline states about management accounting reporting. As a whole, the mean score is 4.11, which means in the attitude part, most of the respondents agreed to the guidelines about management accounting reporting.

Table 5: Attitudes to Management Accounting Reports

Mean	4.11
Maximum	5.00
Minimum	1.00

F. Contents of Management Accounting Reports

Out of the 46 enterprises, only 25 enterprises have prepared management accounting reports, representing 54.35%, while 21 enterprises do not have management accounting reports. Therefore, practices of contents in detail on reporting are based on feedback of this part of enterprises.

The first part of content is strategic management

accounting reports. There are 19 companies that have prepared this report. Table 6 presents the frequency of scores for strategic management accounting reporting. The table shows that for enterprises preparing strategic management accounting reporting, they almost follow the guidelines, which is with the number of around 10 for each statement. In addition, 2 respondents were strongly disagreeing with the statement “the strategic management accounting report prepared by your company includes strategic management report, comprehensive performance report, value creation report, business analysis report, risk analysis report, significant event report and exception report.” and “the strategic management accounting report prepared by your company is concise, concise and easy to understand, report the main results, main reasons, and make specific recommendations”.

Table 6: Frequency of Scores for Strategic Management Accounting Reporting

Statement	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
The strategic management accounting report prepared by your company includes strategic management report, comprehensive performance report, value creation report, business analysis report, risk analysis report, significant event report and exception report.	2	0	1	5	11
The strategic management report prepared by your company includes internal and external environment analysis, strategic choice and goal setting, strategic implementation and results, and strategic evaluation.	1	0	4	3	9
The comprehensive performance report prepared by your company includes key performance indicators budget and its implementation results, variance analysis and other significant performance issues.	0	0	3	4	10
The value creation report compiled by your company includes value creation goals, value-driven financial and non-financial factors, resource occupation and value contribution of internal business units, and measures to enhance company value.	0	1	2	3	11
The business analysis report compiled by your company includes a review of the implementation of past business decisions, differences in the implementation of current business objectives and their causes, internal and external environment and major risk analysis affecting future business conditions, business objectives and management measures for the next period.	0	0	2	4	11
The risk analysis report prepared by your company includes a comprehensive review of risk management, internal and external risk factors analysis, major risk identification and assessment, and risk management plan.	0	1	0	6	10
The strategic management accounting report prepared by your company is concise, concise and easy to understand, report the main results, main reasons, and make specific recommendations.	2	0	0	8	9

As shown in the Table 7, the mean score is 4.08. Such results indicate that most enterprises have followed the guidelines and the maximum and minimum are 5.00 and 1.00 respectively.

Table 7: Practices of Strategic Management Accounting Reporting

Mean	4.08
Maximum	5.00
Minimum	1.00

The second part of content for reporting is operation management accounting reports. The results show that 24 enterprises prepare management accounting reports. Table 8 presents the frequency of scores for operation management accounting reporting.



The table shows that most of the respondents gave an agreement on this part “the fund management report prepared by your company includes the objectives of fund management, major liquidity items such as cash, notes receivable, accounts receivable, inventory management, problems in fund management and solutions”, the amount of respondents who strongly agree is the most (15), which is followed by “your company's earnings analysis report includes earnings objectives and their degree of achievement, the composition and trend of profits, the main factors affecting profits and their changes, as well as specific measures to improve profitability” with the number of 14. As for the number of respondents that responded strongly disagree, the last one “the management accounting report prepared by your company is complete and thorough” is the most (3).

Table 8: Frequency of Scores for Operation Management Accounting Reporting

Statement	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
The management accounting report prepared by your company includes comprehensive budget management report, investment analysis report, project feasibility report, financing analysis report, profit analysis report, fund management report, cost management report and performance evaluation report.	2	0	2	7	13
The comprehensive budget management report prepared by your company includes the formulation and decomposition of budget objectives, the analysis of budget implementation differences and budget evaluation.	0	1	4	5	12
The investment analysis report prepared by your company includes investment object, investment quota, investment structure, investment progress, investment benefit, investment risk and investment management suggestions.	1	1	3	5	12
The project feasibility report prepared by your company includes project overview, market forecast, product plan and production scale, site selection, process and organization plan design, financial evaluation, project risk analysis, and conclusions and suggestions of project feasibility study.	1	0	3	6	12
The financing analysis report compiled by your company includes the measurement of financing demand, the analysis and selection of financing channels and modes, the cost of capital, financing procedures, financing risks, countermeasures and financing management suggestions.	2	2	2	5	11

Continue....

Your company's earnings analysis report includes earnings objectives and their degree of achievement, the composition and trend of profits, the main factors affecting profits and their changes, as well as specific measures to improve profitability.	0	1	3	4	14
The fund management report prepared by your company includes the objectives of fund management, major liquidity items such as cash, notes receivable, accounts receivable, inventory management, problems in fund management and solutions.	1	2	2	2	15
The cost management report prepared by your company includes cost budget, actual cost and its variance analysis, the causes of cost variance and improvement measures.	2	1	1	6	12
The performance evaluation report prepared by your company includes performance objectives, key performance indicators, actual implementation results, difference analysis, evaluation results, and related recommendations.	0	0	2	8	12
The management accounting report prepared by your company is complete and thorough.	3	0	5	3	13

In Table 9, the mean score is 4.00, and the maximum and minimum are 5.00 and 1.00 respectively. The results indicate that the enterprises that prepared operation management accounting reports basically followed the guideline.

Table 9: Practices of Operation Management Accounting Reporting

Mean	4.00
Maximum	5.00
Minimum	1.00

The last part of content for reporting is transaction management accounting reports. Among the 25 enterprises, 21 enterprises have prepared this report. Table 10 presents the frequency of scores for operation management accounting reporting. The table shows that most respondents agree with the requirements, which means they follow the guidelines to prepare transaction reports. “The transaction management accounting reports prepared by your company are specific in content and sufficient in data” has the highest number of respondents that strongly, in other words, the most agreed statement. However, each statement has 2 or 3 respondents who strongly disagree with. For example: For statement ‘The transaction management report prepared by your company includes research and development report, purchase business report, production business report, distribution business report, sales business report, after-sales service business report and human resources report’ has 3 respondents strongly disagreed whilst for statement ‘The transaction management accounting reports prepared by your company are specific in content and sufficient in data’ has 2 respondents strongly disagree.

Table 10: Frequency of Scores for Transaction Management Accounting Reporting

Statement	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
The transaction management report prepared by your company includes research and development report, purchase business report, production business report, distribution business report, sales business report, after-sales service business report and human resources report.	3	1	3	4	10
The research and design report compiled by your company includes R&D background, main R&D content, technical scheme, R&D progress and project budget.	3	0	5	4	9
The purchasing transaction report, production transaction report, distribution transaction report, sales transaction report, after-sales service transaction report and human resources report prepared by your enterprise include transaction budget, transaction execution results, difference analysis and improvement suggestions.	3	0	3	4	11
The transaction management accounting reports prepared by your company are specific in content and sufficient in data.	2	1	2	3	13

From Table 11, the mean score is 3.92, and the maximum and minimum are still 5.00 and 1.00. The results indicate that there are still enterprises that did not follow the requirements in the guidelines.

Table 11: Practices of Transaction Management Accounting Reporting

Mean	3.92
Maximum	1.00
Minimum	5.00

The mean values are similar among three kinds of reports, which are all around 4.00. However, operation management accounting report seems to be more emphasized compared to the other two reports. It has to be mentioned that among three types of management accounting reports, the minimum values are all 1.00, which illustrated the existence of few enterprises not following the guideline about contents at all although they have prepared the management accounting reports.



On the whole, only half of the enterprises compile management accounting reports. The application of management accounting reports in China is not good, which is consistent with Zhang's (2005) study.

G. Process of Management Accounting Reports

The last few questions in first section requested the respondents to identify the process of preparing management accounting including the progress of auditing, submitting and publishing, responsible organizations and the use of assistant technologies such as information technology. Feedback on this section is based on the 25 respondents' answers. Table 12 presents the frequency of scores for process management accounting reporting. The table 12 shows most of the respondents strongly agree the most for the second statement which is "the management accounting report of your enterprise is prepared by the responsible department that collects, processes and submits the management accounting information" with 16 respondents. However, there are also respondents that provided strongly disagree in all statements with 2 or 3.

Table 12: Frequency of Scores for Process of Management Accounting Reporting

Statement	Strongly Disagree	Disagree	Neither	Agree	Strongly Agree
The management accounting report prepared by your enterprise follows the steps of preparation, examination and approval, submission, use and evaluation.	2	1	3	5	14
The management accounting report of your enterprise is prepared by the responsible department that collects, processes and submits the management accounting information.	2	1	3	3	16
Your company has established an authorization system for the use of management accounting reports, and the users of reports use enterprise management accounting reports within the scope of their authority.	3	0	4	7	11
Your company evaluates the quality, timeliness and confidentiality of management accounting reports, and links the evaluation results with performance appraisal.	2	0	3	6	14
Your company makes full use of information technology to integrate the preparation, approval, submission and use of management accounting reports into the enterprise unified information platform.	3	0	3	5	14
Your company regularly optimizes the management accounting reporting system, content, preparation, approval, submission and use according to the use effect of management accounting reports and the changes of internal and external environment.	3	1	2	6	13

As shown in Table 13, the mean value is 4.09, which indicates that the enterprises that prepared management accounting reporting basically followed the guidelines in the part of progress of preparing reports.

Table 13: Process of Management Accounting Reporting

Mean	4.09
Maximum	1.00
Minimum	5.00

H. Preparation of Management Accounting Reports in Different Categories

According to the questionnaire distributed, the respondents were requested to identify the nature, size and industry of their enterprises. For the above different categories, the following tables represent the number of enterprises that have prepared management accounting reports in different categories ("Yes" means the company follows the guideline to prepare reports). Table 14 presents the descriptive statistics on the preparation

of management accounting reports among the enterprises based on nature.

Table 14: Preparation of Management Accounting Reports in Different Natures

Report	Yes	Count	Nature		Total
			State-owned Enterprises	Private Enterprises	
		9	16	25	
		% within Report	36.0%	64.0%	100.0%
		% within Nature	56.3%	53.3%	54.3%
		% of Total	19.6%	34.8%	54.3%
	No	7	14	21	
		% within Report	33.3%	66.7%	100.0%
		% within Nature	43.8%	46.7%	45.7%
		% of Total	15.2%	30.4%	45.7%
Total		16	30	46	
		% within Report	34.8%	65.2%	100.0%
		% within Nature	100.0%	100.0%	100.0%
		% of Total	34.8%	65.2%	100.0%

As shown in Table 14, among the 25 enterprises that have prepared the management accounting reports, 9 enterprises are state-owned enterprises whilst 16 enterprises are private enterprises. Table 14 also shows that 7 state-owned enterprises and 14 private enterprises did not follow the guidelines to prepare their management accounting reports. On the other hand, 56.3% state-owned enterprises followed the guidelines in preparing the management accounting reports whilst 53.3% of the private enterprises prepared management accounting reports. This rate is almost similar in two different categories.

Table 15: Preparation of Management Accounting Reports in Different Sizes

Report	Yes	Count	Size			Total
			less than 100	100-500	more than 500	
		6	10	9	25	
		% within Report	24.0%	40.0%	36.0%	100.0%
		% within Size	50.0%	52.6%	60.0%	54.3%
		% of Total	13.0%	21.7%	19.6%	54.3%
	No	6	9	6	21	
		% within Report	28.6%	42.9%	28.6%	100.0%
		% within Size	50.0%	47.4%	40.0%	45.7%
		% of Total	13.0%	19.6%	13.0%	45.7%
Total		12	19	15	46	
		% within Report	26.1%	41.3%	32.6%	100.0%
		% within Size	100.0%	100.0%	100.0%	100.0%
		% of Total	26.1%	41.3%	32.6%	100.0%

According to the results shown in Table 15, 25 enterprises that followed the guidelines in preparing management accounting reports have less than 100 employees whilst 9 of 25 enterprises have more than 500 employees. Among three different categories of company size, for small enterprises (with less than 100 employees), 50% of them prepared the management accounting reports, and 47% enterprises that have 100-500 employees prepared the management accounting reports. In addition, 40% large enterprises followed the guideline to prepare management accounting reports.



The proportion showed a little difference among three categories, and each category does not exceed 50%..

Table 16 shows the results of the descriptive statistics based on industry. In five categories of industries, among enterprises that have prepared the management accounting reports, the number of enterprises in the manufacturing, construction, finance, service and others are 3, 2, 12, 5, 3 respectively. For manufacturing enterprises, 37.5% of them prepared the management accounting reports and the rate is the same for enterprises from other industries. Table 4.16 also shows that 80% of the enterprises come from the finance industry have followed the guidelines to prepare management accounting reports and this number is leading among the five industry categories. Using this result to reflect the application of management accounting, it is consistent with Hussain's study (2005) that financial service is paid more attention to in management accounting.

Table 16: Preparation of Management Accounting Reports in Different Industries

		Industry					Total	
		Manufacturing	Construction	Finance	Service	Others		
Report	Yes	Count	3	2	12	5	3	25
		% within Report	12.0%	8.0%	48.0%	20.0%	12.0%	100.0%
		% within Industry	37.5%	40.0%	80.0%	50.0%	37.5%	54.3%
		% of Total	6.5%	4.3%	26.1%	10.9%	6.5%	54.3%
	No	Count	5	3	3	5	5	21
		% within Report	23.8%	14.3%	14.3%	23.8%	23.8%	100.0%
		% within Industry	62.3%	60.0%	20.0%	50.0%	62.5%	45.7%
		% of Total	10.9%	6.5%	6.5%	10.9%	10.9%	45.7%
	Total	Count	8	5	15	10	8	46
% within Report		17.4%	10.9%	32.6%	21.7%	17.4%	100.0%	
% within Industry		100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	
% of Total		17.4%	10.9%	32.6%	21.7%	17.4%	100.0%	

V. CONCLUSION

The main objective of the study is to examine the management accounting guidelines in management accounting reporting in China. According to the data analysis results of Chapter four, the study shows that the level of management accounting reporting practices is still low and not in accordance with the requirements of the application guidelines among Chinese enterprises. Only about half of enterprises have prepared management accounting reports. However, according to the respondents' response, most enterprises have a positive attitude towards the preparation of management accounting reports, and agreed with the importance and significance of the preparation of reports mentioned in the practices guidelines. Although most enterprises agreed that management accounting reports should be prepared, half of them still failed to comply with the requirements of the guidelines. This shows that, in the process of practice, there are inconsistencies between theoretical understanding and practical practice.

For the specific report content, the enterprises that prepared the management accounting report would basically follow the requirements of the guidelines. For three different detailed reports, the enterprises that have prepared the management accounting reports have mostly followed the requirements of the guidelines. It is worth mentioning that the number of enterprises preparing operation management accounting reports was the largest, while the number of enterprises preparing strategic reports was the smallest, which can reflect that the management may be more valued by business managers. What is more, in the process of preparing reports, enterprises that prepared management accounting reports basically agreed with and followed the guidelines. The findings of this study show that most enterprises agree with the importance of preparing management accounting reports, and the guidelines on this part in China have good applicability. Therefore, enterprises that have not prepared the report should pay more attention to management accounting reporting. In addition, accounting departments should also give guidance and assist to companies when necessary.

This study is not without limitations. Firstly, the scope of samples in this study is small, and the selection of samples is not completely random. It may not be representative when aim to describe the universality. Secondly, when doing a questionnaire survey, because of the highly professional nature of questionnaire questions and the lack of respondents' in-depth understanding of the enterprises, the information provided by the respondents may be inconsistent with the actual situation of the enterprise, so it is possible that the real situation of the enterprise cannot be reflected. Based on the data from the feedback of questionnaire survey, the analysis done may not be accurate enough. Future research can be carried out in detail according to the content of the management accounting practices guidelines, not only in the field of management accounting reporting. It can be focused on other parts of management accounting, to investigate the actual situation of management accounting practices. Besides, if conditions permit, the sample size should be larger, in order to improve the universality and persuasion of the research results. In the aspect of management accounting reporting, studying targeting the nature of industry or enterprise is also the direction to be considered, which would enrich the development of theory and practice of management accounting reporting

In sum, this study enriches the literature on the practices of management accounting. In addition, for the management accounting reporting, this research is more targeted, and contributes to the academic discussion of management accounting reporting. Apart from financial reporting, this study also provides reference to reporting in the accounting field from the aspect of management accounting reporting. This study also sheds some lights on the practicability of the guideline was obtained, and hence serves as a reference for relevant departments in formulating and modifying the guidelines for management accounting.



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