ENLIGHTENMENT OF GUAN ZHONG'S MANAGEMENT THOUGHT ON THE RISK CONTROL AND MARKET ENVIRONMENT IN THE MANAGEMENT ACCOUNTING SYSTEM

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ABSTRACT

Although the economic management thought system of Guan Zhong has certain historic limitations, it still gets more attention of the entire strategy arrangement and emphasizes the crisis awareness and risk control. This paper makes illustrations of the opinions proposed by Guanzi in terms of “emphasizing the seriousness of things, treating the loss and gains; following the law to inspect, know clearly about the number”, proposes to advocate the standardized management, healthy market environment and parallel practice of moral and law, provides some important reference meanings and enlightenment for some problems in the current management accounting system construction and hopes to arouse the attention and learning of more and more people.

1. INTRODUCTION

Accounting qualification certificate was once the most basic job threshold for the accounting work in our country, which was canceled. Although the number of holders of the country is as high as 20 million, the gold content of the accounting certificate is not high, showing the situation of “sufficient number, insufficient quality” of the accounting staff. With the demands of the rapid development of new market economy, the accounting work has clearly entered a period of diversified development. These basic accounting businesses such as the single account making, accounting record, reimbursement are far from enough. What is more needed is to transform the “accountant mister” of the financial control type in the traditional meaning into the “value creators” that know both finance and management business.

In order to comprehensively promote the attention of domestic enterprises and administrative institutions to the management and accounting work, according to the requirement of “strengthening the internal management and accounting levels of the units and promoting the transformation and upgrade of the society and the economy” issued in Accounting Law of the People’s Republic of China and the Guiding Opinions of the Ministry of Finance on Promoting the Construction of the Management Accounting System in an All-round Way, Ministry of Finance then printed and issued the Basic Guidelines of Management Accounting, in which it says: “it has summed up and abstracted the directional contents such as the accounting objectives, principles, elements so as to guide the practice work of the concrete management accounting of the units [1].” The Ministry of Finance has issued the Outline of 13th Five-Year Plan of the Accounting Reform and Development, which directly lists the management accounting into the “talents in urgent need in the industry” and clearly puts forward the objective of “cultivating 30,000 management accounting talents proficient at financial management, management and decision-making by 2020” [2].

According to the requirements of the 13th Five-Year Plan Outline of Accounting Reform and Development issued by Ministry of Finance, the “13th Five-Year Plan” of the Shandong Provincial Department of Finance has also made a request for a comprehensive and effective promotion of the management accounting system construction of our province and training program of management accounting talents [3]. Finance is both the basis of national governance and an important pillar. Accounting work constitutes an important part of the state finance. The management accounting of the weak part naturally becomes the short slab of the national finance. Therefore, it is necessary to promote the deepening of accounting reform and the development of transformation management accounting.

Then Guan Zhong, the famous politician and thinker in China’s Spring and Autumn period, helped Duke Huan of Qi become the first powerful chief of the Spring and Autumn period for more than 40 years. He has achieved a lot in terms of politics, economy, military, diplomatic and other aspects. His ideological system has had a tremendous impact on the Chinese history. He is known as the “pioneer of Confucianism, Taoism and Legalists”. What are his guidelines and implications for today’s management accounting system? This paper elaborates from the two aspects of crisis management and market environment of the management accounting system.

2. GUANZI’S “EMPHASIZING THE SERIOUSNESS OF THINGS, TREATING THE LOSS AND GAINS” AND THE CRISIS MANAGEMENT RISK CONTROL OF THE MANAGEMENT ACCOUNTING SYSTEM

Guanzi Emphasis mentions that the country should control the price with the different seasons according to the quantity of materials, so as to avoid the over-high or over-low price, which will lead to the good effects. This theory proposed by Guan Zhong is actually the intervention policies that the ancient countries propose for the macro

regulation of the economic management. This thought is an important unique part in the economic management ideas of Guan Zhong, which makes Guan Zhong help Country Qi realize "to control the world with the emphasis theory" [4]. What is the emphasis theory? What measures should be taken to form the emphasis theory? Guan Zhong has attached great importance to the crisis awareness risk management in the Spring and Autumn Period. Only by forecasting the risk control with foresight can lead to easy economic control and prosperous development.

The emphasis theory has certain enlightenment to us in how the modern enterprises should cope with the risk management through using the emphasis theory of the economic regulation through the risk lever [5]. At present, the external environment for the survival of the modern enterprises is complicated and changeable, with serious competition. A series of problems such as the gradual improvement of the labor cost, the potential increase downward of the world economic, brittle financial market and rising of the transaction protectionism have brought unprecedented risks and challenges to us. Guanzi National Reserve mentions "the country masters the currency to control the price of the crop that decides the life and death of the masses, so the masses can contribute their own strength". It is particularly important for the management of risk awareness, which not only can effectively avoid the social crisis, have the maximum prevention of economic crisis, make the majority of enterprises have equal and healthy competition, promote the stable development of the market economy, take preventive measures [6]. Before the arrival of the real crisis, try to minimize operational risks as much as possible, which is the control of risk awareness.

Enterprises can learn from the emphasis management thinking of Guanzhong and have the consideration of the following aspects for the establishment of management accounting. As an enterprise that survives in the economic society, it should have the ability of adapting to the jungle, which is the only way to grow [7]. The risk crisis identification and risk tolerance are also the survival skills. Of course, the severity of this ability will inevitably affect the business's development status in the entire industry and the future. Lack of acute risk awareness will cause losses to the long-term development of the enterprise. Most importantly, develop a risk prevention system from a strategic point of view, find their own weaknesses, conduct the correct assessment of possibility of risk coefficient and the corresponding response strategies, make clear management methods to develop the good emphasis control policies.

3. GUANZI'S "FOLLOWING THE LAW TO INSPECT, KNOW CLEARLY ABOUT THE NUMBER" MAKES THE MANAGEMENT ACCOUNTING SYSTEM "HAVE LAWS TO FOLLOW"

Guanzi Safeguarding Management mentions: "revise the laws, review the policies, set up the conventions, equip the capable officials can bring the national government". Carry out governance of different officials according to the different duties can bring national peace. Guanzi emphasizes the role played by the laws and regulations in governance in the accounting management [8]. As the first person that put forward the law-based governance in the ancient history in China, he specially states about accounting in Shan Guo Gui, which means the management of the national accounting, statistics and wealth management.

Guanzi holds that all the aspects of a country have the accounting management; only by knowing about accounting, statistics and management can they host and govern the national economy. Therefore, Guanzi mentions the "knowing clearly the law", which includes the following meanings. First of all, "be clear about the law" in dealing with related matters. It means to deal with the things according to the rules, systems and articles [9]. Maintain the law system rather than go against the law. Enforce the law rather than crime; Second, check the number in related matters. Be clear about the balance data in the financial account and prevent from defraud or error. Guanzi's perfection of the rules and systems is to better restrict the defraud. It also attains the purpose of "getting both law and reason". "Measuring and analysis" of Guanzi also proposes the definite orientation in the current accounting work, which is not only to calculate, measure, but also analyze and explore.

The opinion of currency lies in the "standardized development" of the management accounting work. We should standardize and guide the

vigorous development of management accounting, speed up the construction of management accounting system. Under the government support, the participation of various departments, the market operation of the legal system of economic mechanism, fully play the role of management accounting. At the same time, one enterprise should profoundly understand the inherent characteristics and laws of the socialist market economy, give full play to the role of resource allocation in the market economy, and establish a management accounting system environment with laws and regulations.

The main purpose of the establishment of the management accounting system is to conform to the needs of the development of the market economy, transform the traditional single accounting accounting model into the innovative and creative value management mode, and use the management data method to carry out further deep processing and analysis, so as to make the existing big data play a greater value, which is the enterprise's in-depth control and grasp. In a sense, the establishment of management accounting and corporate internal control are closely linked to each other, to promote each other and supplement each other, because the establishment of a sound management accounting system in turn will strengthen and improve the internal accounting system control and management.

For the materials procurement and accounts receivables and other business, enterprises can complete the above tasks by the calculation and measurement tools provided by the management accounting. Various aspects of the business management include the development of production goals, personnel performance evaluation, staff compensation distribution, enterprise development planning, which will be related to the tool of management accounting. A sound and complete internal environment provides a working environment for the management accounting to play its role. For the development of long-term strategy of enterprises, analyze, plan and make the decisions through a large number of databases of the management accounting, so as to improve the goal of strengthening enterprise management, promote the development and mutual cooperation, and better integrate the internal control environment and management accounting tools.

Therefore, through a good interpretation of Guanzi, it can well introduce many useful ideas to the current economic management and play the role of introducing the current construction of the management accounting system. In the reading, the author understands how advanced the economic thinking of Guan Zhong is. He is indeed a master in the history. The typical "warfare prevention through business" includes economic sanctions, salt and iron franchise, compulsory tax system, four-people sub-industry, consumption encouragement, which have been basically the opinions of the modern business community. This paper merely illustrates from the perspectives like "on the hundred workers, the trial of current affairs, frugality of wealth" and hopes to provide some important reference and inspirations to the construction of the current management accounting system.

At present, China is in the critical period of the transformation of the whole mode of economic development; peaceful cooperation and development cannot be given up. Some of Guanzi's opinions do not apply now, which will cause the market environment to become narrow and is not conducive to the current management accounting system. So, we should maintain the attitude of "taking the essence and getting rid of the dregs" for the ancient Chinese culture, continue to learn innovation, and truly achieve a comprehensive transformation of accounting work and diversified development, which provides valuable wealth for us to better build a socialist market economy.

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