

Research on the Obstacles and Countermeasures of Convergence Between China's Accounting Standards and International Accounting Standards

Dian Li

Shenzhen Longhua District Central Hospital, Shenzhen 518000, China.

Abstract: International convergence of accounting standards means that with the accelerating process of economic globalization and internationalization of capital market, it plays an important role in achieving effective coordination among countries in order to reduce transaction costs, improve the efficiency of resource allocation and provide investors with more optional information. Since China has joined the WTO, it has become more and more closely connected with other countries in the world. In this situation, China's accounting standards should also be in line with international accounting standards, so as to provide more comprehensive financial information for Chinese enterprises. This paper introduces the guiding and binding role of accounting standard system and norms in the process of formulating and implementing accounting standards in China. Secondly it analyzes the current situation of international convergence of accounting standards as Chinese enterprises are carrying out the international development process faster and faster, and puts forward corresponding countermeasures for the existing problems in China's accounting industry, hoping to provide reference for Chinese enterprises to achieve sustainable development.

Keywords: Accounting Standards; International Accounting Standards; A Study of Obstacles and Countermeasures

1. Introduction

Our accounting standards are at a better level internationally, but the specifics are not defined in detail. Therefore, there are differences between China's accounting standards and international standards. With the economic globalization and the deepening of the internationalization of capital market, the acceleration of the innovation of financial instruments and the increasing competition among enterprises, more and more domestic listed companies begin to treat transnational corporations as the main transnational enterprises. This has led to the existence of a trend in the international. That is, more and more listed companies begin to choose the cost method to calculate their profit and loss. The gap between China's accounting standards and international standards is gradually widening, and the differences between China's accounting standards and international accounting standards are becoming more and more obvious. Therefore, how to improve China's current corporate financial reporting system and realize the effective convergence of China's accounting information has become an urgent topic to be solved and studied.

2. Motivation of Convergence Between China's Accounting Standards and International Accounting Standards

2.1 The Need of International Management of Multinational Companies

With the development of economic globalization, multinational corporations have become one of the most important, competitive and influential trading partners among countries in the world. In this situation, Chinese companies need to acquire foreign advanced technology to expand their production scale and enhance their competitiveness, which can also be affected by the difference between accounting standards and international regulations. Therefore, in order to avoid these situations, it is necessary to seek the support help

from multinational companies, and the goal of convergence between China's corporate accounting standards and international standards is in convergence, but these two approaches are not well coordinated because of the differences between China's accounting standards and international standards ^[1].

2.2 The Need for Regional Economic Integration

The rapid development of China's economy cannot be separated from inter-regional and inter-regional ties, and in recent years, China's regions have been strengthening their consensus on convergence of accounting standards in cooperation and exchange with other countries. In the long run, it is necessary to promote the sharing of financial information among provinces. Therefore, we should actively promote the process of regional integration construction and try to promote its extension and deepening degree in the longitudinal direction, and also need to speed up the establishment of a unified standardized and complete enterprise management information system to make it more adaptable to the new requirements of economic development, so as to improve the effectiveness of convergence of accounting standards in China, which can provide investors with reliable and effective financial data^[2].

3. Obstacles to the Convergence of China's Accounting Standards with International Accounting Standards

3.1 There are Competing Economic Interests in Convergence

The convergence of accounting standards is an inevitable requirement for the development of market economy, which is also the result of social and economic progress. At present, China is in the primary stage of socialism, in the reform of economic system, the market mechanism is not perfect and the property right system is not sound, which makes the conflict of interest and divergence between enterprises in different degrees. At the same time, due to the complex and changing market environment and the lagging and time-sensitive nature of information disclosure, many problems will arise in the process of convergence of accounting standards, which will have a negative impact on the development of China's market economy. Therefore, we should fully learn from the experience of developed countries and speed up the convergence of China's accounting standards and international accounting standards system, this will enable our enterprises to better adapt to the market economic environment in the process of economic development.

3.2 Cultural Differences

Accounting is influenced by the social form, economic situation and cultural background of a country, and plays an important role in economic activities. Accounting standards are created when the development of social productivity and cultural level is improved to a certain degree, which is a country to carry out macro-control, management, formulation of various policies and accounting standards to achieve specific goals and services. With the continuous development of social economy and market environment, China's market economy system has been gradually improved, and the level of enterprise management has been further improved, which puts forward higher requirements for the convergence of China's accounting standards with international standards.

3.3 Imperfect Capital Market

The imperfection of the capital market is mainly manifested in two aspects: First, it is difficult for users of accounting information to understand the financial situation and operating results of enterprises, and therefore cannot make correct decisions. Some enterprises in order to maximize their own interests, they do not violate the accounting standards and relevant national laws and regulations under the premise of earnings management. Second, when investors and creditors make investments, they make wrong choices due to the conflict of interest, which leads to increased investment risks. The current existence of some securities market regulators, self-regulation mechanism is not perfect, accounting standards convergence is a long-term existence and need to practice. Therefore, it is imperative to establish perfect relevant laws and regulations and self-regulation mechanism ^[3].

4. Measures for Convergence

4.1 Proactively Participate in the Formulation of International Accounting Standards and Converge with International Practices

International accounting standards are formulated by the highest legislative bodies of each country according to their own

national conditions, and they are universally applicable, so China should actively participate in the formulation of international accounting standards and fully learn from the advantages of international accounting standards. Under the existing conditions in China, we should develop new accounting standards that are suitable for our own country and in line with China's basic national conditions according to our own economic development level and enterprise situation. The convergence of China's accounting standards with international accounting standards is a long-term and complex process, and it is necessary to ensure its harmonization and systematization by fully considering all aspects of our country at the early stage of formulation. In the process of convergence with international practice, we should consider the many differences between our culture and western culture, and take into account the actual situation in China.

4.2 Improve the Implementation Mechanism of Accounting Standards and Encourage Voluntary Information Disclosure

The development and implementation of accounting standards is a long and systematic process, so to ensure their effective implementation, it is necessary to strengthen the supervision of information disclosure behavior. First of all, we should clarify the regulatory body from the system. In China, there is a lack of laws and regulations to regulate the preparation and confirmation of corporate financial reports. China should improve the relevant legal system as soon as possible to protect the legitimate rights and interests of investors, and establish a sound social credit assessment mechanism and strictly comply with the relevant regulations for accounting treatment and auditing. Secondly, we should improve law enforcement and efficiency to ensure that the number of violations is reduced or the scope of the violations is minimized to all units and individuals, and finally, we should strengthen the publicity and education of accounting standards to raise public awareness of their importance and necessity, so that the public can understand and comply with them consciously, thus ensuring that Chinese enterprises can have a stronger voice in the international market ^[4].

4.3 Development and Improvement of China's Capital Market

The development and improvement of China's capital market is important to guide and regulate corporate behavior, which is important to promote the healthy and orderly operation of the market economy. First of all, strengthen the supervision. The SEC should formulate corresponding laws and regulations to restrain and supervise the behavior of listed companies. It should also establish effective information disclosure mechanisms and penalties and other systems to ensure that investors get true and reliable, followed by increasing the degree of punishment for companies that violate the law and raise the cost of violations to deter high issuers and participants in the securities market, so that they dare not risk making mistakes, thereby reducing the phenomenon of enterprises to falsify or make false accounts for their own benefit.

4.4 Establish a Perfect Training System for Accounting Personnel and Improve the Quality of Accounting Personnel

There is a difference between accounting standards and international practices, which requires us to take full account of Chinese national conditions, combine the accounting market environment, enterprises' own characteristics and national policy guidance to make scientific and effective guidance. To achieve this goal must strengthen the quality of accounting personnel training, the first is to increase efforts to publicize the newly issued or revised regulations. Conduct relevant knowledge lectures and training activities through various channels to improve the understanding and adaptability of accounting practitioners to the new standards. Secondly, we should organize relevant staff to learn advanced experience in developed countries, strengthen their own learning of accounting knowledge, and master the methods applied in practice of the new standards.

Conclusion

The international convergence of accounting standards is a long and arduous process, which needs to be explored and practiced continuously, and gradually realized in the process. In order to achieve better and faster development in this way, our enterprises must make efforts to improve their management level and enhance their competitiveness in the market, so as to gain more benefits in the international market. This paper firstly analyzes the current situation of convergence between China's accounting standards and foreign accounting standards, and then proposes corresponding countermeasures for the problems existing in China's enterprises, hoping to

help the development of China's accounting industry in the future.

References

[1] Chua Wai Fong, James Ramana, King Adrian, et al. Task Force on Climate-related Financial Disclosures (TCFD) Implementation: An Overview and Insights from the Australian Accounting Standards Board Dialogue Series[J]. Australian Accounting Review,2022(3):32-35.

[2] Sakawa H, Watanabel N, Gu JJ. The Internationalization and Voluntary Adoption of International Accounting Standards by Japanese MNEs[J]. Management International Review,2021(2):11-16.

[3] Efreteui Ekaete, Usoro Abel, Koutra Christina. Complex information and accounting standards: Evidence from UK narrative reporting[J]. South African Journal of Accounting Research, 2022(3): 36.

[4] MoududUIHuq Syed, Biswas Tanmay, Chakraborty Brishti. Factors affecting the adoption of International Accounting Standards (IAS): Empirical evidence from Bangladesh[J]. International Journal of Financial Engineering,2021(01):18-22.

About the author:First Name: Dian, Last Name: Li, Date of Birth: 1st October, 1990, Gender: Female, Nationality: Han, Chinese, Native Place: Longyan, Fujian Province, China, Degree: Master of Professional Accounting (Commerce), Affiliation: Shenzhen Longhua District Central Hospital, Research Fields: Finance and Accounting.