

# Improvement of Corporate Governance Structure and Implementation of Accounting Standards

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## Abstract

In the era of rapid economic development, corporate governance plays an increasingly important role in the development of enterprises. In China, we should strengthen the improvement of corporate governance, and study how to combine the relationship between corporate governance and accounting information to further explore. However, corporate governance needs to have a certain environment. Such an environment also requires the joint creation of good accounting information. High-quality accounting information has a profound impact on the company's internal environment. Corporate governance is the owner's rectification and improvement of the internal organization of the enterprise, and formulates a solution to its own problems. The improvement of corporate governance requires the specification of accounting information. It is necessary to link the internal accounting system with the accounting standards, the establishment of the corporate governance structure and the internal audit supervision mechanism, and effectively improve the implementation of accounting standards.

## Keywords

Corporate Governance Structure, Improved, Accounting Standards, Implementation

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## 1. Introduction

Corporate governance is divided into internal corporate governance and external corporate governance. A sound corporate governance structure is of great significance for preventing accounting fraud. The serious distortion of accounting information in China is largely due not to the accounting itself, but to the

imperfect corporate governance structure in China, the lack of effective supervision and control of the management authorities, and the serious internal control phenomenon. In order to fundamentally manage the distortion of accounting information, in addition to improving relevant accounting standards and improving the quality of accounting personnel, an effective corporate governance structure should be established to reduce the manipulation of accounting information by management authorities.

## **2. Overview of Corporate Governance Structure and Accounting Standards Implementation**

### **1) Overview of corporate governance structure**

The corporate governance structure is an important part of modern enterprises and an important part of the enterprise. To improve the internal structure of the company, it is necessary to clarify the various internal relationships. The division of labor between directors, shareholders and senior management should be clear. Although they are closely related, close relationships can easily lead to unclear powers of responsibility, leading to many problems that affect the normal development of the company. The company's governance needs to formulate a series of appropriate rules and regulations, in order to have a good normative role, to restrict the behavior of senior management personnel, to immediately restrict the occurrence of bad behavior, and to have incentive mechanisms for behaviors that are conducive to the company's development. For rewards, motivate employees [1].

Participants at all levels of the company have their responsibilities and powers. The board of directors, senior management and employees are all related, can't be separated from any relationship, and need to clarify their responsibilities and follow the rules. At the same time, it also Have their own structure, can develop common goals while complying with the system, provide effective means, and develop better. Most of China's corporate governance structure adopts the system of "separation of powers". The rights between the board of directors, shareholders and senior management must be restricted. Each level can be supervised and checked against each other, and the rights cannot be biased toward one party. This will ensure the smooth development of the company.

### **2) Overview of the implementation of accounting standards**

With so many years of hard work, China's market economy construction has achieved results to a certain extent, but there are still many unsatisfactory places in many aspects [2]. Among them, the asymmetry of accounting information, the authenticity of accounting quality, and the impartiality of accounting supervision still exist, so that seemingly small problems will have a great impact, even far-reaching impact. In many enterprises, there is a problem of accounting information asymmetry. This is a manifestation of market failure, and this will seriously affect the country's prosperity and development. Therefore, whether the accounting information of a country is fair and transparent determines the

normal development of the market. It also determines the role of the country in the construction of a market economy. To achieve such a demand, we must constantly improve the accounting standards system, and use accounting standards to strengthen each link, make up for the shortcomings, and continue to develop in a good place.

From the specific provisions of the new accounting standards, it can be well applied to corporate accounting information, so that the transparency of enterprises can be increased, as far as possible to avoid various market failures, so that the market economy can well match the district. Promote the development of enterprises. The use of accounting information is also very extensive, although it refers to the exchange of accounting information within the enterprise, but the flow performance enables the accounting information to be well exchanged and used in the international scope, exaggerating the space, forming an overall relationship network, satisfying The requirements of the enterprise for the accuracy of accounting information are further safeguarded to the interests of the enterprise.

### **3) The role of improving corporate governance structure and implementing accounting standards**

The internal and external coordination and control of the corporate governance structure and the improvement of good systems can solve the interests of all aspects of the company and ensure the smooth operation of the company. It is clear that high-quality accounting standards do not necessarily produce high-quality financial reports. Therefore, the implementation of accounting standards is more important than the accounting standards themselves, and the implementation of high accounting standards also depends on the improvement of the company's structure. Here, we mainly focus on two structural overviews. While ensuring the improvement of the internal and external structure of the company, the accounting standards are effectively implemented, which plays an important role in the future development of the company. High-quality accounting information should be able to protect the legitimate rights and interests of all stakeholders, rather than simply maintaining the rights and interests of certain types of stakeholders. This will have an unbalanced impact and will affect the improvement of the company's governance system. From this perspective, more clear and high-quality accounting information is very precise for improving the corporate governance structure. We should grasp the key points so that we can better play our role, implement accounting standards well, and improve corporate governance structure [3].

## **3. The Existence of Corporate Governance Structure and Accounting Standards**

### **1) The company's assessment mechanism is unreasonable, causing distortion of accounting information**

The most important assessment mechanism of the company is the perfor-

mance mechanism, which is mainly judged from the work efficiency and evaluation of employees. In order to maintain excellent employees, many companies have established a series of systems, in order to retain excellent employees and have higher interests for the company. For example, the attendance system, the incentive system, and various compensation systems are all means by which companies can retain talents and absorb talents. From the employee's point of view, there will be an invisible pressure to oppress yourself to work while restricting your own behavior. In order to meet the assessment indicators, you will prepare false financial information, which is no exception for senior management. Good influence forces the decline in the quality of accounting information.

**2) The corporate governance structure is not standardized, resulting in inaccurate accounting information**

The non-standardization of corporate governance structure mainly includes: the problem of the upper-level decision-making mechanism. The composition of the board of directors must be standardized, and it cannot be arbitrarily prescribed, and it is responsible to the shareholders. Since decision-making can greatly affect the governance of the entire company, it is crucial. While formulating various regulations, we should think in all aspects, add more discussions, and form good ideas so that the communication of accounting information can be carried out in an orderly manner. However, many companies have inaccuracies in accounting decisions, which leads to inaccuracies in accounting information and violates the company's reputation. The problem of the supervision mechanism, this link is the direct factor that affects the accounting to get real information. We all know the importance of supervision, especially for the internal governance of the company, and more need to be transparently supervised [4]. The supervisory board will play a role. For example, the board of directors and the manager should not be too close, so that effective supervision cannot be formed, which will lead to internal confusion and thus greatly reduce the authenticity of accounting information. The problem of the power mechanism, power is what every senior management wants, and there are all kinds of false information. Therefore, power needs to be mutually restrained and cannot be biased towards a certain individual. The structure of shareholders needs to be reasonable. Most of the situations often occur. This will affect the distribution of power within the company, which is biased towards one party and leads to the lack of information.

**3) The internal audit system is imperfect, resulting in the failure to obtain effective supervision of the implementation of accounting standards**

The internal audit system is actually an effective supervision of the company's internal financial revenue and expenditure, and is aimed at internal legitimacy, effectiveness and authenticity, which will undoubtedly cause certain pressure on the company. The internal audit system often starts from different angles, grasps various financial revenue and expenditure budgets, controls costs, and strengthens internal management. This will lead to the situation that most people con-

trol, and does not form a good internal audit system. Supervision, in order to implement a good financial budget plan, lost the importance of supervision, fundamentally undermined the balance between them, making the high independence and good quality of the original audit difficult to play. On the basis of the incomplete internal management of many companies, what is more needed is that the internal audit system is very helpful to play a role, so the requirements for improving the audit market are more clear.

Under such a system, it will seriously affect the effectiveness of the supervision of accounting standards. When conducting internal audits, it is necessary to supervise according to national laws and regulations and other policies, and the imperfection of the internal audit system will lead to the implementation of accounting standards. There will also be risks of reduced efficiency, and the two are also mutually restrained.

#### **4) The internal structure of the company is imperfect, resulting in weak accounting supervision**

Insufficient accounting supervision will lead to many adverse effects, the decline in accounting quality, and various frauds, leading to a loose sand inside the company. Accounting supervision includes external and internal, external supervision is the supervision of the board of directors of the board of supervisors, etc. They need both checks and balances of power and need to communicate with each other, so as to ensure the effective implementation of supervision. There can be no such thing as a virtual situation, and there should be independence in internal control in order to be effective. The internal supervision includes many aspects, such as mutual supervision between employees. In normal work, once errors or violations occur, they should clearly define responsibility and supervise each other. The external audit will also have conflicts with the management to obtain benefits. These will affect the development of the company. Both external and internal are very important. They should be independent and also need to be supervised. Only the supervision is not affected, and the execution of accounting quality will be carried out well.

### **4. Improve Corporate Governance Structure and Implementation of Accounting Standards to Improve Countermeasures**

#### **1) Improve the company's assessment mechanism and correct accounting information**

In China's listed companies, the average quality of work is not high enough, and the proportion of performance income is not high. The company's various assessment mechanisms should be improved. For example, the use of incentives will make managers pay more attention to controlling internal management mechanisms. The transmission of accounting information can correct the accounting information and make better use. From the perspective of salary income, it will appear that as the size of the company grows, the salary of the em-

employees will become more and more, and it will not be positively related to the ability. Therefore, the salary income should be related to its own ability. People should encourage employees to get more benefits. The correlation between the remuneration policy and the performance of the company is not strong enough. This will lead to the internal interests becoming weaker and weaker, and the external economic interests will become more and more serious, which will lead to management's fraud and other bad behaviors. At the same time, large costs will also reduce the efficiency of accounting standards. The improvement of the company's assessment mechanism depends on the mutual help of each other's information and mutual penetration. The implementation of accounting standards should have a complete and standardized benchmark. It can be combined with the internal governance of the company, and cooperate with each other to achieve constraints. At the same time, it also acts as an incentive to maximize the company's interests.

### **2) Standardizing the corporate governance structure to make the accounting information authentic**

In response to the above, the internal governance structure of the company must be based on several issues. The role of upper-level decision-making is first and foremost, and the norms of shareholders, boards of directors, etc. determine the long-term development of the company. While formulating various systems, we must consider the actual situation of the company in an all-round way, and find a reason to solve the problem according to its own problems. Such measures will also enable accounting information to ensure its complete authenticity. There will be no gaps in them, and they will be closely connected. Another point is the improvement of internal supervision mechanism, which can ensure the transparency of accounting, strengthen the supervision of the internal structure of the company, and restrict each other [5]. The relationship between senior personnel should not be too close, and the relationship between employees and managers should not be too close, forming a good system. To correct the accounting information, in order to better use the information to operate.

The decision-making of the board of directors is at the core. The board of directors often makes decisions on major issues, and the management will screen its information. In the process, in order to avoid the board from touching some negative information, it is necessary to stay away from the board and not allow these. Negative information has ruined the board. The internal supervision mechanism cannot diversify the internal powers and balances. In any case, the balance of such checks and balances must be maintained to ensure the accuracy of accounting information.

### **3) Improve the internal audit system and effectively supervise**

With the rapid development of the economy, it has become very important to strengthen and improve the internal supervision mechanism of the company. How can we improve the internal structure of the company well? This should start from the inside. The internal audit includes the financial revenue and ex-

penditure of the enterprise, etc. It is the core governance of the enterprise. Only by doing a good job of core work can a strong enterprise model be distributed from the inside out. The need to improve the internal audit system is independence, and the independence of work is particularly prominent. In the process of auditing, it is necessary to independently supervise in accordance with national laws and regulations and accounting systems. Each department involved should be independent, and the interests of the state should be safeguarded for various conflicts that occur. The supervision is carried out effectively and independently.

While improving internal auditing, it should also emphasize the simplification of internal audit procedures and avoid the complexity of intermediate links, leading to the neglect of important and complex parts. In the specific implementation process, each department should be familiar with its own department according to its own requirements, and it should be completed in a simpler way. Such an internal audit system can create an effective supervision environment and greatly improve the efficiency of supervision.

#### **4) Improve the internal structure of the company and strengthen the accounting supervision mechanism**

In the current environment, China's accounting supervision mechanism is not efficient, and many supervisory mechanisms work together to make up for their shortcomings. However, things have another side. Colleagues who apply the supervisory mechanism of the Board of Supervisors must also ensure the independence of the board of supervisors so that it does not affect the quality of accounting execution. While strengthening the standard operation of the supervision mechanism, the principle of information disclosure should be observed to prevent the authenticity of the quality of financial information. Internal supervision also includes the relationship between senior management and employees. It should maintain its independence, strengthen accounting supervision in all aspects, protect the security of the company's financial funds, and improve work efficiency according to national laws and regulations., can establish a suitable model, which plays an important role in the survival and development of enterprises [6].

From another aspect, the implementation of internal accounting supervision mechanism can adapt to the development of market economy, meet the requirements of market economy, and better ensure the orderly conduct of accounting work. The authenticity of accounting information is the premise of the rapid development of the company, authenticity. Accounting information ensures that the internal structure of the company is well organized.

## **5. Conclusions**

In the development of China's small- and medium-sized enterprises, most of the enterprises are in a medium-level state. At the current level of economic development, such a level of development is certainly not enough. To develop and grow, it is necessary to improve the corporate governance structure. The gover-

nance of the company's internal structure is crucial to the development of the entire company. It is necessary to implement every detail inside, implement the practical plan, carry out effective reforms in a targeted manner, and improve the internal structure.

In many cases, accounting information will be wrong, and small errors will cause big mistakes. It is very important to improve the quality of accounting information for such problems. From the perspective of supervision, it can ensure accurate information quality; it also can ensure the integrity of various accounting systems. The government formulates a relatively complete accounting system according to the guidance of various systems, so that it can be applied to the company's development, improve the company structure and implement accounting standards, and complement each other.

### **Conflicts of Interest**

The authors declare no conflicts of interest regarding the publication of this paper.

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