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Corporate Social Responsibility and Financial Management Reform Based on Stakeholder Theory

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Abstract: From the perspective of social responsibility, corporate financial management, as the focus of various corporate interests, is facing strong challenges. Corporate financial goals, financial governance, financial policies, financial evaluation, financial reports, and balanced scorecards will also Revolutionary changes have taken place. Corporate financial theory and practice must be changed accordingly, and corporate social responsibility must be regarded as an important content of corporate financial management. In the fierce market competition environment, many enterprises ignore social responsibility problems while expanding their scale, such as environmental pollution, poor working conditions of employees, etc. the existence of these problems will not only affect the sustainable development of enterprises to a great extent, but also have an adverse impact on the construction of a socialist harmonious society. In the past, the financial management mode of “shareholders first” in enterprises has been unable to adapt to the development of today's society. Therefore, it is imperative to reform corporate social responsibility and financial management. This is not only a question of realistic choice, but also a question to be studied in theory and given a clear answer. In order to build a harmonious society that takes both fairness and efficiency into consideration, maximizing the interests of all stakeholders of an enterprise has become an important feature of corporate financial management under the current situation. Enterprises should assume social responsibility and build new corporate finance based on stakeholder theory. Management objective system.

1. Introduction

With the vigorous development of market economy, many enterprises have a series of problems in the process of expanding scale and maximizing shareholders' interests, such as low service quality, tax evasion, ecological environment pollution, etc. the existence of these problems has a serious negative impact on creating a good social image of enterprises and improving their competitiveness and overall benefits. Enterprise financial management, as the central nerve of enterprises, plays an indispensable role in enterprises' social responsibility. This is not only because enterprises need to pay financial costs and financial support to undertake social responsibilities, but also because corporate finance is the focus of various interests of enterprises, and the financial decisions, policies and behaviors of enterprises will directly affect the interests of all stakeholders. Corporate social responsibility based on stakeholder theory means that an enterprise cannot solely pursue economic responsibility during its development and operation process [1]. Because corporate social responsibility is not only economic responsibility, but also social responsibility, it is necessary to give consideration to and treat all stakeholders equally to pursue comprehensive benefit maximization and value maximization [2].

The quality of financial management directly determines whether the enterprise can operate normally, which is the core component of enterprise operation and management. Good enterprise financial management can lay a solid foundation for enterprise related project business activities, especially in terms of enterprise social responsibility. The use of financial management can make enterprise management decision-makers truly realize the importance of financial management, So as to actively undertake social responsibility and provide sufficient guarantee for enterprises to achieve sustainable and long-term important strategic objectives [3]. Therefore, from the perspective of social responsibility, corporate financial management, as the focus of various interests of enterprises, must make corresponding changes in its theory and practice, taking corporate social responsibility as an important part of corporate financial management, and revolutionary changes will also take place in financial objectives, financial governance, financial policies, financial evaluation, financial reports and balanced scorecard [4]. Enterprises should proceed from the strategic perspective of long-term development and assume their social responsibilities in the process of expanding their business scale and pursuing profits. Only in this way can the entire economy and society operate in a healthy, harmonious and effective manner [5].

2. The Connotation of Corporate Social Responsibility

2.1 Corporate Social Responsibility

Corporate social responsibility refers to the various positive obligations and responsibilities that companies perform to employees, business partners, customers (consumers), communities, and the country through corporate systems and corporate behaviors. It is a kind of corporate responsibility to the market and related interest groups. A benign response is also a comprehensive indicator of business objectives. It has both legal, administrative and other compulsory obligations, as well as moral voluntary actions, including: corporate economic responsibility, corporate legal responsibility, corporate ecological responsibility, corporate ethical responsibility, and corporate cultural responsibility (Figure 1). The corporate social responsibility based on stakeholders can be summarized into two categories: economic responsibility and social responsibility. Corporate economic responsibility is the responsibility of enterprises to seek interests for shareholders, while corporate social responsibility is the responsibility of enterprises to other stakeholders other than shareholders and the natural environment. Under the current social situation, corporate social responsibility is an inevitable measure to achieve the goal of sustainable development.Enterprise value and stakeholders' interests are bound. Only by correctly recognizing the important role of stakeholders in enterprise development can we truly achieve the important goal of long-term development of enterprises. During the operation of an enterprise, information is asymmetric. In this case, if an enterprise wants to obtain information beneficial to the development of the enterprise from stakeholders, it needs to actively assume social responsibility and improve the reputation value of the enterprise.

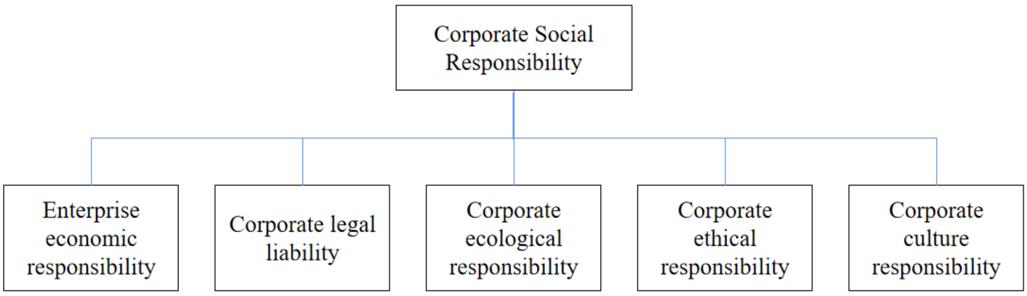

Fig.1 Corporate Social Responsibility

2.2 Corporate Social Responsibility Based on Stakeholder Theory

The so-called corporate social responsibility based on stakeholder theory refers to the correspondence between corporate social responsibility and corporate economic responsibility. It is believed that corporate responsibility can be summarized into two categories: economic responsibility and social responsibility [7]. Since the 1990s, stakeholder theory has been regarded as an effective theory that can be used to study corporate social responsibility issues. Stakeholder theory summarizes the influencing factors of enterprises as the composition of various stakeholder factors, such as shareholders, employees, government and so on. Among them, enterprises attach importance to the interests of shareholders and pursue the maximization of shareholders' wealth. In the stakeholder theory, enterprises should pay attention to the maximization of enterprise value and realize the maximization of shareholders' interests from this perspective. If an enterprise wants to develop, it must take into account the interests of all levels. It is impossible to develop simply by relying on shareholders [8]. The social responsibility that enterprises need to undertake is not a one-way altruistic behavior, but an important choice to gain profits from various aspects. This stakeholder theory enables enterprises to face up to their social responsibilities, which not only provides theoretical support for enterprises to carry out related research, but also provides a more solid micro-foundation for their own development. Corporate financial management and corporate social responsibility have an important connection that cannot be ignored, which is mainly reflected in: companies need financial support when they assume social responsibility, and various financial decision-making and behaviors are important to stakeholders Influence.

3. Financial Management Model

3.1 Stakeholder Financial Management Model Facing Corporate Social Responsibility

As the central nerve of enterprises, enterprise financial management plays an indispensable role in promoting enterprises to bear social responsibility. This is not only because enterprises need to pay financial costs to bear social responsibility, which is inseparable from financial support, but also because enterprise finance is the focus of various interest relations, and the financial decisions and behaviors of enterprises will directly affect the interests of various stakeholders. By summarizing the practical experience of enterprises, it is found that enterprises pay more attention to the interests of shareholders and regard the pursuit of maximizing shareholders' wealth as one of the important development goals. However, because the interests of enterprises are composed of the common interests of stakeholders, in the face of the challenge of corporate social responsibility, it is necessary to change the financial management mode and actively reform the financial objectives and policies, so as to truly realize the important goal of corporate social responsibility [9]. The financial management objective is the desired result of enterprise financial management activities, and it should be a compound objective system. In this objective system, all components influence each other, complement each other, avoid defects and highlight advantages (Figure 2). The determination of financial management objectives cannot be generalized. It is necessary to make contingent decisions based on the development stage, industry characteristics, governance structure and other conditions of the enterprise; although the financial management objectives of the enterprise are constantly changing with environmental changes, the basic and specific financial management objectives can be set Goals are discussed separately.

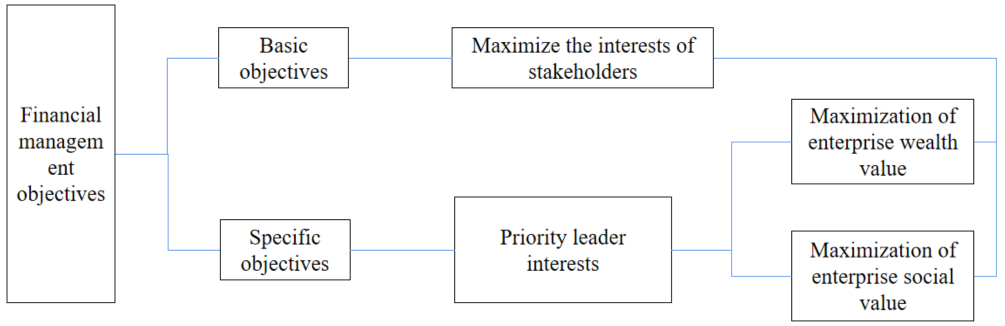

Fig.2 Enterprise Financial Management Target System

3.2 Management Model Change

In order to meet the challenges from corporate social responsibility, corporate financial management is the core of corporate strategy and the interests of all levels of the enterprise. It must make corresponding changes, from the traditional "shareholder first" financial management approach to "stakeholder cooperation." The transition of financial management methods, and to achieve this historic change, it is necessary to reform the enterprise's financial goals, financial governance, financial policies and financial evaluation [10]. Corporate financial objectives: Based on stakeholder theory, the relationship between corporate social responsibility and financial management in terms of financial objectives is to ensure the maximization of corporate value and pay attention to the rational distribution of interests among stakeholders. Financial Governance: in order to protect their property rights and interests, each governance subject exerts effective control and positive influence on the financial behavior of the enterprise based on a set of contractual relationships. Finance: First, the policy should be steady, and second, the social responsibility that enterprises need to bear should be taken into account. Financial evaluation: For a long time, influenced by the financial goal of "maximizing shareholder wealth", the financial evaluation of enterprises mainly evaluates the operating performance of enterprises from the aspect of economic responsibility. Now, the situation and performance of enterprises engaged in social responsibility activities should be included in the financial evaluation of enterprises.

4. Conclusions

Social responsibility is an important challenge facing modern enterprises, and its relationship with financial management is complex and ever-changing. Corporate social responsibility is not a simple altruism, but an optimal choice that is both self-interested and altruistic, which can be transformed into stable growth of financial benefits; Facing the strong challenge of global corporate social responsibility, corporate financial management is an enterprise The focus of various interest relationships will surely undergo corresponding changes in financial goals, financial governance, financial policies, and financial evaluations. In the short term, if enterprises undertake social responsibility, their economic interests will inevitably be reduced. However, if they take a long-term view, enterprises can obtain more high-quality social resources and good operating environment in the future, so as to reduce some implicit and explicit costs. As the main participants of social construction, enterprises actively undertake social responsibilities, which is of great significance to promote the orderly development of social construction. Good financial management of enterprises can effectively improve the comprehensive competitiveness of enterprises, and it is of great significance for enterprises to achieve the goal of sustainable development.

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