

Main Problems and Countermeasures in Enterprise Financial Management

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Abstract: The improvement of the overall level of financial management in enterprises has a significant impact on the economic benefits of individual independent enterprises, and is also related to the achievement of development goals in a certain region or industry, as well as social benefits such as employment and stability. At present, Chinese enterprises still have many problems in this regard, and there are also many areas that need improvement. This article introduces the current situation of small and medium-sized enterprises in financial management, such as lax fund management, weak financial control, rigid enterprise management models, low personnel quality, outdated information management concepts and methods, difficulties in enterprise financing, and policies provided by the government. The reasons for these problems are analyzed, and finally, countermeasures to solve the financial management problems of enterprises are proposed.

1. Problems that Arise in the Process of Enterprise Financial Management (Financial Management Process Framework, see Figure 1)

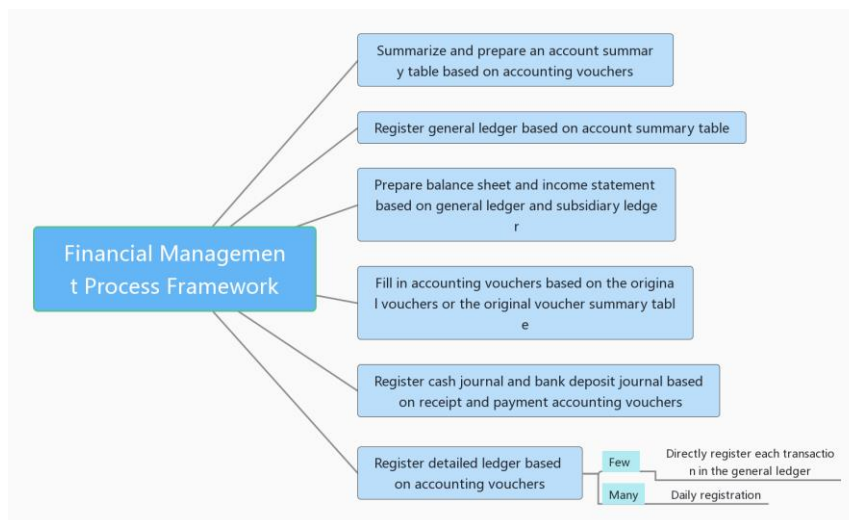


Figure1: Financial Management Process Framework

The financial budget includes a comprehensive budget of various indicators. The financial budget presents data indicators such as the financial condition and fund turnover of the enterprise over a period of time. The financial budget is also a management assumption for the future society, predicting the economic condition of the enterprise over a period of time, making reasonable estimates of cash capital, and even including the operating results of the enterprise over a period of time. From this, it can be seen that financial budgeting in enterprises plays a crucial role in financial management, so enterprises must innovate in financial budgeting [1]. The financial budget of an enterprise is a comprehensive and multi-dimensional budget that displays the development path of the enterprise through data, and arranges future business plans through the display of the enterprise's own value and physical objects. In order to ensure a more calm and orderly operation of the enterprise and achieve work targets within the expected time frame, the budget can be decomposed at multiple levels, and financial resources should be managed, allocated, and assessed at different levels[2]. After a comprehensive analysis of the sales market, a reasonable budget is often made, which is the target profit of the enterprise. At the same time, it is necessary to fully leverage the advantages of information technology, improve the supply chain business system of enterprises, improve website information and functions, and achieve automated office work for enterprises. This way, specific situations of various departments can be communicated and communicated in a timely and effective manner, providing more development opportunities for financial budgeting. Finally, attention should be paid to risk management in financial budgeting. Managers should actively update their risk knowledge, establish a correct risk perspective, and establish a concept of risk management. It is necessary to have a keen observation of the development status of the market, be good at capturing information, improve the accuracy of predictions, actively respond to uncertain development and changes, and have a preliminary understanding and grasp of preventive measures to minimize risks as much as possible [3].

1.1 Problems in Financial Management Thought (Core Conceptual Framework of Financial Management, see Figure 2)

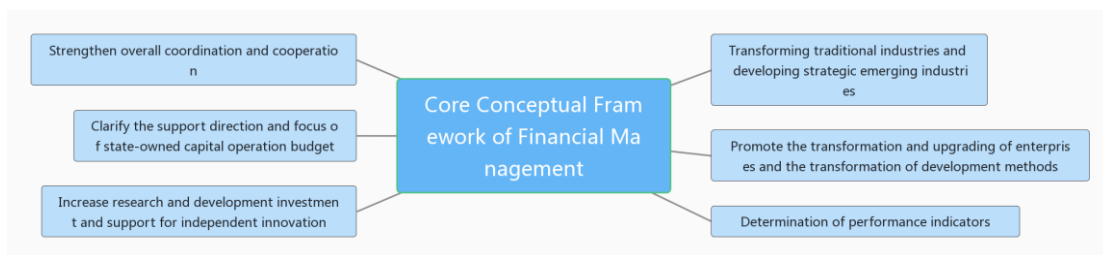


Figure 2: Core Conceptual Framework of Financial Management

The construction of financial management systems not only includes systems and frameworks, but also requires relevant financial management institutions. However, at present, Chinese enterprises generally only focus on the construction of financial management systems and frameworks, but completely ignore the related issues of establishing financial management institutions, this has caused Chinese enterprises to remain stagnant, without clear management objectives, let alone clear management ideas and methods. In addition, influenced by traditional concepts, various levels within the enterprise are generally unable to have a correct understanding of financial management, and even believe that financial management is "useless" Or think that financial management is the job of accounting [4]. Due to ideological deviation, people do not attach importance to financial management, and their financial management concepts are also very outdated, resulting in the current role of financial management only playing a small role in accounting work and low management. This situation is not conducive to the efficient operation of

the enterprise, and ultimately has a negative impact on the development of the enterprise and the effective use of funds.

1.2 Problems in Financial Management System (Financial Management System Framework, see Figure 3)

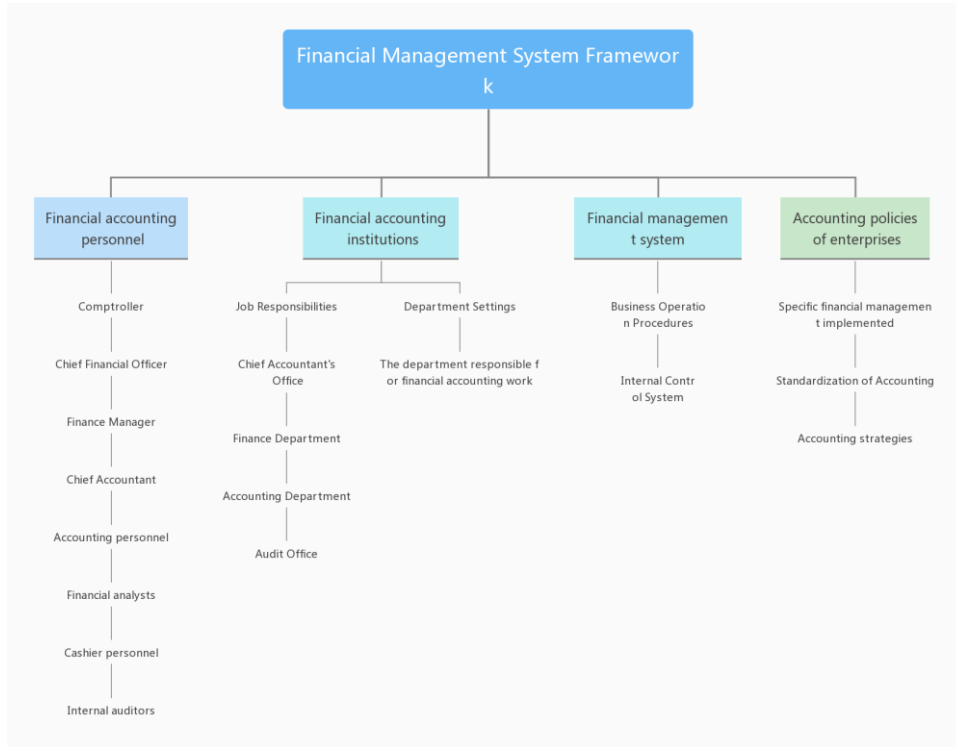


Figure 3: Financial Management System Framework

Firstly, due to inherent deficiencies in the financial management system of enterprises, there is a lack of unified standards and norms for stakeholders in implementing management, and there is no "law" to follow. This not only affects the management efficiency of enterprises, but also has adverse effects on their long-term development [5]. Secondly, the lack of scientific fund management in enterprises leads to problems in the use of funds. The unreasonable use and non-standard management of funds result in enterprises being unable to accurately grasp the true situation of their own economy, which in turn affects the relevant decision-making of enterprises. Thirdly, there is a lack of three necessary financial regulatory departments and corresponding financial regulatory mechanisms.

1.3 Problems Existing in Financial Management Personnel (Framework of responsibilities for financial management positions, see Figure 4)

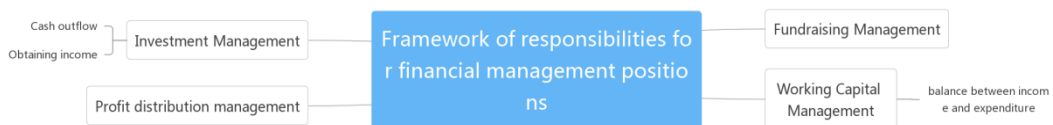


Figure 4: Framework of responsibilities for financial management positions

Compared with developed Western countries, China's market economy system is still in an "unstable" development state. Due to the late establishment of relevant systems, many enterprises are still unable to keep up with the requirements of the times, which invisibly brings problems to their management work. Due to the imperfect management work, the people engaged in management work are not professional financial managers [7]. Due to the lack of three professional skills, these people often have poor quality and low level of information technology. When operating modern management technology equipment, they have no way to start and cannot fully utilize the role of financial management systems and equipment. In addition to the above issues, there is also a serious problem of blind investment in Chinese enterprises at present. Some enterprises only focus on immediate interests and neglect the long-term interests of the enterprise. They are stubborn and unwilling to accept advanced management concepts, and rely solely on so-called "experience" to implement management decisions. This not only increases the risk of the enterprise, but also makes it difficult for the enterprise's funds to maximize their effectiveness [8].

In today's rapidly developing society and economy, human development management is becoming increasingly important in the process of enterprise development. In the process of enterprise financial management, constraints and incentives are the main focus. In financial operation, it is necessary to achieve the integration of human responsibility, power, and interests, fully tap into human potential, fully mobilize human consciousness and creativity, and play the role of individual subjectivity in financial management [9]. The purpose of the finance department in enterprises is to maximize the interests of the enterprise, achieve contribution to society, be responsible to financial investors, achieve value added in the process of protecting capital, provide remuneration to labor workers, and also work on corporate profit dividends. Enterprise financial management should establish a people-oriented concept and place greater emphasis on investment in human resources, with the aim of comprehensively improving the personal qualities of leaders and employees. At the same time, financial management should also be carried out at different levels, with everyone participating and taking responsibility. Democratic management methods should be implemented to stimulate employees' enthusiasm for participation. We need to increase investment in the professional quality of staff, create a good humanistic environment for enterprises, and cultivate a qualified interpersonal relationship environment [10].

1.4 Lack of Innovation in Financial Management Processes

The arrival of the knowledge economy has determined that financial management personnel in enterprises need to have strong professional knowledge ability, sensitive processing and receiving information ability, and scientific financial management ability. In terms of institutional setting, the financial department of the enterprise should have a management level and fewer intermediate management personnel, with the characteristics of sensitivity, efficiency, and speed. The existing large and medium-sized enterprises in Western China are dominated by public ownership, with financial institutions set up in the form of a golden pagoda, multiple levels of electricity rooms, lack of cloud innovation and flexibility, and low efficiency. Financial management personnel have outdated financial management concepts, lack financial knowledge, adhere to outdated financial management methods, habitually follow leadership in everything, and lack the initiative to master scientific, technological, information, management and other knowledge. Therefore, some of the more advanced methods in modern financial management have not been truly applied in corporate finance, but only remain in formal imitation [11].

2. Strategies for Solving Financial Management Problems in Enterprises (Framework for addressing financial management strategies, see Table 1)

Table 1: Framework for addressing financial management strategies

Framework for addressing financial management strategies			
Employee training	Accounting Record Training	Reasonable cost expenditure	Strengthen internal controls
Raising awareness	Uniformity	Optimize resources	Audit Operations
Understand financial situation	Accuracy	Reasonable allocation	Internal integration

If enterprises want to strengthen their financial management work, they must broaden their horizons, absorb successful experiences both domestically and internationally, and actively lead! Advance advanced technology. Due to the large scope of financial management and relatively complex management work, the effective introduction of university information management platforms is of great significance for improving the effectiveness of enterprise financial management. At present, many large enterprises in China have designed their own information management platforms and implemented efficient systematic management based on full consideration of their actual situation. Utilize information technology to achieve more comprehensive and scientific control over financial management work. It is worth mentioning that the informationization construction of enterprises also has a very positive promoting effect on improving the level of accounting work in enterprises, which can effectively improve the efficiency of financial management work [12]. The 21st century is an era of talent competition. Only by ensuring talent can enterprises improve their management level and ensure their stable and long-term development. Under the influence of the trend of social and economic globalization, enterprises need to pay attention to the cultivation of their own talents in order to implement the effectiveness of financial management work. Starting from talent recruitment, hire outstanding talents who can promote the development of the enterprise, regularly train talents, enhance their crisis awareness, enable them to continuously improve themselves in various business training and work processes, comprehensively develop their own qualities, and better serve financial management work.

2.1 Establishing Financial Control Institutions

Firstly, implement institutional management. Starting from several control levels involved in financial management, the development direction of the group's financial headquarters is determined through enterprise leadership management, and the development direction of the large framework is assigned to the branch company leadership, achieving effective management and implementation of segmented finance in each branch company. The close coordination of various links and effective collaboration among various institutions have strengthened the systematization of financial management organizations, forming a scientific and reasonable organic structural system for the management organization of enterprises; Secondly, appoint the Chief Financial Officer. The most basic way of centralized financial management is through the appointment system of the Chief Financial Officer. Thirdly, strengthen internal personnel management efforts. Establish relevant system audit standards for the group through legal person supervision to achieve "evidence-based" management implementation; take effective measures to form "connections" between various organizations, utilize mutual supervision between organizations, and achieve effective implementation of management; Strengthen the control of financial personnel on duty, especially those in key positions, conduct regular and irregular business audits, and impose strict rewards and punishments[13].

2.2 Building Financial Control Measures

Firstly, under the constraints of relevant laws and regulations, enterprises should establish a scientific, complete, and easy to operate financial management system based on their own financial management development, combined with the management characteristics and business philosophy of each department, to standardize the various procedures of financial processing and ensure the effective implementation of financial decisions.

Secondly, increasing the intensity of budget control. Scientific and reasonable budgeting is the most basic condition for increasing budget control. Budget control can achieve the strengthening of enterprise management, the avoidance of enterprise risks, and the maximization of enterprise economic benefits; Budget means can also achieve effective allocation of enterprise resources and supervise the financial management process, achieving long-term peace and stability of enterprise development; Break down the budget layer by layer and implement it in detail to each position; Clarify the responsibilities of each position and assign responsibilities to individuals. It is worth mentioning that once the budget preparation is completed, no further adjustments can be made unless significant events occur [14].

Thirdly, strengthen the control of funds, strengthen enterprise fund management, strengthen the construction of enterprise systems, and comprehensively implement strict reward and punishment measures for supervision. Firstly, budget the flow of enterprise funds through existing materials, estimate potential financial risks in advance, and conduct corresponding statistics on payments and investments to ensure that the enterprise has a relatively comprehensive and rational understanding of its actual situation. Grasp the balance between banking, fund inventory, and internal departments of the enterprise, strengthen effective communication among various departments, and achieve optimal utilization of enterprise funds, Convenient for later enterprise decision-making. Secondly, establish a targeted fund control department to achieve precise fund budgeting, complete accounting statements, analyze and save financial archives, and ensure that they can provide scientific guidance for the future development of the enterprise [15].

A very important aspect of financial management is to reduce overall financial risks. Compared to private enterprises, state-owned enterprises have relatively strong financial resources, more fundraising methods, and higher ability to absorb risks. However, with the continuous maturity of China's economic environment and the continuous promotion of state-owned enterprise reform, the control of financial risks is also increasingly valued. In this regard, from the perspective of funding sources, it is necessary to ensure diversification and stability of funding sources, and try to choose investors with high reputation, stability, and strong strength to cooperate, in order to avoid sudden rupture of funding sources. From the perspective of capital consumption, the first step is to adopt an open bidding method for procurement to minimize unnecessary waste of funds; Secondly, a comprehensive review of investment projects should be conducted; Insurance evaluation should fully consider various factors and conduct corresponding feasibility studies. After fully considering investment and potential income, the correct investment decision should be made. Prevent huge losses caused by investment errors. Overall, the financial management work of enterprises should be managed from both daily and important decision-making perspectives. The main task of the financial management department is to manage and supervise daily accounting revenue and expenditure, timely submit corresponding improvement strategies, and conduct feasibility studies on large-scale transactions to provide strong data support for decision-makers and reduce overall financial risks.

2.3 Improve the Financial Internal Control System

When carrying out internal control work, enterprises first need to have a comprehensive internal control system, which is the basic guarantee for carrying out internal control work. While fully considering the characteristics of the enterprise itself, improve the internal control system of the enterprise and ensure the effective implementation of the internal control system with scientific and advanced supervision methods. When improving the internal control system of enterprises, targeted solutions should be adopted for different problems, and problems should be solved as quickly as possible. Prohibit illegal and covert operations, crack down on internal fraud and fraud, and impose severe penalties on relevant violators, while ensuring the safety of internal assets of the enterprise and forming a strong deterrent for other staff. When establishing an internal control system, it is necessary to clarify the responsibilities of relevant leaders, scientifically and clearly divide the responsibilities and obligations of each department, and take effective measures to enable them to take on the responsibilities of each department, fully leverage the exemplary power of the leadership class to set a good example for employees, and influence enterprise employees with noble personality charm. It is worth mentioning that relevant operational management departments also need to fully play a supervisory and management role, promptly correct the deficiencies in internal control work, and help enterprises better improve their internal control system. Finally, regularly and irregularly carry out relevant educational activities to increase the risk assessment awareness of financial management personnel, and enhance their ability to predict and respond to risks through scientific risk assessment mechanisms, thereby implementing effective risk avoidance. Strengthen effective communication between internal management departments of the enterprise, carry out relevant communication activities, develop the internal management model towards a flat direction, increase communication between departments, achieve effective coordination of management activities, and ensure management effectiveness.

Based on the analysis of the current financial institutions of enterprises, the overall quality of financial personnel needs to be improved, which is not conducive to financial management innovation in modern enterprises. Strengthening the construction of the financial team aims to further improve the level of financial management. In the capital structure of enterprises, intangible assets gradually occupy the main position, and the proportion of physical capital is relatively declining. The change of capital proportion structure brings more bad opportunities and challenges to the financial management of enterprises. The first change is the investment focus of enterprises. In the new development situation, the focus should be on the development of network resources, talent, and product innovation. In today's rapidly developing knowledge economy, attention should be paid to talent construction in enterprises. The construction of a professional financial team is the enduring development path of enterprises, and the construction of a high-quality financial team is conducive to the realization of reform and innovative development of enterprises. Therefore, the construction of a high-quality financial team is the primary task of enterprises. When building a talent team, it is necessary to choose high-quality talents with high professional quality, certain professional skills, and proficiency in using computers. The awareness and concept of building a high-quality talent team cannot be ignored, for example, to instill legal awareness in workers and make them aware of their responsibilities. Finally, the transformation work of financial workers is also very important, and it is necessary to adapt to the development and changes of society as soon as possible and meet the talent needs of the socialist market economy.

2.4 Innovative Financial Management Process (Innovative framework for financial management processes, see Table 2)

Table 2: Innovative framework for financial management processes

Innovative framework for financial management processes	Legally managing finances	Strengthen financial management
	Cash flow	Key control
	Clear concept	Using technology to compete
	Strengthen organizational structure	Comprehensive and Stable
	Clear goals	Tailored solutions

This process includes the following three steps: first, budget management; Secondly, financial analysis management; thirdly, performance evaluation management. When conducting budget management, the financial management department needs to fully utilize its own functions, make scientific budget plans, and provide guarantees for the implementation of later management work in the enterprise. When preparing a corporate budget, it is necessary to strictly grasp the development strategy of the enterprise. The budget needs to be as refined as possible, not only able to meet the reasonable allocation of short-term indicators, but also forward-looking and able to allocate long-term indicators reasonably. In addition, financial management personnel should actively absorb management experience from relevant industries, and based on their own actual situation, effectively utilize successful experience to develop fixed enterprise financial management into a dynamic monitoring and management model; while increasing cost control for enterprise employees, it provides guarantees for the effectiveness of financial management in the enterprise. When conducting performance appraisal management, effective measures can be taken to enhance employees' enthusiasm and enhance the level of performance appraisal management from the perspective of maximizing employees' subjective initiative. When creating a performance appraisal system, it is necessary to comprehensively and objectively evaluate performance indicators, and reorganize the content data involved in the indicators based on fully considering one's own actual situation, in order to improve the effectiveness of performance appraisal management. In addition, enterprises can also regularly carry out relevant assessment education, expand the scope of assessment work, improve the ideological awareness of internal employees, and implement management efficiency.

3. Summary

Financial management is an important factor that affects the development of enterprises. To achieve long-term and stable development of enterprises, professional training is required for financial management personnel. Taking effective measures while fully integrating the development strategic goals of the enterprise, comprehensively improving the comprehensive quality of financial management personnel, solving the problems existing in the current financial management process of the enterprise, and fundamentally improving the economic benefits of the enterprise.

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