

Thoughts on China's Business Administration in the Context of Financial Crisis

Jia Xie¹, Yifei Xiang², Tao Xue³

¹Faculty of Business Administration, Shanxi University of Finance & Economics, Taiyuan, Shanxi, 030000

²School of Mathematics and Statistics, Wuhan University, Wuhan, Hubei, 430072

³Wuyi University, Nanping, Fujian, 354300

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Abstract: Since the outbreak of the financial crisis, the global economy has been sluggish under its influence, and China is no exception. Under this environment, business administration has become increasingly important. Based on the impact of the financial crisis, this article analyzes the status quo of China's business administration and its future development trend. First of all, it gives an overview of the financial crisis, and introduces its concept, the cause of the outbreak, and its impact on China's economy. Then analyzes the current situation of business administration in China, discusses the current problems from five aspects, then proposes corresponding solutions, and finally analyzes the future development prospects of business administration from the aspects of managers and overall planning.

1. Introduction

Since the reform and opening up, China has achieved world-renowned economic achievements. Especially under the trend of economic globalization, the financial industry has developed rapidly, and its influence in the economy is also increasing. However, with the rapid development of the financial industry, the frequent financial crises have also drawn increasing attention. The subprime mortgage crisis caused by the decline in U.S. housing prices in 2007 put the U.S. economy at risk of recession and triggered a financial crisis that has not occurred in a century in the world. It has not bottomed out yet, and has brought serious negative effects on global economic growth [1].

2. Overview Of The Financial Crisis

2.1 Definition of Financial Crisis

The simplest definition of the financial crisis is the sudden deterioration of financial conditions that covers almost all financial sectors [2]. The financial crisis has three meanings: ① the financial crisis is the deterioration of the financial situation; ② this deterioration covers all or most of the financial sector; ③ this deterioration has a sudden nature, which is sharp, short-lived and super-cyclical.

2.2 Causes of the Financial Crisis

2.2.1 Psychological tendencies

In the past, in order to obtain more profits, capitalists used various methods to expand production regardless of the market environment, resulting in a relative surplus of goods. As a result, the products produced could not be sold, the operation was difficult to sustain, and eventually a large amount of unemployment was caused. Social chaos has formed, creating a vicious circle. This kind of profit-oriented psychology is not occupied by rational thinking, it will appear economic crisis again and again. The financial crisis and the economic crisis are the same. They are the consequences of unscrupulous pursuit of profits. They have caused social and economic chaos, shrinking markets, blocked circulation, insufficient factory operations, and a sharp rise in

unemployment. In recent years, under the pressure of high profits and fierce competition, investment banks, which traditionally earn commission income and have low capital requirements, have been heavily involved in the subprime market and investment in complex derivative financial products. At present, many of the businesses engaged in investment banks are related to derivatives, and derivative financial products have a well-known leverage effect. It plays a role of capital amplification, which can amplify returns and risks. When the market is relatively loose, capital market financing can still be used to fill the funding gap of transactions. Once the credit crunch, their financial conditions deteriorate, and rating companies reduce their ratings to increase financing costs. This may make it impossible for investment banks to maintain liquidity through financing [3].

2.2.2 Credit over-assetization

In essence, the root cause of the subprime crisis is that financial companies ignore financial moral risks, irrationally amplify financial leverage, allow financial risks to accumulate infinitely, and cause the catastrophic consequences of a bubble burst to exceed the critical point that the financial system can bear. A series of chain reactions such as bank crisis, credit default crisis, debt crisis, dollar crisis and so on, and the back of this series of crisis is highlighted by the overall collapse of credit in the United States. National credit is the last resort of the financial system. Over the years, the federal government has neglected the two houses, and has concealed the continuous expansion of risks. After the incident, it has "socialized the risks", and the "moral hazards" it violated caused serious damage to the country's credit in terms of value shock. The historical experience of the financial crisis shows that national credit is built on the basis of financial stability. Once it encounters a financial turmoil, it is likely to destroy national credit together. The "credit crisis" is also the most difficult crisis for human society to prevent. Regardless of the severity of any other crisis, there are often clues such as "specificity", "variability", and "periodic". People can take precautions and resolve them by adopting "foreseeable" and "preventive" measures. However, the outbreak of "credit crisis" has neither precursors nor fixed patterns and laws, so it is relatively difficult to prevent and resolve. Therefore, in the extremely speculative atmosphere of Wall Street, there is nothing that cannot be bought and sold, including conscience and even souls. This long overdue credit asset has also been extremely hardened, and it has long latent huge market risks and accumulates a lot of chips for the advent of the financial turmoil.

2.2.3 Integration factors

The temptation of the real world is changing all the time. Through the accumulation of the real economy, the growth of wealth still seems to be unable to meet people's changing consumption needs. As the internal growth factors of the economy are exhausted, the rate of wealth creation in the real economy continues to decline. Taylor's modern standard production, Japan's lean production, the development of semiconductor technology, the spread of information technology, the availability of cheap labor and raw materials in less developed countries have created wealth in the past 100 years. In the beginning of the 21st century, with the over-exploitation of cheap resources, the approaching limit of semiconductor technology development, and the significant reduction of major innovations, where is the next wealth-making machine? In the process of the endogenous dynamics of the real economy gradually weakening, investing and expanding consumption methods to stimulate economic development and wealth creation are the simplest and most convenient tools. But wealth will obviously be forced to slow down its expansion. The financial system mobilizes and modulates huge amounts of capital, but its risk collateral is mainly society and the state, and most of the proceeds it receives flow into the pockets of banks and various investment institutions. In this way, it is not difficult to understand the impulse to expand credit and chase risk inherent in financial investment institutions, to repeatedly mortgage the credibility that it does not have, to create and package greater and greater risks, and to curb more excess profits. This is the most essential survival law of financial institutions. With the shrinking of industrial capital, the world economy is increasingly dominated by banks and investment institutions. Although the real economy is the foundation, it has become the innermost one in Russia. International single reserve currency will also

accumulate financial market risks, because the currency issuance parliament takes advantage of its monopoly position to manipulate the exchange rate of the local currency and the amount of currency issuance.

2.3 Impact of the Financial Crisis on China's Economy

The impact of the financial crisis on China is multiple. It has direct, indirect and psychological effects, and even has ideological and cognitive effects. Direct impacts such as the shrinking of US dollar assets owned by China, loss of overseas investment and decline in exports. The indirect effects are: the resulting decline in the capital market, overseas financial institutions need to drain liquidity for "firefighting", resulting in a tightening of domestic liquidity, and the outflow of money, the depreciation of the RMB against the US dollar, and so on. At the same time, the financial crisis has led to psychological changes in Chinese residents, changes in expectations, and loss of confidence in future macroeconomics. These factors further constitute downward pressure on China's capital market and real estate market. Therefore, China's indirect impact cannot be ignored, and it may continue to deepen over time.

As for the impact of the financial crisis on the American economy, economists have used such a metaphor: the American economy is like a human body, the financial industry is the heart, funds are blood, and the real economy is other organs of the body. The financial industry is severely damaged like a person who has a heart attack, the heart's blood supply is insufficient, and other organs can be painful or atrophic. It is not difficult to understand from this analogy that the most direct and also the biggest impact of the financial industry on the real economy is "priority to lend." In other words, banks are unwilling to provide loans to enterprises or raise interest rates on loans. Faced with difficulties in financing and rising interest rates, the scale of operation of the real economy will inevitably shrink. Although the US Federal Reserve and other major central banks are constantly lowering the benchmark interest rate level, the market interest rate that determines the cost of financing for enterprises has risen without falling.

For an economic model like the United States that relies on credit consumption to drive economic growth, the second impact of the financial crisis on the real economy is shrinking consumption. The financial system that generally suffers from capital shortages is restricting corporate loans and reducing consumer credit. As a result, consumer spending has fallen. Latest data shows that U.S. auto sales fell to their lowest point in 16 years in September because potential car buyers were unable to obtain loans. In addition, normal social spending power is also falling. The last impact of the financial crisis on the real economy is the decline in investment demand. Since bank loans are difficult or loan interest rates are high, people will not be willing to invest, new enterprises will not start, there will be no new jobs, and existing enterprises will not expand their production scale. Perhaps it can be understood that the decline in investment means that the economy will not generate new blood.

3. Current Situation Of China's Business Administration

3.1 Low Professional Level

At present, China's business administration level is not satisfactory. The problem is also diversification. A large part of these problems stem from the current low level of business administration. Conceptually, China's business managers are not implemented thoroughly. At present, the business administration concept in the true sense needs to be strengthened and perfected urgently. Insufficient control over the market economy has led to a serious lack of administration in China. In terms of personnel training, there are very few people who are proficient in this professional knowledge and can use it skillfully. Moreover, the way to test their personnel's true ability is extremely scarce, which can not reflect their managers' true ideas and level of the concept of business administration.

3.2 Lack of Talents

According to statistics, by the end of 2010, in the talent market, there is a certain demand for junior business administration talents, but as the middle and spire of the pyramid, there is a large gap between middle and senior business administration personnel, and the shortage of senior business administration talents is even more serious [4]. The modern market economy is an economy based on the production, distribution, and consumption of knowledge, and it is a new type of economy compared to the agricultural and industrial economies of the past. It requires managers to have a sense of competition, and ideas of international economy, international finance, and international trade, in order to adapt to the requirements of the times. However, for a long time, business administration has overemphasized the emphasis on professional needs and the transfer of knowledge when formulating talent training programs, which is not conducive to the cultivation of innovative talents. The main manifestations are as follows: First, there is a relatively simple way to cultivate business administration. The traditional way of cultivating business administration talents in Chinese colleges and universities is mainly the academic year system, and the teaching content, curriculum design and actual work are disconnected, lacking scientificity and practicality; the second is that the assessment method is single, which is not conducive to reflecting the comprehensive quality of students [5]. Most colleges and universities in China still use the assessment model based on test scores to evaluate students' ability, which does not reflect the actual level of students; it is not conducive to reflecting the comprehensive quality of students.

3.3 Incomplete System

As a department that maintains the business administration system, the business administration department has an overly complex internal structure and a variety of existing ones. Too many departments have caused many administration agencies to be inextricably linked in the actual administration process, and there is a large tendency of differentiation within them, which has led to the lack of sound systems and policies, and many regulations that should have not been established. The chain effects brought about by this series of problems have led to the lack of business administration and incompetence in some places [6]. With the deepening of the reform and the improvement of the market system, business management has become more and more important. This objectively requires broadening its management scope, strengthening its weak links, and realizing its functions in place. It is not only necessary to manage market-regulated economic activities. In addition, it is necessary to supervise the implementation of the macro-control guidance plan, not only to manage the individual and private economy, but also to manage the public ownership economy and maintain the order of the socialist unified market. At present, the industrial and commercial administration system is managed according to administrative divisions. The regional market that has been formed is artificially divided into strips and blocks. Each business department has its own affairs and separates its troops, which is not conducive to the formation of management joint forces. There is no escape from acting as a tool for local protectionism. And local governments often adopt various local protectionist measures, such as regional separatism, industry blockades, etc., which have greatly affected the establishment of a market economic system and weakened the intensity of business administration. Therefore, the establishment of a business management system under the conditions of a socialist market economy is an important step to accelerate the establishment of a socialist market economic system, and is also an important measure that is in line with international practices and can be realized as soon as possible.

3.4 Weak Enforcement

As a functional department of market supervision and administrative law enforcement in the field of circulation, the industrial and commercial management organs are an important force to promote the rule of law and promote social harmony. Therefore, when performing business duties, business executives must strictly enforce the law, continuously improve the effectiveness of law enforcement, effectively perform the function of law enforcement of business administration, and take the

promotion of social harmony as the main basis for planning work ideas and important standards for checking the effectiveness of work. However, in reality, in the increasingly complicated social relations of modern society, the industrial and commercial management department cannot cope with it freely, and its law enforcement methods are suspected to be weakened blindly. The first is that the Anti-Unfair Competition Law provides for the separation of administrative punishment powers from administrative enforcement powers. After the administrative department of industry and commerce makes a decision on administrative punishment, it does not have the power to enforce them weakening [7]. The second is the serious interference of local protectionist law enforcement in the administration of industry and commerce. The local government believes that the industrial and commercial administration is a stumbling block to the development of the local economy. It is privately decided that the administrative department of industry and commerce must not inspect and impose penalties on the enterprise without the government's permission, thereby increasing the difficulty of law enforcement by industrial and commercial administration personnel.

3.5 Inadequate Internal Controls

As the government's industry and commerce administration agency in charge of market supervision and administrative law enforcement departments, it plays an important role in the market economy and social administration system, but internal management issues that cannot be ignored also exist. First, the industrial and commercial administration department has a large booth, many functional departments, and the state's input of assets is relatively small. Some units have incomplete or no financial administration systems, which has led to a low utilization rate in the use of assets. Second, the internal audit institutions of business administration departments are not sound [8]. The investigation and evaluation of administration control and accounting control is an important function of internal audit institutions, but at present, the internal audit of China's industrial and commercial administration departments is not complete enough, making independent economic supervision activities difficult to carry out, which is not conducive to the effectiveness of internal accounting control.

4. Countermeasures to Improve China's Business Administration

4.1 Innovative Talent Training Model

With the realization of the popularization of higher education and the expansion of China's opening to the outside world and the acceleration of the process of economic globalization, the professional education of business administration is facing the challenges of marketization and internationalization. Business administration professionals have emphasized rich innovation and social adaptability. Therefore, the training of professional talents in business administration in China must reform and explore the training mode of innovative business administration talents with unique characteristics, so that the trained talents can meet the requirements of production, construction, administration and service.

4.2 Innovative Education Concept

The professional education of business administration should reflect the requirements of social and economic development trends, change educational thoughts, and update educational concepts. The training of talents should be based on the implementation of innovative education, the construction of innovative practice bases and the reform of the practical teaching system as a means to cultivate talents with comprehensive qualities for enterprises, institutions, financial institutions and administration consulting companies. They should have strong market economy awareness, strong adaptability, ability to continuously absorb new knowledge, and potential for further development [9].

4.3 Building International Competitiveness

The vocational business administration major in higher vocational colleges has become a popular major because it meets the requirements of the market economic system and adapts to the trend of economic globalization and market internationalization. Therefore, economic managers in the new era must have the idea of international competition. Therefore, this requires that the training of business executives must establish a sense of competition, and have the ideas of international economy, international finance, and international trade.

4.4 Focus on Practical Ability Development

Business administration talents are mainly engaged in administration and analysis, such as decision-making consulting, planning, production, technology, human resources, finance, and marketing of enterprises and institutions. They are highly practical. Therefore, in the process of talent training, great attention must be paid to the combination of management theory and management practice enhances their practical ability.

4.5 Improve Business Management System

With the rapid development of the market economy, market entities are becoming increasingly diversified and market behaviors are becoming more and more complicated, and they have broken ownership and geographical boundaries. Under this social situation, strengthening the improvement of the business management system is an objective need for the development of a market economy, and it will also give full play to the key links of business administration functions.

4.6 Introducing Crisis Awareness

Facing the uncertain internal and external environment, enterprises always face various crises and risks in the process of business management, especially this financial crisis has caused us to think more. How to identify risks, evaluate risks, bear and transfer risks is an indispensable content in enterprise management [10]. For this reason, in business administration education, one is to strengthen corporate risk awareness, guide professional talents to live in peace, analyze and judge the business environment of the enterprise at any time, and discover and evaluate various realistic and potential internal and external risk factors; the second is to learn and use relevant knowledge and methods of risk management to reasonably decompose or defuse risks to prevent problems before they occur; the third is to learn and master the knowledge related to bankruptcy and liquidation, and to maximize the benefits of the relevant stakeholders of the enterprise in the event of extremely unfavorable business operations.

5. Prospects For The Future Development Of Business Administration

5.1 Administration Staff

Due to the increasing demand of the market economy, the demand for talents in business administration is also increasing. Due to its own industry and commerce department's own reasons, in the case of professional skills that are not too hard, the expansion of recruitment of talents who truly possess this aspect is also a necessary means to control personnel in the industry and commerce administration department in the future. In this respect, we should establish its own environment and cultivate a learning atmosphere. In the process, we cannot just follow the traditional management ideas and methods and combine the current situation to be a reasonable and wise choice. This method will also be valued and used in the future, so that a large number of real business administration talents will emerge, which will contribute legal, reasonable and effective suggestions and measures to the economic market.

5.2 Overall Planning

After having a large number of talents in the business administration field, the following systems, regulations and plans will also be significantly improved. In the business administration system, there will be obvious legal system constraints that constrain various problems that arise in the economic market. As far as the current legal system is concerned, it also needs to be standardized and scaled up. Due to market changes, a single legal system cannot govern many market economy issues, so in the future business administration community, a large number of new policies, laws and regulations will emerge in stages. However, the increase and complexity of rules will have a certain impact on the balanced development order of China's economic market. Therefore, policy supervision is nowadays for economic construction and economic system being continuously reformed and developed. Today, business administration is in a market economy. It's also more important. However, there are still many problems in China's industrial and commercial administration system. With the acceleration of the pace of economic construction, the traditional industrial and commercial administration system has been unable to fully adapt to market demand, and has even caused a certain negative impact on China's current administration to some extent. Therefore, what China needs to face in business administration is how to carry out rational reforms and modify and improve its own administration system to meet the current social needs. This is the first problem that the industry and commerce administration department must face, and it is also an important indicator guaranteeing a stable social and economic construction of development.

6. Conclusion

At present, China is at an important stage of social and economic development. As an important means to maintain market economy and maintain stable market development, business administration is an issue that needs to be valued and considered by the public. How to cultivate relevant personnel and improve or introduce corresponding administration policies is urgent. The current problems need to be solved by all relevant institutions and individuals. How to improve the administration strength and methods while developing the economy needs to be studied and explored in depth, and it is also the main adjustment that China is facing in the context of global economic integration. Controlling the status quo of business administration is a key factor in enhancing China's own strength.

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