



Research on the Financial Management Mode of Small Enterprises in the New Economic Environment

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Abstract .Small and medium-sized enterprises are an important part of China's market economic development, however, its own financial management situation is more prominent, on the one hand, with the changes in the market environment, the need for continuous upgrading of management methods; on the other hand, many small and medium-sized financial business managers have not yet really realized the importance of enterprise financial management. In this regard, the study starts from the domestic small and medium-sized enterprise financial management environment, focuses on analyzing the actual situation faced by small and medium-sized enterprise financial management, analyzes and discusses the core issues of small and medium-sized enterprise financial management, and makes corresponding analysis and interpretation and solution strategies, in order to provide certain reference for the development of small and medium-sized enterprises in China.

Keywords: New Environment; SMEs; Financial Management Model

1 Introduction

The reform and opening up and the rapid development of the market economy have allowed me over my national economy to continue to improve, in which small and medium-sized enterprises (SMEs) have also been upgraded along with the market environment, and have made outstanding contributions to the national economy. In December 2015, the annual report of the National Development and Reform

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Commission (NDRC) pointed out that the SMEs in our country have already exceeded 40 million households, accounting for almost 90% of the country's enterprises, and as of May 2023, this number is still increasing and has exceeded 60 million households, accounting for more than 95% of the country's enterprises. At present, China's small and medium-sized enterprises account for 65.5 per cent of the total sales of all enterprises in the country, the value of final products and services accounts for 55 per cent of the country's GDP, tax revenue accounts for about 50 per cent, the volume of patents accounts for 66 per cent of the country's total volume, the volume of new products is more than 80 per cent, and solves the problems of more than 75 per cent of the employed population in cities and towns, and has become the mainstay of China's foreign trade and new industries. Even a group of powerful small and medium-sized enterprises have begun to go out of the country, so the relevant departments have also said that it is necessary to strengthen the support for the direction of small and medium-sized enterprises to promote the development of domestic small and medium-sized enterprises [1].

As we all know, enterprises want to develop, in addition to the external economic environment, they also need to establish a quality management model. Financial management as the most important part of the comprehensive management of enterprises, is bound to need continuous development and innovation. The more the enterprise develops, the more the financial management needs to be formalized and high-quality, and countless examples have proved to us that paying attention to financial management is conducive to continuously improving the internal management system of small and medium-sized enterprises, reducing the cost of the enterprise, improving the economic efficiency and credit rating, so as to provide convenient conditions for the enterprise financing and loans [2].

In summary, China's small and medium-sized enterprises for the country's economic development has an important role, but from the statistical data, the current domestic financial management of small and medium-sized enterprises has not formed a set of systematic high-quality management mode, the overall level of management lags behind the development needs of the market economic system, which seriously affects the level of comprehensive efficiency of enterprises. Therefore, it is necessary to deepen the financial reform issues, tap the financial potential, improve the level of comprehensive financial management, and constantly analyze and organize the financial management methods, assess the pros and cons,

and build a financial management model in line with China's small and medium-sized enterprises [3].

2 Impact of the New Environment on the Financial Management Model of Smes

Management mode mainly refers to the managers in a certain thinking logic of the organization's objectives of integrated management, and to ensure its effective operation of the strategy, is a long-term work practice summed up in the unique management state. Financial management model generally involves more content, including management ideas, management objectives, management objects, management tools, management of the final state, etc., generally including seven major items such as Figure 1 and the existence of certain internal management. From the figure can be seen in the general management process, that is, starting from the management of ideas, set management objectives and tasks, and then use organizational communication control and other means to build the organizational management structure, so as to achieve certain management results [4].

Generally speaking, the financial management model of small and medium-sized enterprises (SMEs) changes in response to changes in the financial environment. The financial environment, which can also be referred to as the money management environment, is a synthesis of internal and external factors of the enterprise under the influence of the enterprise's financial management activities. According to the enterprise relationship, it can be divided into internal financial management environment and external financial management environment. The external financial management environment includes the economic environment, policy environment and market environment; the internal financial environment includes the enterprise management system, enterprise management organization and enterprise production. Different environmental factors will have a certain impact on the financial management mode of small and medium-sized enterprises [5].

2.1 Economic Environment

The economic environment is an important consideration for corporate financial returns, including economic systems, economic cycles, inflation, and market competition. The impact of economic factors on the financial management model of

SMEs is mainly reflected in the change of economic system. In order to meet the market demand and economic system changes, small and medium-sized enterprises must consider the financing and other issues, for large-scale financial decisions to be treated with caution, strengthen the financial control, to maintain a reasonable capital development structure for the flexible scheduling of funds. At the same time, the ultimate goal of enterprise financial management will be transferred to the financing channels and the use of funds and other aspects.

2.2 Policy Environment

The economic policy environment mainly includes the current development planning of the national economy, including the national industrial policy planning, financial regulations, and reform planning of the economic system. The current national economic policies and regulations are constantly improving the support for the economic development of small and medium-sized enterprises, is bound to small and medium-sized enterprises will have a certain impact on the financial management model, for example, such as over the national industrial policy provides a new encouragement or restriction strategy, then the direction of enterprise investment is bound to need to change.

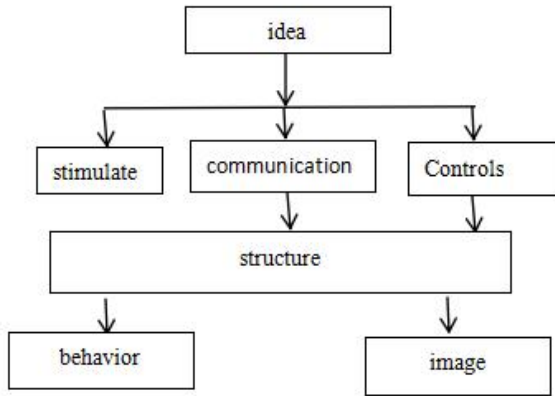


Fig. 1. Management mode diagram

2.3 Market Environment

Market environment market value enterprise financial management faced by the market comprehensive consideration, mainly including the commodity market, talent market, technical information market and so on. Different types of market elements have different effects on enterprises, but its good or bad will affect the future earnings of enterprises, but also determines whether the financial objectives of enterprises can be effectively realized. Therefore, enterprises facing different market demand, must adopt different financial management policies, seek development opportunities, promote their own development. In the face of market information change, must always pay attention to the latest update information, even if the acquisition of news related to their own enterprises, to ensure that enterprises can get a head start in the future market competition.

2.4 Enterprise Management System

The enterprise management system is the further planning of the enterprise's management authority for all kinds of work, including the vertical and horizontal division of labor, subordination and comprehensive management scope of the internal organization structure. For enterprise financial management, the management system has an important role, it directly affects the enterprise internal financial environment, including the responsibility of the enterprise financial authority and financial wealth. For the development of modern enterprise system has an important role, can ensure that it occupies the main position in the enterprise market, for the enterprise financial autonomy provides the objective possibility.

2.5 Forms of Enterprise Organization and Production and Management

The market value of an enterprise's form of business organization is constructed through a unique internal structure of authority and responsibility and issues of interest under the established distribution of property rights. Different forms of business organization for enterprise finance has a clear impact, generally speaking, sole proprietorships because of their own capital scale is small, fewer people so the financial management mode needs to tend to simplify the processing. In contrast, joint

ventures require consideration of capital and staff size ratios, and inevitably require a more sophisticated approach to financial management.

3 The Choice of Financial Management Mode of Small and Medium-Sized Enterprises in China

In the current enterprise economic environment, the development of small and medium-sized enterprises depends largely on their own financial management. Effective financial management mode is the core of enterprise production and operation. Therefore, reasonable selection and construction of financial management mode is the key to the financial development of small and medium-sized enterprises in China.

3.1 Financial Management Model under a Functional Organizational Structure

The most important feature of the functional organizational structure is the implementation of hierarchical centralized control at the top, the enterprise can only implement the division of labor, according to the different functions of different management departments, and then coordinated and controlled by the top leadership.

For functional enterprises, it is necessary to synchronize the adoption of a centralized financial management model to centralize the accounting and management of financial issues. Centralized financial management ensures that enterprise managers are aware of the existing financial situation of the enterprise, which is conducive to the subsequent integration and utilization of resources. Through the centralized financial management, the reasonable completion of the investment project, avoid all kinds of risks to achieve the effective control of different departments of the enterprise to ensure that the enterprise's investment strategy can be carried out in a timely manner [6].

The biggest problem with this type of financial management model is the higher cost of information aggregation, slower feedback of information transfer, and poorer adaptability to the development of the financial environment. Because of the centralized financial management, it also leads to the weakening of the autonomy of the subordinate departments and their lower motivation to work.

Figure 2 shows the organizational structure of financial management in a functional enterprise, which can only be divided into different departments according to different management. The head of financial management is required to organize and audit the company's financial work, and to centralize the accounting and assessment of various issues.

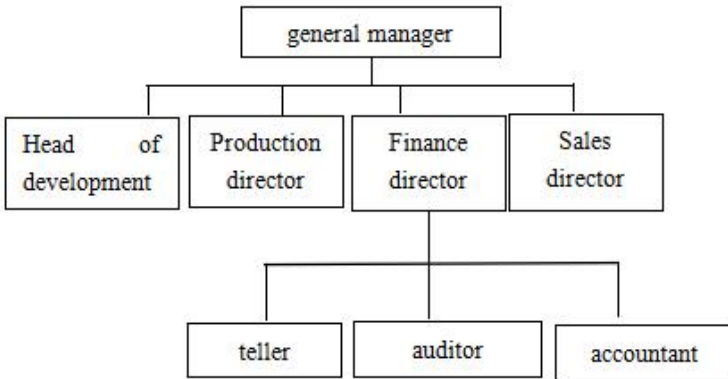


Fig. 2. Functional Organizational Structure Enterprise Financial Management

3.2 Network-Type Structure Organization Financial Management Model Selection

Network-type organizational structure is generally applied to the elite center type of enterprise, this type of enterprise has only one core management department, to contractual relationship with the joint enterprise enterprise, to complete the external production, sales and operation work. The connected central agency has no formal capital affiliation with each subordinate generation, and can only form a support mechanism of mutual benefit and cooperation through loose joint instruments or contracts(figure 3).

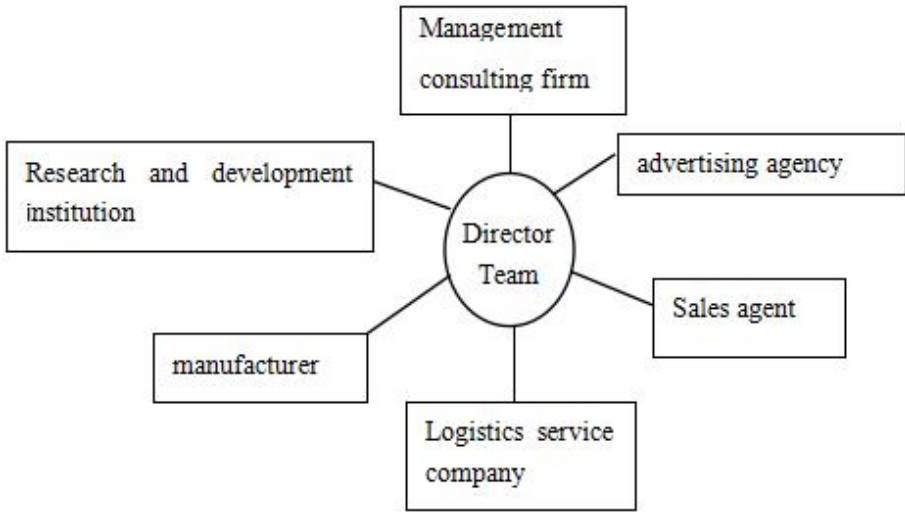


Fig. 3. Schematic diagram of a network-type structure enterprise

Network-type organizational structure is a new type of organizational structure model in recent years, because of its own complex structure, the core departments of the enterprise for the control of external enterprises, especially financial control authority is low, so the need for a more appropriate financial management model, such as independent accounting, key control financial management model. The loose and flexible internal structure of a networked organizational enterprise and the need for separate financial management methods for each external department greatly spreads the risk. Because the departments use a contractual system, with legal provisions as a basis, it is possible to ensure the safety of the enterprise's funds in the event of problems in the economic environment. For this type of enterprise, should be implemented is the financial management system, for outsourcing companies should also set up the corresponding financial department, for research and development and manufacturing departments need to focus on analyzing its financial situation, do a good job of financial summary work and then report upward. This decentralized financial management can effectively deal with important decision-making things, and greatly share the enterprise financial risk.

3.3 ASP Model

ASP model is generally a web-based application company, such companies can provide online hardware, software or information services and subsequent value-added services for service providers. For application services, it is necessary to provide outsourcing business agreements or contracts with them, and the enterprise will delegate part of the business process application to the lower-level services to ensure smooth operation of the business. Service providers to carry out follow-up service management, the establishment of the application system, upgrade and maintenance. ASP class enterprises have concentrated a large number of enterprise financial management personnel, the need to build the enterprise's own system management platform, and then through the network connected to the enterprise server, and for the selection of the enterprise financial model also requires the corresponding integrated management model service means.

4 Countermeasures to the Problems of the Current Financial Management Model of Small and Medium-sized Enterprises in China

4.1 Problems in the Financial Management Model of Small and Medium-Sized Enterprises in China

4.1.1. Lack of Scientific Financial Management Concepts.

Survey data show that the current domestic small and medium-sized enterprises in financial management, there is a lack of attention to financial management, that is, a lack of knowledge of financial management.

It is undeniable that the current domestic small and medium-sized enterprises have poor financial management ability and comprehensive management level, and relatively weak management ideas. The upper level leaders lack financial management awareness, and rarely will financial management work really into the enterprise management system. In the company's operation is more the pursuit of short-term maximization of interests, even if the setting of financial management department, more also pay attention to the accounting situation, seldom complete the overall management. Even many small and medium-sized enterprises do not set up a financial management organization, not to mention the lack of full-time financial management personnel, usually by other departments or accountants, which leads to a

lot of advanced financial decision-making is difficult to be decentralized to the enterprise.

In addition, the leaders of China's small and medium-sized enterprises generally lack of financial management theory cognitive research, resulting in confusion in the responsibilities of corporate finance staff, overstepping their authority, negative and so on.

4.1.2. Vague Financial Objectives.

At present, China's small and medium-sized enterprises in the designation of financial management objectives, generally profitability as the core. Most of the situation is that the industry will blindly follow the profitability of enterprises, will not seriously analyze the differences in the environment they face. It has been proved that mere imitation does not work, and all aspects must be effectively considered in order to construct reasonable financial management objectives. On the other hand, since the leaders of SMEs are generally the owners, the core decisions of the enterprise, including core directives such as investment allocation, are made by the owners. This inevitably leads to omissions in financial management.

4.1.3. Inadequate Financial Management Organizational Structure.

The financial organization and management structure of China's small and medium-sized enterprises is generally centered on financial management, with vertical management, and for the traceability of responsibility is generally a level-by-level responsibility. This structure is prone to two problems: On the one hand, the area involved in financial management is relatively narrow, the flow and stock of funds is low, the overall financial scale is relatively small, the organizational structure is loose, the division of responsibilities is not clear. At the same time there is no professional financial management personnel; On the other hand, many of China's small and medium-sized enterprises are set up by relatives, and the top management of the enterprises are related to each other, so that fewer organizational levels need to be set up in order to maintain financial control. Daily financial projects are usually vertically managed, the management span is extremely low, affected by the size limitations, such financial management model under the job crossover is serious, affecting the functioning of the accounting staff, is not conducive to the internal control of the enterprise.

4.2 Countermeasures to Improve the Financial Management Mode of Small and Medium-sized Enterprises in China

4.2.1. Establishment of Scientific Financial Management Concepts.

In order to effectively reduce the problems of centralized management and family management strategies of SME leaders, and to ensure the future development of the enterprise, all managers of SMEs need to continuously improve their learning cognition, to change the concept of financial management in a real sense, and to establish a new understanding of financial management. Strengthening financial management is the key to the development system of the enterprise, and the functions of each department are constantly implemented. In addition, domestic small and medium-sized enterprises also need to set up new rules of human-oriented and diversified financial management to improve the health of the enterprise financial management environment.

4.2.2. Defining Scientific Financial Management Objectives.

China's small and medium-sized enterprises want to develop financial management, must determine a clear scientific financial management objectives. This is also the objective environment of China's small and medium-sized enterprises management and financial behavior of the objective constraints. Orderly and reasonable financial management objectives must focus on reflecting the objective laws of financial management activities, while reflecting the macro-economic system of enterprise management.

Specifically, as the core of the financial development of small and medium-sized enterprises, a clear, scientific and reasonable financial management objectives need to meet the following conventional characteristics: quantifiable, consistency and phasing clear, and in line with the company's comprehensive level of operation. Based on the actual situation of domestic small and medium-sized enterprises, the financial management of small and medium-sized enterprises need to build and maximize the goal of sustainable development, so as to effectively solve the problems that may arise in the process of enterprise financial development.

4.2.3. Sound and Improved Financial Organizational Structure.

The current orderly organizational theory clearly puts forward that the organizational framework of the enterprise needs to be divided into different types

according to the different internal power structure. China's small and medium-sized enterprises in the sound and perfect internal financial organizational structure under the premise of the company's future development strategy, the need to constantly re-planning financial institutions function, reasonable and even financial positions, to achieve the transition and implementation of internal management. In addition, different departments to carry out financial processes convergence, the need for continuous integration of calculations, structure can be a complete accounting process, to ensure that the center of gravity of financial management, clear financial management system to establish and standardize the financial policy.

5 Conclusion

This paper can mainly obtain the following conclusions by analyzing and discussing the financial management model of small and medium-sized enterprises:

(1)The financial management mode mainly refers to a comprehensive operation state under a certain management idea, which constructs a perfect management goal for the enterprise financial information and integrates the financial management objects to promote the financial management status. The financial management model includes several sub-models, including conceptual model, goal model, financial authority and responsibility model, and financial operation model.

(2)The design of the financial management model needs to conform to science, continuity, completeness and novelty. It should be adapted to the economic market and meet the actual needs of domestic small and medium-sized enterprises (SMEs), and only in this way can it be adapted to the principles of the development of domestic SMEs and be conducive to the continuous development of domestic SMEs.

(3)The current domestic small and medium-sized enterprise financial management model there are still a series of problems, the need to constantly according to market demand, from a practical point of view, upgrading and optimizing the financial management model, according to the operating characteristics of the establishment of their own model, in the main environment remains unchanged, to give full play to the flexible characteristics of the small business.

This study on the domestic small and medium-sized enterprise financial management mode problems and subsequent analysis and discussion is not specific enough, need to strengthen the study in the future learning work.

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