

A Review of Research on Business-Financial Integration of Chinese Enterprises

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Abstract

With the gradual improvement of China's market economic system, more and more Chinese enterprises have obtained favorable conditions for development and have broad prospects for development, but at the same time, Chinese enterprises are facing increasingly fierce competition in the international market. At present, the drawbacks of traditional accounting used by most Chinese enterprises have gradually emerged and become more serious over time. The separation of traditional accounting and corporate business is a major issue that large and medium-sized enterprises should consider in the future. This paper analyzes the current research on the innovative management model of business-financial integration in China and its implementation by Chinese enterprises, and summarizes specific measures that can make business-financial integration provide high-efficiency help for the development of Chinese enterprises.

Keywords

Business and Financial Integration; Traditional Accounting; Chinese Enterprises; Value Creation.

1. Introduction

"Integration of business and finance" is one of the hot topics in the financial field in recent years. The integration of business and finance literally means the combination of business and finance of an enterprise. On the surface, it seems that there is nothing special about it, but looking at the development path of Chinese enterprises since the implementation of the market economy, we can gain insight into the parts of their development that lack stamina. The reason, and the separation of business and wealth is one of them. For the self-employed, since their business behavior and the process of value creation are integrated together and are the result of their own behavior, the self-employed can easily analyze and judge whether the business has created value. In contrast, the large-scale and complex operating structure of an enterprise will inevitably lead to the formation of internal division of labor to improve business efficiency and achieve mutual restraint, which was first reflected in the division of labor between business and finance. The result of this separation makes the accounting department mainly engaged in accounting. Accounting business, while the business department is mainly engaged in production and operation business, from the perspective of the main body, the separation of business and wealth is naturally possible. More importantly, the accounting department mainly reflects the financial status and operating results of the enterprise through the accounting business, that is, discloses the value results of the entire business of the enterprise. The business departments are each engaged in production and operation business. They only know what production and operation business they have carried out, but do not fully know what kind of cost and corresponding income these production and operation business bring, so that the separation of business and wealth becomes the inevitable.

2. The Core and Essence of Business-Finance Integration

By consulting relevant literature, the author summarizes the concept of Business-Finance integration as follows. "Business-Finance integration" refers to the deep integration of business and finance within an enterprise, giving full play to the synergistic effect of the two, and using modern information technology to realize business departments. Share and communicate with the core information and data of the financial department, break through the information barriers between the two, so as to provide necessary information and data support for the realization of enterprise operation and management goals, so as to enhance the innovation and development ability of the enterprise. From the above concept interpretation, we can conclude that the core of Business-Finance integration is the exchange and sharing of information, and the essence of Business-Finance integration is that business must create and realize value, and all business behaviors of enterprises are ultimately to provide consumers with products. Only when these products and services can meet the needs of consumers, the value of its business can be finally realized, that is, only the business that realizes the value is a useful business.

3. The Necessity for Chinese Enterprises to Integrate Industry and Finance

3.1. Help Drive Business to Maximize Value

Under the Business-Finance integration model, enterprises need to fully carry out value management to maximize their own benefits. An effective Business-Finance integration management model will penetrate into every process and link of enterprise operation and management, helping enterprises to achieve effective resource allocation. At the same time, the integration of business and finance requires business departments to actively transmit the data formed in the process of carrying out specific business to the financial department in a timely manner, and then the financial department will convert the financial data into a language that the business department can understand, so as to give full play to its own impact on profits and profits. With a keen awareness of data, we can analyze and evaluate the specific situation of related business development, and combine the analysis of historical data to reasonably predict the direction and trend of future business development, so as to effectively reduce the cost of enterprises and help enterprises maximize value. Therefore, by constructing an enterprise-finance integration system, not only can the internal and external business environment changes of the enterprise be accurately predicted, but also the impact of various adverse factors on the sustainable development of the enterprise can be prevented [1].

3.2. Help to Improve the Level of Enterprise Risk Management and Control

If Chinese enterprises want to achieve long-term and healthy development, they cannot do without scientific and effective risk management and internal control. Under the new development situation, the business risks of enterprises continue to increase. The financial supervision function of Chinese enterprises is mainly reflected in the accounting process. The supervision method can only be realized by simply relying on the accounting information in the financial system, and the accounting work and accounting information lag behind the economic business, which determines the traditional model. Under the financial supervision, it can only be post-event supervision, and it lacks the means of controlling the risks before and during the business. After promoting the industry-finance integration management mechanism, through the deepening of the level of informatization and the improvement of technical means, the finance department can break through the barriers of departments and obtain business process information, thus making it possible to implement the risk point supervision of the whole process of economic business [2]. At the same time, high-quality Business-Finance integration also helps to evaluate the defects existing in the business department in the work process, so

as to effectively prevent risks, so as to control the business risks of the enterprise within an acceptable range, so as to avoid continuously improve the ability and level of corporate financial risk management and control to escort its long-term development.

3.3. Help Chinese Enterprises to Improve Their Financial Management Level

After the introduction of the industry-finance integration management mechanism, it will not only help to reverse the concept of personnel in the business department, actively communicate with financial personnel, and promote the transformation of enterprise business management from focusing on business to taking into account both business and finance; it will also help the financial department to grasp a comprehensive, accurate business information, thereby reducing the management granularity, can implement refined management [3]. Through a series of measures, such as the close combination of financial budget and business measurement, the in-depth bundling of cost and expense control with the progress of business development, and the precise linking of result analysis with assessment and evaluation, financial management activities run through the entire process of production and operation of the enterprise, thereby effectively improving the financial management of the enterprise.

4. Current Situation and Problems of Chinese Enterprises Implementing Industry-Financial Integration

4.1. Traditional Financial Accounting can Only Provide Value Information Rather than Decision-making Useful Information

According to the survey, Chinese enterprises realize the integration of business and finance mainly through organizational integration and information integration, but the essence of the two methods is information integration. The best form of organizational integration still lies in the ability to define income, cost and expense boundaries for each position in the enterprise, and this must be based on job value analysis. The key of job value analysis is to determine the income, cost and expense brought by each job, that is, to realize the fusion of the two information. But the real problem is that accounting information aiming at reporting fiduciary responsibilities is far from meeting this requirement, that is, the information provided by accounting is formed on the basis of accounting scenarios, and cannot fully, continuously and real-time reflect business scenarios. The so-called accounting scenario is actually formed in accordance with the requirements of generally accepted accounting standards. It is based on the original voucher formed by the results of business activities and is converted into an accounting voucher, and is finally formed according to the accounting process to reflect the financial status measured by value. and financial statements of operating results. Because the original document is the result of business activities, it cannot reflect the whole process of business activities, so that the information of business activities cannot be reflected in a comprehensive, continuous and real-time manner, and the internal relationship between business information and value information is separated.

4.2. Business and Finance is "Integrated But not Syncretic"

This is mainly reflected in two aspects:

Firstly, business units lack enthusiasm for participating in convergence. In the integration of business and finance, the financial department often acts as the leading department, responsible for organizing specific work, tracking the progress of tasks, and forming relevant work reports. The beneficiary departments, on the one hand, their financial management ability has been improved, and on the other hand, the important value of the department has also been shown. However, it takes a lot of time and energy for the business department to cooperate with the financial department to implement the basic work of Business-Finance integration.

The workload does not decrease but increases, and it does not significantly help to improve the performance of the department. In addition, in the process of Business-Finance integration, financial supervision will expose business shortcomings and risks, and multiple reasons have discouraged business personnel from participating in Business-Finance integration.

Secondly, the ability of finance to go deep into business needs to be improved. Reflecting and supervising, as the two basic functions of traditional accounting, determine that the financial department pays more attention to accounting and risk management and control. Therefore, financial personnel devote most of their energy to bookkeeping and accounting. They are more concerned about financial indicators such as operating income, consumption costs, and expenses incurred. They have little knowledge of business processes and corporate strategic planning. They are almost outside the business activities of the company, and lack the initiative to coordinate and communicate with business departments. In addition, financial personnel lack in-depth understanding of front-end business. Although they have mastered financial knowledge, they cannot identify key business links, and cannot identify and control risk sources. They cannot provide effective information for management Decision-making, and thus cannot create value for the enterprise.

4.3. Lack of an Integrated Information Sharing Platform

With the rapid development of Internet technology, various enterprise management software came into being. Various software and systems are developed by different manufacturers, and have different requirements for supporting hardware facilities. There are serious limitations on the operating platform, the personnel used, and the scope of use. Information cannot be effectively connected and shared, and real-time business data Cannot be passed directly to finance. What's more serious is that some secondary-processed business data directly leads to the distortion of financial information. However, if an integrated information platform is built separately, the enterprise needs to invest huge human, material and financial resources, and the actual effect after implementation will take a long time to verify. For most Chinese enterprises, especially state-owned enterprises, it is very important to maintain the stable development of the enterprise. Therefore, if the existing information platform of the enterprise can meet the basic management needs, it will not easily promote the construction of an integrated information system. It hinders the technical path of the implementation of Business-Finance integration.

5. Suggestions for Chinese Enterprises to Implement Business-Finance Integration in the Future

It can be seen from the above summary that in order to further maximize the value of Chinese enterprises, the integration of business and finance is a necessary step. Different from Western countries, the living environment of Chinese enterprises is the socialist system with Chinese characteristics. State-owned enterprises have a high degree of division of labor, high state control, and sound and stable employee treatment. It is very difficult for them to break through traditional business management and develop and innovate. This does not mean that Business-Finance integration cannot be implemented in Chinese enterprises. Building a Business-Finance integration management model with Chinese characteristics is a good way to solve this dilemma. Through profound investigation, I have concluded that the following three recommendations can help Chinese enterprises to truly implement business-financial integration in the future.

5.1. Improve the Construction of Enterprise System

Enterprises should formulate a series of enterprise management systems that are conducive to the practice of Business-Finance integration. First of all, enterprises must improve the process

system. The integration of business and finance requires the financial department to participate in the business process. This cross-departmental cooperation must be based on a complete process. Only when the business and financial process is clear can the business and financial process caused by process problems be reduced to the greatest extent. Conflicts and conflicts between finance departments. Secondly, the integration of business and finance needs to rely on project work to advance. Therefore, enterprises must improve the project management system, accumulate business and financial integration experience through project work, and carry out all-round business and financial integration on the entire value chain of the enterprise to achieve enterprise value creation goal [4]. Finally, improve the corporate reward and punishment system. Compliment employees for their outstanding performance in the integration of industry and finance, such as the establishment of a standard cost system for a certain process in the production process. Mobilize the enthusiasm of employees to participate in the integration of business and wealth through rewards for specific Business-Finance integration work. Criticize the behaviors that hinder the practice of Business-Finance integration in the business department, and strictly implement the reward and punishment system.

5.2. Increase Business-Finance Communication Channels and Strengthen Business-Finance Communication Mechanisms

On the one hand, establish good business and financial communication channels. Through the Business-Finance integration meeting mechanism and other means, create opportunities for communication between Business-Finance departments. Relevant departments can communicate and negotiate on a certain Business-Finance-related issue. This is a formal communication channel commonly used in enterprises and is very efficient. Informal communication channels can be established, such as various online and offline communication activities between the staff of the business department and the financial department to enhance mutual trust [5]. On the other hand, establish a feedback mechanism for the integration of industry and finance. Whether communication is effective or not, feedback plays a decisive role. Enterprises should open up the feedback channel of Business-Finance integration, form an information cycle, and increase the effectiveness of inter-departmental information communication.

5.3. Enhance Talent Management

The implementation of any management activity is inseparable from people, so comprehensive talents play an indispensable role in the smooth development of Business-Finance integration. In order to ensure that the integration of business and finance can be efficiently implemented in the enterprise, it is particularly important to cultivate a group of high-end compound talents who have excellent professional knowledge and understand business management. Enterprises can set up a training team including experts in business and financial fields through internal selection or external selection, and train employees on knowledge related to the integration of business and finance in a planned and targeted manner; make full use of examinations, evaluations and other means, Select business and financial personnel with high comprehensive quality among the trainees, and carry out regular job rotation exchanges, so that they can fully and truly understand the content and process of each position's work, improve the ability to comprehensively apply knowledge, use new methods of business and financial integration, creatively solve problems that arise at work.

6. Conclusion

The research on the integration of business and finance by Chinese enterprises is still in the stage of deep excavation and exploration, but if they do not try and make bold trial and error,

then this management strategy cannot be applied in the future. It can be seen that some state-owned and private enterprises in China have implemented the integration of business and finance, and achieved good results. Perfecting the theoretical system, increasing practical experience, vigorously encouraging and cultivating outstanding talents by the government, I believe that the real implementation of these measures will contribute to the future development of Chinese enterprises.

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