

Analysis on Financial Management Model of Enterprises in Developed Countries

Jie Luo

School of Economics and Management, LeShan Normal University, Leshan 614000, China.

229292710@qq.com

Abstract

Under the background of world economic globalization, large enterprise groups no longer exist in the form of independent enterprises, they carry out economic activities in the market in the form of intensive. At present, one of the strategic objectives of China's economic development is to build a group of large enterprises with international competitiveness. Drawing lessons from the development of large enterprise groups at home and abroad, it shows that financial management is always the key factor related to the stable, healthy and sustainable development of enterprises. One of the main reasons why large state-owned enterprises in our country have such problems as loss of state-owned assets and poor management is that they do not carry out reasonable and compliant financial management. Therefore, in order to achieve long-term development and improve international competitiveness, enterprise groups need to strengthen the control of enterprise financial management, gradually establish a financial management model suitable for the modern development of large enterprise groups, improve the operating rate of enterprise capital, give play to the beneficial role of financial management in enterprise management, guard against and effectively control business risks, and then realize the maximum profit of enterprise groups. Therefore, this paper combs the current research status of enterprise financial management, and analyzes the mode of enterprise management in developed countries.

Keywords

Europe and America; Enterprise Management; Financial Management.

1. Introduction

In the past 40 years of reform and opening up, the market economy of our country has made great development, and the Chinese enterprise group has also developed rapidly, and the large enterprise group has begun to appear in the market economy and occupied an important position. Today, with the development of market economy and the perfection of domestic capital market, domestic enterprises have been greatly improved in economic strength, among which group enterprises have also become the indispensable main force in domestic market economy. Under the background of domestic market economy, the development of group enterprises makes the financial relationship become more and more complex, which is often caused by many factors, on the one hand, because the responsibility and power distribution between group companies and subsidiaries are not clear, especially in the aspect of financial autonomy and decision-making power, there are some conflicts between subsidiary and group companies.

On the other hand, because the relevant laws and regulations are not perfect, this is extremely unfavorable to the sustainable development of group enterprises. Although in the context of the market economy, the development of the group enterprise occupies the day, the geographical location, the person and the person, from the enterprise's sales volume and the profit point of view also really is developing in the good direction, however, many hidden problems, such as the shortage of enterprise funds, the high cost of the enterprise, the backlog of liquidity funds and so on, still exist. The emergence of these problems is the inevitable result of the current group enterprises neglecting

financial management, so it is urgent and necessary to seek the correct management mode in the group enterprise financial management.

This article takes the multinational corporation as the research object, carries on the objective analysis to its existing developed country each kind of financial management pattern characteristic and the corresponding advantage and disadvantage, in order to analyze whether the existing financial management pattern satisfies the transnational group's development request, if does not satisfy how should take the improvement measure.

2. Purpose and Significance of the Study

From the point of view of practical significance, the research and perfection of the financial management mode and financial management mechanism of the group enterprise can help the enterprise to achieve the goal of good benefit and the maximum benefit of the group shareholders, and the optimization of the financial management mechanism can also improve the productivity or production level of the enterprise to a certain extent. At present, the profit of domestic group enterprises is still considerable, but it is still behind the developed countries in Europe and America in terms of its unit capital return, so it is of practical significance to explore more potential for enterprise development by studying the financial management mode or mechanism of group enterprises.

From the point of view of theoretical significance, the study of group financial management mechanism or model can provide a theoretical basis for the development of group enterprises to a certain extent. The existing domestic and foreign research on group financial management has reached a certain degree, however, in the context of the market economy in China, there is still a lack of targeted suitable for the development of financial management of Chinese group enterprises can be used for reference theoretical basis, so we need to comb the experience of foreign enterprises financial management.

3. Summary of domestic and foreign research

3.1 Research on Financial Management Optimization

Many scholars have studied the background of the unique group company in our country, and found that if the financial management wants to play an important role in the development of the group, its management work must be innovated, and this kind of innovation must adapt to the development of the enterprise and even the development of the times. Fu Chunxiao (2015) pointed out in the research that under the background of the rapid development of domestic economy, the importance of the financial management of group enterprises has become more and more prominent. It is very important for enterprises to develop innovative financial management if they want to be sustainable without being eliminated by the times. From the perspective of group enterprises, Zhao Xing (2016) has also mentioned in the research that the existing financial management system can no longer keep up with the speed of economic development and the change of times, so to adapt, it is necessary to innovate, and the emphasis is on the innovation of the original traditional financial management thinking rather than just the innovation of the work mode. Most of the existing research on financial management optimization focuses on how to innovate the existing financial management system, and this innovation must meet the background of the times, how to innovate, what is the idea of innovation has become the concern of many scholars. After consulting and collating the relevant literature on financial management optimization, the author lists the following representative viewpoints:

(1) In the study of Doyle and Ge et al.(2006), it was mentioned that the financial management of any enterprise in any industry is the most basic guarantee for the development of the enterprise, and the core of the financial management model of a healthy enterprise in the American enterprise group is the asset management, which is not only a matter of concern to the financial part, but also the responsibility of every department of the enterprise for the corresponding asset management.

(2) A study on the financial management of China National Petroleum Corporation (CNPC) has been carried out in literature, and it is found that China National Petroleum Corporation (CNPC) has a financial management system to match with the times in different periods of development.

(3) Yu Dong (2011) analyzed the financial management and optimization of construction enterprises, based on the background of the current domestic construction market, and analyzed that many construction enterprises have encountered great obstacles in the development of this background, and a large part of the reasons come from the lack or unreasonable financial management of construction enterprises. Finally, taking Zhejiang Construction Investment Group Company as the research object, the paper analyzes the related problems of its enterprise financial management and gives a targeted solution strategy.

(4) Jiang Cailiang (2013) analyzed the financial management problems of the group enterprises one by one, and put forward a new financial management model suitable for the development of the group enterprises on the basis of studying the problems. For example, it is proposed to consider adopting a centralized-decentralization compatible model to make financial authority less centralized and less decentralized; and to regulate and control budget management to improve the efficiency of the company's use of funds. There are also some expert theoretical studies that financial management system plays an extremely important role in enterprise management, and it is of great significance to construct a financial management system which integrates the harmony of financial management, optimizes financial culture and utilizes the rigid and flexible means to "trinity" financial management system.

3.2 Research on Financial Management Optimization Measures

In the research on the specific measures of financial management optimization, the author collates the following representative viewpoints from many literatures:

(1) In the paper "Comparison and Selection of Financial Management Patterns of Group Companies", Ye Xiaoqian and Han Kun mainly make a comprehensive analysis of the centralized financial management system which is more suitable for existing group companies, mainly aiming at the design of financial management system framework, how to construct financial management model and how to ensure the normal operation of financial management system and the realization of financial management objectives.

(2) Chen Qun believes that the Group's efforts to accurately grasp its financial and accounting status and to control and guard against risks will promote and protect its strategic objectives.

Guo Tianzhi (2004) mainly takes Xiamen International Airport Group Company as the main research object, analyzes the operation status of its financial management system, and finds that the systematization of the financial management of the group enterprise can guarantee the realization of the financial goal more concentratedly, so it is concluded that it provides a very effective guarantee for the development of the group enterprise under the background of such financial management system.

Zhu Mingxiu (2004) believes that it is necessary to properly handle the relationship between decentralization, which is the core content of the financial management system, and shows that the current trend of financial management mode is to focus on centralization and implement moderate decentralization.

(5) Wang Lei (2011) believes that in the process of financial management control, the determination of financial management objectives is the first element of financial management work, because only by setting the objectives of financial management, the work of financial management is targeted. In addition, for the group enterprise, the establishment of financial management objectives is also the beginning of the financial work of the group company, whether from the theoretical point of view or from the practical point of view, the optimization of the financial management objectives of the enterprise group is particularly important.

(6) Wong Ka-liang (2012) in his study concluded that today's conglomerates want to achieve sustainable development,

It is necessary to adjust the internal financial management system and production and operation objectives to improve the overall efficiency and quality of the group company. It is pointed out that because the financial management system directly affects the overall development of the group company, the current financial management staff have begun to focus on improving their own financial management ability and through their own ability to help enterprises achieve financial objectives. Fang Xiaoli (2013) in the study of state-owned enterprises as the main research object, analysis of the process of enterprise restructuring, there are many state-owned joint-stock enterprises. According to the characteristics of state-owned holding companies, joint-stock companies and their managers in financial activities, the author studies how these enterprises operate, with emphasis on how to carry out effective financial management. There are also expert studies that suggest that ensuring that the financial management process will provide working standards for the group as a whole and that the financial management of the group as a whole will operate. Capital structure is also the core aspect of financial management according to the enterprise development strategy. This paper studies the possible problems in the financial management system of group company, and puts forward some suggestions on how to improve the financial management process of group company.

Based on the theoretical and practical research of the above experts, it is shown that the development and optimization of financial management is of great value to group enterprises. It is necessary to construct a financial management system including the development of the comprehensive market economy, the stage of enterprise development and the mode of enterprise management, and choose the financial management mode suitable for the group enterprise, which will make great contribution to the sustained development of the enterprise, the realization of the strategic goal and the economic benefit.

4. Financial Management Model for Corporate Groups in Europe and America

Since the 19th century, business groups in the United States and European countries have entered the market economy. In the long-term development and reform process, after continuous summary and improvement, formed a relatively mature market economy system and corporate governance. The choice of financial management mode of American enterprise group is mainly influenced by the size of the enterprise, the direction of the main business, the market positioning, the development cycle and the culture of the enterprise, most of them are relatively centralized compatible financial management mode, and the type of company that chooses this kind of financial management mode is mainly wholly owned or controlled group. The financial management agencies of large American enterprise groups usually set up the following three institutions, namely, the investment center, the profit center and the expense center. The investment center is subordinate to the group headquarters, which supervises the production and operation cost profit, budget and investment income of the whole company through the investment center. In addition, group headquarters collects and centralizes funds through transfer payments and interest payments, and directly identifies and centralizes key decisions such as fund allocation and subsidiary profit distribution. The subsidiary is responsible for the price and sales of the product, and the group headquarters is usually not interested in these issues. The parent company is responsible for the development direction and various policies of the company, the subsidiary company must follow; the parent company also decides the subsidiary company's management personnel appointment and removal, investment decision, asset allocation, new product R & D production and so on. The parent company concentrates the operating profit of each subsidiary and allocates the allocation according to the actual development needs.

5. Financial Management Model of Japanese Enterprise Group

Japanese enterprises have formed diversified groups, which can be divided into two categories in structure: "horizontal enterprise group" and "vertical enterprise group". The first type of horizontal enterprise group is a large enterprise group, the most representative of which are the six major groups

in Japan, namely, Mitsubishi Group, Mitsui Group, Sumitomo Group, Fuji Group, Sanhe Group and First Persuasion Bank Group. The big six are big companies that continue to work closely together, forming big ones that already have a leading role in Japan; the second is vertical groups of companies that are vertically managed by their parent companies, such as Panasonic, Toyota Motor, and Hitachi. The Japanese enterprise group mainly adopts the compatible mode of centralization and decentralization, but it is more inclined to centralization in the compatible mode, and the financial management principle of Japanese enterprise is "big power centralization, small power decentralization, strategic centralization, and tactical decentralization".

The main management mode of the Japanese enterprise group is the external supervision of the enterprise group by the state and the financial supervision within the enterprise group. Japan does not have a special management agency similar to China's state-owned assets management committee, the government's management function is mainly reflected in the regulation of enterprise production and operation through the formulation of laws and regulations. There are two main management systems of Japanese group companies, namely, the main banking system and the parent-subsidiary system, which attach great importance to financial management. In the main bank management system, the main bank will provide loan services to enterprises, including long-term and short-term loans, and have extremely close financial links with the company. In the parent-subsidiary management system, the parent company will set up a special supervisory department to carry out the supervision and inspection of financial projects. For example, the supervisory department of Panasonic's financial headquarters is responsible for carrying out a full range of financial checks on all departments, focusing on the problems existing in the financial implementation process, summarizing the results of the inspection, and putting forward suggestions for improvement, and finally forming a written inspection report to report to the heads of departments.

6. German Enterprise Group Financial Management Model

Most German enterprise groups have perfectly solved the management rights between parent and subsidiary companies and fully mobilized the overall competitive and management advantages of parent companies and subsidiaries at different levels. Some large multinational companies in Germany usually use modern and advanced computers and information technology to build financial information systems, thus enabling parent companies and subsidiaries to have timely access to financial and business information within their competence, enabling them to implement dynamic management and process-wide control in a timely and effective manner, and to supervise the production and operation of the company, thus realizing the information and modernization of office and financial work. Based on this, it not only improves the management level of the company, but also improves the sensitivity and adaptability to market changes. German enterprise groups usually maximize profits by implementing comprehensive budget management and establishing a comprehensive budget management system. In addition, the German enterprise group attaches great importance to grasping the principles of financial work and the scientific nature of the establishment of financial institutions, with emphasis on investment in scientific and technological research and new product development.

7. Comparison of foreign financial management models

Through the above analysis, it is found that the European and American enterprise groups, represented by the United States and Germany, have started earlier, developed relatively well and the scale is relatively large, and have reached a high degree in the product variety, distribution range and market share. Therefore, most of the large enterprise groups in Europe and the United States, represented by the United States and Germany, are using the financial management mode of decentralization as the main and centralized auxiliary, in order to better mobilize the initiative and enthusiasm of the member units in the company. Unlike corporate groups in Europe and the United States, Japanese conglomerates have a higher degree of centralization, mainly using the principles and practices of "centrality, decentralization, strategic centralization, and tactical decentralization",

just as their investment, financing and financial management are primarily determined by the group's headquarters or board of directors, while the activities of financial management are primarily carried out by the companies themselves, and their subsidiaries will account for and control their production costs and expenses independently.

8. The Enlightenment of Foreign Financial Management Model

The development background of the enterprise group in our country is that the economic system is deepening continuously and the financial management has not formed the system. Therefore, we can learn from the European and American and Japanese enterprise group's financial management model, but cannot simply and rudely copy. We should choose the appropriate financial management mode for our own development according to our own internal and external development characteristics and conditions, so as to make the financial management develop in a scientific, reasonable and standardized direction. By comparing the financial models of enterprises in the three countries of the United States, Japan and Germany, we can get the following three enlightenments: first, the financial model mainly tends to adopt the compatible mode of combining centralization and decentralization, and distribute the degree of centralization and decentralization reasonably; secondly, the joint-stock system should be reformed in a timely manner to clarify the property rights relationship; thirdly, the rational capital structure should be determined, pay attention to the smooth flow of cash flow, and further improve the relationship between bank and enterprise through the formation of group finance company to realize the integration of group finance, settlement and fund, and further improve the efficiency of fund settlement.

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