Value Orientation and Strategy Analysis of Financial Management of Modern Enterprises

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Abstract: Financial management serves as an important part of modern enterprise management, which plays an important role in improving capital strength of enterprise, improving resource allocation and comprehensive benefits of enterprise. In view of the importance of financial management, enterprises should clarify the value orientation of financial management, optimize the choice of financial management strategies to improve the efficiency and effect of financial management. This paper initially and systematically introduces the scientific connotation of modern enterprise financial management, expounding the value orientation of modern enterprise financial management, and finally the effective strategies of modern enterprise financial management is analyzed in order to help enterprises better carry out financial management activities.
***Keywords*:** financial management of modern enterprises, value orientation, strategy

1. Scientific connotation of modern enterprise in financial management

Financial management of Modern enterprise refers to a series of management activities centering on capital circulation and credit activities based on modern enterprise system. The financial management of modern enterprise is endowed with rich connotation in a wide range, including investment management, financing management, asset management and profit distribution management.

1.1 Financial management is different from financial management

Financial management and financial management both belong to the category of enterprise operation and management with overlapping fields, for example, both involve enterprise investment, financing, capital operation, profit distribution and other activities. But financial management is not equal to financial management.

At the outset, financial management refers to a series of management activities carried out by enterprises based on financial information, with significant financial attributes. Financial management denotes a series of financial or non-financial management (such as corporate strategy, corporate governance structure, corporate internal control, corporate risk management, etc.) based on capital circulation.

Furthermore, financial management mainly revolves around the company's internal financial activities with significant internal attributes. Financial management is not subject to the internal activities of the company, which pays attention to the relationship between modern enterprises and the financial system. With the help of various financial instruments and financial markets, enterprises can realize capital financing, optimize enterprise risk management and enhance enterprise market value.

1.2 The object of financial regulation is financial activities

The object of modern enterprise financial management is the financial activities of the enterprise, that is, all the activities related to the operation of funds, from the raising of funds, to the utilization of funds, and then to the distribution of funds, run throughout the enterprise business activities and the whole process of value appreciation of enterprises.

The focus of modern enterprise financial management is to improve the quality of enterprise financial activities and the interaction between enterprises and the financial system under the norms of modern enterprise system (such as principal-agent mechanism). First, the channel of financing should be broadened to reduce the cost of financing; Second, to ensure the safe utilization of funds and improve the efficiency of fund operation. Third, we will optimize the direction of investment and increase the return on investment.

2. Value orientation of modern enterprise in financial management

Modern enterprises aim at the maximization of economic profits. At the same time, for the sake of long-term development, modern enterprises should take into account certain social responsibilities. Therefore, the value orientation of financial management of modern enterprise covers two aspects, namely, economic target and social target.

2.1 Value orientation of economic objective

Capital cycle process can be expressed by formula: capital-commodity-capital, that is, capital is invested in production (capital is converted into commodities), and commodities are sold for capital (commodity is converted into funds), and capital appreciation is finally realized. This one process fully reflected the production function, commodity function and monetary function of enterprise capital. Therefore, the key of economic target value positioning lies in improving the efficiency of enterprise capital in raw material procurement, commodity production and marketing. This requires enterprises to carry out production and business activities should meet customer demand, in line with the market trend as the basic guidance: first, dig customer demand, improve commodity value; Second, open up market channels and expand market share.

2.2 Social goals and value orientation

Under the social target value orientation, enterprises pay close attention to the evaluation made by the government, financial institutions and the public in brand image, consumer reputation, corporate credit rating, corporate honor, etc. The enhancement of corporate social reputation helps enterprises obtain exogenous capital, such as government subsidies, bank credit, equity investment, etc. In order to improve the social image of enterprises, enterprises should take compliance and sustainability as the basic bottom line when carrying out production and operation activities: first, abide by laws and regulations and maintain market order; Second, pay attention to product quality and protect consumers' rights and interests; Third, develop environmental protection technology and promote green products

3. Application strategy of modern enterprises in financial management

Under the dual value orientation, modern enterprises can consider adopting the following strategies to strengthen the application efficiency of corporate financial management and enhance the ability to create corporate financial value and control corporate financial risks.

3.1 Improve the awareness of corporate in financial management

The first step of strengthening modern enterprise financial management lies in improving the consciousness of enterprise financial management, establishing a scientific understanding of the connotation of modern enterprise financial management with adequate attention to the role of financial management of modern enterprises. Only when the concept of financial management is updated, the methods and technologies of financial management can be updated.

It should be noted that although financial management of modern enterprise is conducted on the strategic level, it fails to mean that the cultivation of financial management consciousness only stays at the management level. As mentioned above, financial activities, as the most important business activities of an enterprise, are implemented throughout whole process of the enterprise. Therefore, financial management based consciousness should be kept in mind of employees through out the whole process. Enterprises should cultivate awareness of financial management and optimize the financial management environment through cultural publicity, value guidance, normative design and vocational training.

3.2 Improve the financial management organization system and talent team

Enterprise financial management needs to be put into practice by professional departments and personnel. The effective development of financial management cannot be separated from the construction of financial management organization system and talent team.

First of all, enterprises should improve the organizational system of financial management. At present, most enterprises failed to set up special financial management departments and posts, and the financial management organization system is almost blank, making it a difficult duty for the implementation of financial management. A complete financial management organization system consists of senior managers who are fully responsible for financial management, functional departments and staff who are specifically responsible for financial management, and departments and staff who are responsible for evaluating and supervising financial management. Only when the company is equipped with financial management professionals from top to bottom, can the responsibilities of financial management be clearly defined and the financial management work be implemented.

Moreover, the enterprise should perfect the talents team in financial management. At present, enterprises generally lack financial management talents, and the professional quality of financial management staff is generally at low level, which has a negative impact on the efficiency of enterprise financial management. As a qualified financial management staff, he should have professional financial management knowledge and rich financial management skills, and be good at exploring financing channels and optimizing capital turnover. Enterprises can strengthen the talent team construction of financial management through external recruitment and internal training, that is, directly hire mature financial management professionals or select appropriate personnel from financial management related departments and positions(such as financial personnel, investment personnel) to receive systematic training of financial management.

It should be noted that financial management cannot be replaced by financial management. Correspondingly, the construction of financial management organization system and talent team cannot completely make up for the lack of financial management organization system and talent team.

3.3 Expand financing channels for enterprises

The development of an enterprise is inseparable from the support of capital. With the gradual expansion of the scale of an enterprise, its own capital is difficult to meet the development needs of the enterprise, and the input of external capital is very critical. Therefore, capital financing is one of the important contents of enterprise financial management, and the efficiency and cost of capital financing are directly related to the smooth development of enterprise business activities and the realization of efficiency goals as scheduled.

First of all, enterprises should take the initiative to develop diversified financing channels. Enterprises can consider to expand financing channels from the following aspects: first, use commercial credit for short-term financing, establish a good cooperative relationship with upstream enterprises, and strive for appropriate payment methods and payment terms; Second, pay attention to a variety of loan products of many financial institutions, through the comparison of application conditions, quotas, interest rates, repayment methods, term and other factors, to seek suitable loan products; The third is to seek diversified government financial support, such as local government incentive funds for talents and project introduction, government investment for local high-quality enterprises, government subsidies for environmental protection projects or research and development projects that meet policy requirements, etc. Fourthly, we should make use of the multi-level capital market and strive for listing in the right sector. Fifth, to attract strategic investors and financial investors to join. In addition, small and micro businesses should make full use of financial inclusion policies and products.

Moreover, the enterprise should arrange financing scale and financing structure in a reasonable manner. Different funding channels have their own applicability, for example, start-up companies are suitable for angel investment, while growth companies are suitable for venture capital. Another example is that in term of the fall of expected interest rate, loans with floating rate can be adopted, otherwise, for loans with fixed rate. Different financing channels have their respective advantages and disadvantages, such as equity financing is characterized with high cost without the pressure of servicing principal and interest. By contrast, and debt financing enjoys low cost, which requires repayment of principal and interest regularly. Enterprises should comprehensively consider the current financial environment and operating conditions so as to choose reasonable and feasible capital structure and financing mix and strike the balance of the relationship between cost and risk, and finally realize the reduction of financing cost and control of financing risk.

3.4 Strengthen of financial risk management

Financial activities of enterprises are high-risk activities, which are manifested with the following dis-merits as the sluggish market sales, difficulty of conversion of commodities into funds, unscientific capital structure with high risk of financial crisis. Besides, risks are also denoted in unreasonable investment of capital and difficult recovery of investment principal, mismanagement of funds and the risk of internal misappropriation. Because of the high risk of enterprise financial activities, enterprises should pay attention to financial risk management.

Enterprises can consider the following aspects to strengthen the financial risk management of enterprise. First, to improve the awareness in financial risk management, and to view the change of financial environment from the perspective of risk to maintain sensitivity in financial risk. Second, to make it clear of financial risk management target system, including economic goals and social goals, and to subdivide the overall goal into several sub-goals to clarify each sub-target of the main responsible department and personnel. The third is to adopt reasonable and effective financial risk management methods, such as scenario analysis can be used to simulate the possible market prospects of new products, decision tree method can be adopted to quantitatively analyze the expected return of investment programs, etc. Fourth, to establish an early warning mechanism for financial risks, and monitor financial risk concentration areas (such as futures business) in real time. To set thresholds according to the financial environment and enterprise conditions, and take pre-determined emergency plans immediately once the thresholds are exceeded. Fifth, we will strengthen the evaluation and supervision of financial risk management and standardize and constrain financial risk management activities.

3.5 Promote the construction of financial management informatization

In recent years, the application of information technology has innovated the management mode of modern enterprises, and the development of informatization has become the infrastructure construction of enterprise management. It can be seen that the construction of financial management informatization is the inevitable trend of the development of enterprise financial management.

Enterprises can consider the following three aspects to establish and improve the construction of financial management informatization: First, to enhance the systematicness of the construction of financial management informatization, that is, the construction of informatization covers the whole process of financial management from planning to implementation, to supervision and evaluation. The second is to enhance the applicability of financial management information construction, that is, according to the change of external financial environment and enterprise financial management needs timely adjust the information system module; Third, enhance the interoperability of financial management information construction, that is, realize the effective docking of financial management information system and related financial management information system, business management information system, risk management information system.

4. Conclusion

Business operation fails to be operated without capital turnover. Financial activities are very important for the development of enterprises. Modern enterprises should strengthen the financial management ability effectively and give full play to the efficiency of financial management.

First of all, enterprises should correctly understand the connotation of financial management. Financial management of enterprise refers to the management of financial activities such as capital circulation and credit financing. Different from financial management, corporate financial management is not subject to the enterprise, which, rather, gives focus on the relationship between the enterprise and the financial system. It is not confronted to the enterprise finance, which involves strategy, risk control, governance structure and other non-financial fields.

Furthermore, enterprises should clarify the value orientation of financial management. Financial management of modern enterprise is conducted based on the dual value orientation, that is, it follows the economic target value orientation and the social target value orientation simultaneously.

Finally, enterprises should adopt effective financial management strategies. One is to improve the enterprise based financial management consciousness, the other is to perfect the financial management organization system, cultivate talents in the financial management. Third, to broaden the financing channels and make reasonable arrangement of the financing mix of enterprises. Fourth, to strengthen financial risk management, reduce the probability of financial risk and potential losses. Fifth, to improve the information construction of financial management, information technology can be used to improve the efficiency of financial management to promote information interaction and interconnection.

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