



Problems and Countermeasures of Corporate Financial Management in the Financial Market Environment

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Abstract: The changing financial market environment has a certain impact on corporate financial management. Therefore, enterprises should grasp the trends of financial market changes and formulate scientific financial management strategies in order to achieve sustainable development goals. This article discusses the influence of the financial market environment on corporate financial management from this perspective, analyzes the existing problems in corporate financial management within the financial market environment, and proposes optimization strategies for these issues, aiming to better promote the overall improvement of corporate financial management and ensure high-quality development.

Keywords: Financial market environment; Financial management; Budget management

1. Introduction

The quality of the current financial market environment is closely related to the development layout of enterprises and future revenues. Considering the current state of China's financial market environment, the financial structure is imbalanced, and compared to some European countries, the financial market environment is not mature enough, with relatively weak financial innovation. The impact of the financial market environment on corporate financial management cannot be ignored. Therefore, in the process of financial management, enterprises should take the financial market environment as the basic guide, optimize the financial management model, strengthen budget management, and build a sound financial credit system to seek more development opportunities.

2. The Impact of the Financial Market Environment on Corporate Financial Management

The financial market environment has a profound impact on corporate financial management. From the perspective of financing activities, changes in the financial market environment directly affect the cost of capital for enterprises. For example, an increase in interest rates leads to higher financial expenses for companies and rising financing costs, and vice versa. From the perspective of investment activities, there is a complex relationship between the financial market environment and corporate investment activities. When the financial market environment is relatively active and the stock market is booming, companies are inclined to make substantial investments to achieve high returns. Conversely, in a sluggish financial market environment, some enterprises may control their investment levels to avoid over-investment and reduce the financial risks associated with changes in the market. From the perspective of working capital management, a favorable financial market environment can promote the effective integration of commercial credit and bank credit, achieving horizontal financing of corporate working capital. This enhances the efficiency of fund utilization and optimizes the allocation of corporate funds.

3. Problems in Corporate Financial Management Under the Financial Market Environment

3.1 Weak Financial Management Awareness and Lack of Comprehensive Financial Thinking

The financial market environment has introduced new requirements for corporate financial management, particularly in terms of ideological guidance, which is crucial for directing financial management. Currently, some corporate managers focus primarily on achieving profit targets, improving sales performance, and internal controls, leading to misconceptions about financial management. They often believe that as long as financial reports are compliant and investment and financing decisions are reasonable, financial management is considered scientific, standardized, and effective. This mindset results in a lack of comprehensive financial awareness, disconnects financial management from corporate development strategies, and

leads to a relatively superficial financial management plan, hindering the high-quality development of financial management.

3.2 Low Efficiency of Fund Utilization

To adapt to the financial market environment and meet the demands of the times for greater profit, some enterprises often adopt diversified funding strategies that combine long-term and short-term investments. However, with limited overall capital, simultaneous multiple investments in a single phase can lead to a tightened capital chain and increased funding gaps. This not only affects critical aspects of procurement, operations, and production but can also trigger a series of issues with bonds and stocks. Therefore, enterprises should employ effective measures in their financial management processes to improve fund utilization efficiency, reinforce the rationality of long-term and short-term investment plans, and ensure alignment between corporate development needs and fund management.

3.3 Low Effectiveness of Budget Management

Under the financial market environment, budget management is an effective means to achieve financial management goals. However, the current state of budget management in enterprises shows a significant gap from these requirements, resulting in low effectiveness. First, during the budget preparation process, enterprises often rely on information technology tools to integrate historical data and use budgeting models, employing incremental or decremental budgeting methods. Nevertheless, insufficient consideration of the financial market environment and the future development status of the enterprise leads to questionable accuracy of the budget indicators. Second, the execution of budgets lacks a comprehensive supervision system, resulting in low efficiency and frequent instances of budget overruns. This undermines the value of budget management and poses "hidden dangers" for corporate financial management.

3.4 Lack of a Sound Financial Credit System

The orderly advancement of corporate financial management in the financial market environment depends on a robust financial credit system, which is essential for comprehensively diversifying, transferring, and regulating financial risks and enhancing the level of financial management. However, the current state of financial credit system construction in some enterprises is still inadequate, failing to meet the risk control needs in financial management, indicating a need for further optimization and improvement.

4. Countermeasures to Optimize Corporate Financial Management in the Financial Market Environment

4.1 Shift Mindset and Innovate Financial Management Concepts

The rapidly changing financial market environment presents both opportunities and new demands for corporate financial management. In response, enterprises should actively shift their mindsets and innovate their financial management concepts to address the impacts of these changes.

First, in light of the trends in the financial market environment, corporate managers should recognize the positive role that financial management plays in the strategic development of the enterprise. They need to connect financial management with strategic planning, sustainable development, and internal controls, gradually constructing a closed-loop financial management system within the organization. This involves introducing new financial management concepts and actively improving and innovating financial management practices to help the enterprise better cope with the effects of changes in the financial market environment.

Second, enterprises should cultivate a comprehensive financial management mindset. To further enhance financial management efficiency and ensure a transition from financial accounting to management accounting, it is essential to develop result-oriented thinking, holistic thinking, extensible thinking, and innovative thinking in the process of financial management. By integrating this broader financial mindset with financial management activities, companies can continually expand the scope of financial management, extend its functions, and strengthen both stability and efficiency in enterprise development. Moreover, leveraging financial management as an effective tool can enhance the core competitiveness of the enterprise.

4.2 Strengthen Capital Management and Solidify the Foundation of Financial Management

Strengthening capital management is particularly important for enterprises in the financial market environment. The following strategies can be employed to enhance capital management efforts and solidify the foundation of financial management:

- (1) Proactively Implement Risk Management. It is essential to actively assess risks related to the current financial

market environment, credit risks, and the liquidity risks of corporate funds. Based on the risk assessment results, companies should develop scientific risk management strategies and create diversified long-term and short-term investment plans. This gradual approach enhances the enterprise's capital management capability and helps avoid situations of capital shortages. For example, during capital management, companies should analyze and forecast how the financial market environment may impact various aspects of the business, formulating investment plans that combine both long-term and short-term strategies. By selecting suitable investment projects and asset allocation plans and diversifying investments, they can reduce the risks associated with individual project investments and optimize their investment portfolios.

(2) Introduce a Centralized Capital Management Model to Improve Fund Turnover Efficiency. Enterprises should prioritize capital management as a core component of financial management within the financial market environment. By actively adopting a centralized capital control model, companies can enhance oversight and control of capital usage, ensuring alignment with financial management objectives and maximizing overall financial management efficiency.

(3) Deepen the Content of Capital Management and Strengthen Internal Control Capabilities. On one hand, enterprises should explore diverse financing channels, utilizing various methods such as bank loans, bond financing, equity financing, and P2P financing to address funding gaps and alleviate financial pressure. On the other hand, establishing and improving internal control systems for capital management is crucial. For instance, in daily financial management, enterprises should develop strict approval processes and usage regulations for funds. Additionally, conducting monthly internal audits of capital inflows and outflows can help verify compliance with financial management rules and promptly identify and correct any issues in capital management, thereby facilitating the overall progress of financial management.

4.3 Strengthen Budget Management to Achieve Mutual Value Enhancement in Budget and Financial Management

In the financial market environment, enterprises should leverage robust tools to promote the integration of operational and financial management, enhance internal controls, and create a favorable environment for financial management. As a critical component of financial management, budget management must address existing issues with targeted strategies to achieve mutual value enhancement in both budget and financial management.

First, Focus Budget Preparation on the Financial Market Environment. During budget preparation, enterprises should take the financial market environment as a primary focus. They can actively utilize zero-based budgeting or rolling budgeting methods, regularly updating budget data and adjusting budget plans flexibly in response to changes in the financial market environment. This approach ensures that the budget preparation aligns with the enterprise's financial management needs.

Second, Establish a Scientific Budget Execution Plan. Enterprises should clearly define key points in the budget execution phase, the budget execution cycle, and first-responsibility protocols based on the impacts of the financial market environment. Regularly checking budget execution status and issuing feedback reports can help promptly identify and correct issues arising during execution, thereby enhancing the overall level of budget management.

Finally, Create a Comprehensive Budget Execution Supervision Mechanism. Developing a robust budget execution supervision mechanism is essential for ensuring the effectiveness of budget management. Enterprises should establish comprehensive supervisory systems for budget execution and utilize information technology tools to monitor execution status. A multi-departmental collaborative supervision model can be constructed to ensure the quality of budget execution, fostering a more effective budget management process.

4.4 Establish a Sound Financial Credit System to Strengthen Financial Risk Control

In the process of corporate financial management within the financial market environment, it is essential to proactively guard against credit crises and financial risks triggered by the market, continuously enhancing the effectiveness of financial management.

First, enterprises should focus on effective collaboration with other companies along the industrial chain. For instance, upstream enterprises, primarily consisting of raw material suppliers, can be vertically integrated to utilize their resources. By leveraging corporate credit as a medium, businesses can achieve collaborative development within the upstream supply chain. Forming industrial alliances with major suppliers and maintaining long-term positive relationships can create win-win situations between the enterprise and its upstream suppliers.

Second, for downstream customers, enterprises should establish a comprehensive financial credit evaluation mechanism. This involves conducting thorough credit assessments and categorizing customers based on their creditworthiness. Scientific credit limits for sales on credit and collection policies should be formulated according to these assessment levels, aiming to enhance the speed of cash recovery, reduce total accounts receivable, and mitigate potential financial risks from bad debts. This approach can also accelerate the turnover of the enterprise's operating capital.

Finally, leveraging the financial credit system, companies should construct a robust financial risk warning mechanism. Credit crises represent a significant trigger for financial risks. Therefore, enterprises can develop a scientific financial risk warning system, establishing dynamic warning thresholds for financial risk indicators. By promptly formulating response strategies to financial risks arising from the market, companies can effectively avoid adverse impacts on their financial health, providing strong support for overall financial management.

5. Conclusion

In summary, it is evident that the current financial market environment imposes certain constraints on corporate financial management, potentially leading to a variety of issues. Therefore, in the course of future development, enterprises should accurately identify the impact of the financial market environment on their financial management, refine the existing problems, and focus on the present while looking toward the future. Companies should actively shift their mindsets, innovate financial management concepts, strengthen capital management, solidify the foundation of financial management, enhance budget management to achieve mutual value enhancement, establish a sound financial credit system, and strengthen financial risk control. Through these strategies and measures, enterprises can bolster their financial management capabilities and provide a continuous driving force for improving quality and efficiency.

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