

Problems and Countermeasures of the financial management of SMEs in China

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Abstract—Financial management is the core of modern enterprise management. At present, the financial management of SMEs exist many difficulties and problems. It is difficult to adapt to the requirements of economic globalization and the development of the enterprise itself. This passage aims current situation of SMEs in financial management problems from the perspective of multi-accounting management problems of SMEs and explores solutions to this problem, in order to enhance the competitiveness of SMEs and enable them to make a sustained and healthy development.

Keywords- SME, financial management problems, countermeasures

I. INTRODUCTION

With the continuous development of the small domestic economy and market competition, China's large number of small and medium scale are good at smaller, lower levels of capital and technology. Their limited strength and development will also have unprecedented impact. At present, profits and taxes of China's industrial output provided by SMEs accounted for 60% and 40% of the national total, and it provides about 75% of urban employment opportunities. It is a major source of the county revenue. As we can see from this, SMEs are an important part of the national economy, with its unique mode of operation and flexible production methods, and economic development and social stability plays an important role in promoting. However, due to the limitations of SMEs and their financial management problems, it leads to fierce competition in the market in response to the enormous difficulties and temporary. How to solve the problems of financial management of SMEs timely and effective and enhance the competitiveness of SMEs, is the primary task of China's small and medium enterprises and Pro. This article will be for the financial management of SMEs, analyze common problems and explore solutions to this problem, in order to promote the reform and development of SMEs.

II. STATUS OF SME FINANCIAL MANAGEMENT

The so-called financial management is generated by the process of production and operation of the objective existence of financial activities and financial relations. It is the use of value form to manage the enterprise production and operation process, to corporate finance activities of the organization and deal with all aspects of financial relations. It is the introduction of a consolidated management. The business management includes production management, marketing management and financial management and financial management is the core of the management system. The target of financial management company is also the pursuit of business. Only when financial management is the centers, coordinating all aspects of the operation of the management system, can it effectively strengthen enterprise management and promote enterprise development. Simple pursuit of corporate sales and profits, ignoring the core of financial management, management of rigid thinking behind the enterprise management limited to the production and operation of management, no play of enterprise financial management and risk control role all happens in SMEs in the country. Meanwhile, they have a low level of private sector financial management, in which many managers do not understand even the financial statements, let alone regulate financial management. On the other hand, due to the impact of the macroeconomic environment and institutional change, SMEs also encountered some obstacles. For example, there are some policies to provide small and medium enterprises and large enterprises fair competition; financial management is affected by business leaders too large; imperfect financial system also affects the deepening of the reform of the financial management of SMEs, etc.

III. SME FINANCIAL MANAGEMENT PROBLEMS

A. SME financing policies and regulations is not perfect

Small and medium business plagued by the problem of financing, policy environment, laws and regulations to build its financing is still not perfect. The credit guarantee institutions and financial services system is not perfect. The existing financing system is not conducive to long-term financing for SMEs. As the loan management costs for SMEs is about five times the average large enterprises, an

increase in bank lending SMEs to provide tracking and monitoring costs, so to their own interests, they are not willing to provide loans to SMEs.

B. Financing difficulties and a serious shortage of working capital

Due to the SME financing difficulties, some companies funding constraints. In recent years, the main tone of China's macro-control policy is both anti-and continues to tighten credit and land two gates. At the end of 2008, China's deposit reserve rate totaled 14.5%. In this context, the commercial bank lends SMEs to apply more stringent conditions. Capital markets after the first several years of rapid development, in the past two years, tight funding, and financing difficulties have become one of the main bottlenecks in the development of SMEs. Most companies reflect a serious shortage of funds, and the financing was unusually difficult. The reason is that there is too much debt SMEs themselves, higher financing costs, risks, and its credit rating is low, relatively poor credit. From the perspective of banks, commercial banks have generally adopted the credit lifelong responsibility to make bank credit officers in loaned very cautious.

C. The weak financial control and the lack of scientific

Currently, SMEs widespread phenomenon of weak financial controls, mainly as follows: First, cash management is lax, resulting in idle funds or insufficient. Many companies believe that cash as much as possible, did not participate in the production of large amounts of cash flowing, resulting in waste of cash. Some companies is also lack of funds scheduling, excessive purchase of real estate, and can not cope with much-needed funds which puts financial in trouble. Second, the accounts receivable turnover is slow, and the recovery of funds is difficult. Most companies do not establish a strict credit system. It is lack of effective customer credit investigation and credit rating, but the lack of effective collection measures. A large number of accounts receivable can not be cashed or form doubtful, tight liquidity, and production is difficult. Third, inventory control is weak, resulting in sluggish capital. Lack of in-depth market research companies in the production and business activities, blind production, inventory backlog, taking a lot of money, affect the ability to fund operations, capital chain completely interrupted severe form of funds sluggish, turnover failure, until discontinued. Fourth, the lack of Analysis of cost of revenue profits is usually only concerned with cash flow. Once the capital chain problems, it can not be saved.

D. Internal control system is imperfect and accounting controls is weak

Refers to the internal control system are in order to protect the safety and integrity of assets, to improve the quality of accounting information to ensure the implementation of laws, regulations and management principles and policies, to avoid or reduce risks, improve management efficiency and achieve management objectives to develop and implement a series of internal management systems. Accounting controls and internal audit control is

one of the main content. Core SME internal accounting control system is a clear mandate to implement containment system of internal checks and balances. some of the company's financial inventory system cost accounting system financial Some basic systems such as the balance of payments and approval system is not perfect; although the establishment of a system in which a few, but never seriously actual work performed internal audits in SMEs has not been called enough attention, the majority of companies do not set up an independent internal audit department. Some audit department and other departments merge, or come in the accounting department audit staff, but this does not guarantee the independence and authority of the internal audit. imperfect SMEs content control system, leading to a weak regulatory accounting controlling ineffective Specific performance: cash management is lax, resulting in idle funds or insufficient funds; violate cash management system, often exceeds the prescribed limit cash payments according to the specified place through bank payment clearing and income or sit off phenomenon; fixed asset management control, fixed assets Change does bookkeeping, daily accounting provision or not depreciated, the carrying serious discrepancies with the actual; accounts receivable turnover is slow, resulting in the recovery of funds difficult; inventory control is weak, resulting in sluggish capital; assets wasted a serious loss; costs behind the level of control, cost accounting, etc. They are not real, so a clear relationship between financial policy and business decision-making must be important.

Financial indicators of corporate performance assessment is one of the key factors in China's business environment is becoming increasingly complex, increasingly fierce competition, the decision-making process if managers do not consider financial factors, like modern aircraft during flight without navigation Like blind and dangerous system. The course will be easy to introduce financial core, starting from the introduction of accounting procedures, accounting methods, interpret financial statements and its impact on corporate profits, in order to help students understand and skilled use of the financial statements, and through analysis of corporate financial statements to clarify economic meaning and essence behind the data; elaborate core knowledge management accounting, covering the difference between fixed and variable costs, the breakeven point is calculated, using the Balanced Scorecard strategic cost analysis and so on, trying perspective financial concepts from a management perspective, the financial information into management decisions based on valid data and indicators.

IV. STEPS TO ADDRESS THE PROBLEM OF FINANCIAL MANAGEMENT FOR SMES

A. Strengthen the system construction and improve enterprise financial management system

SMEs in the financial accounting system construction should follow the specific, operational and mandatory principles in line with the actual business of developing a financial management system: First, we must set up a special

agency financial management, unified enterprise responsible for financing the cash register payroll Accounting Management Fixed assets and accounts of the implementation of budgeting, etc.; Second, we must develop appropriate financial management system, such as cash reimbursement procurement auditing system, the implementation of standardized and institutionalized financial management; Third, we must develop appropriate appraisal system, strengthen supervision mechanism according to the rights and responsibilities of each position, standardize financial processes, improve the quality of accounting work, and resolutely put an end to unlawful non-standard accounting business and financial conduct . Four, we should require companies to set up an independent internal audit institutions, establish an internal audit system, strengthen auditing and supervision, in order to improve the authenticity of financial information. Through the implementation of these systems, the economic and financial management of the business of SMEs are closely unified to promote the full financial management functions and to ensure the business normal production run operation.

B. Strengthen the concept of credit, improve credit rating and expand financing channels

Capital as a modern economy running blood becomes an essential element of business survival and development. If not solve the problem of financing SMEs quickly, the SMEs will lack the stamina and vitality of development and the market can easily be eliminated. In order to get rid of the current financing difficult dilemma, one must strengthen the concept of credit, has the initiative to improve their credit rating, be honest and trustworthy, and regulate; hand to actively expand financing channels, can strengthen ties with big business, with its large corporate credit guarantee, we have access to bank loans. We can also strengthen ties with financial institutions, bank and use the city annually organizes matchmaking activities to keep the bank informed of business situation, so the bank can seize the flow of corporate funds to obtain the trust of financial institutions, and Bank credit rating by Standard Specification for various systems for SMEs to actively seek the bank's credit rating.

C. Strengthen the financial management and strengthen financial controls

To strengthen the implementation of capital management is an important part of the modern enterprise system. The use of working capital involves all aspects of the enterprise, business owners should recognize that the tube is good, with a good control of funds is not only the responsibility of the financial sector, but the relationship to the various departments of enterprises, production and operation of the

various aspects of the event. So we should implement the layers together for the good management of funds for SMEs financial control clearance. An effort to improve efficiency is in the use of funds.

D. Strengthen the accounting team building, and strengthen the quality of personnel finance engaged

For a long time, there is a situation of SMEs, regardless of finance and accounting, financial management and accounting work belonging to the contents of financial management is often limited to working capital management. Financial management replaced in production management has become the core of enterprise management today, and this situation must change. Do this, SMEs should pay attention to the financial budget and working capital management financial control, etc.,we should establish centers of financial management position in business management. Same time, we should improve financial management. Hiring and training of SMEs should have higher quality of financial management. Responsibilities of these officers are not limited to finance enterprise funds asset records, its focus should be placed on the existing capital controls, the management of the assets of the business investment. Financing being the rational management should be able to carry a higher theoretical point of view of economic activity analysis, analysis of economic relations and activities between people from the digital surface changes, comments and suggestions for improving the rationalization of the management.

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