

Research on Enterprise Comprehensive Budget Management Based on Supply-side Reform Perspective*

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Abstract—The proposal of "supply-side structural reform" shifts the focus of economic regulation and management from the demand side to the supply side, and commits to a new balance between high levels of supply and demand. Based on the background of "supply-side structural reform", this paper introduces the current research situation and basic theories about enterprise comprehensive budget management at home and abroad, discusses the necessity of enterprise comprehensive budget, and analyzes the present situation of enterprise comprehensive budget. The author puts forward the relevant countermeasures of constructing the comprehensive budget management system, which has played a great role in promoting the performance evaluation, internal control and improving the economic benefits of the capital.

Keywords—*supply-side reforms; full budget; budget assessment*

I. INTRODUCTION

At the 11th meeting of the Central Leading Group for Finance and Economics Affairs that held on November 10, 2015, General Secretary Xi Jinping put forward the concept of "supply-side structural reform". While moderately expanding aggregate demand, numerous efforts should be made to strengthen the supply side structural reform, to improve the quality and efficiency of the supply system and to enhance the forces for sustained economic growth. In fact, the introduction of this measure shows that the central government has had a fresh thinking on the issue of triggering the increasing downward pressure of China's economy. That is, it is difficult to break through in solving the economic plight only from the demand side, and it also emphasizes that reform should be carried out from both sides of supply side and demand side, and at the same time, the importance and necessity of providing effective supply should be emphasized while expanding the aggregate demand moderately. As one of the important tools of enterprise internal management, comprehensive budgetary management includes a series of functions such as control, incentives, evaluation and so on, which is a bridge to undertake enterprise strategies and daily operations. The fierce competition brought by economic

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globalization makes the traditional comprehensive budgetary management unable to continue to meet the management needs of enterprises, which requires the budgetary work of enterprises have high technical content and complexity from preparation, adjustment to implementation, analysis and assessment. The proposal of "supply-side structural reform" has raised a new standard for the comprehensive budgetary work of enterprises. The implementation of comprehensive budgetary management for enterprises is conducive to strengthening the ability of strategic management, carrying out effective monitoring and assessment, and carrying out effective management of operational risks. Meanwhile, it is also conducive to strengthening internal control and improving management efficiency.

II. OVERSEAS AND DOMESTIC RESEARCH STATUS

A. Domestic Research Status

1) *Research on comprehensive budgetary management system based on strategic management orientation*: Li Xiaoyang (2013) believed that the reason for the issues arising in the implementation of comprehensive budgetary management lies in the short of organic integration with organizational development strategy. Gou Xiaoxia (2013) proposed that strategy and budget should complement each other in order to effectively guide the production and business activities of enterprises, enhance the competitiveness of enterprises, and achieve the goal of enterprise value maximization. Xurun (2015) put forward the necessity of comprehensive budgetary management and system reconstruction based on strategic orientation. Yangyang (2016) introduced the theoretical basis and technical methods of budgetary management, and proposed the construction of a strategic-oriented comprehensive budgetary management system.

2) *Research on the comprehensive budgetary system and its preparation method*: Zhou Lifeng and Zhangjian (2014) analyzed the existing issues and measures in the establishment of comprehensive budgetary system for power enterprises. Xienan and Liu Xiangjun (2014) introduced the

comprehensive budgetary system and its preparation methods, which was conducive to improving the economic efficiency and rational allocation of resources of enterprises. Ao Xuelian (2015) proposed that enterprises should establish and improve a comprehensive budgetary system and adopt scientific and reasonable preparation methods to help enterprises avoid risks.

3) *Research on the construction of enterprise comprehensive budgetary management system based on informatization*: Xinxin (2013) tried to find a path of comprehensive budgetary management system based on the construction of information-based platform in line with the actual reality of Chinese enterprises. Zhao Chunli (2015) put forward the necessity and importance of implementing information-based budgetary management for enterprises to improve budgetary management. Kong Lingyi (2017) built a framework of enterprise comprehensive budgetary management system based on big data and cloud computing, optimized the process of budgetary preparation, budgetary execution, budgetary adjustment and budgetary evaluation, and realized the rational allocation of enterprise resources.

B. Overseas Research Status

Budgetary management methods had appeared in Britain and the United States as early as the 18th century. With the continuous development of enterprises and the budgetary system has become more and more consummate, as a result, comprehensive budgetary management has begun to emerge. The development of enterprise budgetary management has gone through three stages.

1) *Formation stage of budgetary management (before 1925)*: In 1911, Taylor's Principles of Scientific Management came out, which marked the beginning of the budgetary system changing from the scope of government management tools to business management. In 1921, the Budget and Accounting Act promulgated by the U.S. government provided a favorable institutional guarantee for the implementation of budgetary management in enterprises. Mckinsey's Budgetary Control in 1922 elaborated on the theory and method of enterprise budgetary management, which marked the formation of the theory of enterprise budgetary management.

2) *Development stage of budgetary management (1925-1985)*: From 1920s to 1980s, budgetary management ideas changed from "control value" to "participation value". The enthusiasm and work potential of employees were fully mobilized and the implementation effect of budgetary work was improved by empowering employees to participate in the process of enterprise budget. In 1925, "DuPont Financial Analysis Model" was widely used by group companies in various countries that conducted comprehensive budgetary management with rate of return on investment as its core and basis. In the late 1980s, activity-based costing budgetary management theory and value chain management budgetary system emerged in response to the needs of times.

3) *Reform stage of budgetary management (after 1985)*: Since the 1980s, the information society has gradually replaced the industrial society. With the rapid development of information technology and economic globalization, the budgetary work of enterprises has been promoted to combine strategy with performance evaluation indicator system on the basis of "benchmarking". Hope (2003) and others in the Beyond Budgetary Model introduced in detail the Beyond Budgetary Management Model, and put forward a number of guidance schemes. Covaleski (2003) respectively summarized participatory budget from the perspectives of economics, psychology and sociology, thus broadening the borders of budgetary management in organizational behavior. Whereafter, activity-based costing theory and balanced scorecard theory are applied to budgetary management.

C. Review of Comprehensive Budgetary Management Research at Home and Abroad

The common points of the research on comprehensive budgetary management at home and abroad are mainly embodied at the understanding of the scope and content of comprehensive budgetary management. Chinese and foreign scholars unanimously agree that comprehensive budgetary management includes daily business financial budget, special decision-making budget and capital budget etc. At the same time, they also propose that enterprises should establish a comprehensive budgetary management system, including organizational structure and budgetary performance evaluation system, and establish cost consciousness, benefit consciousness and responsibility consciousness of employees.

As far as the development course of comprehensive budgetary management at home and abroad is concerned, the development of foreign budgetary theory relies on the market economy system which has been running for a long time. The research process of budgetary management presents the development vein of "budding-development-innovation". Influenced by the planned economic system in the past, China's budgetary management has a political color. Until the reform and opening up, China began to introduce the Western budgetary management system and adopt a new way of budgetary management to govern enterprises. At present, the research of enterprise comprehensive budget in China mainly focuses on the theoretical basis, and the practical circles have not yet deeply understood the comprehensive budgetary management, and lack the corresponding understanding of the new western budgetary management methods. As a result, it is difficult to achieve budgetary innovation.

III. BASIC THEORY OF COMPREHENSIVE BUDGETARY MANAGEMENT

A. The Concept and System of Comprehensive Budget

As shown in "Fig. 1", the comprehensive budget is a general plan about the business, fund raising and investment activities, finance and other aspects of enterprises in a certain period of time, which expresses all the economic activities of the enterprise in monetary form. The final reflection of the comprehensive budget is a complete set of expected financial

statements and other schedules, which are mainly used to plan all the economic activities and related financial results of

enterprises during the planning period.

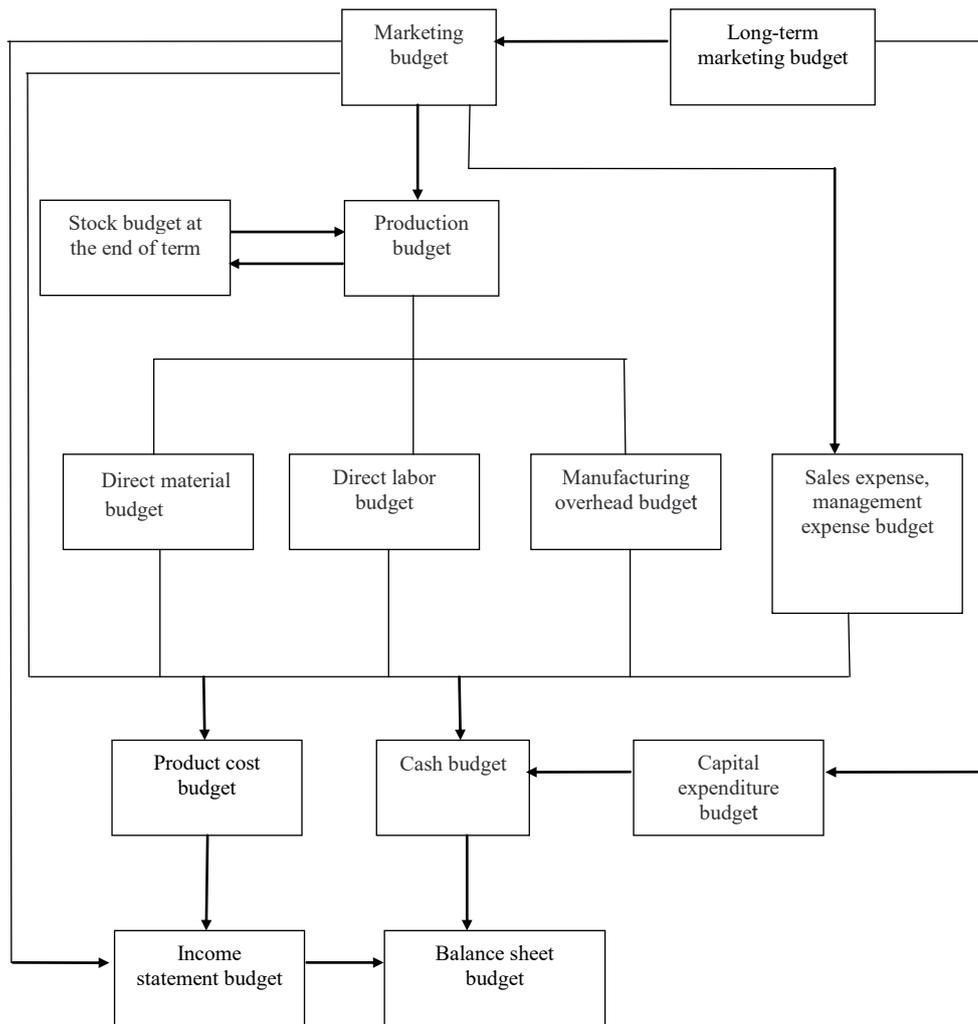


Fig. 1. Schematic diagram of the comprehensive budgetary system.

B. Comprehensive Budgetary Preparation Procedures

The budgetary preparation of enterprises involves in the management and operation of various departments. Only when the executors participate in the budgetary preparation can the budget become the goal they voluntarily strive to achieve, rather than the shackles imposed on them by the outside world. The procedure of enterprise budgetary preparation is as follows: according to long-term planning, enterprise decision-making organs use some analytical tools to put forward the general objectives of enterprises for a certain period of time and to issue planning indicators; cost controllers at the most grass-roots draft their own budgets so as to make the budgets more reliable and realistic; all departments gather departmental

budgets, initially coordinate the budget of the own department and draw up the sales, production and finance budget; the budgetary committee reviews and balances all the budgets and summarizes the general budget of the company; after approval by the general manager, the deliberative organ passes or rejects the revised budget; the main budgetary indicators are reported to the board of directors or the superior authorities for discussion and approval or rejection for amendment. The approved budget is issued to all the departments for implementation.

C. Comprehensive Budgetary Preparation Method

Preparing a comprehensive budget can have different preparation methods based on different preparation basis.

What method an enterprise adopts to prepare a budget has a vital impact on the realization of budgetary targets. Budget preparation methods can be divided into fixed budget and flexible budget according to the different quantitative characteristics based on its business volume basis. Budget preparation methods can be divided into incremental budget and zero-based budget according to the different characteristics of budgetary starting point. Budget preparation methods can be divided into regular budget and rolling budget according to the different time characteristics. Enterprises should reasonably and scientifically select appropriate financial budgetary methods according to the needs of business content.

IV. THE NECESSITY OF IMPLEMENTING COMPREHENSIVE BUDGETARY MANAGEMENT

The proposal of "supply-side reform" has played a great role in promoting enterprises to comprehensively strengthen capital management, improve the efficiency of capital use and the quality of products or services. Especially with the advent of the information age, only when enterprises implement comprehensive budgetary management in the pursuit of quality can they remain invincible in the market.

A. *Conducive to Strengthening Enterprise Strategic Management Ability*

The process of budgetary execution is also the process of realizing enterprise strategic objectives. Through the comprehensive budget, to solidify or quantify the strategic objectives and strengthen the effective monitoring of the budget can ensure that enterprises can achieve the strategic objectives to the maximum extent. In the process of enterprise development, through budgetary monitoring, potential opportunities and challenges can be found because opportunities and challenges coexist. This information is reflected by the budgetary system. Decision-making organs can use this information to help enterprises adjust their strategic plans, so that their strategic management can adapt to market changes and enhance their resilience of strategic management.

B. *Conducive to Implementing Strategic Management*

Comprehensive budgetary management is an important form for enterprises to conduct strategic management. Through budgetary management, we can define the objectives of the struggle of enterprises and divide them into specific objectives from top to bottom, so as to mobilize the enthusiasm of enterprises as a whole, so that both the management and the grass-roots level of enterprises have a unified business philosophy. We can ensure that multinational companies can maintain the leading edge in competition by stimulating the creativity of management level and enhancing the adaptability of management.

C. *Conducive to Monitoring and Assessment*

In the process of budget preparation, enterprises can grasp the comprehensive information of performance indicators and strengthen control in the process of implementation, which make the results of budgetary implementation become an important basis for performance assessment. The comparative

analysis of budget and implementation can also help to identify issues or potential risks, which can prompt enterprises to take corresponding measures to avoid and resolve risks, and provide effective monitoring means for operators, thus making enterprises run on the normal track.

D. *Conducive to Strengthening Internal Control*

Enterprises carry out comprehensive budgetary management, and generally adopt decentralized management in the process of budget preparation and implementation. In this case, it can not only ensure the consistency of the internal objectives of the company, but also help to improve the division and management of power. Meanwhile, it also can dispatch and allocate resources of enterprises, maximize the rational use of resources, realize the optimal allocation of resources, strengthen internal control and improve management efficiency. As for the development of comprehensive budget till now, it has become an indispensable means of enterprise internal control.

V. THE PRESENT SITUATION OF ENTERPRISE COMPREHENSIVE BUDGETARY MANAGEMENT

A. *Insufficient Understanding of the Comprehensive Budget*

Most enterprises simply think that comprehensive budget is only financial budget, but ignore other comprehensive budgetary systems such as daily business budget, special investment decision-making budget, asset budget and so on. Although some enterprises also carry out the "top-down, bottom-up" budgetary preparation process, but the budgetary content lacks comprehensiveness, integrity and strategy, or some enterprises' budgetary preparation is even prepared by financial departments on the basis of last year's statement figures, thus resulting in the short of strong executive force and guidance force of the prepared budget in practice. .

B. *Methods and Procedures of Budgetary Compilation Are Not in Place Where It Should Be*

According to the investigation results of enterprise comprehensive budgetary method, the comprehensive budgetary method of most enterprises still adopt incremental budget, fixed budget and regular budget. For enterprises that are strongly influenced by objective factors of market environment, the deviation between budgetary value of budgetary preparation and actual operating conditions is major, which directly affects the normal development of some businesses. The functions of prior control, in-process supervision and post-guidance that budgetary work should have not been brought into full play, the significance and role of supervision, control and performance appraisal of the budgetary work has also been lost. In the budgetary preparation process, although grass-roots budgetary units participate in it, the detailed requirements of the budgetary work make it difficult for the budget results to effectively guide the actual work, thus resulting in poor accuracy and reference of the comprehensive budget.

C. The Phenomenon of Budgetary Target Replacement Is Ubiquitous

The replacement of budgetary objectives means that budgetary indicators within departments are substituted for each other and that each department takes its own budgetary objectives as the ultimate goal instead of the general objective of enterprise operation. Due to the lack of sufficient investigation and research on the rationality of budgetary items in the preparation of budgets by various departments when they prepare a budget, some budgetary items have budgets, but cannot eventually be implemented, or some projects are seriously short of budgetary funds, which leads to the emergence of the funds of project that have not executed for projects that have not enough funds; some enterprises pay unilaterally attention to their own budget requirements and completion, pursue the maximum interests of their own departments, neglect communication and coordination with other departments of enterprises, so that the business departments cannot correctly deal with the impact of their business development on the overall strategic objectives of the enterprise, thus affecting the realization of the goal of the enterprise value maximization.

D. Lack of Scientific and Effective Budgetary Assessment and Evaluation Reward and Punishment Mechanism

The reward and punishment mechanism of budgetary evaluation is a means to assess and evaluate the results of enterprise's overall budgetary implementation. According to market survey statistics, the assessment and reward and punishment mechanism of most enterprises still uses traditional performance indicators, which is limited to financial figures. In the process of internationalization, these enterprises ignore that enterprise business is located in different regions, operate business in a wide range of scope and the function level of each branch is uneven. If the comprehensive budgetary performance evaluation of enterprises blindly emphasizes financial indicators blindly, and this will easily lead to short-term behavior of enterprises, and inevitably affect the overall effect of budgetary implementation.

E. Strategic Goals Are Out of Line with Budgetary Goals

The preparation of enterprise budgetary objectives should be based on the strategic objectives of enterprises. Budgetary objectives of most enterprises only blindly pursue profit maximization with obvious short-term behavior, but ignore the long-term strategic objectives of enterprises. In addition, some enterprises in the preparation of budget adopt incremental budgetary method and usually float up on the basis of annual goals according to a certain proportion. These enterprises only consider the internal standards of enterprises, and do not combine with the average number of social sectors and the advanced level of industries. As a result, the results of budget are progressive relative to the enterprises themselves. However, it cannot follow up the market level, which is not conducive to the long-term sustainable development of the enterprises.

VI. COUNTERMEASURE FOR BUILDING COMPREHENSIVE BUDGETARY MANAGEMENT SYSTEM

A. Setting a Correct Concept of Comprehensive Budgetary Management

The content of enterprise comprehensive budget includes financial budget and non-financial budget. The budgetary work of the enterprises covers all the links of the business of the enterprise, and cannot be separated from the participation and execution of various departments and employees of enterprises. Enterprises should regularly organize employees training and learning in batches so that employees can establish correct budgetary management concepts. Meanwhile, enterprises should integrate their own business and departmental budgets with enterprise budgets, and always establish a sense of collective honor of "because big rivers are full of water, small rivers can see numerous water" and loyalty to enterprises so as to lay a foundation for the follow-up implementation of the comprehensive budget of enterprises. Finally, let the budgetary work effectively guide the actual work; improve the efficiency of enterprise funds and the goal of maximizing enterprise value.

B. Improving the Comprehensive Budgetary Management and Control System

The comprehensive budgetary management system is an important part of the company's internal control, which can effectively standardize the budgetary business process and ensure the accuracy, rationality and science of budgetary implementation. Various departments of supply, production and marketing within an enterprise, by coordinating and communicating with each other, comprehensively take into account the resources and business activities of the enterprise in drawing up budget, take full account of market risks and constantly improve and revise the budgetary management system, which make the budget much closer to the market, more in line with the dynamic development trend, and then establish corresponding early warning measures, thus forming a set of scientific budgetary methods and procedures.

C. Independent Budgetary Management

Independent management means that each department of the enterprises is required as a responsible department to carry out business activities with the final approved budgetary plan of the financial department as the goal. In the process of implementing the budgetary plan, the enterprises should find out the deviation produced in the process of budgetary execution in time, actively find out the reasons, and find out the solutions for the budgetary gap by themselves. When major events occur, timely solutions or suggestions are put forward to budgetary management committees at all levels, budgetary implementation plans are readjusted to ensure the effective development of departmental budgets and practical work through the analysis of the ultimate business objectives of the enterprises

D. Clarifying the Responsibility of Budget Management

All departments of the enterprises should implement budgetary responsibility system, decompose the comprehensive budget into each department, and then form

responsible budgetary management. The final reflection of the comprehensive budget is a complete set of expected financial statements and other schedules, which are mainly used to plan all the economic activities of enterprises and their related financial results during the planning period. Responsibility budget mainly determines the budgetary content and objectives of each business department by clarifying responsibilities. Comprehensive budget is the summary of business contents of the enterprises, while responsibility budget is the assessment and supervision of the implementation of comprehensive budget.

E. Strengthening Assessment and Incentives for Comprehensive Budgets

Budget is the basis of assessment, and assessment is the tool of budget. Enterprises should follow the principle of incentive for budget performance assessment, formulate a clear incentive system and policy, and implement the normalization of reward and punishment system so as to closely link personal goals with the overall objectives of enterprises and management efficiency. The principles of openness, fairness and impartiality should be insisted and a complete system for recording the results of assessment should be established. At the same time, enterprises should formulate a series of supporting measures and programs combined with the completion of the budget, reward and punish employees for the completion of budget, and combine the assessment results of budget with the long-term reward and punishment system of enterprises in the implementation of budgetary management in order to ensure the smooth completion of the budget and fully mobilize the enthusiasm of workers to complete the budget. As a result, all levels and personnel of the enterprise can form a responsibility community with unity of responsibilities, rights and interests, mobilize the enthusiasm and creativity of all employees in an all-round way, and ultimately achieve the strategic targets of the enterprises.

VII. CONCLUSION

In conclusion, the Chinese economy is entering a new normal of speed shifting, structural optimization and dynamic conversion. From the desalting of the "troika" to the proposal of "supply-side structural reform" and the shift from the demand-side management to the supply-side management reflects new ideas and new initiatives to understand the new normal, adapt to the new normal and lead the new normal. The supply-side structural reform is a comprehensive deepening reform in the economic field along with its purpose is to create new kinetic energy for the Chinese economy under the new normal and lays a new cornerstone for the healthy and sustainable development of the Chinese economy. The proposal of structural reform on the supply side has greatly played a large role for enterprises in promoting the implementation of comprehensive budgets, and then promoting the integration of enterprise resources, improvement of economic efficiency, and implementation of internal control.

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