

Research on the Strategy of Improving Basic Financial Management Ability of Electric Power Company

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Abstract

In recent years, with the transformation and upgrading of electric power companies, basic financial management as an important starting point for the company's high-quality development has been paid more and more attention by the industry. Improving the basic financial management ability of electric power company is helpful to enhance the company's core competitiveness and promote the realization of the company's strategic goals. This paper analyzes the status quo and problems of the basic financial management of electric power companies, uses the 7S model to analyze the causes of existing problems, and puts forward related strategies to improve the basic financial management of electric power company, in order to provide practical guidance for the healthy development of electric power company.

Keywords

Electric Power Company; Basic Financial Management; Ability Improvement; Strategy.

1. Introduction

The basic financial management of electric power company is the core of the management of electric power company. The financial data information reflects the economic behavior, investment management, cost control, risk and income of electric power company, and is an important reference for the managers of electric power company to make decisions. Therefore, the effectiveness of basic financial management is very important for the long-term development of companies. At present, there are some restrictive problems in the financial management of electric power companies, which can not well adapt to their development needs. Based on this, the electric power company should attach great importance to the basic financial management, adopt various ways to guide the company to improve the basic financial management ability, and lay a good foundation for the long-term development of the finance of electric power company.

2. The Current Situation Analysis of the Basic Financial Management of Electric Power Companies

Electric power companies are growing with continuous innovation and development and it's financial management level is constantly improving. In the era of big data, electric power companies use information technology and other management means and have formed a financial management information system integrating accounting, financial management and operation management, which has made great contributions to the construction and development of electric power companies. However, the power company belongs to the personnel and capital intensive enterprise, the asset scale is huge, the distribution is wide, the management scale and the development mode of the electric power company at all levels are uneven, which brings certain difficulties to the financial management of the electric power company.

2.1. Financial Management Consciousness Needs to be Further Strengthened

Due to the electric power company is in a state monopoly for a long time, the electric power company's market consciousness and competition consciousness are generally low, make the electric power company managers at all levels have looked at the company's electricity and safety in production, management and internal control of financial activity are ignored, lead to the electric power company financial personnel at the grass-roots level is still working on the simple financial accounting, do not understand the meaning of financial management or understanding is not profound. At the same time, there is no strict supervision, control and implementation of the costs incurred in the production and operation activities of companies, so that most electric power companies more or less have waste, low capacity and low efficiency. This negligent working attitude and management consciousness make the financial management of many electric power companies fail to exert its due efficiency, thus bringing security risks and financial risks to the operation of companies.

2.2. The Financial Management System Needs to be Further Improved

A sound management system to support is also need to ensure financial management work implement effectively. However, at present, most basic units of electric power companies have not really perfect the relevant financial management system, which has brought a certain negative impact on the operation and development of electric power companies. At the same time, the electric power companies' comprehensive budget management system is not perfect, the comprehensive budget management become a mere formality, budget execution units at all levels control over budgeting and execution laxly, cannot efficiently unified the make budget management and the management goal, the phenomenon of centralized adjustment accounts often appear at the end of year, adjust the over budget items and budget surplus items to balance each other. lost the rigidity of budget implementation, The budget management can not be controlled, controllable and in control, resulting in unreasonable allocation of company resources, affecting the realization of company strategy.

2.3. Lack of High-Quality Financial Management Personnel

For electric power companies at all levels, the management often pays more attention to the construction of power professional talent team, and pays scanty attention to the construction of financial talent team, which results in the continuous improvement of the business ability and quality of financial personnel can't be achieved. At the same time, there are some human factors in the selection of financial personnel, the entry qualification requirements of financial personnel are not strict, the business level of financial personnel are uneven, which has brought a negative impact on financial management.

3. Cause Analysis of Financial Basic Management Problems from the Perspective of 7S

As shown in Figure 1, the McKinsey 7S Model, referred to as the 7S Model, is the seven elements of company organization designed by the Research Center of McKinsey Consulting Company, which points out that companies must consider all aspects comprehensively in the process of development. As shown in Figure 1, there are 7 elements in this model, among which strategy, system and structure are considered as hardware elements, while skills, style, staff and shared value are considered as software elements. Among them, shared value is the core element; structure, strategy and system are the hardware elements of the McKinsey 7S system management model; skill, style and personnel are the software elements; hardware elements and software elements are equally important; each element influences and interacts with each other. When facing the organizations and companies, the McKinsey 7S model can embed various elements according to the development changes of the market and combine with the

situation of the organization or company with in-depth analysis and develop development strategies suitable for themselves.

Although the development of electric power companies has made great achievements so far, there are still many problems in the current situation of rapid development. The use of McKinsey 7S model is to more accurately identify the reasons for the lack of basic financial management ability of electric power companies, and to provide ideas for improving the basic management ability of companies in a more comprehensive way. According to the analysis of the 7S model, the reasons can be summarized as follows:

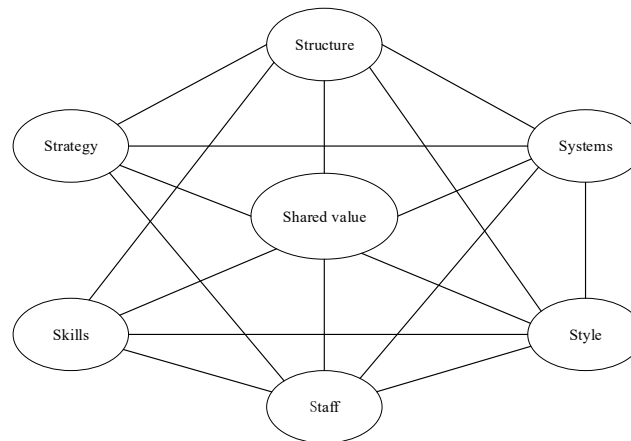


Figure 1. McKinsey 7S system management model

3.1. Shared Value

The shared value is not really formed in the work of basic financial management. At present, in the process of financial management, most of the financial personnel of different levels of projects and different positions in the electric power company only pay attention to the performance of the current projects and the performance of a certain accounting period. The fragmentation and differentiation problem of financial work is prominent, which is an important reason for the low efficiency of the current financial work and the low basic management ability. If there is a shared value will connect each overall parts and links of the financial work integrally, and all the basic work of financial management towards the common, the final goal, so that can really improve the level of financial management ability, ensure the sustainable development of the company.

3.2. Strategy

The financial department does not combine with the company strategy in the real sense in the working practice. At present, the main function positioning of the financial department of electric power companies is still based on accounting. Under the background of the extensive application of contract theory, transaction cost theory and property rights theory in financial governance, traditional financial management has been unable to serve the long-term development of companies and achieve the goal of maximizing the overall strategic value. In terms of strategy, it is the concrete embodiment of the shared value and is regarded as the direction mark in the implementation process of the whole financial management work. As an important department of the company's fund management, it needs to be highly compatible with the company's development strategy, and carry out financial analysis, budget management, capital management, asset management, risk control and other work well, and play a role in providing operation and management decisions, improving economic benefits and other aspects for internal managers.

3.3. Structure

The structure of financial work is not reasonable enough. Company finance department's basic management work can be mainly summarized as the financial daily basic work, capital assets operation management, establishment and implement of financial budget planning of the company, performance appraisal work, fund management, cost management, audit of internal control and risk management, etc., it decomposes strategic task to post, and form the identical or similar positions to various business departments. It is an organic whole combined by the horizontal division of labor and cooperation system of various business departments and the vertical system of authority in charge of leadership. However, there are some problems in the basic financial work of electric power companies, such as inadequate control of key links of budget, non-standard asset management and lack of overall management of internal risk control, which have caused a nonnegligible negative impact on the value preservation and appreciation of the company.

3.4. Systems

The existing financial system is not perfect enough. The financial management of electric power companies involves financial data, financial budget, financial settlement, financial accounting and so on. Among them, financial data is a very important content, which can give feedback to the financial operation of companies and provide more accurate and real decision-making data for company managers. However, there is a certain deviation between the current financial related system specification of electric power companies and the actual situation of companies, resulting in the implementation of the system does not reach the designated position, the efficiency of financial management has not been effectively played. Of course, a good system must keep pace with the times and adapt to the complex social environment of continuous development and change, so as to provide timely security for staff, and become the standard of benchmarking execution for financial personnel.

3.5. Style

The financial department's spiritual outlook, fine tradition and working atmosphere all deviate from the company's high quality development requirements. Financial work plays a crucial role in company governance. On the one hand, financial personnel need to communicate with every business departments to understand their needs and provide support for the normal operation of the company. On the other hand, it is necessary to communicate with the leadership of the company and provide the necessary information for the leadership in a timely manner to provide the basis for the company's strategic decisions. It can be seen that financial personnel play the role of connecting the preceding and the following and are the key intermediate link in the normal operation of the company. If poor communication leads to the interruption of the channel of uploading and sending messages, the company's operation will be seriously affected. But the current financial sector lack of actual need of financial management culture, working atmosphere lack of energy, the financial personnel lack departmental affinity, the spiritual outlook of them is in urgent need of improvement. These are not conducive to shape the common value, more difficult to through continuous accumulation, infiltration and influence of culture, to form a cohesive and centripetal force of the management team.

3.6. Staff

The construction of financial personnel team needs to be improved. Personnel are the key factor for the successful implementation of an organization's strategy. Whether these personnel have high professional quality, common values, and timely participation in business training to improve their own strength will have a huge impact on the overall strength of an organization. According to the relevant investigation of the financial management personnel of the company, the basic unit is not equipped with enough financial personnel, the knowledge structure is

narrow, the problem of low professional quality is common, and the financial personnel are engaged in single and repetitive labor most of the time, which greatly reduces the efficiency of the financial work and the vitality of the financial team. It can not meet the needs of optimizing the allocation of financial resources, improving the quality and efficiency of business processing, optimizing the internal financial organization and expanding the function of financial business management, which seriously restrict the function of financial management in the development of corporate value.

3.7. Skills

The construction and application of multidimensional lean system and financial digitization are not mature. On the one hand, with the gradual informatization construction, the company wins initial success in business and financial synergy, but in the daily work, marketing, operations, supplies, welfare and other kinds of systems in use process frequently appear the phenomenon of such as system instability, data loss, did not meet the requirements of financial accounting. Going back and redo it is not very bad consequence, or the serious consequence is generating false credentials and forming check risk. The systems are independent and dispersed, and do not cover all business sections and operation links, resulting in information islands in the operation and management process of the company, which seriously affects the effect of the implementation of the integration of business and finance. All kinds of information system defects lead to not only can not effectively improve the efficiency of financial work, but financial personnel will spend a lot of energy on frequent check, adjustment and correction. Financial management work, on the other hand, upper mentioned improve the professional level of employees, is actually included in the improvement of skills, the current staff's ability of data integration across different departments and professional, data applications habits of thinking, synergy work efficiency all need to improve. The management ability of business and financial process datamation is not adapted to new technology development.

4. Strategies for Improving Basic Financial Management Ability of Electric Power Companies

4.1. Set up the Correct Financial Management Concept

The so-called thought first, follow up action, that is, the first step in all work is to think as the starting point, thought determines the direction of action. Therefore, to establish a correct financial management concept, can be more conducive to the work of financial management. The right concept is inseparable from the right goal, the combination of business goals and objective environment, make reasonable business goals, to ensure the sustainable development of companies. Because of its special attributes, electric power companies undertake security, management and social responsibility. In the process of development, they should not only pursue the maximization of corporate interests, but also carry out ideological reform and innovation, and give full play to the role of financial management personnel.

4.2. Improve Financial Related Systems

The implementation of modern financial management strategy of electric power company should be based on perfect system. Electric power enterprises need to form an effective and objective understanding of their own management problems, management mode and development direction, so as to ensure that the formulation and implementation of various systems have certain market adaptability and feasibility. Electric power enterprises must reorganize their hardware equipment, software system, management concept, work flow, etc., and formulate corresponding financial system combined with various work flow. And for the modernization reform of finance department basic management, should be able to in the financial auditing, financial budget, cash management, financial statements and audit,

strengthen the system construction, realize the lean management, to ensure that the financial work implement, supervision, management and so on, can depend on the evidence, to make every employee can realize their self-value in a relaxed and fair atmosphere.

4.3. Strengthen Fine Financial Management

Fine financial management focuses on "refinement", highlighting "detail", for each link in the basic management work, specific posts have clear description and suggestions, the financial management idea extends to different work areas of the company, through reasonable driving functions, to achieve "no difference" control. Rational use of a series of strategies such as improving data analysis ability, broadening management channels, formulating regulatory systems, enhancing tax awareness, constantly refining risk control, capital control, tax planning, and other work, effectively improve the business ability level of the financial department. Effectively solve the problems in the financial management of electric power companies, such as the urgent need to improve the budget organization, the limitations of channel expansion, the lack of dynamic regulatory constraints, and the weak awareness of tax planning, so as to promote the sustainable development of electric power companies in the future.

4.4. Focus on Team Building

The professional quality of personnel in financial management plays a crucial role. Electric power companies should pay attention to the construction of financial management team and build a high-quality, high-level and innovative financial management team. In practical work, electric power companies should carry out regular job training to improve the professional level of on-the-job personnel. In view of the current situation of insufficient innovation consciousness of financial personnel, it is necessary to guide them reasonably and strengthen ideological and political education.

4.5. Strengthen Financial Information Management

In order to ensure that the internal financial management of electric power companies can keep up with the strategic development of companies, company managers should pay attention to the application of modern information technology such as intelligent financial platform, effectively ensure the double promotion of soft power and hard power in the company market, and promote the stable economic growth of companies. Electric power company leaders to do a good job of company internal information construction, can promote the company and the society, not out of touch with the society, so as to better investigate the market demand, for the company to win the project construction opportunities. For the use of company computer system, computer management personnel to do a good job of information confidentiality, can not let company information leakage, causing economic losses of companies. Electric power companies should make full use of modern information technology to establish financial management system, integrate comprehensive financial management information, and effectively protect the economic benefits and social benefits of companies.

5. Conclusion

To sum up, in order to adapt to the rapid development of society, electric power companies should clarify the current opportunities and challenges, and timely correct and improve the shortcomings in the basic management process. Especially for the financial management of companies, it is necessary to establish the correct management concept, improve the system management system, introduce advanced management technology and compound talents, to ensure the healthy and stable development of companies.

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