

Research on The Application of New and Efficient Financial Management in The Production of Technologically Innovative Automobiles

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Abstract: In recent years, China's scientific technology and economic level have been continuously improved. The development of electric vehicles in China has led to the continuous development of the automobile manufacturing industry. In the development process, the internal control system of China's automobile manufacturing industry is constantly improving. However, in the actual operation process, there are still some problems in managing the financial costs of technologically innovative automobile enterprises. However, in automobile manufacturing, financial management is an essential link in the management process. Therefore, in the actual development process, this paper needs to analyze the problems existing in the financial cost management of technologically innovative automobile manufacturers in the specific operation process and propose a new and efficient financial management solution with pertinence.

Keywords: New and efficient financial management, Technological innovation, Automobile production.

1. Introduction

After more than 60 years of development, China's automobile manufacturing industry has dramatically progressed. Especially in recent years, China's automobile manufacturing industry has developed enormously and has become a veritable automobile power. Technologically innovative automobile production enterprises are driven by providing numerous jobs, creating output value, taxation and profits, and stimulating the national economy. Looking at the entire development trend of China's automobile manufacturing industry, it is not difficult to find that the future of automobile manufacturing is a combination of risks and opportunities [1]. Coexisting. From the current point of view, Chinese auto companies, incredibly technologically innovative auto manufacturers, face considerable challenges to their original business models while expanding their market scale. Therefore, this paper discusses problems in the financial management of technologically innovative automobile production enterprises and future optimization strategies. The new and efficient financial management has a particularly positive significance for promoting the healthy development of technologically innovative automobile manufacturing enterprises.

2. Current Situation of Financial Management of Technologically Innovative Automobile Enterprises

From the current point of view, China's technologically innovative automobile enterprises have achieved good results in joint ventures and national automobile production. From the perspective of car ownership, China's auto market still has much room for development. How to better promote the healthy development of Chinese auto companies is a

significant issue that the industry is currently concerned about. According to incomplete statistics, the problems of financing difficulties, limited sales channels, and chaotic fund management faced by Chinese auto companies to varying degrees are as follows:

First of all, it is difficult for auto companies to obtain financing. The production of technologically innovative automobiles is a high-consumption industry, which requires a lot of capital investment, from the procurement of raw materials to the specific processing design. From the current point of view, some Chinese enterprises, especially national auto enterprises, face financing difficulties. Due to a lack of funds, it is difficult for some newly launched cars to operate effectively. Therefore, in the future operation and development of technologically innovative automobile enterprises, it is necessary to increase efforts in financing [2]. At the same time, it provides incredible financial support for corporate, scientific research, and new product development.

Second, the capital management of technologically innovative auto companies is chaotic. Automobile enterprises need to carry out production, and some automobile manufacturers must carry out the operation and sales of 4S stores. This makes it difficult for auto companies to carry out unified planning in capital management to a certain extent [3]. Especially for some large group enterprises, scientific cash flow management is an essential foundation for enterprise development. From the current point of view, especially during the vital peak sales season, the chaotic phenomenon of corporate cash management has seriously affected the order of corporate development. It is not conducive to realizing the company's predetermined development goals. Therefore, it is crucial to strengthen the management of corporate funds, especially the cash management of corporate finance. Finally, the overall enterprise financial management system needs to be improved and perfected, see Figure 1.

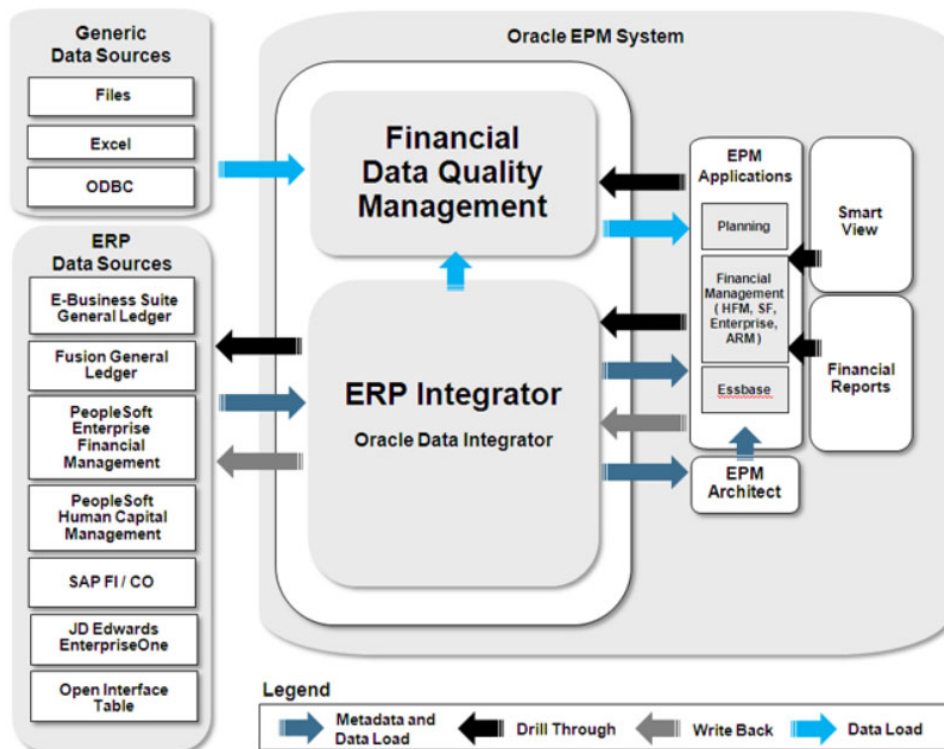


Figure 1. Structure diagram of automobile enterprise financial management system

Currently, China has issued a series of policies around new energy vehicles. Whether it is in terms of tax reduction or exemption, or related subsidies, there is a certain degree of inclination. This means that automobile enterprises' financial management needs to be strictly improved under the relevant national requirements[4]. From the current point of view, China has issued a series of policies around new energy vehicles, but they have not effectively benefited technologically innovative auto companies. One of the main reasons for its emergence is that the enterprise's institutional system has not been actively approached. Therefore, it is of great significance to improve the financial management system of technologically innovative automobile enterprises[5].

3. The Necessity of Introducing New and Efficient Financial Management to The Technologically Innovative Automobile Industry Under the New Situation

The financial management of the technologically innovative automobile industry is implemented under the guidance of business objectives, and it has the characteristics of high risk, long time, management chain, and wide range. First, the new and efficient financial management is a fund management activity, which can increase the capital management of the enterprise and ensure that the funds can be fully utilized in the automobile enterprise[6]. In addition, the new efficient financial management helps leaders

understand the company's shipments and inventory in real time and establish reasonable cost management strategies based on detailed cost data. Since the ultimate goal of an enterprise's economic activities is revenue, financial capital management can be used to understand the company's sales and profitability directly and to propose solutions based on problems to ensure the company's economic benefits. Second, the risk of enterprise management refers to the existence of unstable factors in the automobile industry. In automobiles' design, production, and marketing, deviations in a specific link will have a chain effect. Therefore, financial supervision mechanisms are essential.

4. Types of Financial Management Risks of Technologically Innovative Automobile Manufacturers

At this stage, the reform of the market economic system is gradually being implemented. The knowledge economy and economic internationalization are the main trends of economic development. Technological innovative auto companies' internal and external environments in their practical activities are increasingly complex. The types of risks that need to be dealt with in the development process are increasing daily, the core of which is financial risk. The so-called financial risk refers to the uncertainty of corporate losses and the uncertainty of corporate profits. According to the actual development and business scope of technologically innovative automobile manufacturers, the financial risks they face mainly include the following three types, see Figure 2.



Figure 2. Financial Management of Technologically Innovative Automobile Manufacturers

4.1. Debt Repayment Risk of Automobile Production

Debt repayment risk is the most severe type of enterprise financial risk. In practice, once an enterprise has debt repayment risk, the enterprise will face a relatively severe financial crisis, which will push the enterprise into bankruptcy. The so-called debt repayment risk means that the enterprise does not have enough funds and collateral to repay the debt of the enterprise in the process of production, operation, and management. Indicators such as interest multiple and cash ratios have been evaluated and analyzed. Technologically innovative automobile manufacturers generally have a relatively high probability of incurring debt repayment risks in the development process. Therefore, such enterprises should attach great importance to debt repayment risks and take adequate measures to prevent debt repayment risks.

4.2. Investment Risks in Automobile Production

Under the background of a market economy, knowledge and capital is the foundation of enterprise development. Therefore, in the operation and management of technologically innovative automobile enterprises, investment behaviors will occur according to market development conditions, and particular investment risks will accompany the investment behaviors of enterprises. Investment risk refers to the fact that the investment project of the enterprise does not achieve the expected return. For enterprises, investment behavior generally shows the characteristics of contingency, so compared with large and medium-sized state-owned enterprises, the probability of investment risk faced by small and medium-sized enterprises in the investment process is higher. With the continuous development of the automobile industry, technologically innovative automobile manufacturers face more business opportunities in practice, so the investment behavior in the future will gradually increase, so the investment risk of technologically innovative automobile manufacturers in the future financial risks will be the point.

4.3. Operational Risks of Automobile Production

Operational risk is the uncertainty faced by managing

accounts receivable, cash, and inventory in financial management practice. Operational risk is the most common type of corporate financial risk. Since technologically innovative automobile manufacturers are the end units in the industry chain, they are generally in a passive state in the development of the industry chain. At the same time, because downstream enterprises have certain advantages in the industry chain, the accounting period is generally relatively long. To a certain extent, it aggravates the probability of enterprise operational risks. Therefore, technologically innovative automobile manufacturers should focus on operational risks in implementing management.

5. Problems Existing in The Financial Management of Technologically Innovative Automobile Production Enterprises

5.1. Lack of Perfect Internal Control and Supervision System

In the actual development process of scientific and technological innovation-oriented automobile production enterprises, a complete internal control and supervision system has not been established, and the vital role of internal control in financial management has not been fully exerted. In the daily management and work of the enterprise, the failure to create an independent supervision system, the failure to create a sound internal control management system based on its development characteristics, and the inability to carry out dynamic and rational supervision and control for financial management work, to a certain extent, will affect the enterprise. Good development constraints. At the same time, during the period of enterprise financial internal control management, the failure to unify the standards and normative requirements, and to strengthen the implementation of the supervision system, often leads to confusion in management and supervision. In addition, the job responsibilities cannot be clearly defined during the financial management period, the specific responsibilities cannot be clearly defined after the problem occurs, and there is a problem of mutual shirk, leading to serious financial risks.

5.2. Contradictions Between Financial Management and Economic Environment

In the actual work of scientific and technological innovation automobile production enterprises, the importance of coordination between financial management and enterprise economic environment is not fully realized. The relevant management and coordination work is not carried out without summarizing the rich experience—current task. In the process of financial management, enterprises fail to formulate a complete plan based on the development of the market economy and their economic development and are easily

exposed to severe financial risks caused by bank interest rate fluctuations and inflation factors. At the same time, in financial management, the enterprise fails to carry out the investment management and analysis work reasonably and is affected by the national interest rate policy and other factors, resulting in severe financial risk problems. If the correct concept cannot be established to deal with the market economy's fluctuations actively, the quality and efficiency of the financial management work of the enterprise will be reduced, and the current work needs cannot be met, see Figure 3.

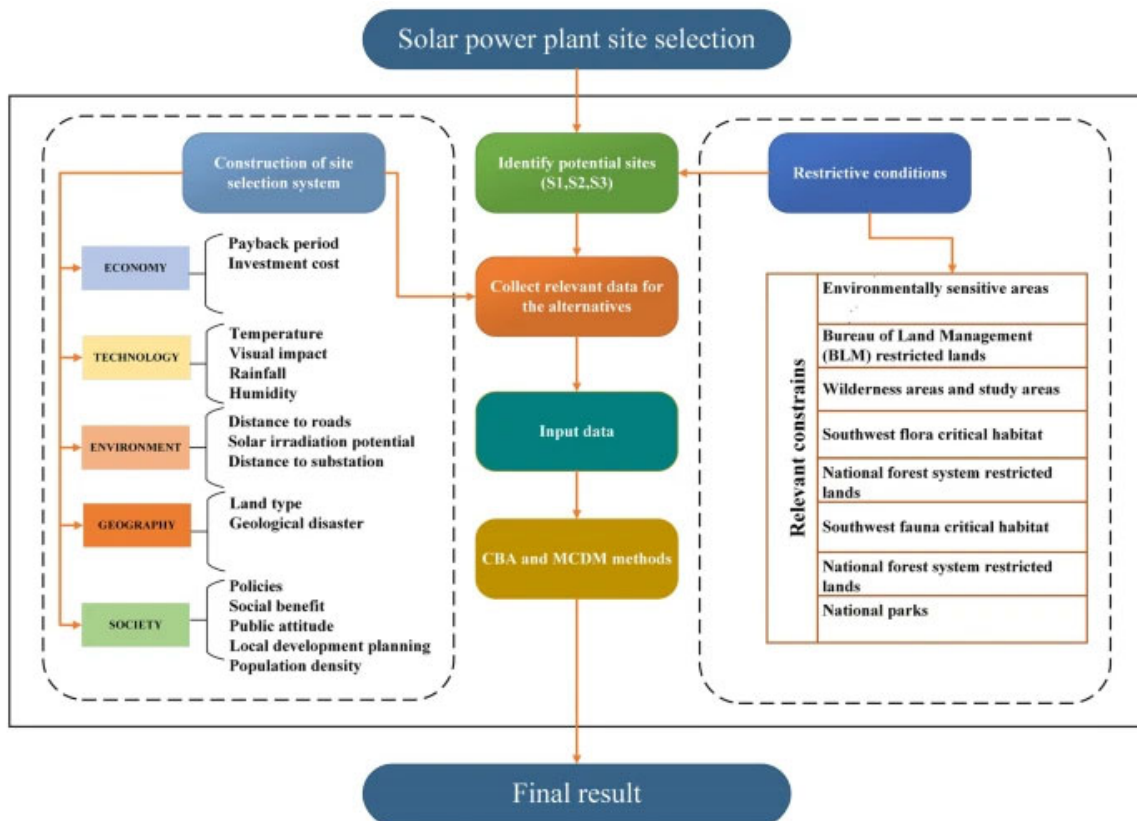


Figure 3. Research on the application of efficient financial management in automobile production

5.3. Confusion of Functional Relationships

During the financial management work of technologically innovative automobile manufacturers, a complete plan cannot be prepared, and it is easily affected by some factors, which leads to confusion in the functional relationship of financial management, failure to clarify specific rights and responsibilities, and difficulty in using correct methods to fund management, which seriously affects the economic benefits of enterprises. At the same time, during the period of enterprise financial management, the failure to coordinate and control the procurement link, production link, sales link, and financial management link leads to the phenomenon of chaotic inventory management, which cannot actively respond to the current financial management work, and even suffers from some factors. The impact leads to the risk to enterprise financial management, and it is challenging to meet the development needs of the current era. In investment decision-making, enterprises fail to perform the comparative analysis of investment feasibility, lack market research and

research efforts, and lead to blind investment problems, resulting in financial risk problems.

6. The Path of New and Efficient Financial Management in The Production of Technologically Innovative Automobiles

6.1. Strengthen Profit Management

Profit management is the critical content in the financial management of the technologically innovative automobile production industry. The profit space of the automobile industry mainly comes from the sales link, and the profit management includes the relevant parts of the automobile and the profit of automobile sales. The profit of automobile sales includes the pre-rebate period and the post-rebate period. Through a detailed statistical analysis of the profit rate of these two periods, the expected income of the enterprise can be ensured. For example, when there is a significant

difference between the budget amount and the profit rate, it is necessary to solve the problem in time and control the budget and the sales profit of the enterprise in a consistent state. In addition, technologically innovative automobile manufacturers must actively face various market risks, establish a balance between risks and profits, and strive to reduce the infringement of market risks on the common interests of enterprises. In financial management, more attention should be paid to the return on equity of the enterprise. This value can be regarded as the ultimate goal of the operation of the automobile industry, which has a significant influence on improving the overall profit management ability of the enterprise and effectively guarantees the profit of the enterprise.

6.2. Improve the Financial Supervision Mechanism

Under the current social development environment, managers are more effective in making market decisions using financial data, especially in capital-intensive areas such as automobile manufacturing. In 2019, BYD, a high-tech automobile company, signed a letter of responsibility for the management and assessment of business objectives, which strengthened corporate financial management supervision, established a sound budget management system, and avoided financial risks hindering the development of the automobile industry. Among them, the core content of financial supervision is the internal audit work. In the context of the rapid development of Internet technology, the automobile industry also needs to keep pace with the times, establish an innovative audit system, and carry out system innovation from two aspects: first, to investigate the responsibility for violations. Clarify the standards for inspectors to implement their responsibilities, deal with violations seriously, and combine disciplinary and economic penalties for severe violations. Second, improve the supervisory feedback system, use the method of tracking and rectifying the ledger to give feedback to the supervisory department on time; use the operational risk management committee to cooperate with the supervisory committee to discuss existing problems and take risk mitigation measures to improve governance capabilities and the level of internal financial control.

6.3. Strengthen Financing Management

At present, the financing methods adopted by Chinese auto companies are mainly bank loans, which include conventional working capital loans and tripartite agreement loans unique to the auto industry. Due to the particularity of tripartite agreement loans, the management of this method is the critical content of financing management in the auto industry. The tripartite agreement loan in the automobile production industry refers to the loan agreement jointly signed by the automobile manufacturer, the automobile 4S shop, and the bank. Since this loan method involves three aspects, special attention should be paid to the management of this loan method. The tripartite agreement loan's specific content refers to the bank's joint payment and the 4S shop to purchase the car from the manufacturer. The 4S shop temporarily presses the certificate to the bank, and when the loan owed to the bank is repaid, the certificate is retrieved, and a specific vehicle sales process is carried out. During this process, attention should be paid to the accurate registration of the certificate.

6.4. Effective Profit Management

Technologically innovative automobile manufacturers should pay attention to the effective management of profits when conducting financial management. The profits of automobile enterprises mainly come from the sales of vehicles, and the profit management should include profits from vehicle sales and related parts and components. Among them, the sales profit of the vehicle includes two stages before and after the rebate, and a detailed statistical analysis of the profit rate of the two stages should be carried out to ensure the reasonable interests of the enterprise. When there is a large gap between the profit rate and the budget, the problem should be solved in time to ensure that the reasonable profit of the enterprise is close to the budget. In addition, we should actively deal with market risks and reasonably balance profit and risk. Actively reduce market risks and ensure that the reasonable interests of enterprises are not infringed. Pay special attention to the total asset ratio of the enterprise, which can be regarded as the ultimate goal of the operation, effectively improving the enterprise's profit management and ensuring the enterprise's profit.

7. Conclusion

In recent years, with the long-term rapid growth of China's auto market and the increasing global competitiveness of China's auto industry, the opportunities and risks encountered by new innovative auto manufacturers coexist. For such a market-oriented economy, auto Production enterprises should not be slack in financial risk management. This article should create a safe production and operation environment for themselves, establish and enhance the awareness of financial risk prevention and control as soon as possible, and truly make financial risk awareness practical, not a mere formality, and can be implemented at the top level, establish a risk management system, optimize the capital structure, ensure sufficient short-term solvency and cash flow, and accelerate capital turnover. Adopt new and efficient financial risk management methods, adapt to the complex and changeable environment and market policy changes, achieve dynamic balance, and effectively resist the financial risks encountered. In the process of new and efficient financial management, a sound risk analysis and forecasting plan should be formulated, the causes of financial risks should be clarified, and the analysis and management should be done well. The effect of enterprise financial risk management work, avoid all aspects of work problems and form a sound new and efficient financial management system.

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