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To Study about Changing Role of Finance Managers in Changing Business Environment

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Abstract*: Any organisation must have a strong and reliable department of finance. Organizations, whether for profit ornot, find it challenging to sustain themselves for an extended period of time without enough funding. Not only is that, but effective management of these financial resources necessary for sustainability and long-term viability. Organisations are assisted in doing this via financial management. Planning, organising, directing,and regulating an organization's financial operations and procedures in an effective and efficient manner is referred to as financial management. This pertains to, but is not restricted to, the distribution of financial resources, the use of funds, etc.. Given the significance of the finance role in organisations, there has always been a constant need for employees with these abilities. Even non-finance professionals and business owners may now learn about finance through a certified financial analyst course. In this study, the tasks of finance managers and how they adapt to the changing company environment are given additional weight.*

Keywords: business strategy.

I. INTRODUCTION

For businesses and markets to run successfully and efficiently, finance entails the assessment, disclosure, andmanagement of economic activity. Financial managers analyse data and provide top management suggestionsfor maximising profits. The financial stability of an organisation is the responsibility of the financial management. They provide financial reports, manage investment operations, and create strategies and plans for the organization's long-term financial objectives. Technology advancements that have considerably lowered the time it takes to compile financial reports are redefining the function of the financial manager, particularly in business. Financial managers used to be primarily responsible for overseeing a company's finances, but today they also advise top managers on how to maximise profits and analyse more data. Theyfrequently collaborate in groups, serving as senior leaders' business advisors.

It affects consumer preferences, competitive environments, governmental policies, and the maturity of an infrastructure. Businesses are impacted by changes in the macroeconomic environment, and as a result, plans, goals, and the way departments respond must change as well. The role of managers, including financial managers, becomes more complex as the economic system, businesses, interactions between economic playersin a global economy, and the level of uncertainty one must deal with during these turbulent times increase. Thereis interest in learning how the finance function responded to these complexity and uncertainties as well as how boards of directors and CFOS of firms dealt with these issues by modifying the organisational structuresof their finance departments and the skill set they selected for their teams.

1.1 Objective

- To study about role of finance manager in an organization.
- To study about the changing role of finance manager as the changing things in a market.
- To study the challenges face by finance manager in drastically changing business environment

1.2 Discussion

THE IMPORTANCE OF FINANCE

MANAGERIAL FINANCE

The management importance of finance is a topic in managerial finance. Instead of technique, evaluation is the main focus. For instance, someone interested in method might be particularly interested in measurement while studying an annual report. Are the correct categories being given to the money, they would query. There was adherence to generally recognized accounting rules (GAAP).

The relevance of a company's financial data assessed against various aims, such as internal objectives andcompetition data, would be of interest to someone in management finance. They could examine changes in asset balances, seek for warning signs of bad debt or problems with bill collection, and analyses workingcapital to foresee potential future cash flow issues.

By distributing limited resources among conflicting company possibilities, good financial management builds value and organizational capability. It assists in the implementation, oversight, and accomplishmentof company strategy.

CORPORATE FINANCE

Corporate finance is the field of finance that deals with the tools and analysis used to make financial choicesby corporate operations. The maximisation of shareholder value is the main objective of corporate finance.The primary ideas in the study of corporate finance are relevant to financial issues of all various types of organisations, even though it differs fundamentally from managerial finance, which examines the financialchoices of all enterprises rather than corporations alone.

The discipline can be separated into techniques and judgements for the long run and the short term. Choosing which projects to invest in, whether to fund that investment with stock or debt, and whether to pay dividends to shareholders at all are all long-term decisions that affect capital investments. The focus here is on managing cash, inventory, short-term borrowing, and lending (such as the conditions on credit issued to consumers). In contrast, short-term choices deal with the short-term balance of current assets andcurrent liabilities.

Corporate finance and corporate financier are other names for investment banking. An investment bank's normal task is to assess the company's financial requirements and obtain the most suitable kind of capital. As a result, the phrases "corporate finance" and "corporate financier" may be used to refer to transactions in which money is raised for the purpose of starting, expanding, buying, or selling a corporation.

The Role of Financial Managers

Financial managers analyse data and provide top management suggestions for maximising profits. The financial stability of an organisation is the responsibility of the financial management. They create financial reports, oversee investment operations, and create plans and strategies for the organization's long-term financial objectives.

Technology advancements that have considerably lowered the time it takes to compile financial reports areredefining the function of the financial manager, particularly in business. Financial managers used to be primarily responsible for overseeing a company's finances, but today they also advise top managers on howto maximise profits and analyse more data. They frequently collaborate in groups, serving as senior leaders'business advisors.

Capital budgeting, a method used by management to divide scarce resources among competing possibilities(projects), is required. Estimating the value of any opportunity or project is necessary to make this investment decision since it depends on the quantity, timing, and predictability of future cash flows.Any business investment must be properly funded if the objectives of corporate finance are to be met. The sourcesof funding include, generally speaking, internal capital created by the company and money gained from outside funders through the issuance of fresh debt or stock.

Responsibilities of Financial Manager

- Financial management and financial managers are essential to the organization's ability to make sound financial decisions and maintain tight control over its finances. They use methods such as ratio analysis, financial forecasting, profit and loss analysis, etc. Financial Planning: The organization's financial operations and resources must be planned by the finance management. In order to do this, they establish plans and budgets for the same by using the data at their disposal to comprehend the organization's requirements andpriorities as well as the general economic position.
- Capital Management: It is the job of financial management to periodically evaluate the organization's capital needs, choose the capital structure and composition, and choose the source of funding for those needs.

- Financial management makes ensuring that all of an organization's financial resources are utilized, invested, and allocated in a way that will make the organization lucrative, sustainable, and viable over thelong term.
- Cash Flow Management: It is crucial for businesses to have enough working capital and cash flow to cover unexpected costs and crises. To ensure there is always enough cash on hand, financial management keepstrack of accounts due and receivable.
- Disposal of excess: The financial managers of the organizations decide how to use the excess or earningsof the organizations. They choose whether dividends should be paid out, how much should be paid out, and what percentage of earnings should be kept and reinvested in the company.
- Financial Reporting: To predict and plan the organization's financial activities, financial management keepstrack of all pertinent financial reports that are required to be produced.
- Risk management: A company that practises sound financial management is better equipped to predict risks, implement mitigation strategies, and deal with unforeseen risks and crises.
- Forecasting and planning: The finance manager must collaborate with other executives as they make the long-term strategies that will determine the direction of the company.
- Major investment and financing decisions: A successful business often experiences rapid sales development, which necessitates expenditures in infrastructure, stock, and machinery. The financial manager's job is to identify the ideal sales growth rate, as well as which specific assets should be purchasedand how they should be financed. For instance, if the company chooses to finance using debt, should it utilise long-term debt or short-term debt, or a combination of the two?
- Coordination and control: To make sure that the business is run as effectively as possible, the finance manager must communicate with other executives. Every company action has a monetary impact, and allmanagers—financial and otherwise—must take this into consideration. For instance, marketing choices influence sales growth, which in turn affects the amount of investment needed. Because of this, marketing decision-makers must consider how their activities influence (and are affected by) variables including funding availability, inventory management practises, and plant capacity utilisation.
- Risk management: Natural calamities like fires and floods, stock market volatility, changing interest rates,and varying foreign exchange rates are hazards that all businesses must contend with. But many of these risks can be minimised by hedging or by buying insurance. The finance manager is often in charge of thecompany's entire risk management initiatives, which includes determining which risks need to be hedgedand then doing so in the most effective way possible. Financial managers, in brief, decide which assets their companies should buy, how to finance those assets, and how to manage the firm's current resources. Financial managers will contribute to maximising the values of their companies if these duties are carriedout optimally, which will also increase the long-term welfare of customers.

Other Duties

- A typical Finance Manager job description should contain, but not be limited to, the following since they arean essential part of the financial team: gathering, analysing, and assessing financial data future financial trends forecasting
- Reporting to management and stakeholders, advising them on potential effects on the firm and upcoming business choices
- Producing financial reports on spending, accounts payable and receivable, and other topics. Construct long-term company strategy using the information from these investigations. reviewing, monitoring, and managing fundsDeveloping techniques that reduce financial risk
- Examining market trends and rivals

Important Skills for Financial Managers

- Abilities in analysis: Financial managers are increasingly helping leaders make decisions that have an impact on the organisation, which requires analytical skills.

- Communication.: Financial managers must explain and defend complicated financial operations, thus excellent communication skills are crucial. Attention to detail.
- Financial managers must be meticulous while creating and assessing reports like balance sheets and income statements.
- Math prowess: Algebraic skills are a need for financial managers. Understanding complicated financial paperwork and global finance is also crucial.
- Organizing abilities. Financial managers work with a variety of papers and information. To efficiently do their tasks, they must maintain organisation.

Changing Role of Financial Managers in today's Global Economy

Globalization is an inexorable trend that is changing how business is conducted.

The world is not even close to being flat from the perspective of the C-suit and the specific CFO. Diversified economic growth rates, unique client preferences, diversified competitive landscapes, and various currencies, cultures, tax regimes, and regulatory frameworks necessitated strategies, managementprocedures, and operational models that could adapt to a diverse and dynamic market environment.

Additionally, the degree to which organisations are currently interconnected with the outside world necessitates new management paradigms, notably in the finance department. Permanent volatility is one of the key challenges facing finance leaders today, and they anticipate it to persist for the foreseeable future, according to Accenture's 2011 High Performance Finance Study.

Research and development, compliance, risk management, and people management—even if they don't consider themselves to be "global." Technology, which has recently eliminated previously impermeable obstacles to cross-border trade, is a fueling factor in the fire. However, a contradiction was discovered in Accenture's study Fast Forward to Growth: Seizing Opportunities in High-Growth Markets, which was released in January 2012. The survey confirmed that firms believe developing economies will continue to thrive, but it also revealed that many believe the window of opportunity to enter these markets may be narrowing. In fact, 73 of the respondents to our study felt they needed to step up their efforts or thought they had already lost the potential to secure a sufficient market share in these fast-growing industries.

Pulling Ahead In The Midst Of Volatility

Accenture thinks that businesses who can position themselves for success in the future by taking advantageof changes in the business environment today will succeed. Companies who implement global expansion plans with a local emphasis and provide goods and services that directly address the demands of customers in each area will succeed in particular. Organizations will need to build an agile operating model, anticipate and seize development possibilities, and swiftly modify strategies in reaction to market events in order to balance global goals with local execution.

Such an operational strategy needs to adapt to market volatility and unforeseen interruptions. An agile finance department that provides insightful insights, analyses risk, spots growth possibilities, and optimises cash and capital allocation in a dynamic environment is at the core of developing and running such a model. These market leaders will rely heavily on finance to manage expenditures in the face of global uncertainty and achieve profitable expansion.

Major changes have occurred. Companies have historically created a local presence in a target market to assist local growth, as well as a country-centric business strategy with a full range of business support services. But this is both costly and ineffective. Many businesses have switched to a more regional businessmodel during the past 20 years, with financial shared services centres supporting business units across numerous nations with middle- and back-office services. However, this strategy continues to link expenses to a region's economic performance, which exposes multinational corporations to risks associated with volatility and restricts their capacity to scale and respond.

High-performing financial organizations, on the other hand, are currently transitioning to an Integrated Business Services (IBS) model that is genuinely global and cross-functional. IBS organisations make use of their strategicpartners' (outsource providers) and the overall organization's geographic footprint to provide dependable, high-quality services at competitive prices while still remaining close to their clients. As a result, resources may be quickly redistributed to reflect the business's shifting income profile. Such businesses may more efficiently balance their workload across the global firm rather than having a European core holding surplus capacity whilean Asian facility struggles to keep up with rapid expansion..

The Financial Industry's Future

Finance must adopt a new scope centred on growth and operational excellence, and it must provide value well beyond the walls of the finance department if it is to assist the greater organization succeed in a competitive global market. In order to ensure compliance with a variety of international financial standards, such as statutory reporting, tax laws, and risk management requirements, finance must at the very least contribute to providing assurance on the integrity and correctness of accounting statements.

To begin with, finance can enable the company to manage ongoing revenue volatility across various business lines and marketplaces and provide a more flexible cost structure in which expenses can change in accordancewith levels of business activity. For instance, using outsourcing, the cloud, and software-as-a-service in the IT industry can more closely match costs with the volume of business activity, supporting a pay-per-use model. A proper balance of full-time, part-time, temporary, contract, and third-party sourcing can help human resources more precisely match labour costs with activity levels. The supply chain can reduce the volatility of acquired costs by combining open-item purchasing with selective hedging.

In these cutthroat times, an organization's ability to foresee and prepare for change rather than just react to it iscrucial to its survival. Due to these technical, economic, and political developments, the financial officer's functionis vital.

Key Challenges for Finance Manager

- Investment planning: The focus of investment planning is on risk analysis and efficient investment methods. The role of the finance manager is to assess risk and work with management to lower it so that it doesn't interfere with an organization's financial objectives.
- Financial Structure: A company's financial structure determines how its assets are funded, including short-term loans, long-term debt, and equity. The finance manager examines the laws and regulations of the government, the standards of the banks, the organization's capacity, and the possibilities on the market for financing theassets of the firm. This aids management in choosing the best course of action for the company.
- Treasury Operations: The total duty for managing the banking services of organisation, cash management, and investment is known as Treasury Operations. All of these actions have a direct impact on how an organisation grows and makes money.
- Investor communication: The finance department gives reliable financial information to investors. Investors can use this information to make wise buy- or sell-decisions.
- Control is one of the managerial tasks, along with organising, directing, and planning. Setting standards, assessing actual performance, and taking remedial action are the three main processes. Financial managers assist organisations in setting goals and achieving those goals by regularly assessing actual performance against predetermined criteria.

II. CONCLUSION

A finance manager is a vital part of the corporate management team and has a critical position in the modern business. His position in resolving challenging managerial issues is expanding in scope and importance. A financemanager's traditional responsibilities were limited to finding funding from various sources, but recent changes inthe socio-economic and political climate throughout the world have given him a more important role in the firm. He is in charge of directing the company's fortunes and participates in the most crucial capital allocationdecisions, such as mergers and acquisitions, etc. A financial manager, like the other members of the corporate team, cannot ignore the rapid changes occurring all around him and must be aware of them in order to take the necessary action in light of the constantly shifting circumstances.

The nature of an accountant's job differs from that of a finance manager; an accountant's duty is largely to recordbusiness transactions and create financial statements that indicate an organization's performance over a specifiedtime period and its financial situation at a certain moment in time. To make sure that assets, liabilities, revenues, and costs are correctly

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organised, categorised, and presented in the financial statements, he must record numerousevents in monetary terms. The administration of finances is a specialised and sophisticated undertaking that accountants are not involved with. In contrast to an accountant, the finance manager or controller is responsible formanaging finances. The following are a few of the crucial financial decisions:

- Calculating the Need for Money: A firm needs money for long-term goals like investing in fixed assets and other things. It is necessary to estimate these amounts carefully. A determination must be made on the amountof working capital needed, the amount estimated to be blocked in current assets, and the amount anticipated to be created through current liabilities for a brief period of time. Using long-term planning and budgetary control strategies, one may predict the amount of money needed.
- Capital structure decision: After estimating the amount of money needed, a choice should be made on the various sources from which the money would be raised. Every funding source has distinct factors to take into account, thus it is important to find the right combination of the different sources. The finance manager must thoroughly examine the capital structure that is currently in place and determine the impact of the different fund-raising initiatives on it. He must keep the right amount of long-term and short-term finances in balance.
- Investment Choice: Money obtained from diverse sources must be invested in a variety of assets. In a project, long-term finances are utilised for both current and fixed assets. The decision to spend money in a project should be made after carefully evaluating all of the projects through capital budgeting. Additionally, a portionof the long-term finances should be set aside to finance working capital needs. The production and financial managers must decide on the inventory strategy while taking into account the needs of production, projected raw material prices, and the availability of cash. Asset management policies must be established for a varietyof current assets.
- Declaring or Paying Dividends: The financial manager is concerned with this choice. He is to support the senior management in determining how much of the dividend should be distributed to the shareholders and how much should be kept by the business. This decision incorporates a lot of factors. A financial manager's main duties include making choices about investments, dividends, and purchasing.
- Supply of monies to All parts of the Organisation or Cash Management: The financial manager is responsiblefor making sure that all parts of the organisation, including its branches, factories, units, and departments, are provided with sufficient monies. The efficient running of commercial operations requires a sufficient amountof cash at all times. The entire company might be in risk if just one of its numerous divisions runs out of money.s
- Evaluation of Financial Performance: Management control methods, such as the ROI (return on investment) system of divisional control, are frequently based on financial analysis. A finance manager must continuously assess how well the organization's various departments are performing financially. The management may determine how money are used in various divisions and what can be done to enhance it by analysing the financial performance.
- Financial Negotiations: The majority of a finance manager's time is spent in negotiations with banks, financial institutions, and public depositors. In order to make sure that the fund-raising is compliant with the law, he must provide these institutions and individuals with a lot of information. Negotiations for outside funding frequently call for specialist abilities.
- Staying Current with Stock Exchange Quotations and Share Price Behaviour: This entails analysing important stock market developments and evaluating their effects on share prices of the company's shares.

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