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Study to Improve the Financial Management System for Several Business Units

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Abstract: *In order to effectively implement company strategy, it is imperative for management to thoroughly analyze the characteristics and structure of the financial management system. This includes examining the investment and financing models that have been utilized, while incorporating elements of strategic and operational financial management. An initial measure to improve the efficiency of financial management involves analyzing existing processes and instruments, while also establishing a conceptual framework. Consolidating and harmonizing the various elements of financial management into a unified and optimized system sometimes pose challenging demands. Consequently, there is a growing need for the implementation of a financial management system that is strongly connected to the company's strategic goals. The research aims to generate recommendations for the development of an efficient financial management system using a process-oriented approach for multi-business organizations in India. The objective is to help these enterprises achieve their strategic goals.*

Keywords: Feasibility, Financial structure, Strategy, Budgeting, Process-Multiple business divisions

I. INTRODUCTION

Within the economic and scientific literature, there is a lack of consensus regarding the nature and purpose of Financial Management (FM), leading to the emergence of multiple definitions. Facility management (FM) is a crucial component of an organization's management processes. (Amoako, Marfo, Gyau, Asamoah, 2013). Financial management (FM) involves the process of acquiring financial resources and using them efficiently to achieve an organization's goals. Financial management (FM) is the process by which a corporation acquires and effectively uses the funds necessary for optimal performance. According to Brealey (2008), Financial Management refers to the strategic use of funds to efficiently accomplish long-term company goals.

Financial management, as defined by B. Howard and M. Upton in 1953, is the utilization of general management principles to make decisions related to finance. All of the definitions and opinions provided by Reinaldo, Dione (2013), Calandro, Flynn (2007), Randy, Oxelheim, Stonehill (2001), Zdenk (2013), Higgins (2011), Brigham, Houston (2014), and Van Horne, Wachowicz (2008) concur that a company's financial resources are the origin of its economic advantage. However, none of these definitions explicitly address the relationship between financial resources and business objectives and strategies.

Additional viewpoints regarding the fundamental nature and purpose of Financial feasibility in the market and investment economy were revealed by examining scientific and economic literature. Stanchus suggests that the rise of the FM position is connected to the development of a specialized financial services business (Lazonick, 2010) and the requirement for value management (Stanciu, 2013). Fama (1970) argues that the market value of a company's shares is a direct reflection of its capacity to generate future cash flow.

In the scope of this study, a multi-business enterprise refers to a company that participates in various types of business activities and requires essential information regarding the effectiveness of each activity. According to the authors, strategically oriented financial management is a precise process that involves planning, implementing, controlling, and making management decisions. Its purpose is to effectively manage and utilize funding sources, as well as fixed and current assets, at both strategic and operational levels. The ultimate goal is to maximize the welfare of owners (shareholders) and the market value of the company in the long run.

The building of a strategically oriented FMS involves two main challenges: choosing a conceptual framework for system design and identifying the set of approaches and instruments to be used.

The following factors must be considered:

Many businesses often do not have a Financial Management system that encompasses both strategic and operational levels.

• The methods and instruments at specific levels of the Financial Management system do not have an appropriate connection.

• Consequently, there is a lack of connection between the different layers of the Financial Management system.

Review of literature

The authors define the Financial Management System (FMS) as a comprehensive and scientifically grounded collection of methods and tools. It is used to plan, implement, control, analyze, and make timely corrections and adjustments to a company's strategic and operational financial goals, planning system, and activities.

The organization of the FMS can be categorized into two levels: strategic and operational. The authors view the FMS as a well-balanced management mechanism and identify its main components as the managing sub-system, the managed sub-system, and the influencing sub-system. The managing system, with the assistance of FM tools and methods, directly impacts the managed sub-system to achieve the primary objective of increasing the company's market value and ensuring its stable growth. The efficiency of the FM mechanism is closely tied to the efficacy of the methods and tools used. Implementing these tactics in a well-operating system can generate a synergistic impact, enhancing the efficiency of the facility manager at a relatively low cost.

The chosen theoretical approach for a strategically oriented FM has been justified and selected. The feasibility of applying this approach to FM has been explored, and the idea of financial structure has been clarified. Additionally, the organizational support for FM has been specified. The concept of "business processes reengineering" has gained prominence in the field of business management, leading to a greater focus on process organization in practice.

In 1984, Scheer explained the concept of business processes and how they are carried out using a graphic called the Event-driven Process Chain (EPC) (Savina, 2011a). Business process management allows a company to attain optimal efficiency while prioritizing customer demand (Hammer, Champy, 2003).

The process-oriented approach establishes a connection between requirements and all individuals involved in the process, mitigates the influence of human error, and converts the organization into a self-regulating system (Savina, 2011b). In the 1960s, a methodology for structural analysis was developed, and complex systems for Structural Analysis and Design Technique (SADT) were conceptualized (Jbira, Lakhoua, 2012).

The Malcolm Baldrige National Quality Award (MBNQA) model, as described on the ASQ official website by DeJong (2009), and the European Foundation for Quality Management (EFQM) Excellence Award model both employ a process-oriented approach, as stated on the EFQM official website. Implementing the most sophisticated corporate management system in a functionally based organization does not yield the intended outcomes. Instead, it leads to higher expenses and, in many instances, reduces overall effectiveness (Savina, 2011b).

Throughout the development of the process-oriented approach, management technologies such as business process reengineering and activity-based management came into existence. The initial phase of implementing a process-oriented strategy involves the registration and description of business processes. The reengineering of these processes is based on the following examination and assessment of the operational effectiveness of business processes (Elzinga, Horak, Lee and Bruner, 1995; Hammer and Champy, 2003).

II. CONCLUSION

1. A comprehensive and sophisticated set of financial management tools and methods has been created for use in multi-business enterprises in India. This logical set of financial tools and methods has been incorporated into the company's financial management system, following E. Deming's model of continuous improvement.

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The authors' methodical approach to establishing the FMS enhances the company's sustainability by fostering collaboration across all levels of the FM. The implementation of the FMS results in a substantial reduction in costs associated with the preparation of managerial decisions, while also enhancing their justification and timeliness.

The results of the analytical hierarchy process provide evidence for the efficacy of the authors' suggested methods for utilizing a strategically focused financial management system (AHP). The impact of lower-level priorities on the top of the hierarchy. Analysis of the resultant vector's magnitude suggests that the authors' formulated financially oriented strategic management approach is superior in terms of effectiveness.

Multi-business organizations in India might utilize principal research findings to install or expand FMS (Facility Management Systems). The following factors are of practical significance:

● Development of a strategically focused Flexible Manufacturing System (FMS) and its implementation procedure;

● Development of a strategically focused Flexible Manufacturing System (FMS) and its implementation procedure.

The authors' proposals offer a solution to the query of establishing a comprehensive and strategically focused financial management system for a multi-business corporation.

When setting up a system of consistent financial indicators, it is necessary to construct two layers of financial indicators: strategic and operational.

2.The process of identifying business processes and categorizing the sorts of activities they involve.

3. When establishing the financial structure and adjusting the organizational structure, it is necessary to directly model the financial structure and divide responsibility centers according to the characteristics of economic indicators.

4. To establish an activity-based budgeting system, it is necessary to create the budget structure and accounting regulations.

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