

Analysis and Countermeasures of Working Capital of China's Tourism Companies

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Abstract: Along with the economic growth and the improvement of people's living standards, tourism has become a hot industry. However, some difficult problems will arise in the operation of tourism companies, among which the operation of working capital is a major factor affecting the operation.

1. Introduction

Tourism is now a basic industry of national economy and can generate an industrial chain, produce a series of related industries and the drive, at present most of the tourism industry is given priority to with attractions operations, and the scenic spot is a capital-intensive industry, the scenic spot operating companies as the main industry is capital-intensive enterprises, will face the important issue, the first is based on the customer experience is given priority to, create customer value in tourism; Second, as a capital-intensive enterprise, it is necessary to reduce the risk of capital chain. However, many enterprises in the market have not focused on this research [1]. With the increase of people's demand, the number of tourism companies has begun to increase rapidly, and the competition in the tourism market has become increasingly fierce. Enterprises focus on assets rather than benefits. Operating in debt, borrowing to develop, most companies will use this mode of operation. At the same time of controlling capital liquidity, how to enhance the creation ability of customer value, improve the profitability of corporate assets, and use the value chain theory to subdivide working capital into various value links [2].

2. Analysis of Working Capital of Tourism Enterprises

2.1 Working Capital of Tourism Enterprises

At present, tourism enterprises have not done well either in theory or in practice. In theory, these companies did not study working capital management in depth, and did not combine the enterprise working capital with the internal control and analysis of the value chain; In practice, in the actual life of the business did not pay attention to the control of working capital, attention to it is not enough. Therefore, the starting point should be found from the flow of working capital. On the basis of ensuring the most basic capital security and preventing the company from liquidity crisis, the design of internal control and the subsequent implementation should be used to optimize the improvement of the enterprise's customer value and further improve the operating efficiency of the enterprise.

To sum up, the tourism industry's working capital problems have the following two points: working capital risk is relatively high and working capital cost management is relatively loose [3].

2.2 Working Capital Risk is Relatively High

Travel companies rely too much on raising money in advance rather than raising money first and

then making the required payments. For example, hotels, tickets and air tickets, hotel accommodation, tickets to attractions and the organization of tour groups required by customers in the process of travel, thus generating a large amount of prepaid money to be paid. The company is first in the state of lack of money, and then through other ways to raise funds, such a way of financing is passive financing, is not conducive to the company's operation and further healthy development. Moreover, the collection items to be paid increase at a very high speed, and the risks will also increase continuously. Thus, the company has formed an evil cycle of raising funds, and has been in a passive state. Therefore, it is no longer easy to raise working capital, but the difficulty increases, and the risks rise accordingly [4].

2.3 Loose Management of Working Capital

Tourism companies have a strong desire to expand, so they cannot stabilize the existing capital and solve the problem of working capital flow and prepayment recovery. In China's tourism market, this phenomenon is not uncommon, in the company's operation process is too radical, often the expectations and planning is too idealistic, ignoring the actual operation may encounter problems. In the implementation of the implementation ignored the cost problem, in order to achieve too rich capital plan. This way of executing results in a huge waste of working capital, which is not spent on the investments the company really needs.

Tourism companies have loose management of working capital and single operation mode, which cannot maintain the necessary integrity in the operation process. The business model is more speculative, the opportunity cost is too large, at the same time the interest is also increasing. Short-term borrowing does add to short-term profits, but not to a company's long-term business [5].

3. Countermeasures of Travel Companies to Solve Problems

Travel company error mode of operation to focus on the advance payment, attaches great importance to the assets of the present stage short-term gains, ignore the actual operation process, light weight scale benefit, blindly expand the scale of the company, despised in the enterprise management is the most important control system of working capital, can't let the enterprise value of appreciation, caused the low corporate profits, and a series of derivative problems needs to solve. Otherwise the company will face the result can only be bankruptcy. Tourism is a service-oriented industry, and customer experience is the most important pursuit goal. Focusing on serving customers will bring long-term economic benefits to the company and be beneficial to the healthy development of the company, so as to reduce the resistance in the following scale expansion and even become a driving factor. Only tourism, a single industry, cannot meet the increasing material needs and spiritual and cultural needs of customers. The only way is to develop the industrial chain and improve production efficiency and service level in all aspects. Coordinate the relationship between the whole and the parts, and provide customers with products that meet their requirements as much as possible through the efforts of the whole industry chain [6].

In the process of taking into account their own, will focus on the whole market, understand the current market competition conditions, improve their own ability, as far as possible in the fierce competition to stand firm, to strengthen the management of their own working capital.

3.1 Strengthen the Control over the Links Involved in Working Capital

Through the control of the purchase process to increase the competitive advantage, improve the quality of the products purchased, reduce the purchase cost, strengthen the department collaboration, combined with joint efforts to purchase the ideal product, ensure the quality of service, the product to the market, will naturally form a greater competitive advantage. Supplier management and control cannot be neglected. Optimize product input process and product quality, expand product sales outlet, establish reliable business relationship with suppliers.

3.2 Network Optimization

Through the analysis of the above problems, we can see that only by establishing strategic

partnership with suppliers can we have stable supply of goods in the long-term operation and play a positive role in driving the whole industry chain. Standardize the production process, so that tourists have a sense of security in the product experience, and lay a solid foundation for the number of future customers. The company attaches too much importance to the advance payment, so it must do a good job in good faith, must not in the quality of the products and service problems. At this point, the strategic relationship with the partners is particularly important [7].

We should not only focus on the form but ignore the content, strengthen the value concept, adhere to the integrity of the enterprise to optimize the quality, deeply understand the needs of themselves and the market, reduce unnecessary waste of funds and resources, and promote win-win cooperation in all links of the value chain. Avoid material hoarding, reduce inventory and working capital outflow. Can make the company obtains long-term stable benefit.

3.3 Strengthen Enterprise Credit

When choosing travel companies, customers prefer travel companies with high reputation and popularity, so that they can get more reassuring experience in the process of travel. We should not spend most of our energy in blind competition. To stand out in the tourism companies and become the most trusted company by customers, the most important thing is to improve our own ability and connotation, so that we can win the competition and obtain higher interests naturally [7].

In order to gain the trust of customers, we should first understand their preferences, strengthen communication, prevent the service concept from weakening, introduce professional talents, provide professional knowledge and experience in this respect, and reduce the unnecessary waste of resources and funds caused by the lack of professional knowledge. Strengthen the assessment of employees, optimize the company environment, let the selected elite employees voluntarily stay in the company, and try our best to make customers satisfied in the process of experiencing the company's service products.

3.4 Characteristic Management

A company is characterized by an efficient way to attract customers. Most customers are curious about things they are not familiar with, such as foreign countries, ethnic minorities, different customs and cultures, climate and other natural environment differences. In these aspects to improve the quality, can enhance the customer's sense of gain, to meet all aspects of customer needs [8].

3.5 Funds Control in Marketing

Arrangements for the pick-up and drop-off of tourists should be made carefully and comprehensively, taking into account various emergencies and meeting reasonable requirements of customers for the trip. Reduce the time spent on the journey, so that tourists will not lose their expectation and patience for the journey, and will not deviate from their ideal journey. After arriving at the scenic spot, the most basic is to solve the problem of food and accommodation, in the case of no worries to visit and play. Experience the local ethnic customs, taste the special food, learn the knowledge and production of local special handicrafts. In the evening, after dinner, performances and bonfire parties can be held to allow customers to participate in and experience the fun of the journey. Ensure full utilization of resources and improve customer satisfaction [9]. With the rapid development of modern e-commerce, to understand the market demand, through the innovation of ticket sales to attract tourists. Make appointments in advance, achieve marketing objectives, reduce marketing costs, speed up the company's operation, and reduce the company's blind investment in various projects.

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