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Research on Enterprise Management Based on Enterprise Value

Yanhua Wang

Shandong Agriculture and Engineering University, Shandong, 250100, China

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Abstract: With the gradual reform and improvement of the economic system, the management model of enterprises is also constantly updated. At present, under the influence of the increasingly diversified external environment, the management model based on enterprise value has become a hot spot in economic management research. It has not only broken through the traditional management model, but also promoted the improvement of the enterprise management system. This paper aims to analyze the analysis of enterprise management model based on enterprise value, so as to provide a reference for the research and application of enterprise value management theory.

1. Introduction

The starting point of financial theory research should be a historical category, although it will maintain certain stability in a long period of time, which will help the accumulation and development of financial theory research. The evolution of this research starting point is in fact an extremely complex theoretical analysis and practical analysis problem, which is closely related to the changes in the overall national economic situation and closely related to the changes in the business ideas of various enterprises. Ignoring this change will be extremely detrimental to the healthy development of financial theory. For example, before the 1980s, Chinese companies pursued the maximization of total industrial output. For the business management personnel of the enterprise, as long as a sufficient amount of products are processed, it means that the task is completed, and no one has ever asked about the sales volume and quality of the product. Under this circumstance, even if there is a real financial management activity, the maximum industrial output value can only be maximized as the objective function of management behavior. In sharp contrast, in the 1990s, especially in the late 1990s, with the continuous development of economic financialization, the continuous improvement of financial markets, the increasingly complex external financing behavior of enterprises, the performance of investors and creditors The focus of attention is becoming more systematic and rigorous, and the financial objective function will increasingly tend to be market evaluation and behavioral expectations. All of this directly led to the widespread acceptance of the objective value maximization objective function, which in turn had a significant and far-reaching impact on the development of financial theory. In financial management, the more commonly mentioned financial goals have profit maximization, shareholder wealth maximization and corporate value maximization. At present, corporate value maximization has gained more and more recognition and support as a financial management target [1].

The concept of enterprise value has become one of the core concepts of modern financial management. The understanding and application of it will largely determine the level of financial management of a company. The introduction of the MM theory in 1958 laid the foundation for modern enterprise value theory. From the perspective of financial research, people need to conduct an in-depth and comprehensive analysis of the correlation between investment decisions and corporate value, the correlation between financing decisions and corporate value, and the correlation between dividend policy and corporate value. The basis for the premise of this analysis is to understand the nature of corporate value. In fact, business management and investors can understand and understand corporate value from different perspectives. Because of this, people can use different methods to estimate the value of the company under continuous operation. Since the 1980s, more and more financial scholars and practitioners have accepted the goal of maximizing corporate value as a corporate financial goal. The universal recognition of this objective function

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not only has an important guiding role for financial managers to implement financial management behavior, but it is especially important that it will have a fundamental impact on the construction of the entire financial management system [2].

2. The Connotation of Enterprise Value Management

Enterprise value management is not only a principle in enterprise management, but also a model in enterprise management. It guides managers' management decisions to a certain extent. In order to maximize the value goal of the enterprise, value management should observe the changes of the external environment of the enterprise in a timely manner, and grasp the timing of investment according to the information transmitted by the external environment, so as to realize the rational allocation of enterprise resources. At the same time, in the business strategy of the company, managers should clarify the principles and directions of operation, and break through to increase profits as the sole criterion for measuring corporate wealth. After the emergence of the value-based business management model, the management philosophy and management methods of the enterprise have undergone certain changes. To achieve more wealth, enterprises should focus on value and pay attention to strategic investment and structural adjustment. . As the goal of enterprise value management, it is no longer simply to maximize profits, but to maximize value. Compared with the previous profit maximization, the value maximization reflects the business status of the enterprise more comprehensively [3].

After the value management has experienced different stages of development, the enterprise value management model is also constantly improving. The digital phase is the initial phase of the value management model. At this time, the management model only stays in the financial aspect. The value of the company is mainly evaluated in the form of statements. At this time, the interaction between financial management activities and strategy gradually becomes formalized. In the integration stage of the management model, the value management model has been improved, and a broader method system reflects shareholder value.

3. The Classification of Enterprise Value Management Model

Under the background of the increasingly complex external environment, the evaluation criteria of enterprise management value have undergone profound changes. The traditional financial-centered evaluation model has been unable to meet the needs of the value management model. Therefore, in order to achieve a comprehensive evaluation, in addition to paying attention to the financial indicators of the enterprise, it is also necessary to focus on potential strategic indicators in order to ensure the potential special benefits of the enterprise. The establishment of non-financial indicators includes not only the analytical model of performance evaluation, but also the analytical model of rewards, which ensures the consistency of the actions of the principal and the agent. According to the integration of financial and non-financial ideas, a logical value management model is constructed, which not only better realizes the integration of value management mode, but also facilitates the integration of value management tools.

The original concept of profit is only for the residual profit, and does not include the creation of value. After the discussion of the value management model, the original concept of residual profit has changed, and value creation has gradually replaced the traditional surplus profit. Under the guidance of the new value concept, investment capital, net operating profit and capital cost are all included in the factors that affect value creation. In the research based on profit-centered value management model, the relationship between company stock and company value is taken as the research focus. After research, it is found that EVA and MVA have the strongest correlation, and also related to business management. After the timely value management system, the economic benefits of many companies have been significantly improved.

The idea of value management first appeared in the theory of capital value. With the increasing emphasis on value management, cash flow has gradually become an important tool for value evaluation. Many scholars have studied the value management model with cash flow as the core.

The research results show that cash flow can not only reflect the performance of business operations, but also effectively measure the value creation of enterprises. At the same time, it is also found in the research that the management model with cash flow as the core has a close relationship with the company's stock market. In the companies that implement the value management model, not only the company's economic benefits have been significantly improved, but also the company's stock market income has been obtained. It can be seen that corporate performance is closely related to the corporate management model with cash flow as the core. Strengthening the control of cash flow can not only constrain the economic behavior of shareholders, but also improve the enterprise value management model [4].

4. Analysis of Value-Based Business Management Model

Enterprise management is a historical concept, and its contents, principles, and methods are all imprinted with obvious historical imprints. In different historical development periods, the focus of business management is different, and even the influence on business development will be different. According to Wang Guangqian (1997), the degree of economic financialization can be measured by the ratio of financial instruments or financial assets to the ratio of national wealth (tangible asset value), that is, financial correlation. Due to the relative independence of financial operations, this ratio is likely to be greater than 1 even on theoretical values. In fact, the financial-related ratios of many developed countries have already exceeded 1, and are still rising rapidly. Many financial economists believe that the more types, distributions, and scales of financial instruments, financial institutions, and their combinations, the higher the financial correlation ratio, the higher the level of financial development and the more developed the economy.

For business operations, the deepening of economic and financialization has brought about opportunities for sustainable development, as well as increasing risks that cannot be ignored. With the continuous increase of financial instruments, corporate financing methods have also shown a diversified trend, fully satisfying the needs of corporate investment diversification and laying the foundation for sustainable development. But opportunities and risks coexist, and increasing financial transactions have also added significant risk factors to business operations. The definition, measurement, dispersion and control of risk has long been an important part of financial economics. The continuous evolution of the entire economy from agro-industrialization, industrialization, monetization to financialization has not only changed the physical content of the economic system, but also has constantly changed people's understanding of the economic system and its efficiency. For example, in the industrialization era, an enterprise with a large amount of fixed assets and capable of producing a large number of products is an excellent enterprise. Production capacity and technical level have become the decisive factors determining the efficiency of enterprises. However, with the progress of economic financialization, this understanding of enterprise efficiency is clearly no longer consistent with the new economic environment. Because it is different from the industrialization period, the resources controlled by the enterprise management authorities are often assets and liabilities that have been fully securitized, such as stocks and bonds. The liquidity of these resources and the value of these resources are all significantly affected by financial markets. Particularly critical is that due to the highly developed securities market, many companies have achieved direct financing, and equity investors and creditor investors have become direct claims holders of corporate assets. Their focus on corporate efficiency has clearly shifted away from the production and operation process to the market value of various financial assets. Just 10 years ago, many securities analysts in Western countries also focused on some traditional accounting data, such as earnings per share, equity return on capital, etc., in order to judge the level of corporate performance. But now more and more people are paying attention to the evaluation and analysis of factors such as cash flow and stock market value. The greater the market value of the company's stock issuance, the more obvious the company's business performance.

5. The Logic Analysis of Enterprise Value Management Mode

In the enterprise value management model, since the strategic form of the enterprise is diverse, in order to ensure the effectiveness of the strategic structure, the strategic planning of the enterprise should be emphasized. The value-centered strategic plan is mainly for the company's management activities. Its goal is not only to create opportunities for the company to obtain economic benefits, but also to help managers understand the company's management activities. In the important components of value management, in addition to the indicator system that assesses the company's effectiveness, it also includes value-based strategic planning. In order to strengthen managers' control over value activities, it is necessary to promote the value drive in the company's business, and to clarify the manager's value objectives. At the same time, in the process of strategic planning, the company must allocate funds according to its intrinsic value and endurance, which not only ensures the normal operation of the company's funds, but also maximizes the value of the company. It can be seen that the normative nature of strategic planning is conducive to improving the value management model of enterprises [5].

From the perspective of logic analysis of enterprise value management model, value assessment method is an important part of it, and it is also an effective way to measure value management indicators. To achieve the effectiveness of corporate value management, we must first assess the company's development status. It should proceed from the actual situation of the company and fully consider the external environment of the company to ensure the rationality and accuracy of the value assessment method. In carrying out the company's value activities, we should make a reasonable analysis of the opportunities and challenges faced by the company and pay attention to the effectiveness of the measures. It can be seen that the value assessment method plays an important role in the logic analysis of the enterprise value management model. Therefore, in order to better realize the logic analysis of the enterprise management model, an effective evaluation method should be emphasized.

In the value-based governance structure, the enterprise property rights structure is the basis for promoting value management and plays an important role in enterprise value management. Therefore, in order to promote operators to become senior entrepreneurs, we should pay attention to the rationality of corporate property rights structure. Therefore, in order to achieve the unity of the enterprise's economic value and market value, it is necessary to effectively combine internal governance with external governance, and pay attention to the construction and improvement of external governance mechanisms.

In order to tap the potential creation value of the company, it is necessary not only to clarify the company's value defects and deficiencies, but also to pay attention to the effectiveness of the strategy implementation. In the implementation of enterprise value management model, restructuring strategy is one of the important components, including not only value-based restructuring business processes, but also structural strategies based on corporate competition. Value-centered reorganization is a complex process, so in order to achieve the rigor of organizational planning, it is necessary to build an effective organizational system. The original value is an effective way to reflect the intrinsic value of the company. It has certain differences with the market value. To realize the cash flow value of the company, we should pay attention to the important links in the implementation of the original value. After the evaluation of all restructuring agencies, it is necessary to turn to the pentagon reorganization with financial restructuring as the core. To achieve the effectiveness of financial restructuring, financial innovation and risk awareness should be emphasized in order to increase the value of the company by reducing the cost of capital. It can be seen that in the stage of strategy implementation, in order to better realize the value-based enterprise management model, financial restructuring should be effectively combined with original value.

6. Conclusion

In summary, compared with the traditional management model, the enterprise value management model is mainly based on value, and highlights the important position of enterprise value in enterprise management, which not only benefits the overall value of the enterprise, but also achieves the unity of the economic value of the enterprise and the market value. Therefore, as a new management model, the enterprise value management model has an irreplaceable position and role in the development of enterprises. It can be seen that in order to better realize the value of the enterprise, it is necessary to strengthen the enterprise management model based on the enterprise value.

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