

Analysis of the Current Situation and Improvement Strategies of Industry-Finance Integration in Small and Medium-Sized Enterprises

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ABSTRACT

In the face of increasingly fierce market competition, small and medium-sized enterprises are confronted with numerous challenges. The integration of business and finance, as an effective way to enhance the management level and competitiveness of enterprises, is becoming increasingly important. This paper deeply analyzes the current situation of business and finance integration in small and medium-sized enterprises, reveals the existing problems, and proposes targeted improvement strategies, aiming to provide useful references for small and medium-sized enterprises to achieve efficient business and finance integration and promote sustainable development.

KEYWORDS

Small and medium-sized enterprises; Business and finance integration; Improvement strategies

1. INTRODUCTION

With the deepening of economic globalization and the intensification of market competition, small and medium-sized enterprises are facing increasingly severe challenges to survival and development. Against this backdrop, improving internal management efficiency and optimizing resource allocation have become key for smes to achieve sustainable development. Business and finance integration, as an innovative management concept and model, emphasizes the deep integration and synergy of business and finance, helps break down departmental barriers, improve information transmission efficiency, and provide more accurate and comprehensive data support for enterprise decision-making, thereby enhancing the market competitiveness of enterprises. This paper conducts an in-depth study of small and medium-sized enterprises, which is of great practical significance for revealing the current situation and problems of their integration of business and finance and proposing feasible improvement strategies.

2. AN OVERVIEW OF BUSINESS AND FINANCE INTEGRATION

2.1. The Connotation of Business and Finance Integration

Business and finance integration refers to the deep integration of business processes and financial processes, promoting the full participation of the finance department in business activities, breaking down information barriers between departments, and facilitating the transformation of financial management from traditional post-event accounting and supervision to a full-process management model covering pre-event prediction, in-event control, and post-event analysis; By achieving real-

time sharing and interaction of business and financial data, information silos between business and financial departments are eliminated, and departmental communication and collaboration efficiency are enhanced, thereby creating higher value for the enterprise [1]. In this process, business and finance are no longer independent modules but are organically connected through process reengineering, allowing financial data to reflect business dynamics in real time and financial rules to be embedded in business decisions, enabling business departments to optimize decisions through precise financial analysis and finance departments to improve resource allocation efficiency through in-depth understanding of business logic. Ultimately, the operational efficiency and profitability of the enterprise are enhanced through departmental synergy.

2.2. The Importance of Business and Finance integration

2.2.1. Enhance the scientific nature of business decision-making

In the traditional enterprise management system, business departments and finance departments are often disconnected. Due to poor information transmission and the lack of communication mechanisms, enterprise decision-making often faces the predicament of insufficient and inaccurate data. Business and finance integration builds a bridge for information sharing, deeply integrates business and financial data, and provides comprehensive and reliable decision-making support for management. Based on systematic analysis of business data, the finance department can provide professional advice to the business department in key areas such as cost control, budget planning, and risk prediction, helping business decision-making to become more scientific and rational, effectively improving the accuracy and efficiency of enterprise resource allocation, and promoting the tilt of resources towards high-value links.

2.2.2. Enhance the enterprise's risk prevention and control capabilities

Compared with large enterprises, small and medium-sized enterprises are more likely to fall into operational difficulties when the market environment fluctuates due to their limited business scale and insufficient risk-resistance capacity. The integration of business and finance can exert the synergy of business management and financial management, allowing financial management to supervise and control the entire business process [2]. Through deep mining and analysis of financial data, the finance department can accurately identify potential risks such as delayed accounts receivable recovery and runaway costs, alert the business department with real-time early warning mechanisms, and jointly formulate risk prevention and control plans to help enterprises resolve crises in advance, minimize economic losses caused by risks, and enhance survival resilience in complex market environments.

2.2.3. Improve operational efficiency of enterprises

Business and finance integration aims to reshape the internal operation system of enterprises, significantly enhancing overall operational efficiency by streamlining redundant processes and eliminating repetitive operations. Relying on a unified digital information platform, enterprises are able to break down the barriers between business and financial data, achieve real-time data sharing, and effectively avoid efficiency losses and information deviations caused by repeated data entry. In actual business scenarios, the business department can immediately obtain professional support from the finance department in key links such as budget approval and fund coordination to ensure the smoothness of business advancement; At the same time, finance personnel, by deeply participating in business processes, have a more accurate grasp of business logic, making financial work more in line with the actual operational needs of the enterprise, ultimately forming a virtuous cycle of mutual empowerment and synergy between business and finance.

2.2.4. Promote value creation for the enterprise

The integration of business and finance takes maximizing enterprise value as its core orientation. By promoting the in-depth collaboration between business and finance, it helps enterprises accurately

identify market opportunities, scientifically optimize product pricing strategies, strengthen full-process cost control, and thereby enhance profit levels and market competitiveness. In this process, the finance department breaks through the functional boundaries of traditional cost management, deeply participates in the business decision-making process, and becomes an important driving force for enterprise value creation. Take new product development as an example. The finance department uses cost-benefit analysis models, combined with market demand and input-output estimates, to provide data support and feasible suggestions for the R&D team to ensure that R&D projects can achieve the expected economic benefits and promote sustainable development of the enterprise.

3. ANALYSIS OF THE CURRENT SITUATION OF BUSINESS AND FINANCE INTEGRATION IN SMALL AND MEDIUM-SIZED ENTERPRISES

3.1. Communication and Collaboration Between The Business and Finance Departments

There are still many deficiencies in communication and collaboration between the business and finance departments. When conducting business activities, business units tend to focus more on achieving business goals, such as increasing sales, expanding market share, etc., and give relatively less consideration to financial factors. When signing sales contracts, business personnel may focus only on the contract amount and sales volume, ignoring financial issues such as payment terms and tax risks in the contract, which may cause difficulties for the company in the subsequent collection process and increase financial risks. The finance department, due to insufficient understanding of the business process, sometimes fails to meet the actual needs of the business department when providing financial support and services. When conducting financial analysis, finance personnel often confine themselves to the financial data itself, lacking an understanding of the business context and business logic, which makes the financial analysis report have limited guiding significance for the business department. In addition, there is a lack of an efficient communication mechanism between the business department and the finance department, and there is a lag and deviation in information transmission, which leads to frequent misunderstandings and conflicts between the two sides in the work and has a negative impact on work efficiency and the overall operational effectiveness of the enterprise.

3.2. Application of the Information System

Small and medium-sized enterprises have invested certain resources in information construction and have applied some basic information systems, such as financial management software, inventory management software, etc. However, there are information silos among these systems, and data has not been effectively shared and integrated. Financial management software is mainly used for financial accounting and report preparation, while inventory management software is mainly used to manage the purchasing, sales and inventory operations of enterprises. The data between the two cannot interact in real time. Financial personnel have to manually enter inventory data into financial management software, which not only increases the workload easily, but also leads to data entry errors.

In addition, the information systems of small and medium-sized enterprises have certain limitations in functionality and cannot meet the deep demands of business and finance integration. In terms of cost accounting, the existing information systems can only perform simple cost calculations and are unable to conduct refined analysis and control of costs, making it difficult to meet the company's requirements for cost management. In terms of budget management, the budget preparation function of the information system is not flexible enough and cannot be adjusted in real time according to

market changes and actual business conditions, resulting in a disconnection between the cost budget and actual business and the inability to truly exert the control role of the budget.

3.3. Establishment and Implementation of Systems Related to the Integration of Business and Finance

Small and medium-sized enterprises have made certain progress in establishing systems related to the integration of business and finance, and have formulated some basic financial management systems and business process norms. However, there are some problems in the implementation of these systems. On the one hand, some employees have insufficient awareness of the integration of business and finance and lack the awareness and initiative to implement the system. For example, in the expense reimbursement process, some business personnel failed to provide complete reimbursement vouchers as required by the financial system, which hindered the reimbursement process and affected work efficiency. On the other hand, there are also imperfections in the system itself, lacking clear regulations and specific operational procedures for key links in the integration of business and finance. For example, in the project investment decision-making process, although it is stipulated that the finance department should participate in the feasibility analysis of the project, there is a lack of clear regulations on how the finance department should participate, the extent of its participation, and the role it should play, resulting in insufficient participation of the finance department in the actual operation and inability to provide adequate financial support for the project investment decision-making.

3.4. Employees' Awareness and Ability Regarding The Integration of Business and Finance

In terms of employees' perception of the integration of business and finance, most employees in small and medium-sized enterprises have insufficient understanding of the concept and importance of the integration of business and finance. Business personnel generally believe that business and finance integration is the responsibility of the finance department and has little to do with their own work, lacking the awareness of proactive communication and collaboration with the finance department at work. Although financial personnel have some understanding of the integration of business and finance, due to their long-term engagement in traditional financial work, their way of thinking is rather rigid and their mastery of business knowledge is limited, making it difficult for them to combine financial knowledge with business practice to provide effective support and services to the business department.

In terms of employee competency structure, the company lacks compound talents who have both financial expertise and practical experience in business operations. The business capabilities of financial personnel need to be improved, and they do not have a deep understanding of the enterprise's production and operation processes, market dynamics, etc., and are unable to accurately grasp the financial risks and opportunities in business activities. The financial literacy of business personnel is also relatively low, and their ability to apply financial knowledge and financial tools is insufficient, making it difficult for them to fully consider financial factors in business decision-making processes. This unreasonable talent structure restricts the in-depth advancement of the company's integration of business and finance.

4. IMPROVEMENT STRATEGIES FOR BUSINESS AND FINANCE INTEGRATION IN SMALL AND MEDIUM-SIZED ENTERPRISES

4.1. Strengthen Interdepartmental Communication and Collaboration

4.1.1. Establish interdepartmental communication mechanisms

Small and medium-sized enterprises should establish a system of regular interdepartmental communication meetings, with the participation of heads of business departments, finance departments and other relevant departments. At the meetings, departments can exchange and discuss problems encountered during business operations, differences in financial data and analysis results, etc., promptly address communication barriers and ensure the timely transmission and sharing of information. At the same time, a dedicated cross-departmental communication and coordination position is set up to track and coordinate communication matters between departments, provide timely feedback on the progress of problem-solving, and ensure the effective operation of the communication mechanism.

4.1.2. Carry out cross-departmental training activities

Organize business and finance personnel to participate in cross-departmental training activities to help both sides gain a deeper understanding of each other's work content and processes. For business personnel, conduct basic financial knowledge training to enable them to master basic financial statement analysis, cost control, etc., and enhance financial awareness in the business operation process. For financial personnel, business process training is provided to familiarize them with the company's production, sales, procurement and other business links, so that financial knowledge can be better applied to business practice. Through cross-departmental training, enhance mutual understanding and trust among departments and create a good working atmosphere for the integration of business and finance.

4.2. Enhance the Level of Informatization

4.2.1. Improve the functionality of ERP systems

Small and medium-sized enterprises should conduct a comprehensive assessment of their existing ERP systems, identify deficiencies in their functions, and optimize and upgrade them in a targeted manner. Enhance integration among business modules to ensure smooth flow and sharing of data across different modules. For example, improve the data interface between the production module and the finance module to achieve automatic accounting and accurate aggregation of production costs. At the same time, advanced data analysis tools are introduced and integrated with the ERP system to conduct in-depth mining and analysis of the data in the system, providing more scientific and accurate support for enterprise decision-making.

4.2.2. Introduce advanced information technology

Small and medium-sized enterprises should actively promote the deep integration of cutting-edge information technologies such as big data, artificial intelligence and cloud computing with business and finance. By integrating and processing massive amounts of business and financial data through big data technology, mining the implicit value of the data, and providing precise data support for market trend prediction, customer profiling analysis, and cost control refinement; Using artificial intelligence technology to automate processes such as financial audits and report generation significantly improves financial efficiency and data accuracy; Build a secure and reliable data storage and sharing platform based on cloud computing technology, break geographical restrictions, create efficient conditions for cross-regional collaborative work of enterprises, and fully empower the integration of business and finance to upgrade to intelligence and digitalization.

4.3. Cultivate professional talents for business and finance integration

4.3.1. Internal training and promotion

Small and medium-sized enterprises can build a systematic hierarchical training system, customize differentiated business and finance integration training programs for financial and business personnel, and fully achieve the transformation and integration of financial personnel [3]. For financial personnel, with business practical knowledge and integrated application skills as the core, strengthen their ability to use financial data to support business decisions through typical case analysis, scenario simulation, etc. For business personnel, the focus is on popularizing basic financial concepts, indicator interpretation and cost control methods to enhance their financial thinking and data analysis capabilities. In addition, incorporate training participation and results into the performance appraisal system, establish incentive mechanisms to stimulate employees' enthusiasm for active learning, and promote the full penetration of the concept and skills of business and finance integration within the enterprise.

4.3.2. External introduction and cooperation

Small and medium-sized enterprises should actively recruit compound talents who are proficient in both business and finance from outside to strengthen their talent pool. The company can attract outstanding business and finance integration professionals through various channels such as recruitment websites, talent markets, headhunting companies, etc. In addition, strengthen cooperation with universities and research institutions, establish industry-university-research cooperation bases, and conduct research and practice on businessfinance integration-related topics. Through cooperation with external institutions, more professional talents can be cultivated and delivered to enterprises, and at the same time, the latest developments and cutting-edge technologies in the industry can be promptly understood to provide intellectual support for the integration of business and finance of enterprises.

4.4. Improve Management Mechanisms

4.4.1. Establish and improve the performance appraisal system

Small and medium-sized enterprises can incorporate key indicators of the integration of business and finance into the performance appraisal system, clearly defining the responsibilities and goals of each department and employee in the integration of business and finance. For business units, focus on indicators such as compliance of business processes, accuracy of budget execution, and effectiveness of cost control; For the finance department, the assessment is based on dimensions such as the quality of financial analysis, the effectiveness of business support, and the timeliness of risk warning. By establishing an assessment mechanism, the personal interests of employees are deeply bound to the enterprise's goal of integrating business and finance, stimulating the enthusiasm of all employees to participate and driving the continuous deepening and implementation of the integration of business and finance.

4.4.2. Optimize the decision-making mechanism

Small and medium-sized enterprises need to establish a complete decision-making system integrating business and finance, and clearly define the boundaries of rights and responsibilities between the business and finance departments in the decision-making process. When it comes to major decisions, the two departments are required to work together, giving full play to the business's insight into market trends and the finance's expertise in data measurement and risk assessment to jointly produce comprehensive and accurate decision-making basis. At the same time, strengthen communication and coordination throughout the decision-making process to ensure that business development goals are in sync with financial control requirements. Through systematic optimization of the decision-making

mechanism, enhance the scientific nature of decision-making and the efficiency of execution, and build a solid institutional guarantee for the stable development of the enterprise.

5. CONCLUSIONS AND PROSPECTS

5.1. Research Conclusions

This article conducts an in-depth analysis of the current situation and existing problems of the integration of business and finance in small and medium-sized enterprises, and proposes corresponding improvement strategies. The study found that although small and medium-sized enterprises have achieved certain results in the integration of business and finance, such as the initial success of information construction and the strengthening of budget management, there are still problems such as poor communication and collaboration among departments, the need to improve the level of informatization, the shortage of professional talents in the integration of business and finance, and the imperfect management mechanism. In response to these problems, this paper proposes a series of improvement strategies such as strengthening interdepartmental communication and collaboration, enhancing the level of informatization, cultivating professional talents in business and finance integration, and improving the management mechanism, aiming to help small and medium-sized enterprises further deepen the integration of business and finance within the company and enhance the management level and core competitiveness of the enterprise.

5.2. Research Outlook

The integration of business and finance is not a static management outcome, but a continuous iterative dynamic process. With the complex evolution of the market environment and the increasing demand for refined management in enterprises, its connotation and extension are constantly enriched and expanded. In the process of promoting the integration of business and finance, small and medium-sized enterprises need to keenly capture industry development trends and technological innovation directions, and actively explore integration models and methods that fit their own development characteristics. At the same time, there is an urgent need for the government and relevant departments to strengthen policy guidance, increase financial support, and optimize technical services to provide strong support for the integration of business and finance of small and medium-sized enterprises and help them achieve high-quality development.

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