

Challenges in financial management from the perspective of mining companies

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Abstract

Chinese enterprises are constantly reforming and developing under the economic system, and are facing huge challenges. After three years of the outbreak of the new crown epidemic, China's economy is now ushering in a period of moderate recovery. Under the changes in the international economic situation, China's manufacturing industry has been suppressed, the development growth rate is slow, and mineral enterprises, as upstream industries, have also been affected to a corresponding extent in the entire closed loop of economic development. From the perspective of enterprise economy, it is very important to optimize the financial management system within the enterprise. Based on the financial management risks faced by the changes in the economic system, this paper analyzes the problems in the process of financial management and puts forward targeted suggestions.

Keywords : Financial management; mining enterprises; financial risk; Industrial layout

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Introduction

The management system of the enterprise requires managers to learn to use advanced management technology in the process of practice, improve the management level of the enterprise, improve the operating conditions of the enterprise, and empower the enterprise in order to adapt to the development of the times. A high-level financial management system enables companies to get the maximum return with the minimum investment amount, especially for companies with large upfront investment amounts. As an upstream industry, mining enterprises have been greatly impacted, and product prices have plummeted. Affected by the epidemic and product prices, some mines were suspended. The production and operation of mining enterprises have suffered a huge crisis, and problems such as the inability of workers to work, the difficulty of maintaining production and marketing, and the difficulty of connecting the capital chain with business activities have become prominent. The operation and management and development of enterprises are constantly adjusted and modified with the help of social economy, so a scientific and effective financial management system is an important cornerstone for the sustainable development strategic goals of enterprises.

The domestic situation faced by the financial management of mining enterprises

Changes in mining industry policy

Under the background of the new normal, China is facing many challenges such as speed shift and industrial chain structure adjustment, but high-quality development is inevitably inseparable from the control of modern financial management methods. General Secretary Xi Jinping has put forward clear requirements for the resource-based economy. In the face of the new situation, especially the turbulence of the economic market under the epidemic conditions, the optimization of industrial management is becoming more and more important.

Transaction management adopts competitive transfer, centralized transaction, transfer contract management, etc., and optimizes the division of responsibilities between the natural resources management department and the trading platform. The conditions for suspension and termination of trading behavior have been refined; Strengthened the time-bound requirements for the transaction process; Liability for breach of contract and credit supervision have been improved[1]. From the perspective of corporate financial management, changes in transaction rules affect the relevant variables of the valuation model.

Mining trends

Mining production is a high-risk industry, and casualties and property losses caused by mining safety accidents have emerged in media reports one after another, which has attracted great attention from the society. For a long time, the work of mining safety management in China has relied heavily on administrative management and has not paid attention to the construction of the legal system. From the perspective of mining financial management, the popularization and strengthening of legal awareness is the key factor to promote the implementation of the mining safety production management system, which reduces the cost of appeal and compensation to a certain extent, and indirectly enhances the wealth value of enterprises.

Adhere to sustainable green development and promote the construction of ecological civilization in a resource-saving manner. Through the optimization of global resource allocation, a safe and stable supply system will be established to meet the sustainable development ideas of mining enterprise resources.

The internal financial management environment of the enterprise

The financial management of mineral enterprises that is carried out in an all-round way around the production and operation activities of enterprises is inseparable from the advanced financial management system that matches the market economic environment. In a standardized financial management environment, the company's leadership and non-finance-related functional departments can have a certain degree of understanding of a series of financial management concepts such as the time value of money, opportunity cost, sunk cost, etc. In the fast-changing market, in order to seize the opportunity, the internal financial management of enterprises needs to improve financial awareness in the standard.

A change in the concept of financial management

The work content performed by the financial department of the enterprise is usually the collation and accounting of data, and the managers of most enterprises have a limited understanding of the accounting work, and only think that the accounting of data is carried out, and there is a lack of a process of analyzing data and communicating with other departments, and what is the important role of financial work in the operation and management of the enterprise that is completely ignored? Its financial management concept lags behind, does not have the awareness of management accounting, and cannot give full play to the advantages of management accounting for the sustainable development of enterprises. In addition, although the government has issued opinions and guidance on the transformation of management accounting, some enterprises lack management awareness and do not strictly implement the regulations in the specific implementation, resulting in poor results in the transformation work. Therefore, it is difficult to change the concept of financial management to keep pace with the times.

Analysis of the problems existing in the financial management of mining enterprises

There is a lack of initiative in financial management

In daily work, the financial management of mining enterprises is gradually becoming standardized, and there is a set of its own model. Most of the financial staff in the company only focus on the historical work such as financial management records, financial statements, and financial data, and the analysis level is only limited to historical data, rather than looking at financial management from a development perspective, without taking into account the future development trend. Financial management and financial accounting are essentially the management of the assets of the enterprise, but financial management is different from accounting that only focuses on historical data, and financial management is more about the analysis of the unknown market in the future, considering market risks, the time value of money, etc. to provide information to the management. The lack of active application is a major weakness in financial management, and at the same time, there is no corresponding management early warning mechanism.

Lack of interdisciplinary financial management talents

In China, most traditional enterprises tend to ignore the cultivation and management of high-level talents, the aging of employees is serious, the age structure of internal employees is unreasonable, and there is a lack of fresh blood injection. With the reform and development of the economic system, enterprises have realized the importance of talent management, especially the professional management of financial managers, which not only requires financial personnel to have professional quality, but also requires them to understand and master other knowledge related to non-financial fields. A high-quality financial management work requires not only the support of financial data information, but also the relevant non-financial data information provided by other departments, which is considered comprehensively to make the information analysis more objective and accurate, so as to facilitate the correct decision-making of the management. Only when financial managers have a certain degree of understanding of the production and marketing process of the enterprise, can they accurately make accurate judgments and analyses on the information provided by relevant departments. However, China's geology and mineral enterprises are still a large number of scarce such compound financial management talents, which limits the further optimization of enterprise financial management to a certain extent.

The communication of internal financial data and information is not timely

The overall scale of mining enterprises is large, and it is common for too many financial systems to be duplicated. The financial system used by enterprises in the early days has accumulated a lot of historical information. Finance staff are familiar with the old system. With the development of software innovation, most enterprises at this stage are introducing ERP systems, using one system to cover all financial content [5]. However, in practice, the traditional financial system and ERP system cannot achieve data sharing, but increase the burden of information construction. In addition, the traditional financial work system does not play the role of financial data analysis, supervision and cross-tracking, resulting in enterprises still need to be carried out through departmental meetings when following up on projects and considering funds, which will also cause lag in information decision-making.

Enterprises do not have a strong sense of financial risk management

First of all, the financial risk control process design of mining enterprises is not sound, a complete and sound financial risk control process includes several aspects, according to the survey results, in terms of risk identification, most enterprises are through the issuance of questionnaires, fill in WeChat applets and forms and other forms to establish a risk identification framework, the results of the survey are limited by the sample, most of the people who fill in the form are to complete the task of the mentality to complete the survey, the results can only partially reflect the facts, reliability needs to be verified by a large number of samples. In terms of risk early warning, there is a lack of specific investigation when setting risk early warning targets, which makes the feasibility and completion too idealistic and deviates from reality. In addition, the design level of early warning indicators is too flat and single, resulting in the risk indicators not reaching the accuracy of prediction, and the timely and sensitive response plan cannot be made for the occurrence of emergencies, and the resulting deviation affects the effectiveness of the decision-making of enterprise operators to a certain extent. In terms of risk control, mining enterprises follow the inherent procedural characteristics of state-owned enterprises: approval, poor timeliness of approval. After discovering the risk early warning information, the enterprise needs to go through too many process links in the specific implementation of the risk prevention plan, resulting in a lot of time cost consumption, which makes the enterprise's response measures to the risk lack of effectiveness, misses the opportunity to respond, and causes a certain degree of loss.

The second is that the risk control target setting of the mining industry is unreasonable and unscientific. Risk management is a complex and lengthy process. It seems to be an ethereal slogan, but in fact it has a lot of potential. Goal setting must include strategic objectives, operational efficiency objectives, reporting timeliness objectives, and asset safety and integrity objectives. According to the survey, mining enterprises set risk control objectives in their daily operations and only focus on compliance objectives, often ignoring other objectives, and only focusing on the compliance disclosure of financial reports. The goal setting is too simple, and the lack of macro risk control objectives has caused enterprises to be in a passive situation when dealing with risks.

Management and its tendency to ignore the security risks of the company's internal financial system. The financial password of the basic position is open and the awareness of confidentiality among employees is very low, and there is a big problem with data security. In addition, the financial management personnel are not accustomed to the company's OA system, and never carry out key confidential file transmission and work communication on the system, and almost always use WeChat and other network platforms to communicate, resulting in a high risk of information leakage.

The internal control system is not perfect

The financial management and risk control system of an enterprise is a relationship that complements and influences each other. In the process of production and operation, a certain amount of funds is used as a guarantee for the normal consideration of working funds. Due to the fluctuating market environment, it will lead to unsatisfactory losses in actual use and expected efficiency, resulting in financial management crises; Or because of the imperfection of its own internal control system, the implementation performance is not up to standard, resulting in the company's profitability is not up to standard.

In the market environment, changes in any link factor will lead to the rupture of the company's internal economic circulation system, and effective internal control can minimize the cost of the enterprise. Internal control is mainly to supervise the business activities of various departments of the enterprise, the expenses incurred, and any aspects that are detrimental to the development of the enterprise. Therefore, enterprises must improve the relevant internal control system and emergency response measures in combination with their own business environment to ensure the controllability of financial and internal control risks.

Improvement measures to optimize the financial management of mining enterprises

Strengthen the quality education of financial management personnel

Emphasize the financial management of enterprises, standardize internal financial behavior, and create a good economic environment for enterprises. Through a variety of ways to increase the training of financial personnel, expand the knowledge of financial management personnel, but also fully mobilize their work initiative and initiative.

Improve internal information communication channels and establish an accounting information processing system

Mining enterprises need to adapt to the pace and development needs of the information age, strengthen the information construction of their own financial management, and also keep up with the pace of development, actively apply advanced information technology in the process of promoting information construction, and adopt new technologies to improve the internal information communication channels of enterprises. The network information construction of financial management effectively avoids the problems of serious information distortion, data fraud, and low efficiency of internal communication and communication in the traditional financial management model, and the data is managed in the background of the network, and is operated by specialized staff, which minimizes the possibility of financial information distortion and falsification, and ensures the reliability of information. Under the guidance of professional and technical personnel, the financial management system is deeply embedded with interconnected technology, which is not only conducive to the management to make final decisions, but also improves the efficiency and quality of the company's financial management. Only by solving the problem of integration between information data and network services and establishing a complete and scientific information processing system can the efficiency of financial management be maximized.

Strengthen the awareness of enterprise financial risk management

First of all, optimize the financial risk control process of the enterprise. Specifically, it is divided into the following steps: 1. The collection of financial risk information, including the collection of internal financial data of the enterprise, is carried out internally to understand the knowledge of relevant laws and regulations and new government policies; 2. Identify and evaluate the financial risk status, optimize the financial risk identification framework, and improve the risk identification rate; 3. Conduct in-depth analysis of the specific situation of financial risks, and carry out horizontal and vertical comparative analysis in a timely manner; 4. Improve financial risk control measures and adopt risk control strategies for the business conditions of the enterprise.

Secondly, formulate scientific risk management objectives, determine the macro- objectives of financial management in combination with the relevant theories and practical work of enterprise internal control, assume the social responsibility of the enterprise, and ensure the compliance operation of the enterprise. For the implementation of asset objectives, in addition to ensuring that the company's assets minimize asset risks, we also continuously strengthen our own asset management efforts. For business objectives, set long-term goals according to the different stages of their own development, and make corresponding changes and adjustments according to specific business conditions to ensure the long-term sustainable development of enterprises. For the disclosure target, the enterprise must ensure that the relevant business information, financial report information, audit report, etc. are disclosed and publicized to the public in a timely manner, and predict possible business risks. For strategic goals, the financial management goals of the enterprise and the strategic development must coincide.

Improve the internal restraint mechanism and improve the means of internal control

Through the establishment of a scientific and effective internal control system, to achieve the financial management goal of maximizing shareholder wealth, improve the comprehensive system of internal corporate financial management, and reduce operational risks.

The construction of the financial management system of mining enterprises is an indispensable and important part of the efficient operation of internal control and the promotion of sustainable development. Financial management is a complex and lengthy governance work, and under a scientific and effective management system, all departments of the company need to work together to strengthen the training and education of financial management personnel. In order to effectively implement the internal control system and various economic activities, a reasonable financial management system should be customized, so that each employee can clarify his or her responsibilities, ensure that each position can restrain each other, and avoid the loss of the company's interests due to personal ability; Strengthen communication between various departments, set up a special team to be responsible for risk management, strengthen the audit function, and implement strict information quality review and review; Finally, establish an incentive and restraint mechanism to motivate employees to continuously enhance their sense of self-morality and improve the reward and punishment system.

Improve financing channels

As a large-scale mining enterprise, the single financing channel will cause an unreasonable capital structure and increase financial risks. Broadening financing channels and determining a reasonable leverage ratio can reduce the financial pressure of enterprises and improve their existing business scale and debt repayment ability. Enterprises need to formulate a scientific and effective short-term loan plan with strict approval based on their own business conditions and development strategies. By improving financing efficiency, reducing financing costs and expenses, strengthening capital management, rationally arranging financing channels and establishing good capital institution relations, enterprises can obtain long-term and stable cash flow while meeting the company's sustainable development needs.

conclusion

With the changes in the manufacturing industry in the international market, as well as the gradual saturation of the market, if the mining enterprises cannot establish a scientific and complete financial management and control system in time, it is bound to endanger the survival and sustainable development strategy of the enterprise. It is necessary to strengthen the control of the internal environment and the functional training of the staff so that they can discover problems and solve them in a timely manner. Strengthen the awareness of financial risks and reduce the information barriers between employees in various departments. In addition, it is necessary to effectively establish a project evaluation mechanism to determine whether the scale of the industry and the feasibility of technical solutions and to predict the crisis factors that may be faced.

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