

# The Risk of Financial Management of Small and Medium-Sized Enterprises in Erp Environment and it's Prevention Strategy

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**Abstract:** With the continuous development of society, the information age has come, in this context, China's small and medium-sized enterprises ushered in new opportunities for development, but also faced with great challenges. Financial management is the key part of enterprise management. If an enterprise wants to improve its internal control ability and the efficiency of resource optimization, it must improve the level of financial management. The application of ERP system can improve the efficiency and quality of financial management, reduce the risk of enterprises and improve the market competitiveness. But how to use ERP system effectively is a problem to be solved. This paper makes a brief analysis on the risk of financial management of small and medium-sized enterprises in ERP environment.

## 1. Introduction

Under the background of information age, if the small and medium-sized enterprises want to develop in such fierce market competition, they must improve their own competitiveness to ensure the sustainable development of enterprises. Enterprises are required to follow the trend of the information age and actively improve management concepts and methods. The application of ERP system is of great help to the improvement of the financial management level of small and medium-sized enterprises. It can establish a new financial management system, optimize the resource allocation of enterprises, standardize the financial management of enterprises, and improve the level of financial management information, so as to improve the market competitiveness of enterprises.

## 2. The Important Role of Erp in the Financial Management of Small and Medium-Sized Enterprises

### 2.1. Improve Work Efficiency

ERP system is an enterprise information system, which needs the information technology means of cash and the management idea of cash. In small and medium-sized enterprises, the application of ERP system has great significance. The financial work of an enterprise is always complex. It is far from enough to rely on manual financial management. The data processed by manual is lack of accuracy and efficiency. If the enterprise uses ERP system for financial management, the data can be entered into the system in real time to improve the working efficiency of financial staff and the overall working efficiency of the company [1].

### 2.2. Improve Data Accuracy

The financial management of an enterprise is not only to store financial data, but also to make financial decisions, which requires that the accuracy of financial data is high enough. If small and medium-sized enterprises do not apply ERP system to financial management, many accounts are easy to be ignored, and the accuracy of data will be greatly reduced. If there is an ERP system for financial management, the accuracy of financial data can be significantly improved. Once there are funds in and out of the system, they will be reflected in time to fully ensure the accuracy of the data.

### 2.3. Helpful for Data Analysis and Risk Decision-Making

When ERP system is used in small and medium-sized enterprises, the financial data will be stored in the platform truly, accurately and timely, so that the platform can accurately collect these information, which can provide scientific basis for financial budget and risk, and reflect the real financial situation of the company. In addition, the real data of other departments in ERP system can make effective decision for the risk of small and medium-sized enterprises.

### **3. Financial Management Risks Brought By the Application of Erp System**

#### **3.1. Existing Basic Conditions are Difficult to Achieve Effective Support**

From the development of small and medium-sized enterprises in China, it can be seen that although the enterprise management concept and system have been changed and efforts are being made to innovate the management mode, the corresponding management system for financial management work is not complete and the accounting process is not perfect and standardized. In the actual financial management work, the whole work flow is disorganized, the enterprise does not attach importance to data management, only to improve economic efficiency, but does not attach importance to cost management control and production funds management, and the enterprise does not carry out scientific and reasonable analysis of financial data, the authenticity of some data needs to be improved, the isolated island of financial information Under the influence of many problems, it is difficult for enterprises to seize the opportunity of development. In addition, when ERP is applied to financial management, the foundation of informatization is not solid enough to realize effective integration, and the upper level of small and medium-sized enterprises does not fully understand ERP system. Therefore, ERP system is difficult to give full play to its value in the financial management of enterprises [2].

#### **3.2. Poor Effect of System Integration**

When small and medium-sized enterprises use ERP system in financial management, because they use the traditional financial accounting software before using this system, they need to effectively connect the two systems in order to effectively use ERP, but in the actual practice process, the effect of system integration is not very good, which makes ERP system difficult to play its due role. Based on ERP, although there are corresponding financial modules, it is difficult to carry out all accounting business. Therefore, in order to effectively integrate resources, we need to fully integrate and share the business information management platform. However, the financial accounting, tax and audit departments of enterprises have been used to the traditional workflow and mode, so they will rely on the original software. If the ERP system is used, all the data will be exported and imported into ERP. If there is a problem in the system, it will directly hinder the smooth progress of the work. Therefore, it is difficult for the financial accounting and the senior management of enterprises Trust in ERP system, resulting in ERP system can not be used in financial management

#### **3.3. The Ability and Quality of Financial Personnel is Insufficient and the Cost of System Operation and Maintenance is High**

In the process of using ERP system, the professional ability and professional quality of financial accounting personnel are relatively high, but the current financial personnel obviously do not meet the corresponding requirements. The staff's attitude is lax, the professional quality is unqualified and the ability is insufficient, which leads to the ERP system can not be effectively implemented and play its due role. In addition, in the process of building ERP system, the investment cost of the system is relatively high, and later maintenance also needs a lot of funds, especially the secondary development of the system, which consumes a lot of funds, which is a huge problem for many enterprises. Their economic foundation is weak, so it is difficult to effectively apply ERP system to financial management.

#### **3.4. Lack of Compound Erp Talents**

The managers with low professional ability can not meet the demand of ERP for talents. There

are few talents with management knowledge and it knowledge in the talent market, and it is difficult for small and medium-sized enterprises to attract talents, and the training intensity for relevant personnel of ERP system is relatively small, which leads to the introduction of ERP system in small and medium-sized enterprises and the failure to play its due role. In addition, the application of ERP system and new management ideas have impacted the traditional management industry. If managers do not update their management concepts and learn the corresponding skills in time, they will be eliminated by the society. Employees who dare not follow the trend of the times have a huge impact on the implementation of ERP, which leads to the failure of information transformation of small and medium-sized enterprises.

#### **4. Countermeasures of Applying Erp System to Financial Management of Small and Medium-Sized Enterprises**

##### **4.1. Pay More Attention to the Application Value of Erp System**

In the actual application of ERP system, the enterprise management must pay attention to ERP system and strengthen the financial management. Enterprises should provide sufficient financial and human resources support for the operation of ERP system, and strive to improve the financial management system, standardize the operation process, and strive to find problems encountered in the operation process of the system, and take timely solutions to lay a solid foundation for the later ERP system to play its full role in financial management. In addition, enterprises should make clear the work assignment of employees, establish a responsibility system, and improve the enthusiasm of employees [3].



Figure 1 ERP system application process

##### **4.2. Training Accounting Information Compound Talents**

If the ERP system is applied to the financial management of small and medium-sized enterprises, the financial personnel in the enterprises are required to master the accounting principle and the basic knowledge of ERP, as well as certain computer ability and so on. At this time, small and medium-sized enterprises need to create a learning atmosphere at the management level and the implementation level, adhere to the learning of ERP basic theory and software use in daily jobs, so that financial personnel are no longer limited to daily accounting, accounting can only be changed to management decision-making direction [4]. In addition, small and medium-sized enterprises should also pay attention to the cultivation of internal technical personnel. Technical personnel need to have certain financial knowledge and have a basic understanding of financial management, rather than pure technical personnel. Only the compound talents with both financial and information capabilities can make the ERP system perfectly applied in the financial management of the enterprise and make reasonable decisions for the enterprise operation.



Figure 2 ERP system

### 4.3. Pay Attention to the Selection of Erp System Software

No matter at home or abroad, there are many kinds of ERP system, but the financial software of our country starts relatively late and is still in the primary stage, which is relatively backward in the competition of ERP. In order to deal with financial information timely and accurately, small and medium-sized enterprises should choose ERP system reasonably. Before using the ERP system, we should choose the right ERP type according to the development plan of the enterprise, and make a careful investigation and Analysis on the technical content of the enterprise behind the ERP software and the cost performance of the products. When designing business processes, financial personnel and accounting internal control personnel should be involved, so that the R & D system can adapt to the actual development of the enterprise [5]. When signing the agreement with the cooperative company, the other company can be required to conduct preliminary research on software implementation, realize the feasibility study on ERP software, and comprehensively supervise the early stage of software use. Small and medium-sized enterprises should set a standard for the technical ability and service ability of ERP system, select companies with good reputation and excellent technical strength for cooperation, and can become long-term strategic partners to guarantee the update and upgrading of the system.

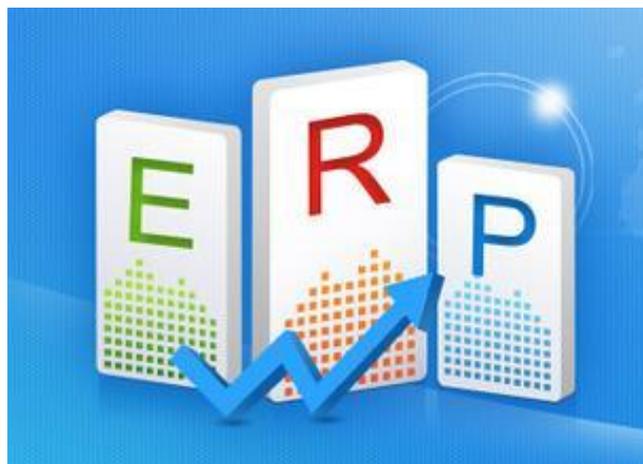


Figure 3 ERP system software

## 5. Conclusion

With the development of economy, ERP system plays a more and more important role in the financial management of enterprises. The information age has come, small and medium-sized enterprises should fully understand that ERP system is not a pure it project, and need enterprises to combine the market and their own development needs, give full play to the role of ERP system, and improve the market competitiveness of enterprises. In addition, enterprises can learn from the successful cases of foreign ERP system, update management ideas and models. In the increasingly

fierce market competition, the effective application of ERP system in enterprises is very important.

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