ISSN 2616-5902 Vol. 5, Issue 3: 105-111, DOI: 10.25236/AJBM.2023.050316

A Study on Corporate Overall Budget Management under the Balanced Scorecard: A Case Study of TCL Group

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Abstract: *In the fierce market competition, the management level of Chinese enterprises lags far behind foreign countries, and how to continuously digest, absorb and learn from the business philosophy and practices of foreign companies and shorten the gap with foreign enterprises has become an urgent problem. In enterprise operation, internal financial accounting is an important part of enterprise business activities. The world's top 500 companies use it as the basic structure of their operations. The system has been further developed by new research findings, such as the Integrated Finance and Balanced Scorecard. This makes it possible to add a new function to the original one. Starting from the definition of the connotation of comprehensive budget, this paper expounds the connection between financial accounting and financial accounting, and explains from the perspective of financial accounting that financial accounting rises from the financial accounting behavior at the operational level to the comprehensive financial management of the enterprise, and its essence is to use the scorecard method to carry out the strategic operation of the enterprise. The use of balanced scoring at all aspects of the budget (target system setting, preparation, assessment and incentives) highlights the strategic nature and operational possibilities. Combined with actual cases, the overall finance of TCL Group was studied.*

Keywords: *overall budget management; corporate strategy; Balanced Scorecard*

1. Based on BSC's comprehensive budget management model

1.1 Establish a comprehensive financial management institutional system

1.1.1 Financial Appropriations Council

The Financial and Budget Office is a special administrative body responsible for integrated finance. Organize, coordinate and manage fiscal revenues and expenditures. The budget management body should usually be the chairman or general manager, responsible for finance, production and operation; Deputy General Manager, Chief Accountant, Human Resources, Company Planning, etc.; The person in charge of each major business such as logistics management and technology is the chairman of the board of directors with the company's top management. In the composition of committee members, the principles of authority, comprehensive representation and efficiency must be adhered to. The principle of authority means that the budget must be authoritative, can be implemented in concrete work, and its members must have their own powers. The principle of full representation refers to the ability to fully represent the interests of all sectors and levels and to reflect these issues in a reasonable manner in the budget. Effectiveness refers to ensuring the effectiveness of an organization's work. This leads to the fact that its number cannot be too large, and it must be lean, efficient and unified.

Work tasks and authority: review and determine the overall budget objectives, budget policies and procedures in accordance with the company's long-term plans and short-term goals; Review and issue consolidated budgets for the various budget departments; Budget adjustment and revision: collecting, researching, analyzing relevant budgets and budgets. Responsible for coordinating the relevant issues arising in the process of budget implementation and mediating relevant financial conflicts; Review the annual financial statements of each department, and evaluate and reward the performance of each department; Submit the approved budget to the committee, and issue a formal budget after approval [1-2].

In essence, the Financial Budget Management Committee is a comprehensive financial

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appropriation body, which is the highest authority of the state finance, however, according to the requirements of the Company Law, the final approval and implementation of the final accounts must be the board of directors, so in the process of implementing budget approval, it is also up to the board of directors.

1.1.2 Discretionary Budget

The budget agency is responsible for the daily budget administration, including budget preparation, budget review, budget control, budget information feedback, etc. Since most of the members of the committee are senior executives of the company's units, the draft budget is independent of the relevant departments, and the implementation of the budget is the company's comprehensive production operation plan. In the budget proposal, the budget proposed by the budget management board is not only an estimate for each relevant department, but also combines various budgets with the goals of the enterprise, and finally prepares a complete estimate, and then refines it into the budget of each responsibility. This requires an initial review, coordination and comprehensive balancing of budget submissions by various departments before submission for adoption. To this end, a dedicated department is set up to be responsible for the overall responsibility of your budget estimates and day-to-day administration. Budget units can be sales, finance, human resources; Production and operation, technology, safety; A budget made up of experts in quality and other aspects. The scale of the company is large, and it can be in the head office, secondary company, and third-level company; Each holding company and shareholding company has a budget department to review, adjust, implement, analyze and evaluate the budget plan of each department. In small businesses, for economic reasons and because the budget system is carried out in a financial way, it is most closely linked to finance, so that professional budgetary bodies can be located in the finance department of the group and the subordinate finance department. However, in the implementation of the budget, there will also be some improvement measures to achieve the desired effect, and there will also be short-term actions by the responsible departments to meet the budget targets. Therefore, in all aspects such as implementation control, variance analysis, performance appraisal, etc., it cannot be carried out independently by each functional department or the budget implementation committee, so as not to cause poor satisfaction of each department. Therefore, to achieve financial supervision and financial professional supervision, there are mutual constraints and constraints between the two. In order to ensure the efficient operation of the fiscal system, the agency responsible for financial allocations should be directly linked to the Finance Committee.

The unit is mainly responsible for the following work: conduct a preliminary review of the company's financial status and revise it; Responsible for the preparation and consolidation of the headquarters budget; Responsible for supervising the budget of the company's secondary companies, mainly reviewing and summarizing the company's financial statements, and submitting corresponding recommendations; It is recommended to focus on monitoring the service quality and cash flow of the subordinate company; Conduct a preliminary review of the company's secondary budget adjustment plan and submit it to the company's financial management department; Conduct a preliminary review of the annual budget and final accounts and submit the budget for review.

1.2 Determine budget targets based on BSC

1.2.1 Conception of budget targets derived from BSC indices

Starting from the indicators of BSC, it is proposed to start from the strategic goals of the enterprise, first select four dimensions from the strategic objectives of the enterprise, and use this to formulate budget targets and incorporate them into specific projects. Please take a look at the picture below.

1.2.2 System development of an integrated financial management indicator system based on BSC

Firstly, according to the objectives of the strategy, an evaluation index based on the balanced scorecard was developed, which includes three factors closely related to the strategy: return on investment, economic profit and free cash flow. At this level, growth targets for the four indicators of the balanced scorecard are identified, from which the expected income and income and expenditure statements are prepared and revised to arrive at a long-term budget.

To establish the index system of enterprise comprehensive budget management, it is necessary to establish a balanced scoring system within the enterprise, based on the balanced scorecard, and incorporate the strategic execution and performance of the enterprise into the daily operation and expected financial statements of the enterprise. This process requires a two-way exchange and feedback

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on the expected expectations of the balanced scorecard index system, followed by the expected financial statements, followed by the revision of the expected indicators of the balanced scorecard[3-4].

2. TCL Group Company Comprehensive Budget Management Case

2.1 Basic Overview of the Company

TCL Group was founded in 1981 and is now the world's largest consumer electrical appliance enterprise. TCL's business scope includes: Huizhou City, South China, TCL Media Technology and TCL Communication Technology three major companies. In the past three years, TCL has developed rapidly, especially in the 1990s, with an average annual growth rate of 42.65%, becoming the largest production enterprise in China. Computer, air conditioner, refrigerator, washing machine, switch, socket; Product research and development and services, including color TV, mobile phone, telephone; In the market of our country, personal computers, etc. are in a leading position.

2.2 Enterprise Institutional Setup

2.2.1 Matrix-based platform management

The platform operation of the matrix is an important guarantee for enterprises to achieve economies of scale. Implement the concentration of five powers at the level, centralized sales, manufacturing, procurement; The five major categories of resources of R&D and finance are uniformly carried out by the head office, and the efficiency of business operation and command is improved through a large number of economic purchases: the vertical department is virtualized by the department as the responsibility center, and the market mechanism is introduced for responsibility management, forming a crisscrossing responsibility management system, realizing the simplicity and efficiency of the company's professional division of labor management; Sufficient and efficient reduction of operating costs in all departments.

2.2.2 Responsibility center and 6S system of the enterprise

1) Administration of functional departments

Relying on various management platforms, Ace has introduced a market-oriented operation mode with responsibility as the core, which is operated by each functional department itself. Performance and marketing of all aspects of the enterpriseThe evaluation of competitiveness is an important link to stimulate the enthusiasm of all aspects of the enterprise, find the gap, and give full play to the advantages. Our work must be marketableJudging from the perspective of the eyes, this is the most scientific, fair, and effective. The position of the responsibility center is to subdivide each department according to the production line, and combine R&D, procurement and manufacturing; Such as management, service, etc., set up a special business center, composed of various departments of internal profit organization, according to the general corporate functions, the business responsibilities of each department are planned.

2) Ace's6SManagement system

By building the architecture of the matrix and the central management platform, six were built SSystem, namely: coding system, comprehensive budget system, evaluation system (KPISystem, audit system, financial information system; Established an efficient financeManage the system. The chart below shows this.

2.3 TCL Group comprehensive budget management system

TCL ace comprehensive budget is based on the company's organizational structure, the implementation of budget, control, assessment, comprehensive reduction of costs and expenses, reduction of operating costs.

1) TCL's integrated budget management department

Multimedia pictures, led and organized by the company's executive committee. Responsible for organization, accounting and technical support, responsible for the preparation of the overall budget; The Corporate Integrated Financial Management Office coordinates, tracks and implements performance reviews. The budget department is a clear implementing body. The department's target

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budget drives the team to track the overall implementation of the project. If necessary, cooperate with relevant departments, and take timely actions as needed to ensure the smooth progress of business[5-7].

2) TCL's approach to integrated cost management

(a) Separate fixed costs from variable costs, adopt a definite budget for fixed costs, a fixed budget for each year, and adopt flexible plans for variable expenses; Adjust its operating performance accordingly according to its budgeted operating conditions.

(b) Divide the annual plan into monthly plans and manage them monthly. As for mid-year expenditures, they can be adjusted within the annual limit.

(c) Cost budgeting according to the total cost, detailed cost budgets can be adjusted to each other.

(d) In the event of exceeding the annual plan or incurring of extrabudgetary projects, each department shall submit a report in writing and request the approved budget for implementation.

3) Terms and procedures for the revision of TCL's overall estimate

(a) The premise of comprehensive cost change: the sales volume of the same type of product in the market has changed significantly; The supply of raw materials has changed significantly; The business management mode and organizational structure have undergone great changes; (b) Significant changes in the functions of the sector; The Executive Committee felt the need for financial reorganization; Major changes in the external economic situation, such as national policies and laws.

(b) Procedures for analysing comprehensive budget estimates

Monthly, quarterly, semi-annual financial center; Budget performance reports are submitted annually to the budget units and submitted to the Budget Promotion Group for review. Monthly, quarterly and semi-annual budget units; During the year, we will analyze the factors that do not match the budget implementation, and if the plan is not met, we will provide corresponding countermeasures in a timely manner. The target budget progress team collects and submits it to the chairman. The responsible department is responsible for implementing the relevant countermeasures.

2.4 Performance evaluation system for KPIs under BSC

2.4.1 BSC-based project management system development

The company adopts the principle of "balanced scoring" so that it can fully reflect the business strategy of the enterprise, so as to take the financial budget of the enterprise as an extension of the company's competitive strategy. After deeply understanding the connotation of balance, the company has built an enterprise business performance evaluation and evaluation system from four aspects: financial performance, customer satisfaction, internal management coordination, and corporate creativity according to its own business characteristics.

2.4.2 Setting and scoring methods of KPI index under BSC

According to the business nature of different units, 16 units of KPI index were set respectively. According to the company's overall operation plan, the company's management department coordinated with relevant departments to formulate KPI evaluation goals and commitments. In order to improve the operability and controllability of the KPI evaluation system, this paper sets four approximations for each project: target task value, challenge value, minimum tolerance value, and minimum value. The following is a definition:

1) The points of the target are equivalent to 100 basic points. The indicators of this topic are determined according to the needs of the company's business development and the consultation between the evaluated organization, and are the work to be completed by the evaluated organization every year.

2) Up to 150 challenge points. The value of this test is greater than the value of the goal, that is, the test person can complete it after a period of hard work.

3) Minimum tolerance, equivalent to level 60 vigilance. The minimum is the bottom line of enterprise development and customer needs, and it is also the minimum performance standard allowed by the evaluation organization, and it is also a warning line in business activities. For indicators that meet or less than this standard, a special declaration should be made to the subjects, and the headquarters will arrange relevant experts to conduct special reviews[8-9].

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4) The worst value, corresponding to the lowest score of 0 points. The score settings for each KPI indicator are shown in the following table 1:

Table 1: Set KPI index scores

	Base weights	Lowest score (worst)	Alert score (minimum tolerance)	Base score (target task value)	Highest score (challenge value)
KP11	Weight 1	0	60	100	150
KP12	Weight 2	0	60	100	150
KP13	Weight 3	0	60	100	150
KP14	Weight 4	0	60	100	150
KP15	Weight 5	0	60	100	150
total	100%	0	60	100	150

2.4.3 Application of Evaluation

KPI evaluation should implement the organic unity of monthly cumulative evaluation and year-end evaluation. The monthly goal is to break down the goals for each year, and the specific decomposition principle is:

First, the completion of monthly goals can support the annual goals;

Second, the division of sales, and total profitability index of departments/companies is based on the monthly budget (including off-season, the effect of strategic measures, etc.);

Third, other indicators (such as quality indicators, delivery rates, etc.) are continuous indicators, while annual indicators are monthly indicators;

Fourth, for the monthly goal, set the corresponding challenge value, target task value, and minimum tolerance value according to the percentage of annual tasks.

The conclusions of the assessment were based on two factors:

1) Apprehensive assessment rating

(a) Monthly evaluation and monthly summary evaluation.

Based on the KPI index, 16 major assessment institutions are evaluated according to the total results of the month and month, and the rankings are released on a monthly basis. At the same level, high-level commendations are given and low-level are notified and criticized.

(b) Procedures for analysing comprehensive budget estimates

Monthly, quarterly, semi-annual financial center; Budget performance reports are submitted annually to the budget units and submitted to the Budget Promotion Group for review. Monthly, quarterly and semi-annual budget units; During the year, we will analyze the factors that do not match the budget implementation, and if the plan is not met, we will provide corresponding countermeasures in a timely manner. The target budget progress team collects and submits it to the chairman. The responsible department is responsible for implementing the relevant countermeasures.

(c) Year-end evaluation

The annual operating performance was ranked, in which 20% of the performance in the year was commended, and the last 10% of enterprises were notified and criticized; This system is an important reference for evaluating the promotion, salary increase and demotion of unit leaders, and conducts semi-annual self-inspection of each unit in order to improve the work.

(d) Annual evaluation.

Conduct a comprehensive evaluation once a year, commending the enterprises ranked above 20%, and notifying and criticizing the last 10% of enterprises; According to the performance score, decide the payment of year-end bonuses: it is listed as the annual comprehensive evaluation of the main operating personnel of each evaluated enterprise.

(e) Key evaluation.

If the monthly performance is less than 60, or it is in the last 10%, or the standard is not met throughout the year, the headquarters will arrange the relevant units to conduct the review.

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2) Continuous improvement of operational performance

Track and analyze the evaluation results, find the problems of the evaluated enterprise or the company as a whole, and improve the method to specific people, time, etc., so as to improve performance.

(a) Monthly: According to the regulations, all KPI suppliers shall submit the "XX Monthly KPI Report" to the company's management department before the 8th of the next month. At the same time, the evaluated enterprises will report the monthly work brief and the next month's improvement work plan to the enterprise management department;

(b) Quarter: At the end of each quarter, the evaluated enterprise should submit the annual performance report to the Executive Committee and formulate a work improvement plan for the next year;

(c) Year-end: hold a year-end work summary every year, and revise the work plan for the second half of the year;

(d) Annual: Around January of each year, according to the annual completion of KPIs and the implementation of the previous period, a comprehensive summary of the annual KPI operation indicators is carried out.

2.5 Results of consolidated budget execution in TCL's BSC

TCL Ace Group has implemented a comprehensive budget for many consecutive years, which has not only achieved performance benefits, but also promoted the company's overall operating level through the comprehensive budget, and has also achieved rich results.

1) The strategic level of the enterprise

The company's annual development strategy plan has been basically completed.

2) Fiscal and operational indicators

The company's sales revenue has increased significantly, and the cost of the marking platform, the overall standard platform cost and the injection molding platform cost have been greatly reduced, from 4% to 16%. In terms of capital use, the company's financial expenses of 4.63 million yuan support the company's annual sales revenue of 11.3 billion yuan. At the same time, the turnaround time of the company's accounts receivable and current assets has also decreased[10].

3) The level of education and development

With comprehensive management, middle and senior managers gradually adapt to the adoption of comprehensive financial management methods, use financial management to guide and strengthen strategic management, operation management and basic management, and use the concept of financial management to allocate and plan resources. Understand the basic ideas and working procedures of enterprise financial accounting, be able to use financial accounting methods and means to conduct a comprehensive analysis of the operation and management of enterprises, and enhance the enterprise cost management concept of enterprises.

3. Conclusion

Comprehensive budget is a comprehensive and institutional management method, which has a very significant impact on the group, management control and operation level. At the group level, it can be seen as an effective means of management and resource allocation, so that the strategy and strategy of the enterprise can be seamlessly integrated. The management control level can be regarded as a clear organizational responsibility, and the business process of the enterprise is standardized, which can not only ensure the control of the enterprise, but also effectively promote the performance of the enterprise. In order to achieve a comprehensive assessment, the work hierarchy should minimize or eliminate ineffective work so that staff can continue to improve their effectiveness. Although most enterprises, especially large enterprises, are aware of the importance of integrated finance, few people can integrate integrated budgeting with business operations to make it run effectively.

Based on this, this paper starts from the core elements of enterprise performance evaluation and selects the main driving factors suitable for enterprise performance evaluation according to the

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principles of controllability, ease of use, and relevance.

Its biggest feature is that it integrates the modern management method of the balanced scorecard with the overall budget management of Chinese enterprises, which is an effective method that can bring greater benefits to the operation of enterprises.

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