Innovation of Corporate Financial Strategy Based on the Global Value Chain

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Abstract: In the global value chain, financial management, as an important part of enterprise management, plays a vital role. The financial management of an enterprise not only involves the financial decision-making and risk control, but also involves the strategic choice and value creation of the enterprise. In the context of globalization, corporate finance is facing new challenges and opportunities, and it is necessary to enhance the global competitiveness of enterprises through innovative financial strategies. From the perspective of global value chain, this paper will discuss the necessity and feasibility of enterprise financial strategy innovation, combined with the actual cases of domestic enterprises, and focus on the specific practice of enterprise financial strategy innovation.
Keywords: Global Value Chain; Corporate Finance; Innovation of Financial Strategy; Practice Case

Introduction

With the acceleration of the globalization process, the global value chain has gradually become an important factor in the enterprise competition. Global value chain refers to the process in which enterprises realize the production, circulation and consumption of products and services through the value chain composed of resources, technologies, markets and other factors of various countries. The emergence of global value chains has provided enterprises with a broader market and more opportunities for development, but it also brings greater challenges and risks to enterprises. How to improve the competitiveness of enterprises in the global value chain has become an important problem facing the current enterprises.

1. The concept and characteristics of global value chains

The emergence of global value chains is the inevitable result of the globalization process. With the continuous development of information technology and transportation technology, multinational enterprises can have more convenient access to global resources and markets, and form a global production and sales network, so as to realize the global competition of enterprises.

1.1 Globalization of value chains

Global value chain is a transnational, multi-level and diversified value chain. Enterprises seek the most suitable production factors and sales markets around the world, form a transnational production and sales network, and realize global competition.

1.2 Depth and breadth of division of labor and cooperation

Enterprises in the global value chain are no longer self-sufficient producers, but form a highly dependent production and sales network through the division of labor and cooperation. Through specialization, division of labor and cooperation, enterprises can achieve high efficiency and optimization of production and sales.

1.3 Information technology support

The formation of global value chains benefits from the development of information technology. Through information technology, enterprises can realize the global information sharing and collaborative work, and improve the efficiency and quality of production and sales[1]。

1.4 The complexity of risk management

With the formation of the global value chain, enterprises face more complex and diversified risks, such as currency exchange rate risk, political risk, natural disaster risk, etc. Enterprises need to adopt more comprehensive and effective risk management strategies to cope with the changing market environment.

2. The role and significance of corporate finance in the global value chain

Corporate finance plays a vital role in the global value chain. Enterprises have formed a complete production and sales network in all parts of the world to realize the global market competition pattern. The role and significance of corporate finance in the global value chain are mainly reflected in the following aspects:

2.1 Capital management and investment decisions

Enterprise finance can realize the global layout of enterprises through capital management and investment decision-making. By investing in overseas markets, enterprises can obtain a broader market and more resources, and improve their global competitiveness. Enterprise finance can provide financial support and guarantee for the global development of enterprises through capital management and investment decisions.

2.2 Risk management and financial control

Enterprise finance can reduce the risk and cost of enterprises through risk management and financial control, and improve the profitability and stability of enterprises. Global operation will face more complex and changeable risks, such as currency exchange rate, political, natural disasters and other hidden risks. Therefore, enterprises need to adopt more comprehensive and more effective risk management strategies to cope with the changing changes in the market environment.

2.3 Financial strategy innovation

Enterprise finance can realize the long-term development and value creation of the enterprise through financial strategic innovation. Financial strategic innovation can help enterprises to realize the global allocation of capital, reduce the risk and cost of enterprises, and improve the profitability and stability of enterprises. Enterprise finance can realize the value enhancement and long-term development of enterprises through merger and reorganization, equity incentive and other ways.

2.4 Transnational tax planning

Corporate finance can reduce the tax burden of transnational transactions and improve the profitability of enterprises through transnational tax planning. Transnational tax planning is an important means for enterprises to reduce their tax burden and improve their profitability. Enterprises can reduce the global tax burden and improve their profitability by setting up tax hubs and preferential tax policies in different countries.

In short, the role and significance of corporate finance in the global value chain is very important. Enterprises need to give full play to the role of finance in the global value chain, and improve their global competitiveness and profitability through capital management and investment decision-making, risk management and financial control, financial strategy innovation, transnational tax planning and other ways.

3. The necessity and feasibility of enterprise financial strategy innovation

In the context of global value chain, corporate finance is facing new challenges and opportunities. In order to adapt to the new market environment and improve the global competitiveness of enterprises, enterprises need to carry out financial strategic innovation. Financial strategic innovation can help enterprises to achieve the following goals: 1. To achieve the global layout of enterprises, enterprises can realize the global allocation of capital, invest in overseas markets, obtain a broader market and more resources, and improve the global competitiveness of enterprises.2. Enterprises can reduce their risks and costs and improve their profitability and stability through financial strategic innovation. For example, through currency exchange rate risk management, transnational tax planning and other ways to reduce the risk and tax burden of enterprises.3. Enterprises can achieve long-term development and value creation through financial strategic innovation. For example, through mergers and acquisitions, equity incentives and other ways, to achieve the value improvement and long-term development of the enterprise[2]。

The implementation of financial strategy innovation requires enterprises to meet the following conditions: 1. Enterprises need to have a global vision and strategic thinking, understand the global market and competitive environment, and formulate financial strategies suitable for the development of enterprises.2. Enterprises need to have professional knowledge and skills in financial management, and to be able to effectively carry out capital management, risk management and financial control.3. Enterprises need to have innovation consciousness and innovation ability, be able to continuously innovate financial strategies, and improve their competitiveness and profitability.

4. The concrete practice of enterprise financial strategy innovation

The specific practice of enterprise financial strategy innovation needs to be analyzed and formulated according to the actual situation and market environment of enterprises. This paper will combine the actual cases of domestic and foreign enterprises to elaborate the specific practice of enterprise financial strategy innovation.

4.1 Global allocation of capital

Capital global allocation is an important means for enterprises to realize the global layout. Enterprises can realize the allocation and optimization of capital globally through direct investment, merger and reorganization, equity incentive and other ways. For example, Chinese Huawei companies have achieved rapid expansion and brand building in the global market through overseas investment and mergers and acquisitions. In 2019, Huawei's annual sales reached 858.9 billion yuan, ranking first in the world's communication equipment field.

4.2 Currency and exchange rate risk management

Currency exchange rate risk is one of the important risks faced by enterprises in the global operation. Enterprises can reduce the risk of currency exchange rate and improve the profitability and stability of enterprises through currency hedging and foreign exchange options. For example, China's Haier Group has effectively reduced the exchange rate risks and improved the profitability and stability of its enterprises through currency hedging and other methods[3]。

4.3 Transnational tax planning

Transnational tax planning is an important means for enterprises to reduce their tax burden and improve their profitability. Enterprises can reduce the tax burden of transnational transactions and improve their profitability through transnational tax planning., For example, Apple has reduced its global tax burden and increased its profitability by setting up tax hubs in countries such as Ireland.

4.4 Equity incentive

Equity incentive is an important means for enterprises to attract and retain excellent talents and improve their competitiveness. Enterprises can encourage employees' innovation and creation through stock options and stock rewards, and improve their competitiveness and profitability. For example, Tencent in China has attracted and retained a large number of outstanding talents through stock options and other means, becoming one of the most competitive technology companies in the world.

Conclusion

The formation of the global value chain provides the enterprises with a broader market and more development opportunities, but it also brings greater challenges and risks to the enterprises. As an important part of enterprise management, enterprise finance plays a vital role in the global value chain. Enterprises need to improve their global competitiveness and profitability through financial strategic innovation. Financial strategic innovation requires enterprises to have a global vision and strategic thinking, professional knowledge and skills of financial management, innovation consciousness and innovation ability. Enterprises can realize financial strategic innovation and improve their global competitiveness and value creation ability through global capital allocation, currency exchange rate risk management, transnational tax planning, equity incentive and other ways.

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