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Improvement of Financial Management: A Case of A Chinese Telecommunication Enterprise†

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Abstract

China Unicom also achieved some results in centralized financial management, such as strengthening financial management and institutional construction, effectively improving financial supervision, preventing financial risks, optimizing resource allocation, and improving enterprise management. Therefore, the research objectives were as follows: 1) To analyze the effect of China Unicom's financial management on enterprise performance. 2) To propose optimization strategies for China Unicom's financial management that contributed to financial decisions and business outcomes. To achieve these objectives, this research mainly adopted a mixed methods approach, utilizing statistical data, linear regressions, and interviews to obtain necessary information and analyze the research objectives.

The results show that: From the results of quantitative analysis, the asset-liability ratio, current asset-liability ratio and equity concentration have a negative impact on the return on assets of China Unicom, which indicates that these 3 variables have a significant linear relationship with the return on assets of China Unicom. On the other hand, non-interest-bearing debt ratio and total asset scale are positively correlated with China Unicom's return on assets, indicating that the increase of these 2 variables can improve China Unicom's return on assets. From the qualitative analysis results of this paper, China Unicom should further establish a sound financial planning and budget system on the basis of the existing management system. By developing a detailed and feasible financial plan and integrating it with the overall strategic objectives of the company, we ensure the rational allocation of resources and the efficient use of funds. At the same time, budget adjustment and control should be carried out in time during the implementation process to adapt to market changes.

Keywords: Financial management, China Unicom, Debt structure, Corporate performance, Ownership concentration

Introduction

Research background

Centralized financial management, from the perspective of academic theory, can be included in the scope of financial control. There have been researches on the financial control of enterprise groups in foreign countries before in China, and some research results have been obtained. Western financial management arose at the end of the 19th century. By the 1940s, the focus of research shifted from fundraising to strengthening financial management and improving the internal operations of companies (Mietzner, 2008). Although the research is still rudimentary at this stage, companies have begun to recognize the importance of financial management. In the telecommunications industry, Vodafone and T-mobile also took the lead in centralized financial management. And under the background of economic globalization, in order to better fund operation, avoid risks and realize financial information sharing, it is inevitable for large central enterprises to implement financial centralization (Wu, 2016).

China Unicom Group is one of the 3 major communication companies in China. It is one of the world's leading companies in terms of scale of operation and was listed in Hong Kong in October 1997. As a well-

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funded company, it complies with the Sarbanes Oxley Act and is regulated by the world's capital markets. In order to meet the requirements of maximizing the value of enterprises in the world capital market, China Unicom also strives to establish a scientific and reasonable corporate governance structure and maintain the steady growth of its operating performance. The company pursues an excellent management team and continuously enhances its risk warning and management level (Wu, 2016).

Nowadays, with the outbreak of new industrial changes and scientific and technological revolution, the driving force of China's economic growth has shifted from high-speed growth to high-quality development, basic telecommunications business has shifted from accelerated scale management to value management, and information and communication technology has become the core engine of economic and social development management from basic energy management to economic and social development management. The communication market has accelerated from "factor" competition to "factor capability" competition. In the face of these quality changes, China Unicom has always planned for the future in accordance with the country's decisions and commitments, made clear the overall idea of building a "power building" of high-quality development, comprehensively promoted the "5G+" plan, and continued to make large-scale connections and provide quality connection services according to the progress of strong connection applications based on time, so as to maintain the company's leading position and help economic and social development. Under the leadership of the group company, China Unicom has also stressed the need for its own strategic transformation. China Unicom emancipates the mind, takes active actions and strengthens pertinency, focusing on reducing costs and increasing efficiency, promoting industrial integration and improving basic capabilities. Our goal is to help the company achieve strategic transformation and high-quality development (Long, 2011).

To sum up, financial management, as the core part of the company's internal governance, is of great significance to meet the needs of the company's operation and management with the change of the company's business strategy. China Unicom has also achieved some results in centralized financial management, such as strengthening financial management and institutional construction, effectively improving financial supervision, preventing financial risks, optimizing resource allocation, and improving enterprise management. However, after studying and analyzing the results of China Unicom's centralized financial management, many problems have been found. Therefore, it is of great significance to further improve the countermeasures of China Unicom's centralized financial management and strengthen the research and exploration of related financial support activities.

Related research

1) Relationship between capital structure and firm performance

Since the birth of MM theory in 1958, Western scholars have deepened and developed their research on capital structure. This theory holds that the market value of a company has nothing to do with the capital structure of a company when the corporate income tax is not considered and the business risks of the company are the same but the capital structure is different. In other words, when the debt ratio of the company increases from zero to 100 %, the total cost and total value of the enterprise will not change, that is, the enterprise value has nothing to do with whether the enterprise is in debt or not, and there is no optimal capital structure problem. The revised MM Theory (Theory of Capital Structure including taxes) is the basic idea in another paper on capital structure co-published by MM in 1963. They found that, when corporate income tax is taken into account, since interest on debt is a tax-free expense, it can reduce the combined cost of capital and increase the value of the business. Therefore, as long as the company continues to reduce its cost of capital through the continuous increase of financial leverage, the more debt, the more obvious leverage, the greater the value of the company. When the debt capital approaches 100 % in the capital structure, it is the best capital structure, and then the enterprise value reaches the maximum. At the same time, a large number of empirical studies on the relationship between capital structure and firm performance have emerged. There are 2 main research directions: One is to verify the relationship between capital structure and firm performance in capital structure theory; The second is to verify the main influencing factors of enterprise capital structure.

Chang et al. (2009) re-examined the problems of Titman and Wessels' research by using improved multiple indicators and MIMIC model, this is a model that includes multiple indicators and multiple factors. It can be used to analyze the relationship between observed and latent variables. This model can not only describe the direct relationship between variables, but also take into account the influence of potential variables on observed variables. The principle of mimic is to model the relationship between observed variables and potential variables, and verify the fitness of the model through fitting index. By analyzing the relationship between factors, the underlying patterns and structural relationships between variables can be revealed, and the results obtained were more convincing. The sample of Chang et al. (2009) is based on the annual data of 13,887 companies in the COMPUSTA industry archive from 1988 to 2003, covering 351 industries. The study shows that growth is the determinant that has the greatest impact on capital structure when measured in terms of market to book assets or market to book equity. The second most influential factor is profitability, measured by dividing operating income by total assets or total sales. But profitability has a negative effect on leverage when measured as the ratio of market to book assets and a positive effect when measured as the ratio of market to equity.

Yang et al. (2010) extended their research on Titman and Wessels from the one-way formula method to the multi-party formula method, adding an endogenous variable stock return rate. In addition to the determinant of the capital structure of the firm, the determinant of stock return is determined at the same time. A sample of 662 - 702 non-financial companies in Taiwan from 2003 to 2005 was analyzed with debt ratio and stock return as 2 intrinsic variables, and 11 other potential factors were applied as exogenous variables. The conclusions are as follows: Debt level has a positive impact on stock return, while stock return has a negative impact on leverage ratio; Profitability and expected growth are the co-determinants of debt ratio and stock return, both of which have a negative impact on leverage and a positive impact on stock return.

2) Relationship between corporate financial management and enterprise performance

Jing (2014) used the financial data of 760 non-financial listed companies in Shanghai and Shenzhen stock markets in China from 2006 to 2012, and selected the return on equity index as the dependent variable and the asset-liability ratio index as the independent variable. Taking company size, company growth and ownership concentration as control variables, she built a panel threshold model to study the nonlinear relationship between capital structure and enterprise performance. The results show that the relationship between them presents an inverted U-shaped relationship, that is, with the increase of capital structure, enterprise performance presents a trend of first increase and then decrease: Under the condition of constant other conditions, the enterprise performance increases with the increase of asset-liability ratio when the asset burden ratio is in the range of 0 - 56.3 %; When the asset-liability ratio is greater than 56.3 %, the enterprise performance decreases with the increase of the asset-liability ratio

Yu et al. (2015) selected the financial data of 2,343 companies listed on the NEEQ in 2014 as research samples to conduct empirical research, and concluded that the capital structure of NEEQ enterprises is a U-shaped non-linear correlation with enterprise performance, with a break point of 27.3 %. Moreover, the term structure of liabilities has a significant difference in its impact on enterprise performance.

Research objectives

1) To analyze the effect of China Unicom's financial management on enterprise performance.

2) To propose optimization strategies for China Unicom's financial management that contribute to financial decisions and business outcomes.

Research hypotheses

H1: The asset liability ratio of China Unicom has effect on enterprise performance.

H2. The current liability ratio of China Unicom has effect on enterprise performance.

H3: The non-interest-bearing debt ratio of China Unicom has effect on enterprise performance.

H4: The total assets of enterprise of China Unicom has effect on enterprise performance

H5: The ownership concentration of China Unicom has effect on enterprise performance.

These hypotheses are derived from the findings of existing research on the relationship between capital structure and firm performance, as well as corporate financial management and enterprise performance. For example, (Jing, 2014) study suggests a nonlinear relationship between the asset-liability ratio and enterprise performance, indicating that there may be an optimal level of leverage that maximizes performance. Similarly, (Yu et al., 2015) research on NEEQ-listed companies indicates a U-shaped relationship between capital structure and performance, suggesting that there may be a critical point beyond which increasing leverage adversely affects performance. Moreover, Chang et al. (2009) study highlight the importance of growth and profitability as determinants of capital structure, suggesting that these factors may also influence enterprise performance. Additionally, (Yang et al., 2010) research suggests that profitability and expected growth are significant determinants not only of capital structure but also of stock return, which may indirectly affect enterprise performance. By incorporating these insights from existing literature, the formulated hypotheses aim to investigate the specific relationships between various financial indicators and enterprise performance within the context of China Unicom.

Methodology

The research method employed quantitative analysis, with the linear regression model chosen for analysis to fulfill the research objectives. Subsequently, various analytical and econometric software were selected for data sorting and model operation. To ensure the comprehensiveness and accuracy of the analysis, data from China Unicom was collected from several open databases such as Wind, Guotai Junan Database, CEIC, and China Economic Network. The financial data disclosed by the enterprise from 2010 to 2022 served as the sample data, with the time unit set as half a year to increase the sample size. The reason for the use of semi-annual frequency data in this paper is that, on the one hand, the use of semi-annual frequency data can reduce the impact of seasonal fluctuations on the results. Quarterly figures are often influenced by seasonal factors, such as a significant increase or decrease in an industry in a given quarter. Such seasonal fluctuations may bias the analysis results, and the use of half-year frequencies can effectively reduce this effect. On the other hand, using data at half-yearly frequencies can provide more stable and reliable information on trends. In contrast, quarterly data, due to its short time span, may show larger fluctuations when looking at certain variables, making it difficult to capture true trends. Using a half-year frequency smooths out these fluctuations and better reflects the true relationship between the variables.

Additionally, qualitative analysis was utilized in this study. Twelve financial industry experts were selected for in-depth interviews to gather their insights on financial management and related issues. The interview questions encompassed various topics, including understanding current financial management practices, identifying financial decision-making criteria, evaluating optimization opportunities, integrating financial and business goals, incorporating technology and automation in financial management, and addressing employee training and skill development. Sample questions included inquiries such as "How would you describe the current financial management practices at China Unicom?" and "Can you provide insights into the decision-making processes related to financial management within the organization?" Data analysis was conducted through content analysis techniques to address the research objectives effectively.

Results and discussion

Variable's definition and descriptive statistics

Table 1 shows the definition of variables:

Table 1 Variable definition table.

Independent variable: Financial management	Dependent variable: Enterprise performance
Asset-liability ratio (DAR)	
Current liability ratio (SDAR)	
Non-interest-bearing debt ratio (NDAR)	Enterprise Performance (ROE)
Total assets of enterprise (TR)	
Ownership concentration (CR)	

Besides, **Table 2** shows the descriptive statistics of data:

Table 2 Descriptive statistics of data.

	Maximum	**Minimum**	**Mean**	**Standard deviation**	**Skewness**	**Kurtosis**
ROE	21.36	0.2	3.3623	3.61280	-0.16	1.1
DAR	61.49	32.85	61.49	0.10429	-0.23	1.1
SDAR	98.59	79.79	49.88	0.04581	-0.17	1.2
NDAR	99.31	41.28	56.67	0.08037	-0.22	1.0
CR	80.67	42.59	74.2487	10.89839	-0.75	1.3
TR	644,687,027,607.00	142,624,057,436.00	509,704,013,352.3226	107,334,827,457.28296	-0.36	1.2

As can be seen from the above table, the maximum value of return on equity of China Unicom is 21.36 %, the minimum value is 0.2 %, and the average value is 3.36 %, indicating that the profitability of China Unicom is at an average level and the profitability of enterprises in different years is not stable. The maximum value of asset-liability ratio is 61.49 %, the minimum value is 32.85 %, and the average value is 61.49 %, indicating that the scale of liabilities of China Unicom fluctuated greatly. The maximum value of negative current ratio is 98.59 %, the minimum value is 79.79 %, and the average value is 49.88 %, indicating that the current liabilities of China Unicom in the term structure of less than 1 year are relatively high and fluctuate greatly.

The minimum value of non-interest-bearing debt ratio is 41.28 %, the maximum value is 99.31 %, and the average value is 56.67 %, indicating that non-interest-bearing debt occupies a relatively large proportion in the debt types of China Unicom, and the difference is large in different years. The minimum value of ownership concentration is 42.59 %, the maximum is 80.67 %, and the variance is 10.898, indicating that the ownership concentration of China Unicom is relatively high, but due to the mixed ownership reform in 2017, the ownership concentration has decreased significantly, resulting in a large variance. The maximum value of total assets is 644,687,027,607.00, the minimum value is 142,624,057,436.00, the average value is 509,704,013,352.3226, and the variance is 107334827457.28296, indicating that the development level of China Unicom's assets has a relatively obvious fluctuation trend.

Correlation analysis of variables

With the help of Pearson index correlation analysis, this paper can conduct correlation analysis on the above variables, so as to preliminarily analyze the correlation among them.

Table 3 Results of correlation analysis.

	ROE	**DAR**	**SDAR**	**NDAR**	**TR**	**CR**
ROE	1					
DAR	0.718*	1				
SDAR	0.058*	0.055	1			
NDAR	-0.312**	-0.457	0.297	1		
TR	-0.324*	-0.403*	0.247	0.361*	1	
CR	0.576*	-0.439	0.396**	0.258	0.783	1

$p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

As can be seen from the **Table 3**, the return on equity of China Unicom has a significant negative correlation with asset-liability ratio, current liability ratio and equity concentration, while it has a positive correlation with non-interest-bearing liability ratio and total assets. These relationships are different, so the regression model will be further analyzed below.

Regression analysis

According to the research hypothesis proposed above, this paper proposes the following regression model:

$$ROE = C + \beta_1 DAR + \beta_2 SDAR + \beta_3 NDAR + \beta_4 TR + \beta_5 CR + \varepsilon$$

In order to further analyze the relationship between variables, this paper uses statistical software to analyze the linear relationship between variables, and further test the research hypothesis proposed in the previous paper. The regression analysis results are shown in the following table:

Table 4 Regression analysis results of ROE and other variables of China Unicom.

Variables	Unstandardized coefficients	Std. error	Standardized coefficients	t	Sig.	Collinearity statistics	
						Tolerance	VIF
(Constant)	-10.570	7.755		-1.363	0.185		
NDAR	16.330**	4.861	0.471**	3.359	0.003	0.566	1.766
SDAR	22.336**	10.363	0.283**	2.155	0.041	0.646	1.549
DAR	-6.579	6.035	-0.146	-1.090	0.286	0.619	1.617
TR	0.716*	0.000	0.510*	2.839	0.009	0.346	2.890
CR	-0.280***	0.065	-0.843***	-4.271	0.000	0.286	3.495

$^{*}p < 0.10$, $^{**}p < 0.05$, $^{***}p < 0.01$

According to the results in **Table 4**, the asset-liability ratio and equity concentration have a negative impact on the operational performance of China Unicom, and their coefficients are -0.146 and -0.843 respectively, but the significance coefficient value (t-value) of the asset-liability ratio is -1.09, whose absolute value is less than 2.011 of the critical value of 10 % significance level under this degree of freedom. Therefore, the effect of the asset-liability ratio is not statistically significant. Correspondingly, the t-value of ownership concentration is -4.271, and the absolute value is greater than the critical value 4.03 at the 1 % level, so it is significant at the 1 % level.

This shows that the main negative factor affecting the current return on assets of China Unicom is the concentration of equity. At the same time, the influence coefficients of the 3 variables, non-interest-bearing liability ratio, current liability ratio and total assets, on the return on assets of China Unicom are positive, and the coefficients are 0.471/0.283 and 0.510 respectively, indicating that these 3 variables are beneficial factors for China Unicom to improve its return on assets. From the significance point of view, these 3 variables have a significant linear relationship with China Unicom's return on assets, and their significance is significant at the level of at least 10 %.

Verification of the research hypotheses

The research findings indicate a significant relationship between various financial variables and the return on assets (ROA). The study tested five hypotheses, each proposing a different independent variable's effect on ROA. Hypothesis H1, which suggested a positive effect of the asset-liability ratio on ROA, was rejected due to a non-significant positive effect. In contrast, hypotheses H2 to H5 were accepted based on significant results. Hypothesis H2, which posited a positive impact of the current liability ratio, was validated by a significant positive effect. Similarly, H3, which suggested the non-interest-bearing debt ratio would positively influence ROA, was supported by the findings. Hypothesis H4, which proposed that the total assets of an enterprise positively affect ROA, was also confirmed through significant positive results. Lastly, H5, which hypothesized a negative effect of ownership concentration on ROA, was validated by a significant negative effect. These results highlight the importance of these financial variables, excluding the asset-liability ratio, in determining the return on assets, thus supporting the hypotheses H2 to H5 (see **Table 5**).

Table 5 Results of research hypotheses testing.

Research hypothesis	Variable	Regression results	Verification results
H1	The asset liability ratio	Non-significant positive effect	Reject
H2	The current liability ratio	Significant positive effect	Accept
H3	The non-interest-bearing debt ratio	Significant positive effect	Accept
H4	The total assets of enterprise	Significant positive effect	Accept
H5	The ownership concentration	Significant negative effect	Accept

Analysis of interview results

When talking about the impact of corporate strategy on corporate performance, Manager Chen from the business department of China Unicom said that corporate strategy is a very important prerequisite for corporate performance, and in corporate strategy, good financial management strategy is also an important measure to ensure the implementation of the strategy and the improvement of corporate performance.

First of all, corporate strategy has a direct and far-reaching impact on corporate performance. A smart and effective strategy can help a business set goals, plan resource allocation, and provide guidance for action. Through reasonable selection of market positioning, product mix and competitive strategy, enterprises can better meet customer needs and gain competitive advantages. Manager Chen said:

"This kind of strategic decision that matches the market environment helps increase sales, increase profits, and ultimately improve overall performance"

Secondly, the development of a successful financial management system needs to consider the external environment and internal resources 2 key factors. The external environment includes market competition, economic situation, laws and regulations and other factors, and it is necessary to fully consider and understand and adapt to these changes in the formulation of financial management system. At the same time, internal resources such as human capital, technical capabilities and financial strength are also one of the indispensable elements of developing a successful strategic plan. Only on the basis of fully evaluating their own actual situation can we ensure that the selected financial management system conforms to the current situation and future development plan of the company. In addition, Manager Chen also mentioned:

"A balance between longevity and flexibility is also needed in the development of a successful financial management system. Long-term means advancing goals steadily and consistently; Flexibility, on the other hand, emphasizes quickly adjusting strategies to new situations in response to change".

When talking about how the financial management of Unicom is consistent with the corporate strategy, Manager Wang from the financial department of China Unicom said that in financial management, it is crucial to ensure the consistency of the corporate strategy and financial objectives. Effective practical experience can help companies ensure alignment between strategic and financial objectives and maximize performance.

"First, it is very important to clarify the relationship between corporate strategy and financial objectives. Corporate strategy usually includes long-term development direction, market positioning and core competitiveness, while financial goals involve specific indicators such as profit growth and return on capital. Through in-depth analysis and understanding of the two, we can find the point of contact between them and formulate corresponding strategies.

Second, the characteristics and needs of the corporate strategy need to be taken into account when setting financial goals. According to the situation of different industries, different stages and different sizes of enterprises, it is necessary to determine appropriate and measurable financial indicators. For example, in an innovative company, there may be a greater focus on the proportion of R&D investment or the growth rate of product sales; In traditional industries, there may be more emphasis on indicators such as cost control or market share expansion.

In addition, an efficient and flexible budget system can also help to align strategic and financial objectives. As a planning tool, budget can rationally allocate the overall resources of the company and match the expenditure with the income. By setting up detailed and trackable budget lines that are monitored and adjusted in conjunction with actual operational data, the company is able to adapt to changing conditions and maintain consistency".

In addition, Manager Wang also believes that strengthening communication and collaboration within the organization is also a very key factor affecting the financial management system. Since the strategy often requires the participation of multiple departments to promote the implementation, it is necessary to fully understand the problems and challenges faced by each department in the development process, and seek their feedback on relevant matters. At the same time, good communication mechanisms need to be put in place during the implementation process to share information, solve problems and assess progress.

"Last but not least, it is important to regularly evaluate and revise strategies and objectives. As the market environment changes frequently, companies need to closely monitor market trends, competitive dynamics, and internal and external risks. When these factors change, companies should review whether existing financial management systems are still appropriate and modify or optimize them accordingly".

Summarizing Manager Wang's answer, it can be found that in the field of financial management, to ensure the consistency of corporate strategy and financial objectives, it is necessary to clarify the relationship between the two, consider the characteristics of the needs, establish an effective budget system, strengthen communication and cooperation within the organization, and regularly evaluate and revise the strategy. These practical lessons help to improve the efficiency and success of the company's operations.

When talking about the role of the financial centralized management system in improving the company's performance, Manager Zhang, one of the management who is responsible for the development of the company's financial system, said that the financial centralized system is to focus the financial management of the entire company in one body, and develop detailed indicators for management, measurement and verification, so the financial centralized system is a very key system. The key point is the setting of financial indicators. In this regard, Manager Zhang said:

"First of all, financial indicators are an important tool to measure a company's operating condition and performance. Through the analysis of financial data, you can understand the company's profitability, solvency, operational efficiency and other key indicators. These indicators directly reflect the overall performance of the company and provide a basis for management to make decisions. For example, by comparing the financial data of different time periods, it can determine whether the company has made progress or problems, and take corresponding measures to improve performance in time.

Second, financial metrics are also crucial for assessing individual and team performance. In many organizations, employee compensation and rewards are often tied to the goals that individuals or teams achieve. And these goals are usually closely related to financial indicators within a certain range. For example, in the sales department, sales, market share, and customer satisfaction are common and important metrics. By setting clear, measurable goals and linking them to corresponding financial metrics, employees can be motivated to actively strive for excellence".

In addition, Zhang said that financial management plays a key role in the process of making strategic plans and budgets. The effective allocation of funds and resources is one of the bases to ensure the long-term and steady development of enterprises. By means of rational planning of capital flow, controlling cost expenditure and optimizing investment portfolio, we can maximize the efficiency of resource utilization and ensure that enterprises maintain competitive advantages in the competitive market.

Summarizing Manager Zhang's speech, this paper finds that in today's business environment, both large multinational enterprises and small start-ups need to carry out effective and accurate financial management to improve their performance. "No measurement, no improvement", only to accurately grasp and make full use of the key quality factors can better promote the development of enterprises and institutions.

When asked whether corporate financial management should prioritize matching with corporate strategy or corporate performance, Jiang, manager of the company's strategic development department, answered:

"First, let's look at why corporate financial management should match corporate strategy. Strategic planning is the blueprint to guide the future development direction of a company, which involves many factors such as market positioning, product development, and competitive strategy. Financial management plays a key role in this process by properly allocating financial resources to support the implementation of strategic objectives and ensure that the company is able to achieve long-term sustainable growth. If the financial management does not match the corporate strategy, there may be problems such as waste of resources and mistakes in investment decisions.

On the other hand, it is also reasonable to consider the matching with enterprise performance. After all, the ultimate measure of a company's success is usually its operating performance and profitability. Therefore, financial decisions must be made with a view to improving the company's profitability and key metrics such as shareholder returns".

At the same time, Manager Jiang also mentioned that there is no simple and clear answer when choosing which priority should be prioritized over enterprise financial management. In fact, in practice, it is often necessary to weigh the relationship between the two and make a compromise.

"For example, the balance between the two needs to be taken into account when making budget plans. If we only pursue short-term profit maximization while ignoring long-term development potential, we may sacrifice some important investment opportunities. The reverse is also true. Focusing too much on the long term without meeting the needs of the present may lead to a failure to achieve the expected benefits in the short term".

In addition, risk management also needs to combine the two for a comprehensive assessment. While the pursuit of higher returns can lead to greater profits, it also means taking higher risks; However, excessive caution may miss some opportunities with good profit prospects but moderate risk control.

From the above interviews and the collation and analysis of Unicom's centralized financial management system, it can be seen that for China Unicom, the importance of financial management is self-evident, and the current financial centralized system adopted by China Unicom has further expanded this importance. For this system, the most important is the interaction between financial system and strategic planning, financial system and financial indicators.

First, by analyzing the company's financial statements, profit margins, revenue growth and other data, you can determine whether the strategy has brought economic improvement. For example, if a company implements a market expansion strategy and its sales and profits both increase significantly, the strategy can be considered to have a positive impact on business performance.

In addition, non-financial factors should be considered when measuring the success of a strategy. For example, customer satisfaction is one of the important indicators. Data such as customer feedback, complaint rates, and repurchase rates can be used to assess whether a company's strategy is meeting customer needs and providing a good product or service.

Another key indicator is employee engagement and satisfaction. Research has shown that employee involvement in the decision-making process enhances their understanding and support for the implementation of organizational goals and strategies. Therefore, the level of employee engagement and their acceptance of the new policy changes need to be considered when evaluating the effectiveness of the strategy.

In addition, market share is also one of the important indicators to measure the improvement of enterprise performance. If a company can steadily increase its share in a specific field in a highly competitive market, its strategy has a competitive advantage and has successfully improved business performance.

Finally, it is necessary to consider the industry environment and other external factors (such as changes in regulations and policies) when evaluating the success of the strategy adopted by the company in improving corporate performance. These factors may have an impact on the results and need to be weighed into the overall analysis.

It can also be preliminarily seen from these analyses that if China Unicom wants to ensure sustained performance and achieve strategic goals from the perspective of financial management, it should take into account the following points:

First, enterprises should establish a sound financial planning and budgeting system. By developing a detailed and feasible financial plan and integrating it with the overall strategic objectives of the company, resources can be properly allocated and funds used efficiently. At the same time, budget adjustment and control should be carried out in a timely manner during the implementation process to adapt to market changes.

Secondly, focus on risk management in financial decision-making. In the face of uncertainty and increased risk in the market environment, enterprises need to carefully evaluate various investment projects and take effective measures to reduce the impact of risks. For example, risk management mechanisms and diversified investment portfolios can be established to diversify risks.

In addition, it is crucial to emphasize cost control and efficiency improvement in business activities. By accurately accounting for costs, optimizing production processes, and improving employee effectiveness, companies can effectively reduce waste and increase profit margins. At the same time, it is also necessary to pay close attention to changes in market demand and flexibly adjust product pricing strategies to meet customer needs.

In addition, we should adhere to the principle of transparency in financial reporting. Timely and accurate disclosure of corporate financial information is very important to build trust and attract investors. Therefore, companies should comply with relevant laws and regulations, and proactively disclose necessary information so that shareholders and other stakeholders can understand the company's operations.

Last but not least, we should strengthen the construction of internal control system and improve the supervision mechanism. By strengthening the internal audit organization or committee, and strengthening the supervision and inspection of internal processes and operating procedures, problems can be identified and corrected in a timely manner, so as to prevent the expansion or recurrence of losses.

In short, in the current competitive and rapidly changing market environment, from the perspective of financial management to ensure the continued good performance of enterprises need to pay attention to the above aspects. Although these approaches cannot completely eliminate all challenges, they help make China Unicom more competitive and achieve long-term stable development.

Optimization strategies for China Unicom's financial management that contribute to financial decisions and business outcomes

According to the above statistical analysis results, if China Unicom wants to improve its return on assets, it should reduce its ownership concentration, increase the level of non-interest bearing debt ratio and current debt ratio, and increase its asset scale as much as possible. This can be explained from the perspective of corporate financial management, that is, if China Unicom obtains more interest-free liabilities and current liabilities as much as possible, its debt repayment pressure will be smaller, and the overall level of asset-liability ratio will be reduced, so that China Unicom's financial performance will be better, and it will be easier to obtain more financing from the government, banks and the stock market. And more financing will bring greater opportunities for Unicom to expand business and optimize technology, so that the overall income and asset scale of Unicom will be expanded, which will further improve the return on assets through the positive effect of the total asset scale.

Discussions

1) Discussion of the effect of China Unicom's financial management on enterprise performance

At this stage, due to the risk of financial management, the imperceptive fund account has been completely cancelled. However, combined with the needs of 5G business development, China Unicom should establish a compensable imperceptive fund system and allocate it reasonably according to the actual needs and business performance of the 14 local and municipal branches, so as to avoid affecting the normal business operations of the branches. Under the current situation, according to the current financial management requirements of China Unicom, all external payments need to be reviewed by the provincial company, which leads to a long process and slow fund payment speed, and the municipal company has no disposable circulating reserve funds, and the efficiency of fund use has not reached the optimal effect. This is consistent with the research conclusions of (Chang et al., 2009; Seid, 2017), that is, although this management mode is centralized financial management in theory, it also weakens the business flexibility and financial freedom of the enterprise, and may even affect the business development of the company, such as the failure of the guarantee deposit of the bidding project to perform the contract in time. Marketing expenditure cannot be flexibly adapted. In this regard, this paper believes that we can refer to the relevant studies of (Wu, 2016; Fan & Qi, 2011), and consider improving the freedom of decision-making for subordinate departments and branches under the premise of centralized financial management, and the specific financial work can be transferred to the decision-making level of each branch for approval. To ensure that the final result is in line with the strategic planning and financial management objectives of the head office, so as to ensure the subjective initiative of each department and branch, improve work efficiency, keep up with the rapidly changing 5G market, and further achieve the purpose of centralized financial management.

According to the empirical results, the asset-liability ratio, current asset-liability ratio and equity concentration have a negative impact on the return on assets of China Unicom, while the relationship between the non-interest bearing liability ratio, total asset scale and the return on assets of China Unicom is positive, which is similar to the research conclusions of (Yan, 2002; Hoffmann, 2014). In other words, the higher the degree of indebtedness of an enterprise, the greater the impact on its performance, and these impacts are all negative. However, it should be noted that from the perspective of financial management, not only debt will have an impact on enterprise performance. According to the research of (Seid, 2017; Zhang & Lin, 2012), The financial situation faced by enterprises, the preferential policies of local governments, the ownership structure of enterprises and the flow of funds will all have an impact on the financial indicators and performance of enterprises. Therefore, the subsequent research can further refine the measurement of financial indicators from these aspects, while strengthening the representation of enterprise performance.

2) Discussion of optimization strategies for China Unicom's financial management that contribute to financial decisions and business outcomes

The budget of China Unicom is not fully combined with the actual situation of its own production and operation and the analysis and forecast of the operating results to carry out the budget planning. There are still problems in the actual operation and implementation of the budget, and the provisions and rules of the department budget items are vaguely defined. When formulating the cost budget, the company only makes brief amendments and supplements according to the usual practice, instead of investigating the market economic situation and industry supply and demand changes in each production year, and then combining the research results, analyzing the industry development trend and the situation of rivals, and finally determining what kind of competition response strategy to take. The development of 5G business, from the bottom up to embrace all walks of life, its entire business and operation model has not yet formed, the entire telecom industry is in the early stage of exploration, and there is no experience to follow, which puts higher requirements on the comprehensive ability of financial management personnel of local and municipal companies. This is similar to the analysis of (Zhang et al., 2010), that is, the centralized management system currently adopted by Unicom makes it difficult to have the corresponding detailed rules for the management of capital plan, resulting in a certain disconnect between the management of capital and the management of financial performance, which further intensifies the weakening of Unicom's corporate performance.

In this regard, this paper believes that we can refer to the relevant studies of (Li, 2009; Wei, 2013; Xu, 2015), and suggest that China Unicom should strengthen the project-type capital budget planning, especially the ICT projects involving third-party companies, such as Unicom's investment in hardware equipment, construction of 5G base station facilities, etc. In terms of the marketing cost of 5G business, it should further refine the detailed rules of its fund management, estimate the investment in fixed assets of some projects in advance, and optimize and refine the management procedures for flexible adjustment of funds.

3) Discussion on the financial indicators of China Unicom

From the results above, China Unicom has some problems in liquidity, profitability and solvency. First of all, in terms of liquidity, the company's capital turnover speed is slow, and the cash flow is unstable, resulting in a tight capital chain. Secondly, in terms of profitability, due to fierce market competition and high operating costs, the company's profitability has been affected to a certain extent. Moreover, in terms of solvency, the company's debt ratio is high, and the long-term debt pressure is great.

For these problems, China Unicom needs to take effective measures to solve them. Firstly, the liquidity problem can be improved by optimizing the asset structure and improving the operating efficiency. Secondly, profitability can be enhanced by reducing costs and expanding business segments. Finally, we can reduce the debt pressure by actively promoting the mixed reform and introducing strategic investors.

Conclusions

This paper makes a qualitative analysis of China Unicom's financial management system, the importance of financial management indicators and the relationship between financial indicators and corporate performance by means of in-depth interview and regression analysis, and analyzes the quantitative relationship between China Unicom's financial indicators and corporate performance by means of linear regression. Through the research, this paper finds that the financial management system has an important impact on the corporate performance of China Unicom, and for the financial management system, the interaction between the financial system and strategic planning, and the financial system and the financial index is especially important.

The effect of China Unicom's financial management on enterprise performance

Through qualitative analysis, this paper finds that: First of all, by analyzing the company's financial statements, profit rate, revenue growth and other data, we can judge whether the strategy has brought economic improvement. For example, if the company has implemented a market expansion strategy and its sales and profits have increased significantly, it can be considered that the strategy has had a positive impact on corporate performance. In addition, non-financial factors should also be considered when measuring the success of the strategy, such as customer satisfaction being an important indicator. Data such as customer feedback, complaint rates, and repurchase rates can be used to assess whether a company's strategy is meeting customer needs and providing good products or services.

According to the empirical results, the asset-liability ratio, current asset-liability ratio and equity concentration have a negative impact on the return on assets of China Unicom, and their significant coefficients (p-values) are all less than 0.05, that is, they are significant at least at 5 % level, indicating that these 3 variables have a significant linear relationship with the return on assets of China Unicom. On the other hand, the relationship between non-interest-bearing liability ratio, total asset scale and the return on assets of China Unicom is positive, indicating that the increase of these 2 variables can improve the return on assets of China Unicom. Moreover, the correlation between these variables is significant at the level of

1 %, indicating that there is a significant linear relationship between these 2 variables and the return on assets. According to the results of linear regression, there is a significant relationship between each financial indicator proposed in this paper that has an impact on enterprise performance and the return on assets as the dependent variable. Therefore, the research hypotheses H1 - H5 proposed in this paper are valid.

Optimization strategies for China Unicom's financial management that contribute to financial decisions and business outcomes

Based on these results, this paper argues that China Unicom should further establish a sound financial planning and budgeting system on the basis of the current management system. By making a detailed and feasible financial plan and combining it with the company's overall strategic goals, it can ensure reasonable allocation of resources and efficient use of funds. At the same time, budget adjustments and controls should be made in a timely manner during the implementation process to adapt to market changes. At the same time, China should further incorporate financial risk management and measurement indicators into its current financial management system. In this way, in the face of uncertainty and increased risk in the market environment, China can prudently evaluate various investment projects and take effective measures to reduce the impact of risks. For example, risk management mechanism and diversified investment portfolio can be established to diversify risks.

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