

# Thinking About the Economic Management of Universities Based on Capital and Cost Management Optimization

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**Abstract:** The economic management of colleges and universities has always been a topic of great concern to China's educational career, therefore, this paper will firstly make the necessary analysis of the current implementation of the economic management of colleges and universities in China, and then the reasons for the problems of economic management of colleges and universities in China is realized a detailed investigation, and finally, the economic management of colleges and universities based on capital and cost management optimization strategy is made a full discussion, looking forward to providing the necessary guidance for researchers in this field.

**Keywords:** Funding and cost management optimization; University economic management; Strategy

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## 1 Introduction

As China attaches increasing importance to higher education, it is now gradually promoting the development of "world-class universities" and "world-class universities" first-class disciplines" dual strategy (double first-class) construction work. In order to fully respond to the call of the country, universities in China are now deploying relevant level of work. On the one hand, the state has set out clear requirements for the economic management of universities, which must be based on the fund and cost management of optimized in order to promote the later development of universities to have enough funds to support. The reason the state imposes this requirement is that the majority of research

funding for universities comes from state assets, so the state has to be responsible for the intervention of universities' management. The necessary interventions in the economic management of the country's financial resources have been made in order to significantly increase the country's financial resources. On the other hand, the scale of higher education in China is gradually expanding, and the quality of education must be improved accordingly<sup>[1]</sup>. In order to ensure that the work can be carried out properly, more money must be spent on the deployment of the corresponding work. In order to raise the cost of capital, the economic management of universities should be based on the principle of optimal management of capital and costs. The necessary reforms can only lead to a more stable development of higher education in China.

## 2 Current analysis of the implementation of economic management work in universities in China

### 2.1 Insufficient attention and management awareness

At present, the development funds of Chinese universities are allocated by the state. The university thus regards the completion of research projects as the only criterion for the development of the university, which does not sufficiently address the issue of asset management of the university, resulting in the role of university economic management department develops into a single bill audit as well as payment allocation model. Because the concept of university economic management is relatively backward, university teachers at all levels as well as leaders at all levels is lack of the

economic risk prevention consciousness. The obvious inadequacy of the phenomenon, the use of normal assets of the school process in the university economic management system is only like a display<sup>[2]</sup>. It seems that the unilateral pursuit of school quality and school scale will only lead to the use of the existing assets of the school frequent misreporting, misrepresentation. In addition, the budgeting and acceptance of the projects will therefore show a tendency to be a mere formality.

## **2.2 Unclear responsibilities and lack of effective management mechanisms**

There are more departments established within the university, and in addition to the various departments that need to use research funds, there is the university's materials procurement center, the Logistics departments, financial offices, and various student organizations all use the university's own funds. Since many of the university's departments are in the same hierarchy, they do not have the right to monitor each other, so when financial problems arise, they are often shift the responsibility of the problems, and in the end the most precise person responsible is not identified, leading to related economic management problems is difficult to make effective progress. In addition, there are more loopholes in the economic management system of some of China's colleges and universities, which does not allow for the economic activities related to colleges and universities. As a result, school departments often dispose of inherent funds at will, significantly resulting in the phenomenon of low efficient management of assets.

## **2.3 Cumbersome operational processes and insufficient information means**

With the continuous advancement of Internet technology, the current universities in China have realized the effective introduction of information management technology, however, because there are many issues involved in the use of university assets, for example, various university departments are involved in the implementation of budget submissions, budget discussions, asset when conducting inventory checks, financial reconciliations, disbursement of funds, budget approval, verification of project funds, printing of labels, asset recovery, etc., many work implementation process is complex and some of it still requires paper documents. Therefore, paper documents and electronic statements go back and forth to each department of the university, and the operation process is relatively complicated<sup>[3]</sup>. In addition, the university economic management system will often have the problem of

system failure, so that the relevant data cannot be updated in a timely manner, and the construction of related projects in school will be affected.

## **3 Exploration of the causes of the problems of economic management in China's colleges and universities**

### **3.1 Lack of necessary attention to the management of economic risks**

At present, when most universities in China carry out corresponding economic risk management work, they do not carry out corresponding work on the original economic management system. The reform has led to a lack of necessary attention to the management of economic risk, which is reflected in the fact that universities have not implemented relevant economic construction warning system. At the same time, due to the current economic management system implemented by universities is difficult to keep up with the pace of the overall reform of the university system, resulting in the implementation of the economic risk management work does not play a corresponding role in preventing financial risks, but rather makes the rate of the university to have economic risk increases significantly<sup>[4]</sup>.

### **3.2 Disbursement risks arising from blind expansion and alterations**

Along with the continuous implementation of university expansion policy, Chinese universities are gradually increasing the construction of infrastructure to cope with the problem of the growing number of people. The reality, however, is that the work has not been carried out with the appropriate data validation and qualification, which has led to an increase in the number of people with disabilities. There is an obvious phenomenon of blind expansion and reconstruction of universities, resulting in a serious waste of school reserves. Insufficient funds for school construction will lead to large loans from banks, which will lead to significant payment risks<sup>[5]</sup>.

### **3.3 Risks arising from inadequate management of internal procurement**

With the deepening of the university reform strategy, the current management of the internal management of Chinese universities has gradually tended to standardize, however, in the actual implementation of its, there are also some problems, for example, when carrying out the corresponding internal management of

universities, staff do not implement the corresponding scientific, which has led to frequent waste of human resources and unused equipment in the actual equipment bidding and teacher recruitment process<sup>[6]</sup>. Moreover, the unfamiliarity of the work process during the implementation of the project tender leads to an apparent arbitrariness in the procurement of the project tender is lack of transparency, and the risks to the economic management of universities have increased dramatically.

## **4 Exploring the economic management strategy of universities based on capital and cost management optimization**

### **4.1 Integrated fund management and enhanced responsibility for fund management**

In 2019, the growth rate of the number of colleges and universities in the country is 11%, its current number has risen to 3,015, the number of students in colleges and universities has reached 3.11 million. The continuous expansion of the scale of universities has led to a sharp increase in the operating costs of universities, which is reflected in the costs of coal, water, electricity, research, etc. is increasing significantly with a high percentage trend. In order to promote effective economic management of universities and to achieve the necessary optimization of the allocation of university resources, it is possible to start with the implementation of cost management to apply the limited teaching resources to the teaching and research in order to achieve the necessary improvement of the economic management efficiency of the university<sup>[7]</sup>. Therefore, colleges and universities should effectively implement the school's financial office fund management responsibilities, the current economic management system to achieve the necessary improvement of homework in order to ensure the safe use of the operating funds owned by the universities, and comprehensive management of the university's operating funds should be carried out to fully realize the overall arrangement of work to ensure that they can be effectively invested. In addition, the operating funds of universities should be managed comprehensively, and the overall arrangement of work should be fully realized to ensure that they can be invested effectively and scientific use.

### **4.2 Strengthening expenditure management**

Based on the principle of optimizing the management of funds and costs to achieve the effective operation

of university economic management work, but also from the work on the expenditure of funds To strengthen the perspective of management, in order to achieve a reasonable control of university operating costs. The actual implementation of the development strategy can be carried out from the following two levels. The first level is to achieve strict control of the expenditure budget. The expenditure of the university mainly includes two aspects, one is the preparation of expenditure budget, which is based on the current financial system of the university. Every expenditure of the university is included in the overall expenditure budget system of the university<sup>[8]</sup>. Secondly, budgeting expenditure, that is, without a project budget, the funds cannot be used arbitrarily. Nor can they be added at will. The second level is to strictly control the scope and standard of project expenditures. The scope and standards of university project funds expenditure should be implemented in an orderly manner in accordance with the relevant national economic management system. Standard cases must be explicitly prohibited, and strict penalties must be imposed for violations of the required expenditures<sup>[9]</sup>.

### **4.3 Implementation of comprehensive budget management to improve the efficiency of economic management**

The effective implementation of the comprehensive budget management work can also promote effective operation of the economic management of the university based on the optimization of funds and cost management. In the development of university budget management, staff should not only take into account the current changes in the market economy, but also should carry out the corresponding budgeting operations according to the actual situation of their own units<sup>[10]</sup>. Therefore, university budget management work will be influenced by micro-economy and macro-economy at the same time. The influence from micro perspective is mainly the actual development of university operation projects, the income and expenditure of the university itself, and the construction of key disciplines of the university. The impact from a macro perspective includes factors such as the restructuring of the education sector and the national policy on the development of higher education<sup>[11]</sup>. For this reason, the comprehensive budget management of universities should be based on a regular inspection system, i.e., when the budget is implemented, it can be Introduce a regular review process to perform the necessary reconciliation of variances between the budgeted and actual amounts spent on projects and identify the

occurrence of variances source and take steps to dispose of it.

#### 4.4 Conducting internal cost accounting

To achieve the effective operation of university economic management work, and also to the university internal cost accounting work should be effectively implemented, so as to ensure that the economic management of the university can play its due role. Specifically, the work consists of two main aspects, namely, first, ensure that from the current expenditure of the current costs to achieve the collection work of the university to achieve a detailed grasp of the actual expenditure of the economic activities of the university, and then realize the standardization of the economic management and the necessary increase in transparency of the university<sup>[12]</sup>. At the same time, it should also be determined whether the costs of ongoing projects should be included in the current period based on the actual benefits of the project's expenditure of the current year. Where expenditure relates to the current year only, it should be included in the current period; where expenditure not only achieves the objectives of the current year, it should be included in the current period. And if expenditure expense can realize current income not only, and still can assure later period income, should with amortize or depreciate means and calculate actual expenditure income. Secondly, it is necessary to implement the classification of the corresponding cost categories, so that the nature of the corresponding economic activities of the university can achieve the necessary clarity, and ultimately economic management of universities can be carried out in a targeted manner. Specifically, the corresponding classification can be implemented based on the purpose of the project expenditure costs, i.e., the current costs should be concentrated on the education, training, and training of students. At the scientific, administrative, etc. level, current costs should be attributed to the corresponding cost categories according to their actual use when the attribution exercise is carried out<sup>[13]</sup>.

#### 4.5 Enhanced fixed asset management

To achieve the effective operation of university economic management, it is also necessary to strengthen the management of the university's fixed assets, in order to ensure that the economic management of universities can achieve higher efficiency. The actual deployment of this development strategy should motivate the university economic management staff to manage their fixed assets. The necessary update of the concept, the use of a more scientific and rational management

concept to promote the management of university fixed assets can run more efficiently, and finally for the university economic management work to provide more reasonable guidance. Only to ensure that the university economic management staff to the management of fixed assets to pay enough attention to, the university's fixed asset management work only then can they exert the effectiveness of application and can effectively promote the necessary improvement of the economic management system of higher education institutions. Therefore, institutions of higher education should fully establish the advanced economic management concept in order to promote the economic management activities of university fixed assets can be Carry out more smoothly, to ensure that the implementation of economic management activities can fully meet the needs of the normal operation of the university, and thus achieve the university The effective implementation of the various tasks. In addition, the necessary learning of modern asset management concepts should also be realized, and ultimately, the formation of a new fixed asset value-added institutions. The idea is to ensure that the university gets more benefits<sup>[14]</sup>.

## 5 Conclusion

In short, the effective implementation of the university economic management work based on capital and cost management optimization has an important strategic significance for the development of China's higher education teaching cause, for this reason, the author has already realized a detailed investigation work on the economic management strategy of the university based on capital and cost management optimization in the above article, hoping that it will help the relevant personnel. And the author believes that the future of China's university economic management work will be carried out more smoothly. China's higher education cause will also realize a more prosperous development.

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