# FINANCIAL MANAGEMENT FOR THE ORGANIZATIONAL SUCCESS: CHALLENGE BEFORE FINANCE MANAGERS

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**Abstract:** *Normally the financial management is concerned with procurement, allocation and control of financial resources of a concern. Financial Management means planning, organizing, directing and controlling the financial activities like procurement and utilization of funds of the venture. It means applying common management ideology to financial resources of the business organization. Finance and efficient financial management play a very important role in the success of every concern. The success of any organization lies on the availability and efficient management of finance. The responsibility of finance manager in the financial management of business organization concerned is increasing now days. In these competitive days financial management has to face many challenges and the financial managers have to take innovative decisions for leading the concern towards success. Hence the study in this field is essential though the studies in this field are being done. The study is based on the secondary data and information. In this paper attempt is made to highlight the role, responsibilities, functions, etc. of the finance manager.*

*The paper includes need for the study, concept, objectives and functions of financial management, financial planning, finance functions, role and functions of finance manager, etc.*

***Keywords:*** *Finance, procurement, management, responsibility, organization, success, Efficient.*

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## INTRODUCTION

Normally the financial management is concerned with procurement, allocation and control of financial resources of a concern. Financial Management means planning, organizing, directing and controlling the financial activities like procurement and utilization of funds of the venture. It means applying common management ideology to financial resources of the business organization. Finance and efficient financial management play a very important role in the success of every concern. The success of any organization lies on the availability and efficient management of finance. The responsibility of finance manager in the financial management of business organization concerned is increasing now days.

## OBJECTIVES OF THE STUDY

The study has following objectives,

1. To know the objectives and importance of financial management.
2. To study the aspects involved in the financial management.
3. To study the responsibilities of finance manager.
4. To find and suggest the solutions for effective financial management.

## METHODOLOGY

The study is based on secondary data and information.

The paper includes need for the study, concept, objectives and functions of financial management, financial planning, finance functions, role and functions of finance manager, etc.

## NEED FOR STUDY

The finance is the key component of every business concern. The availability and deployment of funds play vital role in the success of business organization. The development of trade and commerce has increased the demand for wide variety of goods and services. Old business organizations have to worry for continuing in the field and new organizations for competing with the old ones. The success of business organizations depend on the managerial talent decision making skill of the organization. Financial management plays a very important role in cutting costs and bringing handful profit. Hence the right deployment, allocation and utilization of funds is considered as key for the success of the business concern. In these competitive days financial management has to face many challenges and the financial managers have to take innovative decisions for leading the concern towards success. Hence the study in this field is essential though the studies in this field are being done. Hence this study.

## CONCEPT OF FINANCIAL MANAGEMENT:

Financial Management means planning, organizing, directing and controlling the financial actions like procurement and deployment of funds of the venture. It means applying general management principles to financial resources of the project. Strong financial management through the allocation of scarce resources amongst competing business opportunities, creates value and managerial ability. Financial Management supports to the execution and monitoring of business strategies and helps to achieve business goals. Managerial finance is an interdisciplinary approach that borrows from both managerial accounting and corporate finance.

Financial Management includes- Managerial Finance, Corporate Finance and Financial Management for IT services. Managerial Finance which is a branch of finance that connected with managerial importance of finance techniques. The Corporate Finance deals with financial decisions that the business enterprises make and apparatus and analysis used for making such decisions. Financial Management for IT Services deals with the financial management of IT assets and resources. The important objectives of the financial management are to create wealth for the business, generate money and to make available an enough income on investment.

## OBJECTIVES OF FINANCIAL MANAGEMENT:

The procurement, allocation and control of the financial resources of a business organization are the important areas of concern of financial management. Following are the important objectives of the financial management.

1. To guarantee the expected and enough supply of resources to the business concern.
2. To ensure satisfactory earnings to the shareholders.
3. To make sure the maximum utilization of funds available.
4. To guarantee safety on investment.
5. To maintain balance between debt and equity capital.

## ROLE AND FUNCTIONS OF FINANCIAL MANAGEMENT:

1. Assessing the requirement of capital: It is the prime responsibility of a finance manager to make guess about the capital necessities of the business concern. The expected profits, costs and future programmes and policies of a business concern will determine the amount of capital requirement. For this estimations are to be made in an ample manner which raises the earning ability of the venture.
2. Deciding the composition of capital: After making the estimation, the structure of capital is to be decided which includes both short- term and long- term debt equity scrutiny. The structure of capital depends on the amount of equity capital a concern is possessing and further funds which have to be raised from investors outside.
3. Selection of financial sources: A business concern has many choices for getting additional funds and has to choose source out of which are issue of shares and debentures, loans from banks and financial institutions, public deposits in the form of bonds.
4. Allocation and Investment of funds: It is the finance manager who has to decide to allocate funds into profitable ventures based on the possibility of safety on investment and regular returns.
5. Distribution of surplus: The finance manager has to take decision about net profits. Such can be done by the way of Dividend declaration and Retained profits. The former will be done by recognizing the rate of dividend and other benefits such as bonus and the latter will be done on the bases of expansional, innovational, diversification plans of the venture.
6. Administration of cash and financial control: Administration of available money and achieving control over money are challenging tasks before finance manager. Taking decision regarding cash management is a very important duty of finance manager. Ready money is necessary for payment of wages and salaries, electricity bills and water bills, interest payment, meeting existing liabilities, maintenance of enough stock, purchase of raw materials, etc. Financial control is a critically important activity to help the business in meeting its objectives. The finance manager has to have control over finance for which he has to answer important questions like- Are assets being used efficiently? , Are the businesses assets secure?, Do management

act in the best interest of shareholders and in accordance with business rules? , etc. Depending on the earning ability, market price of the share, shareholders' expectations proper plans are to be prepared for which he has to follow techniques like ratio analysis, financial forecasting, cost and profit control, etc.

7. Utilization of funds: Funds should be invested in those ventures which provide safety and adequate return with least cost.

## FINANCIAL PLANNING

Financial planning means the method of estimating the resources required and determining its competition. It is the way of preparing financial policies concerned to procurement, investment and management of resources of business concern. With many objectives the financial planning will be prepared such are- to determine the capital requirement, to determine the structure of capital, to frame financial policies with regard to cash control, lending, borrowings, etc. A finance manager has to ensure bout the limited resources and their maximum utilization in the best potential manner at lowest cost to get highest profits on investment.

## NEED AND IMPORTANCE OF FINANCIAL PLANNING:

Financial planning is a procedure of framing objectives, policies, measures, agenda and budget relating to the financial activities of a business organization. The financial planning ensures successful and ample financial and investment policies. The strong financial planning ensures adequate funds, helps to maintain balance between outflow and inflow of funds for maintaining stability, helps to the suppliers of funds to invest their funds in business concerns or companies, helps in long-run survival of the company through planning for growth and expansion programmes, helps in reducing uncertainties relating to market trends through having sufficient funds, helps in reducing uncertainties and ensures profitability and in turn helps in the growth and stability of the business organization.

## ROLE OF FINANCIAL MANAGER:

The financial activity plays an important role in the success of business concern. It is a complex and delicate activity. Finance manager is the person who plays a key role in such activities which bring sufficient profits and good will to the concern and takes care of all the important finance related functions of a business concern. He with his far sightedness utilizes the resources wise manner and brings stability to the concern.

## FUNCTIONS OF FINANCIAL MANAGER:

Finance manager is the person who plays a key role in financial activities and because of him the business concern earns sufficient profits and good will. He performs a set of variety of functions which are as follows.

1. Raising Funds: Raising funds is one of the very important functions played by the finance manager. It is the responsibility of the finance manager to make arrangement of necessary funds from various sources. Funds can be raised by the way of equity and debt. Maintaining excellent balance between debt and equity is the responsibility of finance manager.
2. Allocation of Resources: As the financial decisions influence other management activities, proper allocation of funds is very much significant. After raising funds from various sources the finance manager has to allocate the funds wisely in the best possible manner. While allocating funds he has to consider some important points such as size of the firm and its growth capacity, status of assets whether they are long term or short term, mode by which the funds are raised, etc.
3. Dealing in capital market: Finance manager must understand the ins outs of capital market. Risk is always involved at the time of trading securities in the stock markets. Hence the finance manager has to understand and calculate the risk involved in trading of shares and debentures. The decision of a financial manager about the distribution of dividend is also the one of his important functions.
4. Planning of Profit: The main motto and function of business organization is profit earning. Profit earning is essential for the survival. Profit planning means appropriate handling of the profit earned by the business organization. Profit earning of the firm is determined by the product pricing, competition, demand and supply, cost of production and output level, etc. The proper and healthy mix of variable and fixed factors increases profitability of the business organization. A slight negligence in the management of the determinants of profits leads to reduce profitability which harms the sustainability of the firm. Hence planning all these things is the responsibility of the finance manager.

## CONCLUSION

The success of any business organization is expected. Profit is the tonic for the growth, sustainability and successful operation of the business organization. The finance manager plays a decisive role in the success of the organization. His important duties are raising funds, allocation of resources, dealing in capital market, planning of profit, etc. If the firm has efficient and eminent finance manager, the path of success of a firm will be clear. Hence the finance manager has to take clever and timely financial decisions depending on the changing time and competition and lead the business organization towards sustained success.

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