

Research on the Motivation and Realization Path of Industry and Wealth Integration in Real Estate Enterprises

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Abstract: Real estate enterprises want to move forward stably in the fierce market competition, need more accurate and timely understanding of market dynamics, competitors and consumer demand changes and other information. Real estate enterprises to implement the integration of business and finance, the work and decisions of both business and finance departments need to be closely integrated, to achieve information sharing, collaborative cooperation and comprehensive analysis, so as to improve the financial management level and risk management ability of enterprises and promote the implementation of corporate strategies. This paper aims to analyze the current development status of real estate enterprises, and discuss the causes and challenges of the integration of business and finance in real estate enterprises, so as to put forward the realization path of the integration of business and finance in real estate enterprises, so as to realize the sustainable development of real estate enterprises.

Keywords: Integration of Industry and Finance; Real Estate Enterprise; Sustainable Development

1. Introduction

In recent years, the rapid development of the real estate market and changes in the economic environment have brought new challenges to real estate enterprises. In the fierce market competition, real estate enterprises need to improve both business decision-making and financial management to a higher level in order to maintain competitive advantage and sustainable development, so the integration of business and finance has become a key issue in the management of real estate enterprises. However, it is not a simple task to realize the integration of business and finance. Real estate enterprises need to overcome various obstacles and challenges. Through the research on the realization path of the integration of business and finance in real estate enterprises, the purpose is to optimize the allocation of enterprise resources, improve the level of financial management and risk management ability of enterprises, and promote the competitive advantage of real estate enterprises in the highly competitive market.

2. The development status of real estate enterprises

Real estate enterprises are those whose main business is to buy, develop, lease and sell real estate. Real estate projects involve land purchase, development, construction, sales and other links, which require a large amount of capital investment, so real estate enterprises need to have good financial strength and financing ability. At the same time, the real estate industry has obvious cyclical characteristics. The investment cycle is long, and it is greatly affected by macroeconomic, policy and market factors. The growth and recession of the industry are often closely related to the economic cycle, and changes in the relationship between supply and demand will directly affect the housing price, sales and investment activities^[1].

With the development of economy, the number of real estate enterprises is growing day by day, and the real estate enterprises have entered a period of rapid development. The real estate market gradually tends to be saturated, and the market competition in the real estate industry is intensified. The current development status of China's real estate enterprises is understood through the public data of the National Bureau of Statistics, as shown in Table 1 below.

Table 1: National real estate development and sales from January to December 2023

Indicators	Absolute amount	Increase over previous year (%)
Investment in real estate development (billion yuan)	110913	-9.6
Among them: residential	83820	-9.3
Office BUILDINGS	4531	-9.4
Commercial business occupancy	8055	-16.9
Sales area of commercial housing (10,000 square meters)	111735	-8.5
Among them: residential	94796	-8.2
Office BUILDINGS	2717	-9.0
Commercial business occupancy	6356	-12.0
Sales of commercial housing (100 million yuan)	116622	-6.5
Among them: residential	102990	-6.0
Office BUILDINGS	3742	-12.9
Commercial business occupancy	6619	-9.3
Commercial housing area for sale (10,000 square meters)	67295	19.0
Among them: Residential	33119	22.2
Office BUILDINGS	4854	17.7
Commercial business occupancy	14231	13.3

Source: National Bureau of Statistics

As can be seen from Table 1, the national investment in real estate development from January to December 2023 was 110.913 billion yuan, down 9.6% year on year. Among them, the investment in housing was 8,382 billion yuan, down 9.3% year on year; The sales area of commercial housing was 1117.35 million square meters, down 8.5% year on year, of which the sales area of residential housing was down 8.2%; The area of commercial housing for sale increased by 19 percent year-on-year, especially the area of residential housing for sale was 331.19 million square meters, up by 22.2 percent year-on-year. Generally speaking, the current development of the whole real estate enterprises is relatively severe, and real estate enterprises need to flexibly respond to market changes, grasp the policy orientation, and improve management. At the same time, they need to have financial strength, market insight and risk management ability to improve the efficiency of capital utilization, reduce financial costs, and achieve sustainable development of enterprises.

3. The motivation of real estate enterprises to implement the integration of industry and finance

3.1 Promote the implementation of enterprise strategies and enhance the core competitiveness of enterprises

The integration of industry and finance in real estate enterprises plays an important role in promoting the implementation of corporate strategy and enhancing the core competitiveness of enterprises. By integrating business and financial data, real estate enterprises can realize integrated planning and decision-making, and business departments and financial departments can cooperate and coordinate more closely, which helps to ensure the consistency of strategic goals and financial goals of enterprises, and avoid problems caused by the incoordination between business decisions and financial implementation. At the same time, the integration of industry and finance can also promote the integration of performance management and incentive mechanism. By combining business performance and financial performance, the performance of enterprises can be evaluated more comprehensively and more targeted incentive measures can be provided.

3.2 Optimize the allocation of enterprise resources and improve the level of enterprise financial management

The current financial management system design has integrated financial management, cost control, business operations, etc. The information for financial decision-making and analysis can not only rely on financial accounting information, but also rely on market information, industry information, internal strategic planning of enterprises, business operations and other information. The implementation of industry-financial integration in real estate enterprises can help enterprises have a more comprehensive understanding of business and financial resources. By integrating the data and information of business departments and financial departments, financial departments can use business data and trend analysis to provide enterprises with accurate financial prediction and assess the return on investment and risk of different projects, and help enterprises to make more rational and reliable financial decisions. Optimize the efficiency of capital utilization, improve the success rate of projects, and enhance the level of financial management.

3.3 Improve enterprise risk management capabilities and promote sustainable development of enterprises

The integration of business and finance provides a more accurate basis for business and financial data, which helps enterprises to view business and financial risks from an integrated risk perspective. Through the integration of business and financial data, enterprises can better identify potential risks, including market risk, policy risk, financial risk, etc., use financial analysis tools and models to conduct a comprehensive assessment of various risks and measure their impact on enterprises, which enables enterprises to take corresponding risk management measures in a more timely manner to mitigate the negative impact of risks. At the same time, enterprises can establish a risk monitoring system, regularly monitor and evaluate the status of risks, and timely monitor corporate risks through financial reports, risk reports and other forms. It can help enterprises better cope with risk challenges, reduce potential losses, and promote sustainable development of enterprises.

4. Challenges faced by real estate enterprises in implementing the integration of industry and finance

4.1 There are ideological and cultural differences between the financial department and the business department

The concept and cultural differences often exist between the financial department and the business department, which make the real estate enterprises face great challenges in implementing the integration of industry and finance. The differences are mainly reflected in three aspects: first, the goal orientation is different. The financial department focuses on financial health and profit maximization, and tends to develop conservative financial strategies, while the business department focuses on business activities such as marketing, customers and sales, and focuses on achieving business goals and growth. This difference will lead to differences in strategic goals and resource allocation between the financial department and the business department. Second, risk appetites differ. Financial departments pay more attention to risk control and financial stability, focusing on the financial health and sustainability of enterprises, while business departments are more inclined to take higher risks and pursue greater returns, which can lead to inconsistent views on project selection, investment decisions and fund management. Third, there are different indicators of concern. Finance departments focus more on financial metrics, such as profit and cash flow, while business departments measure performance in terms of market metrics such as business growth, market share and customer satisfaction, which leads to differences and conflicts in performance measurement and incentive mechanisms. These differences can lead to poor communication and cooperation between the finance department and the business department, and may even create conflicts of goals and interests.

4.2 Lack of reasonable performance evaluation and incentive mechanism

It is very difficult to design and implement a reasonable performance evaluation and incentive mechanism because of the different objectives and indicators concerned by the financial department and the business department. The lack of reasonable performance evaluation in real estate enterprises will lead to unclear goals for employees, who are not clear about what goals they should pursue and what key

business and financial indicators they should pay attention to, thus lacking a clear direction and focus in their work. The absence of a reasonable incentive mechanism means that employees have no clear incentives and rewards, and lack motivation to go beyond their existing job duties and requirements, thus affecting their work motivation and enthusiasm. If the indicators that are evaluated and incentivized between departments are inconsistent or contradictory, departments may compete for their own interests, leading to a decline in overall synergy.

4.3 Information asymmetry exists between the financial department and the business department.

The business department usually has more market and customer information to understand the characteristics of products and services as well as market competition, while the financial department has a better understanding of financial data and reports to grasp the financial status and financial health of the enterprise. When there is an information asymmetry between the financial department and the business department, it may lead decision makers to make decisions without comprehensive information. The business department may not have a full understanding of financial health and related constraints, while the finance department may not have a full understanding of the market and customer needs. The information obtained by the financial department lags behind that of the business department. At the same time, the financial department does not understand the business information behind the data and cannot accurately judge the authenticity of the business data. If there is fraud in the business department, the financial department will obtain the information, which may lead to incomplete and inaccurate decisions.

4.4 Real estate enterprises lack of talents integrating industry and finance

In the past, enterprises mainly focused on the training of business and financial professionals, but the demand for talents with the ability to integrate industry and finance is relatively low. However, with the intensification of market competition and the development of information technology, real estate enterprises have recognized the importance of talents in decision-making and planning, risk management and performance management. The combination of industry and finance talents need to understand the real estate market and policy changes, financial analysis and reporting, risk assessment and other aspects of knowledge, and at the same time have data analysis, information system application and cross-department cooperation skills, need to have cross-field comprehensive ability, such cross-field requirements increase the difficulty of talent selection and training.

5. The realization path of the integration of industry and finance in real estate enterprises

5.1 Strengthen the communication and cooperation between financial and business departments

The key to promote the integration of industry and finance is to strengthen the communication and cooperation between finance and business departments, which often exist in concept and culture differences. First of all, it is necessary to jointly set financial and business objectives. The financial department and business department participate in the formulation of common objectives. The formulation of common objectives can enhance the cooperation between the two parties and ensure that the business and finance can cooperate with each other to achieve the overall strategic objectives^[2]. Secondly, to establish a good communication mechanism, enterprises can regularly hold joint meetings of business and financial departments, and can set up cross-departmental working groups or groups, which are jointly participated by business and financial representatives to discuss and make decisions on major projects. Finally, the financial department and the business department need to cross-learn, the financial personnel understand the market environment and industry trend, have an in-depth understanding of the business process, and master the core process and key nodes of the business. At the same time, the business personnel also need to learn financial knowledge and understand the financial status and operation of the enterprise^[3].

5.2 Establish and improve the performance evaluation and incentive mechanism

In the process of the integration of industry and finance, clear performance evaluation standards should be formulated to ensure the fairness and consistency of the evaluation. The establishment of corresponding measurement indicators not only needs to cover both financial and business dimensions to reflect performance and results, but also needs to consider other business indicators, such as market

share, customer satisfaction and business innovation, so as to achieve the quantification and tracking of the enterprise's strategic goals and business models. Real estate enterprises should comprehensively consider the five dimensions of business, finance, operation, market and talent to establish a performance evaluation mechanism. The specific performance evaluation indicators are shown in Table 2 below.

Table 2: Performance evaluation indicators of real estate enterprises

Dimensions of Performance Appraisal	Specific indicators	Factors to consider
Business dimension	Sales, construction in progress, sold area, land reserve	The difficulty of selling the project Market share
Financial dimension	Net profit, operating profit margin, total asset turnover, current ratio, etc	Actual operation of the enterprise Industry characteristics
Operational dimension	Project cycle, project cost, engineering quality pass rate	Operational difficulty of the project Project risk factors
Market dimension	Market share, customer satisfaction	Competition in different markets Customer needs
Talent dimension	Employee satisfaction, turnover rate, employee promotion rate	Actual talent needs of enterprises Employee development

In terms of the formulation of incentive mechanism, in addition to salary incentives, diversified incentive methods should be provided. Real estate enterprises can design from multiple perspectives such as equity, bonus, promotion and training. For example: (1) Equity incentives can be given to operators, senior managers and core technical personnel to encourage them to pay attention to the long-term development of enterprises and improve the stability and competitiveness of enterprises; (2) bonus incentive, according to the actual work performance and performance of enterprise employees to give the corresponding bonus incentive, in order to motivate employees to work harder; (3) promotion incentive, through promotion to motivate employees, so that they can see their future in the enterprise, so as to be more active in the work; (4) training incentive, to provide employees with training opportunities, improve the professional quality and work ability of employees, so as to create more value for the enterprise; (5) spiritual incentive, give employees praise, praise and other spiritual rewards to motivate them to continue to maintain a good working condition.

5.3 Build an information sharing system for the integration of industry and finance

To build an industry-finance integrated information sharing system and break the barriers between the financial information system and the business system, it is necessary to comprehensively consider the needs of various departments and balance the security of information and the sharing efficiency. Real estate enterprises need to use digital and intelligent tools, cloud computing, big data, artificial intelligence and other technologies to enhance their digital capabilities^[4]. First of all, they need to analyze the needs of industry and financial integration, understand the needs of financial and business departments, and determine the data and information that needs to be integrated and shared. Secondly, determine what information needs to be protected, formulate corresponding security measures, optimize the information interface of the current system, and realize the interaction of information of various departments, while fully considering the compatibility, scalability and security of the system. Finally, the sharing rules and processes should be formulated to ensure that the rules and processes can meet the requirements of security and compliance, improve the transparency and accuracy of information, and reduce information asymmetry.

5.4 Cultivate interdisciplinary talents integrating industry and finance

For the cultivation of compound talents who are in line with the integration of industry and finance, enterprises should formulate a clear career development path for employees, let employees know their own development direction and goals, and regularly carry out special training and education plans, the training content covers business and financial knowledge, and promote the concept and practice of the integration of industry and finance. At the same time, enterprises can provide cross-departmental job

rotation opportunities for employees of business and financial departments. Through job rotation practice, employees can work in different positions, understand the operation mode and needs of different departments and positions, enhance mutual understanding and cooperation consciousness of both sides, help employees fully understand the correlation between business and finance, and improve their comprehensive quality and adaptability^[5]. In addition to internal talent training, enterprises can also recruit outstanding talents in society to continuously improve the quality of the composite talent team with the integration of industry and finance.

6. Conclusion

The integration of industry and finance is the key to the healthy and sustainable development of real estate enterprises. Enterprises need to deepen the practice of the integration of industry and finance, strengthen the communication and cooperation between finance and business departments, build an information sharing system for the integration of industry and finance, establish and improve the performance evaluation and incentive mechanism, and cultivate compound talents for the integration of industry and finance. Through the integration of industry and finance, enterprises can implement strategies more efficiently, optimize the allocation of resources, enhance the core competitiveness of enterprises, and achieve sustainable development.

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