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Discussion on the construction of a financial sharing centre for T Enterprise

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Abstract: *With the current global economic slowdown and increased economic instability, T enterprises are facing increasingly fierce market competition and changing market environment at home and abroad, and the difficulty of maintaining market competitiveness continues to increase. The construction of a financial sharing centre is an important breakthrough in the digital transformation of T enterprises. Through process re-engineering, the centre can innovate management methods, reduce costs and expenses, improve management efficiency, promote the integration of business and finance, and continuously enhance the market competitiveness of T enterprises. This paper first briefly introduces the basic situation of financial sharing centre and T enterprises, then analyses the driving force and construction benefits of building financial sharing centre in T enterprises, and finally discusses the key construction contents of financial sharing centre in T enterprises.*

Keywords: *financial sharing; financial transformation; financial integration of industry and finance*

1. Introduction

The globalisation of the economy has been accompanied by the creation of more and more multinational companies and the emergence of transnational and inter-regional production models. The increasing complexity of the organisational structure and management of companies has led to a very important and urgent challenge: efficient financial management. The traditional financial management model is no longer able to keep pace with the development of companies, and more and more companies are exploring and pursuing innovative and efficient financial management methods that can adapt to the increasingly complex economic environment and operating models. In the 1980s, financial shared service centres were first introduced in the US by some large multinational companies to solve the problems of inconsistent financial management objectives, confusing and complicated management, and inefficient decentralised financial management. Through the financial sharing centre, companies can establish a management ecology with their own characteristics.

2. Introduction to financial sharing centres

In the 1980s, Ford proposed to integrate repetitive, process-oriented and standardized financial work into a financial sharing centre through process improvement. Brian Bergeron proposed in Shared Services Essentials that "the purpose of shared services is to increase efficiency, create value, save costs and improve the quality of service to internal customers". In recent years, as the market has evolved, the concept of financial sharing centres has been expanded and innovated. The financial management operations of business entities in different countries and locations are centralised in a shared service centre, and through electronic information systems, financial management, accounting bookkeeping and reporting are handled in a standardised, intensive, fast and efficient manner, thereby improving the efficiency of financial management within a geographical area or enterprise group and saving labour and management costs. Currently, most scholars believe that financial shared services are the fourth financial transformation, and that financial shared services are professionalization, standardization, process and informatization, and that the construction of a complete financial shared centre is the most important part of the digital transformation of an enterprise.

3. Basic situation of T Enterprise

T Enterprises is a multinational business enterprise, with business sectors involving engineering

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construction, domestic and overseas tourism, hotels, etc. It has set up 3 branches and 11 subsidiaries. Over the years, T Enterprises has been mainly rooted in diversified business operations, with a deep pool of technical talents and outstanding operational capabilities, and has been cultivating the northwest and central regions, forming a certain regional radiation force and having certain regional advantages. In recent years, driven by the national "One Belt, One Road" strategy, T Enterprises has been expanding its overseas business and has been awarded important construction projects in Central Asia and other countries. In the past three years, the annual revenue of T Enterprises has been steadily increasing and the average annual return on net assets has reached 8%, which is a good development momentum for the enterprise.

4. Drivers for the construction of Enterprise T's financial sharing centre

Enterprise T has several construction projects in different regions at home and abroad, and has set up several branches and subsidiaries for a long time according to the needs of the projects and functions. With the development of its business, the enterprise has a complex structure, bloated staff, inefficient financial management, etc. The management costs are high, the head office has insufficient financial control over the subsidiaries, and some of its branches and offices often only undertake relatively single sales or warehousing functions, and do not have The company's management decided to build a financial sharing centre to solve the difficulties and blockages in management.

4.1. External drivers

(1) Increased business risks. On the one hand, domestic competition is becoming increasingly fierce, and the rate of return of the main business without high technical barriers or monopoly advantages is gradually approaching the average market rate of return. The construction of a financial sharing centre could centralise certain financial management functions of the group's branches and subsidiaries, such as accounting and bookkeeping, staff payroll and welfare management, in order to achieve a scale effect and reduce operating costs. On the other hand, the current global economic slowdown, increased inflation in foreign markets, increased international instability and weakened profitability have increased the risks faced by T enterprises in international operations.

(2) Government policy guidance support. In 2013, the Ministry of Finance put forward the policy of transforming corporate finance to management accounting and information accounting, requiring corporate financial management to transform from financial accounting in the past to the integration of business and finance and value creation. The guidance and promotion of government policies have led to the widespread construction of financial sharing centres, with leading enterprises in various fields initiating early deployment, providing a good model for other enterprises to build financial sharing centres and realise the digital transformation of their enterprises.

4.2. Internal driving forces

(1) As a result of diversification projects in many regions, T enterprises have set up several branches or subsidiaries, and some of them have separated their operating and ownership rights, reduced their management chains and flattened their organizations to a certain extent, which initially supported the business development of each company. In some cases, there is a "vacuum" in the management of subsidiaries by the head office, resulting in management risks and the risk of management corruption. The construction of a financial sharing centre, through the unification of accounting reporting standards, the reengineering of financial processes, the transfer of approval authority and the penetration of information chains, has enabled the redistribution of financial authority and easy access to financial data, allowing the company to grasp the operational status of its subsidiaries in real time, such as project progress, contract management and related party transaction information, and to have control over major operational decisions. It is an important booster for enterprises to strengthen internal control.

(2) In the process of rapid development, when T Enterprises fully granted financial and personnel management authority to its branches and subsidiaries, each company established its own financial processes and standards adapted to its own business development, and the financial policy standards of different companies were not the same, resulting in different internal accounting policies and failure to effectively connect financial information systems when T Enterprises obtained financial statements from each company. As a result, the integration of information is slow, forming financial and business

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"data islands", while the construction of a financial sharing centre can effectively break through the data barriers and realize the aggregation of information from different software systems.

(3) Scientific management and decision-making needs. On the one hand, faced with increased domestic competition, T enterprises need to make forward-looking business decisions and adjustments based on changes in the domestic market in real time. This requires digital transformation and financial change. On the other hand, in order to respond to the national "One Belt, One Road" call and promote the long-term development of the enterprise, T Enterprises has taken the initiative to serve the needs of the national strategy, carry out diversified multinational operations and expand the enterprise's overseas revenue sources, and in recent years, the operating income is considerable. In order to respond to changes and risks in the external environment and reduce the discomfort of "going to sea", T Enterprises needs to be able to grasp the operating conditions of different overseas projects in a timely manner, for example, to speed up the timeliness of project costs. The financial sharing centre can provide efficient and comprehensive access to management data to help managers understand the financial structure and operating conditions of the enterprise, so that they can quickly and accurately respond to various complex and changing market risks and help the management of the enterprise make scientific and reasonable decisions to adapt to the fierce competition in the domestic and international markets.

(4) Management efficiency needs to be improved.T enterprise management practice in part of the business process is complex and redundant, so that the company staff in the approval of business and financial reimbursement process consumes a lot of time and energy, especially the management approval of people, property and material management business in the energy input, mainly because the approval chain is long, paper-based approval and reporting business by space and time, each node by the approval of personnel time, each node waiting for approval time is long. The long waiting time for approval at each node made the decision-making process inefficient and squeezed the management's time for company development and business research. After the construction of the financial sharing centre, Enterprise T adopts a standardised and standardised operation process for each company's financial management system, optimising and centralising the collection and collation of different types of business, seamlessly pushing them to the approval staff of each node in a timely manner, freeing more employees from business processes, saving time costs and promoting core business development.

5. Benefits of building a financial sharing centre for T Enterprises

5.1. Reducing personnel costs and improving management efficiency

After the establishment of the financial sharing centre, firstly, a large number of repetitive expense reimbursement and accounting bookkeeping tasks are handled centrally by the financial sharing centre, and the financial staff of each branch and subsidiary only need to enter basic data and simple accounting processing, which reduces the requirements for the comprehensive business ability of financial staff, gradually reducing the financial staff of each company and lowering manpower costs; secondly, the process-oriented business such as expense reimbursement is not bound by space and time, making it more convenient and efficient, and improving internal services. Third, the professional division of labour and collaboration of personnel improves operational efficiency, and the financial personnel of each subsidiary of T Enterprises are standardised to participate in a certain work, reducing the crossover of different businesses and separating incompatible positions, so that financial personnel can precisely master a certain financial business and thus deal with the work more precisely and efficiently; Fourth, financial data samples can be automatically extracted to achieve Early warning beforehand, control during the process and check afterwards, thus reducing the risk of fraud, lowering the risk of business operation, reducing the cost of financial management, supervision and audit, enhancing the financial control of each company, and further consolidating the construction of internal control of the enterprise.[1]

5.2. Break through data barriers and improve information transfer rate

After the establishment of the Finance Sharing Centre of T Enterprises, firstly, through the unification of accounting policies and management processes, the barriers of financial data between the companies of T Enterprises are broken down, the financial data of each company of T Enterprises are standardized and delivered in a process-oriented manner, the content of basic accounting data is refined and enriched with details, financial data can be fed back in a timely, accurate and complete manner, the

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quality of accounting information is greatly improved, and the decision-making support capability of finance is further enhanced; secondly Through RPA (Robotic Process Automation), NLP (Natural Language Processing) and other applications to automate intelligent processing of standard business and management contracts, independent analysis and sampling, the establishment of an artificial intelligence network for enterprise data, and innovative ways of efficient data management and decision-making.[2]

5.3. Green electronic storage to reduce retrospective costs

Accounting files are an important part of the finance department's work and need to be organized and archived in a timely manner. However, due to the accumulation of paper accounting files in each company, the volume of paper accounting files is large, the demand for space is increasing and the management costs are rising, coupled with the tediousness of checking and querying, the primitive storage media, the easy destruction of paper files and the difficulty in ensuring the convenience and security of information.After the establishment of the financial sharing centre of T enterprises, firstly, accounting files can be integrated into the financial sharing centre in electronic form, and financial personnel only need to upload scanned copies of business documents, electronic invoices, electronic vouchers and other necessary stored accounting files in real time, which greatly reduces custodial work, reduces resource consumption, enhances file storage security and extends file storage timeliness, and realizes light, green, safe and long-term storage of accounting files. Secondly, in carrying out access and auditing work, the management staff of T enterprises can retrieve electronic vouchers, electronic invoices, electronic contracts and electronic vouchers through the financial sharing centre, which significantly reduces the time for going through and backtracking compared to retrieving paper vouchers, and improves the efficiency of enquiry and auditing.

6. Discussion on the key construction contents of the financial sharing centre of T enterprises

6.1. Organizational model for the establishment of financial sharing

Generally speaking, enterprise financial sharing centers belong directly to the head office, or they can be built according to business segments or regions. First, T enterprises can combine their own management needs and establish a financial sharing centre directly under the finance department of the head office, which can be deployed and managed by the finance department of the head office, facilitating the formulation of uniform standards and integrated control of financial management by the enterprise, facilitating the unification of financial business processes, data standards, accounting report formats and information systems, and facilitating the scale effect. However, it should be noted that, at the beginning of the launch of the construction, it will take a lot of time because of the different standards of the subsidiaries. Managers should conduct comprehensive process engineering and system planning, carry out preliminary research, analyse the differences in accounting policies and processes of the companies, consult widely and fully demonstrate the unified system standards and reduce the difficulty of convergence, which is a difficult task. Secondly, in order to reduce post-commissioning problems and make the operation smoother, a pilot financial shared service centre may be selected at the headquarters or carried out to reduce the barriers to the operation of the financial shared service centre by leading from a point of view.

6.2. Site selection for the financial shared service centre

Most enterprises focus on several aspects when establishing a financial shared service centre, such as whether the financial shared service centre has low operating costs, whether it is near the enterprise's headquarters, whether it is easy for the headquarters to manage, and whether communication is efficient. T Enterprises can choose to establish the financial shared service centre in the head office to facilitate resource deployment and ensure that the headquarters' policies can be implemented in a timely manner.

6.3. Functional scope of the financial shared service centre

The basic functions of a general financial shared service centre mainly include financial budgeting, accounting, reporting and other basic functions. In order to speed up the integration of business and finance and to obtain business operation data in a timely manner, T enterprises can gradually

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incorporate fund management, expense reimbursement, procurement payment, sales collection, fixed asset management, customer management, human resource management and management accounting reports into a unified system, increase the integration of resources, make good use of financial data derive value and improve management efficiency.

6.4. Construction path of financial shared service centre

(1) Anchor the corporate strategy and optimize the organizational structure. First, analyse the strategic objectives of T enterprises, sort out key management links, find out where the management activities do not match or fit in with the strategy, and reshape the organisational structure of the enterprise. Secondly, we analyse the structure and responsibilities of each organisation in Enterprise T. Through process re-engineering, we improve the standardisation and systematisation of business and financial organisations, calibrate corporate decision-making, and help the enterprise to run well under the established strategic objectives.

(2) Sort out business differences and reshape business processes. In view of the business differences and management differences between companies, it is necessary to systematically analyse the processes according to major categories and sub-categories, summarise and categorise similar businesses, map and clarify the various business processes of subsidiaries, and realise business process optimisation in accordance with the principle of unified process standards.

(3) Organise accounting policies and unify standard calibres When establishing a financial sharing centre, T enterprises should carefully analyse accounting items and accounting units between companies, unify the names of accounting accounts, ensure that the content of the format of summary account items is uniform, and reduce deviations caused by different calibres.

(4) Unifying information systems and integrating business modules, the information barrier between companies in T enterprises is mainly due to the fact that different systems are incompatible with each other, making different information systems produce data silos and unable to exchange data, thus delaying the realisation of integrated management. Therefore, the construction of a unified financial information software system is the foundation, and the different systems of T enterprises such as customer management system, human resources management system, sales management system and financial ERP system will be connected to the same system extension, so that the enterprise has a wise brain to tap and integrate the value of data from different modules and assist the management in decision-making.

(5) Reasonable staff deployment and sharing of human resources During the preparation period for the implementation of the financial sharing centre, some companies may see a reduction in business and weakening of the functions of financial staff positions. In order to properly arrange financial staff, help financial staff plan their career development paths reasonably, minimise the impact on individuals and reduce resistance in the process of enabling the financial sharing centre, combine the needs of the company and add the financial staff that may be laid off to the financial sharing centre. In order to ensure the stability of employees' mindset during the financial change and digital transformation, and to ensure that they can correctly view the adjustment of the company and individuals, and to show the flexible humanistic care of the enterprise, the company will make reasonable arrangements to replenish the finance staff to the financial sharing centre or deploy them to other positions.

7. Conclusion

From the Internet era to the era of big data, domestic enterprises currently have diversified and broad market prospects. Boosted by information technology changes such as big data, artificial intelligence, the mobile Internet, the Internet of Things, cloud computing and blockchain, financial sharing centres empower new management practices in enterprise organisational management structures, continuously expand management boundaries, accelerate the integration of industry and finance, and provide more high-quality products and services to the market.[3] To sum up, the construction of a financial sharing centre is a necessary path for the digital transformation of enterprises and a wise brain for enterprises to lead the industry. It is necessary to improve the modules and functions of the financial sharing centre step by step in response to the problems of its management, so that it can better play the role of the intelligent brain of the enterprise.

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