

Upgrading of MNC (Multi-National Corporation)'s Financial Management: Establishment and Optimization of Global Business Services (GBS)

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Abstract: The rapid globalization and digital transformation trends have driven continuous innovation in corporate financial management. Multinational Corporations require a unified, standardized, and efficient financial management model to manage the complexities of global operations and compliance. Global Business Services (GBS) has become an essential solution, integrating cross-functional support services to reduce costs, enhance flexibility, and improve operational efficiency. This paper explores the establishment and optimization of GBS in Multinational Corporations, analyzing its characteristics, advantages, challenges, and practical case studies. GBS not only reduces operational costs and improves efficiency but also supports strategic global expansion. Despite challenges like cultural differences, business complexity, and data security, GBS can be effectively implemented through digital technologies, change management, and balanced global-local strategies. Future GBS trends include multi-functional integration, digital transformation, customer-centric models, and data-driven decision support, further enhancing global competitiveness and long-term sustainable growth.

1. Introduction

The rapid development of globalization and the trend of digital transformation have driven continuous innovation in corporate financial management. Multinational Corporations expanding their business globally require a more unified, standardized, and efficient financial management model to cope with the increasingly complex operating environment and growing compliance requirements. Against this backdrop, Global Business Services (GBS) has become an important solution for financial management. By integrating cross-functional support services, GBS can not only effectively reduce costs but also enhance enterprise flexibility and operational efficiency, thereby supporting business strategic goals[1]. This paper will explore in-depth the process of building and optimizing GBS in financial management of Multinational Corporations, analyzing its characteristics, advantages, challenges, and practical experience.

2. Concept and Background of Global Business Services

Global Business Services (GBS) is a highly integrated service management model that

consolidates multiple support functions of an enterprise, initially centered around the Finance Shared Service Center (FSSC) and then extending to other areas like human resources, information technology, and procurement. The FSSC plays a foundational role within GBS, as it sets the framework for efficient resource utilization and high-quality service delivery through the centralization and standardization of financial processes. This financial core enables GBS to drive cost reduction, improve process efficiency, and enhance decision-making support across the enterprise.

GBS is not merely a shared service center (SSC); it emphasizes cross-functional integration and end-to-end process management, which starts with financial processes and expands to other functions to create greater business value. The FSSC, as the cornerstone of GBS, enhances organizational flexibility and strategic adaptability by establishing robust financial controls and fostering transparency across global financial operations.

With the advancement of global economic integration, Multinational Corporations face an increasingly complex operating environment, requiring continuous adaptation to different countries' regulations, market demands, and cultural nuances. To address these challenges, many enterprises have initially established single-function FSSCs to centralize and streamline financial operations. Over time, they evolved these centers into multi-functional GBS models, integrating various support functions for deeper organizational alignment and centralized management across geographies and functions. This evolution from FSSC to GBS not only enhances the overall financial management efficiency but also strengthens the enterprise's resilience and flexibility in handling increasingly complex market environments[1].

3. Application and Advantages of GBS in Financial Management

3.1 Cost Reduction and Efficiency Improvement

GBS can significantly reduce operational costs by centralizing financial management functions. By automating and standardizing processes, GBS effectively reduces the possibility of human errors and improves process efficiency. According to statistics, cost savings achieved through the GBS model typically range from 20% to 40%, while standardizing and unifying financial management processes globally helps enhance the enterprise's overall control capabilities. By consolidating and centralizing repetitive financial processes, enterprises can allocate more resources to strategically significant business activities, thus enhancing overall competitiveness.

Moreover, GBS improves financial process efficiency through the application of automation technologies, such as Robotic Process Automation (RPA) and big data analytics. These technologies can significantly reduce the need for manual operations, increase data accuracy and timeliness, and enable enterprises to respond more quickly to market changes and seize business opportunities. This efficiency improvement is reflected not only in cost reduction but also in the timeliness and accuracy of financial information, providing a solid foundation for financial decision-making[2].

3.2 End-to-End Process Management

GBS is not limited to a single function but focuses on business processes by applying the concept of end-to-end management to financial processes. For example, complete processes such as "Procure-to-Pay" and "Order-to-Cash" are better managed within the GBS framework. By integrating cross-functional financial activities, enterprises can gain a clearer insight into the connections between different stages, thereby making better decisions, reducing information silos, and improving the overall synergy of financial operations. End-to-end process management can also

reduce communication barriers between departments, making information flow smoother, shortening response times, and ultimately increasing customer satisfaction.

In addition, end-to-end process management ensures financial transparency and compliance. In traditional financial management models, information silos between different departments often lead to data inconsistencies or missing information. Under GBS management, all financial data and processes are managed on a unified platform, ensuring data consistency and transparency. This transparency allows enterprises to better conduct internal audits and risk control, ensuring that all financial operations comply with legal and regulatory requirements[3].

3.3 Supporting Global Business Expansion and Strategic Goals

The application of GBS in financial management not only helps reduce operational costs and improve efficiency but also better supports the globalization strategy of enterprises. For example, during mergers and acquisitions, GBS can quickly integrate the financial management functions of both parties, enhancing post-merger integration efficiency. Additionally, standardized financial management enables enterprises to respond more quickly to global market changes, supporting entry and expansion into new markets. GBS also provides a unified platform for Multinational Corporations, allowing them to deploy new processes quickly across the globe and ensuring that all business units follow the same operational standards, thereby providing strong support for strategic expansion.

Furthermore, the centralized management model of GBS enables enterprises to better cope with market complexities. By centralizing financial functions from different regions into a shared center, enterprises can reduce duplicated work across regions, enhancing overall operational flexibility. This is especially important for enterprises operating in multiple global markets, as they need to comply with the laws and regulations of various countries simultaneously. GBS provides a unified management platform, allowing enterprises to adjust their operational strategies more efficiently in response to changing external environments[4].

4. Challenges and Countermeasures in the Establishment of GBS

4.1 Cultural Differences and Change Management

The establishment of GBS involves multiple countries and regions, and one major challenge to successful implementation is cultural differences. In different countries and regions, employees have varying work habits, management styles, and levels of acceptance of shared services. Therefore, when building GBS, enterprises need to fully consider cultural differences and ensure employee adaptation and acceptance through change management. This includes enhancing communication and training during GBS implementation, helping employees understand the value and operational model of GBS, and ensuring effective collaboration across regional teams. Enterprises should also encourage cross-cultural teamwork and establish open communication channels to address issues arising from cultural differences in a timely manner, ensuring the smooth implementation and operation of GBS.

To better address cultural differences, enterprises can also adopt localized management strategies. While GBS emphasizes global standards and processes, it can be appropriately adjusted according to local culture and business characteristics during implementation to enhance employee acceptance and satisfaction. Additionally, enterprises can establish cross-cultural training programs to improve managers' and employees' cross-cultural communication abilities, promoting collaboration and understanding across different regions[5].

4.2 Business Complexity and Process Standardization

The diverse and complex nature of multinational business, with significant differences in business processes across regions, poses challenges to the standardization and integration of GBS. Additionally, in recent years, geopolitical factors have added a new layer of complexity to GBS location and operational strategies. For example, many multinational corporations (MNCs) have faced challenges in establishing a unified GBS in the Asia-Pacific region due to increasing geopolitical tensions. In response, some MNCs have adopted a "China for China" strategy, establishing a GBS center dedicated solely to managing operations within China. Meanwhile, a separate GBS center may be set up in other Asia-Pacific locations, such as Malaysia, the Philippines, or India, to support the rest of the region.

This decentralized approach allows enterprises to mitigate risks associated with potential "decoupling" challenges while maintaining high levels of service and process efficiency across the region. However, it also requires careful coordination and alignment between different GBS centers to ensure consistent standards and avoid redundancies.

To achieve unified and standardized processes in such complex environments, enterprises need to conduct detailed analysis and evaluation of financial processes in different regions, identify parts that can be standardized, and ensure that the integration process respects local business uniqueness and compliance requirements. Advanced IT tools, such as Robotic Process Automation (RPA) and cloud computing, can enhance the execution efficiency of standardized processes and reduce manual intervention. Enterprises should also establish clear process standards and ensure that all employees undergo adequate training to guarantee the smooth implementation of standardized processes.

In balancing standardization and flexibility, enterprises may adopt a modular process design approach. This allows customization by business units based on their needs while ensuring core process standardization, thus achieving an optimal balance between global consistency and local responsiveness[6].

4.3 Technical Support and Data Security

The successful establishment of GBS relies heavily on strong technical support. Enterprises need to build a unified IT platform to achieve real-time global data sharing and centralized financial information management. However, cross-border data transmission and sharing present significant challenges in terms of data privacy, security, and regulatory compliance, especially under varying international data protection laws. To address these challenges, enterprises must comply with data privacy laws and regulations in each country, build robust data security systems, and ensure the safe transmission and storage of financial information. Given the increasing complexity of cybersecurity threats, it is essential for enterprises to continuously update and optimize their data security measures. Establishing strict data access control measures also ensures that only authorized personnel can access sensitive financial information, reducing the risk of data breaches.

Moreover, enterprises need to consider the scalability and flexibility of their technical platforms. As business grows and demands change, the GBS IT platform requires continuous upgrading and expansion to accommodate new requirements. Therefore, enterprises should prioritize solutions with high scalability and flexibility to support the sustainable development of GBS in the future, especially as geopolitical and regulatory landscapes continue to evolve[7].

5. GBS Optimization Strategies and Case Studies

5.1 Adopting the "Digital Business Services" Model

With technological development, more enterprises are transitioning from traditional GBS to the Digital Business Services (DBS) model. DBS, on the basis of GBS, further utilizes digital technologies such as artificial intelligence, machine learning, and big data analytics to enhance automation and intelligence in business processes, better meeting the needs of enterprises in terms of flexibility, efficiency, and customer responsiveness. Through digital transformation, enterprises can respond more quickly to market changes and provide higher-quality services to customers. Additionally, digital technologies make financial data analysis and forecasting more accurate, providing stronger support for strategic decision-making.

One important characteristic of DBS is its high flexibility and scalability. By automating more business processes, enterprises can significantly reduce their reliance on manual labor, thereby improving operational efficiency. Digital technologies also help enterprises analyze customer needs better and adjust quickly based on these needs, increasing customer satisfaction. For example, by applying AI technology, enterprises can analyze financial data in real-time, identify potential risks and opportunities, and take timely actions to optimize business performance[8].

5.2 Global Layout and Localized Response

When establishing GBS, Multinational Corporations often adopt a "global layout, localized response" strategy. This means setting up shared centers globally while providing personalized financial services according to regional business needs. For instance, some enterprises set up shared centers in regions such as Asia-Pacific, Europe, and the Americas to provide 24-hour financial management support, meeting the time zone requirements of different regions, thereby improving response speed and customer satisfaction. This strategy not only enhances operational efficiency but also strengthens the competitiveness of enterprises in local markets, helping them better adapt to different market needs and changes.

Moreover, the global layout and localized response strategy help enterprises achieve a combination of standardization and flexibility globally. By establishing shared centers globally, enterprises can ensure consistency in core financial processes across regions, while localized responses allow quick adjustments based on local market needs. This dual-track strategy enables enterprises to find the best balance between globalization and localization, meeting the consistency requirements of global business while flexibly addressing specific demands of different markets[9].

5.3 Case Study: GBS Implementation in a Multinational Corporation

Taking a multinational manufacturing enterprise as an example, the company established three regional shared centers in Latin America, Europe, and Asia during the implementation of GBS to integrate its fragmented accounting functions. Through this initiative, the company reduced financial service costs by 25% in the first year and improved financial management transparency and compliance. Additionally, the centralized service environment enhanced the quality of financial work, providing strong support for the company's global business expansion. The enterprise also introduced RPA technology to further optimize financial processes, reduce manual operation needs, and improve data accuracy and efficiency. In this way, the company not only reduced costs but also improved overall operational efficiency and financial transparency. Furthermore, the company established a unified data management platform to centralize financial information management and real-time sharing. This platform allowed the company to monitor and analyze financial data

globally, improving the efficiency and accuracy of financial management. Additionally, the company introduced big data analytics to delve deeper into its financial data, uncovering many hidden business opportunities and potential risks, providing strong support for strategic decision-making[10].

6. Future Development Trends

6.1 Moving Towards Multi-Functional Integration and Digital Transformation

One of the future development trends of GBS is expanding from the integration of basic functions such as finance and HR to encompass more functions, tapping into the potential of data services. By expanding the scope of GBS functions, enterprises can incorporate more areas, such as customer service and sales support, into the GBS system to enhance overall service efficiency. Digital transformation of GBS is also a crucial direction for future development. Enterprises will increasingly use emerging technologies such as artificial intelligence (AI) and big data to achieve automation and intelligence in financial management, further enhancing the operational efficiency and service quality of GBS.

For example, AI-powered "intelligent auditing" has become a widely adopted application within GBS. By combining AI with automation and Optical Character Recognition (OCR) technology, enterprises can automate the audit process traditionally performed by humans. The system uses machine learning to audit regular items and only flags exceptions for manual review, greatly improving audit efficiency. Additionally, GBS often processes invoices in multiple languages and formats from different regions worldwide. The combination of AI and OCR enables precise recognition of diverse languages and formats, allowing for efficient and accurate invoice processing—an area where AI technology is continuously maturing.

Moreover, as demand for data analytics increases, GBS will participate more in data-driven decision support, helping enterprises better predict market trends and formulate strategies. In the future, GBS may further evolve towards the integration of the entire business chain, encompassing more core business processes within the GBS management scope rather than merely consolidating support functions. This full business chain integration will enable enterprises to manage all critical business processes on a unified platform, realizing true end-to-end business management and enhancing overall operational efficiency and flexibility[11].

6.2 Customer-Centric Service Model

Another development trend of GBS is placing greater emphasis on customer experience, shifting from solely focusing on cost savings to improving service quality and customer satisfaction. Future GBS will pay more attention to close collaboration with business departments, providing personalized financial services by understanding the needs of internal customers. GBS will also provide more convenient service channels through a unified service management platform to ensure the efficiency and transparency of financial services. To achieve this goal, enterprises need to continuously optimize service processes, introduce more customer feedback mechanisms, and improve service quality based on feedback. Moreover, enterprises can establish dedicated customer management teams to ensure that customer needs are addressed and met promptly.

In a customer-centric service model, data analytics will play an increasingly important role. By analyzing customer behavior and needs, GBS can better understand customer expectations and adjust service strategies accordingly. For instance, enterprises can analyze historical customer data to predict future needs, thus preparing in advance and providing more personalized and efficient services.

6.3 Data-Driven Decision Support

With the advancement of data analytics, GBS will increasingly participate in enterprise decision support in the future. By deeply analyzing financial data, GBS can provide insights into market trends, customer behavior, and internal operational efficiency. These data insights can help enterprises better formulate strategic plans, optimize resource allocation, and enhance overall business performance. Data-driven decision support not only improves the accuracy of financial management but also creates additional business value for enterprises.

Additionally, data-driven decision support can help enterprises manage risks more effectively. For example, AI can be used to monitor and analyze financial data in real-time, allowing GBS to identify potential financial risks and trigger preemptive measures when anomalies are detected. This risk management capability is particularly important for Multinational Corporations, as they face more complex and volatile market environments. Through data-driven risk management and real-time monitoring, GBS can help enterprises enhance their ability to cope with uncertainties, ensuring stable operations in the global market.

7. Conclusion

As an important tool in the financial management of Multinational Corporations, Global Business Services (GBS) can enhance cost efficiency, improve enterprise flexibility, and support global business expansion by integrating and optimizing support functions. Despite the challenges of cultural differences, process standardization, and data security in building GBS, these challenges can be effectively overcome through proper change management, the application of digital technologies, and a combination of global layout and localized response. In the future, with the continuous development of digital technologies and changes in customer needs, GBS will continue to evolve, becoming an indispensable part of enterprise financial management and providing strong support for long-term sustainable development. At the same time, GBS will further enhance enterprise global competitiveness through deep integration and digital transformation, creating more business value. Enterprises should fully leverage the advantages of GBS to achieve more efficient and flexible financial management, providing strong support for the realization of strategic goals.

In the future, GBS will not only be a tool for consolidating support functions but also a key driver in achieving enterprise strategic goals. By continuously optimizing and expanding its service scope, GBS will help enterprises maintain a leading position in global competition and create more value for their customers and shareholders. Enterprises should actively embrace this trend and fully utilize the opportunities and advantages brought by GBS to achieve sustainable growth and development in the long term.

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