

# Research on the Integration of Business and Finance under Financial Sharing Mode

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**Abstract:** With the rapid development of the economy and the acceleration of the globalization process, the integration of business and finance under financial sharing mode has become an inevitable choice for the financial transformation of large-scale group enterprises. This paper reviews the related literature on financial sharing and integration of business and finance, analyzes the problems of the integration of business and finance faced by enterprises under financial sharing mode, and proposes countermeasures for enterprises to achieve the integration of business and finance under financial sharing mode.

## 1. Literature Review

Zhang Ruijun and Chen Hu (2010) believed that the construction of the financial shared service center promoted the integration of business and finance in the most realistic and effective manner, and thus facilitated the overall control of the group's financial status. Huang Suiping (2016) analyzed the positive impact of the standardized information processing of the financial sharing service on the integration of business and finance, and pointed out the problems existing in the current financial sharing service center. Zhong Minhua (2017) explored the main points of constructing the financial sharing service center and proposed a system for achieving the integration of business and finance. Wu Hainan (2018) took B Company as an example to study the construction of its financial shared service center based on the integration of business and finance. Tang Yanli (2018) took Z Group as an example to deeply dissect the method of implementing integration of business and finance under the financial sharing mode, and summarized the key factors for Z Group to successfully implement integration of business and finance.

The literature research focuses on the relationship between financial sharing and integration of business and finance, and some scholars used the case analysis method to explore the effect of the integration of business and finance under financial sharing mode. However, there is a lack of literature about the problems faced by the enterprises which implement the integration of business and finance under financial sharing mode. Therefore, it is of practical significance to analyze the problems of implementing the integration of business and finance under financial sharing mode, and explore the specific countermeasures.

## 2. The significance of the integration of business and finance under financial sharing mode

### 2.1 Strengthen group management and control

After implementing the financial sharing mode, most of the financial resources are concentrated in the group headquarters. All rules, standards and orders will be carried out by the headquarters, reducing the possibility of data and process tampering. The financial sharing mode realizes the rapid transmission and feedback of information flow and data flow. All levels of the group can track the integration of business and finance in real time. The management group can implement effective control and supervision on each business flow of the company, and improve risk management.

## **2.2 Make business decisions more scientifically**

The integration of business and finance solves the problem of the disconnection between financial information and business activities. The integrated business-finance information can not only calculate the profitability of business projects, but also provide comprehensive financial support for important business projects. Furthermore, the cost management of the group is no longer the work of the financial personnel alone, but the relevant business departments and financial personnel fully communicate to calculate the costs for the enterprise. Therefore, the refined cost management provides support to make decisions more scientifically.

## **2.3 Intensify enterprise value management**

Under financial sharing mode, financial management is no longer limited to basic accounting calculation, and extends to value creation and value management. The integration of business and finance usually also focuses on the value chain. It penetrates into every link in the value creation, which not only helps to sort out the link of value creation, but also indicates the direction of enterprise value creation. All the members of the group understand the direction of the group's development and can keep in line with the direction of the company.

## **3. Problems in the integration of business and finance under financial sharing mode**

### **3.1 Business processes are not uniform**

Group companies are often involved in a wide range of fields, and their business types are complex. Consequently, the business processes are usually not well-organized. For example, the processes of key businesses such as expense reimbursement, receivables and payables have not been unified, and subsidiaries and branches handle business according to their own management systems. The financial shared service center and the business department often have frictions during business support, which makes the group companies unable to effectively integrate the complicated business activities with the financial information, which will affect the deepening of the integration of business and finance.

### **3.2 Finance personnel do not understand business processes**

Because the financial personnel of the financial sharing service center do not directly contact the business, and believe that the specific business operations have nothing to do with themselves, they often only pay attention to the improvement of their accounting ability, and do not take the initiative to understand the business processes. In financial accounting, it is very difficult for them to find risk points and the content that creates value in business processes, which results in a reduction in the value of financial data. In addition, it is not possible to reflect the business status of the enterprise in a timely manner, and consequently it is hard to provide effective information for managers to make decisions.

### **3.3 Information communication is not smooth**

The perfect information system of an enterprise provides the foundation for the construction of the financial shared service center, and it is a strong guarantee for the integration of business and finance. However, many enterprises have not integrated all information systems, and have not formed a complete information transmission chain. They cannot realize the interaction of business data, resulting in inefficient processing and high risk of information loss. In addition, the subsidiaries and branches of the group company are scattered in different cities, subject to the restrictions of the regional market environment, and there are differences in information systems between them. The differences lead to inconsistent information interfaces and affect the efficiency of information transmission, which would hinder the integration of business and finance under financial sharing mode.

## **4. Countermeasures for realizing the integration of business and finance under financial sharing mode**

### **4.1 Optimize the organizational structure of the enterprise**

The establishment of the financial sharing mode has had a huge impact on the management of the enterprise. To intensify the integration of business and finance must rely on the appropriate organizational structure. Enterprises under financial shared mode should restructure their organizational framework to achieve the innovation in business management. The integration of business and finance requires enterprises to construct a flat management structure with centralized management of the market, R&D, production, sales and after-sales of the enterprise. Therefore, the traditional organizational management mode is required to change. Enterprises need to change the traditional organizational structure in which the finance department runs separately from the business unit, and they should build an organizational structure in which the finance department works in conjunction with the business unit to enhance the communication between the finance and business departments.

### **4.2 Optimize the financial sharing process**

The effective integration of business and finance under financial shared mode must rely on a matured financial sharing platform. The purpose of establishing a financial sharing platform is to optimize financial work flow and improve financial efficiency. The internal structure of the group enterprise is complex and there are many types of business activities. Therefore, the financial sharing platform should be established according to the actual situation of the enterprise and further optimize the process of integrating business and finance. On the one hand, enterprises need to further improve the financial accounting process and refine the financial accounting standards so as to improve the efficiency of financial accounting. On the other hand, it is necessary to simplify the financial sharing process, and enhance the efficiency of the integration of business and finance.

### **4.3 Cultivate compound talents**

The integration of business and finance need the participation of employees, so companies must provide relevant training. Employees are required to be trained to master the relevant skills of integrating business and finance and establish the concept of integration. The implementation of the integration of business and finance under financial shared mode requires financial personnel not only to have good accounting skills, but also to have a certain understanding of business processes. Therefore, financial personnel cannot be limited to traditional financial management thinking, and they need to exchange information with the business department in order to understand the business processes. In addition, business department personnel need to acquire some specific financial knowledge and skills so that they can always adhere to the concept of maximizing benefits in the process of handling business activities. Therefore, Enterprises can organize regular internal training to let the finance department and business department exchange information with each other, which would reduce the obstacles in communication for future work and improve the internal cohesion of the enterprise.

### **4.4 Improve the construction of information systems**

The effective operation of the financial sharing service center depends largely on the timeliness and intelligence of the system and software in processing and collecting information. Enterprises under financial sharing mode should integrate information systems of the head office and subsidiaries and branches, unify the information interface and improve the speed and efficiency of information transmission. In consequence, the management group can obtain the relevant data in time from the financial shared service center to effectively make business decisions. Furthermore, the enterprises should build a unified database management system and strengthen access control of

information system. Authority levels can be used to control access to data for internal personnel to eliminate information security risks within the enterprises.

## **5. Conclusion**

Financial sharing is an important way and solid foundation for the integration of business and finance, and the integration of business and finance is the enhancement of financial sharing functions. In order to truly realize the effect of financial sharing, it is necessary to carry out refined management of each process, and coordinate cooperation between the finance department and the business department to comprehensively intensify the integration of business and finance, so that enterprises can avoid risks and improve efficiency to the greatest extent.

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