

SWOT Analysis and Suggestions on Financial Sharing Service Model

Gengfei Pan, Xiaowei Lin

Fuzhou University of International Studies and Trade, Fuzhou, China

Email:273325118@qq.com

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Abstract: This paper introduces the SWOT analysis framework, analyzes the strengths and weaknesses of the financial sharing service mode adopted by enterprises from the perspective of enterprises, analyzes the opportunities and threats brought by the financial sharing service mode to financial personnel from the perspective of financial personnel, and puts forward corresponding Suggestions from the two aspects of enterprises and financial personnel respectively.

1 Introduction

According to statistics, by 2018, more than 400 large enterprise groups in China had their own financial sharing service centers. Xu, Yu and Xu(2019) [1] believed that the establishment of financial sharing service center can promote the transformation of enterprises into management accounting. However, is the financial sharing service model beneficial to enterprises? How should financial personnel prepare for the challenges that may arise from the financial sharing service model? This paper adopts the method of SWOT analysis to analyze the strengths and weaknesses of the financial sharing service mode for enterprises, as well as the opportunities and threats to financial personnel, and puts forward specific suggestions.

2 SWOT analysis of financial sharing service mode

2.1 Strengths of enterprises adopting financial sharing service mode

2.1.1 Reduce cost and improve efficiency

With the putting into operation of the financial Shared service center, it is inevitable to bring the various daily businesses of the original subsidiaries and branches and the unified financial business processes into the service scope of the financial Shared service center. At present, the vast majority of enterprise groups that establish financial Shared service centers have separated the five business processes of expense reimbursement, receivables and payables, capital settlement, general ledger statement and fixed assets from their original subsidiaries and branches and unified them into financial Shared service centers for centralized accounting. Since the original subsidiaries and branches no longer need to account for these daily business processes, it is inevitable that the financial department of the subsidiaries and branches will reduce the demand for personnel, reducing the cost of human resources. With the continuous expansion of enterprise group scale, the scale effect of this cost saving will be more significant. According to the research conducted by ACCA association (2018)[2], in 2018, more than 70% of Chinese enterprises' financial Shared service centers have less than 100 employees. Unified accounting is carried out by the financial Shared service center, and the personnel of each operation group of the Shared service center are

centralized to deal with the frequent and homogeneous business belonging to their respective operation groups, which will inevitably lead to the improvement of financial personnel's proficiency and improve the efficiency of accounting treatment. Reducing cost and improving efficiency are also the primary purposes for most enterprise groups to establish financial Shared service centers.

2.1.2 Enhance the control power of the group headquarters

The traditional accounting mode of the financial department of the subsidiaries and branches, and relevant accounting materials such as vouchers, account books and statements are kept in the locations of the subsidiaries and branches. Even though the headquarters of the group can organize internal audit from time to time, the control of subsidiaries and branches by the headquarters of the group is still relatively insufficient, which brings the risk of fraud to some extent. In the mode of financial sharing service, although the original documents are generally still kept in the locations of the subsidiaries and branches, the original documents are transferred to the financial sharing service center through the image scanning system by the scanning specialists in the locations of the subsidiaries and branches. The financial Shared service center can monitor the business information online in real time, which enhances the control power of the group headquarters. From the current practice of establishing financial Shared service center in China, more than 60% of enterprises choose the location of financial Shared service center in the location of the group headquarters, which is also the purpose of site selection to enhance the control power of the group headquarters.

2.1.3 Promote the standardization of accounting

The accounting work is guided by the accounting standards for enterprises issued by the ministry of finance. Accounting standards compared with the original accounting system, give financial personnel more room for free choice of accounting. Therefore, this may lead to different subsidiaries and branches of enterprise groups, facing the same or similar economic business, choose to use different accounting policies or accounting estimates, and weaken the horizontal comparability of financial information. The accounting of the same or similar transactions of various business units within the group by the financial Shared service center in accordance with the unified standards can promote the standardization of accounting and enhance the horizontal comparability of financial information of different subsidiaries and branches within the group in the same period.

2.2 Weaknesses of financial sharing service mode adopted by enterprises

2.2.1 It is easy to be resisted by the management and financial staff of the original subsidiaries and branches

In the process of building the financial Shared service center, the financial functions of the original subsidiaries and branches need to be weakened, which leads to the reform of the financial structure of the original subsidiaries and branches. This kind of change is often quite radical, which will cause panic among the financial personnel of the original subsidiaries and subsidiaries, weaken the power of the management of the subsidiaries and subsidiaries, and often cause opposition from the management of the original subsidiaries and subsidiaries. Li, Zhu and Liu (2017) [3] believed that the construction of the financial Shared service center required the group's top leaders to promote its implementation by compulsory means, which increased the control function of the financial Shared service center but weakened the service function.

2.2.2 Lead to the separation of business and finance

Accounting is the confirmation, measurement and reporting of transactions or events that occur in an enterprise. Only truly understand the economic essence of the business, in order to better accounting. In the mode of financial Shared service, the financial staff of financial Shared service center often do not know the business staff of subsidiaries and subsidiaries, and it is difficult to deal with the business staff of subsidiaries and subsidiaries. What they are exposed to is a pile of cold bill images and figures. The relationship between the finance department and the sales department, the purchasing department, the production department and other business departments is separated. Zhang (2016) [4] believed that in the mode of financial sharing service, the financial department can easily be reduced to a subsidiary department. The financial information calculated by the financial department may not truly reflect the financial status and operating results of the group.

2.2.3 Reduce sensitivity to local tax policies

Chinese tax policy is very complicated. The local government of the subsidiary and branch company usually formulates local tax regulations suitable for the local area according to the local actual situation. In the mode of financial sharing service, the group's financial staff are highly concentrated in the headquarters of financial sharing service center, so it is difficult to fully understand the local tax policies of subsidiaries and subsidiaries in the first time. Local financial personnel are severely understaffed, and it is often difficult to deal with the tax inspection of local tax bureau, which brings tax risks. In addition, they may lose the benefit of tax preference to the group because they do not know the local tax policies of subsidiaries and subsidiaries.

2.3 Opportunities brought by financial sharing service mode to financial personnel

For the business processes that require more professional judgment and have high added value, such as tax planning, management accounting and reporting, risk management, etc., most enterprises still tend to keep them in the original financial functional institutions of branch companies or subsidiaries, and do not include them in the service scope of financial Shared service center. Financial Shared service mode can free financial staff of subsidiaries and branches from routine and repetitive basic work, and put more energy into financial work that can generate value increment, so as to truly realize the implementation of management accounting in enterprise.

2.4 Threats to financial personnel caused by financial sharing service mode

The operation staff in each operation group of the financial sharing service center perform very single and boring work content every day, which makes them easily bored. It also limits the vision of the financial staff and makes them feel that there is no opportunity for promotion. The degree of standardization of work is high, just like the operators on the factory line, with strong substitutability. Many business groups simply position financial Shared service centers as cost centers. Zhang (2014) [5] believed that the positioning of the financial Shared service center as a cost center will lead to the lack of competition mechanism and a low status within the enterprise group. Financial robot can realize process automation, greatly improve efficiency to avoid mistakes, which increases the financial staff's sense of crisis, lose confidence in their career prospects.

3 Suggestions

3.1 Suggestions for enterprises

3.1.1 Use gradual changes in organizational structure

For the sake of smooth transition reassuring, enterprise group financial Shared services center in construction as far as possible don't mass layoffs, can directly from the original subsidiaries and branches to absorb the financial personnel to work in financial Shared services center, or the original subsidiaries and branches in basic accounting financial personnel transferred to other posts or other business of the finance department. The head office of the group should find a balance between the management and control functions of the financial Shared service center and the service functions. It should let the management of subsidiaries and branches truly feel that the financial Shared service mode can bring process optimization and service quality improvement. The enterprise group should set up a reward and promotion mechanism, set up a scientific and reasonable performance appraisal system for the staff of the financial sharing service center with a short period (such as one month), and stimulate the enthusiasm of the financial staff.

3.1.2 Retain the high-value process in the original business unit, and strengthen the supervision of the business

When an enterprise is building a financial Shared service center, it should strictly choose to be included in the business scope of the financial Shared service center. Only highly standardized and streamlined business processes can bring it into the scope of financial sharing services. High-value business processes that are closely related to business activities and related to management decisions, such as budgeting and analysis, should remain in the original business unit. The group headquarters shall establish communication channels to ensure that the financial personnel of the financial sharing service center can timely and effectively communicate with the business personnel of the business unit when they have doubts about the specific business. The head office of the group should check the original certificates kept in the local place of the subsidiaries and branches irregularly, so as to further reduce the risk of fraud.

3.1.3 Establish special tax departments in subsidiaries and branches

It is suggested that subsidiaries and branch companies establish special tax departments to deal with local tax risks and ensure that they can enjoy local tax dividends in a timely manner. The staff of the tax department of the subsidiary and branch company shall fully communicate with the tax staff of the local tax bureau and timely feedback the relevant information to the group headquarters. The financial sharing service center can set up a local tax policy research department and provide guidance for the specific work of the tax department of the subsidiary and branch company according to the overall tax planning of the group.

3.2 Suggestions for financial personnel

In the face of the opportunities and threats brought by the financial sharing service mode, the financial personnel should make full preparations from the three aspects of work attitude, work content and knowledge ability.

3.2.1 Work attitude

In terms of work attitude, financial personnel should fully understand the financial shared service center is a service center positioning, enhance their sense of service, efforts to improve service quality and service efficiency, consciously accept the group headquarters and subsidiaries and branches of supervision over the quality of service.

3.2.2 Work content

In terms of work content, financial personnel should not be limited to the basic accounting financial work, but put more energy into how to understand the business of the enterprise comprehensively, combine the finance with the business and strategy of the enterprise, and provide high-value management accounting work. Within the organization, financial personnel should also apply for job transfer opportunities such as rotating jobs among different operation groups in the financial sharing service center or even among different departments in the group.

3.2.3 Knowledge and ability

In the aspect of knowledge ability, financial personnel should actively learn new knowledge, cultivate new ability and become lifelong learners. Under the financial sharing service mode, the market needs more compound talents. Financial personnel should not only be proficient in basic accounting knowledge, but also have expertise in information technology, tax planning, management operations, risk control and other fields. We should not only learn knowledge of related fields, but also cultivate corresponding abilities, such as communication and coordination ability, expression ability, team cooperation ability, etc., so as to enhance our own irreplaceability.

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