

Research on Haier Financial Shared Service Center Case

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Abstract: With the globalization of the economy, the convergence of regulatory policies, the highly developed informatization, and the establishment of their own Financial Shared Service Center (FSSC) by foreign multinational companies in my country, more and more Chinese group companies have begun to plan or implement Haier Group is one of the financial shared service centers. This article takes Haier's financial sharing service center as an example to deeply analyze its construction process and construction background, expound the basic operation process of its financial sharing platform and analyze the financial effects it brings to the group. Finally, based on the experience of Haier Group, several issues that companies that build financial shared service centers should pay attention to in the future are put forward.

1. Introduction

Since their birth in the 1980s, financial sharing services have been widely used in large enterprises at home and abroad in recent years, with the advantages of standardized financial accounting process, improving financial management efficiency, reducing accounting costs and improving the level of risk control [1-2]. At present, IBM, Citigroup have built mature financial sharing service centers in mainland China, Pfizer, Changhong, Haier, Baosteel, Ping An, Kingdee, Vanke, China Telecom and other well-known enterprises at home and abroad [3-5]. In this paper, Haier Group, which took the lead in establishing a financial sharing service center, as an example, introduces the working module and operation process of its financial sharing service center, and introduces its construction process and the financial results of each process in three stages [6]. Finally, through research and in-depth analysis, it can provide some useful experience for other domestic enterprises to establish financial sharing centers or improve their existing financial sharing service centers.

2. Haier Group Financial Sharing Center case introduction

2.1 Haier Group company introduction

Haier Group was founded in Qingdao in 1984, and its subsidiary, Haier Zhijia Co., Ltd., was successfully listed on the Shanghai Stock Exchange in 1993, with the stock code 600690. After years of development, the company has formed three major business layout, including China smart home business, overseas smart home business and other businesses. Mainly engaged in the research and development, production and sales of refrigerator refrigerator, washing machine, air conditioning, water heater, kitchen electricity, small home appliances and other smart home appliance products and smart home scene solutions. Through rich combinations of products, brands and solutions, we will create a full-scene intelligent life experience to meet the needs of users to customize a better life.

2.2 Service introduction of Haier Financial Sharing Center

Since its establishment in 1984, Haier's enterprise strategic planning has gone through six stages of development. In 2006, in order to make the group regain its competitive advantage in the Internet wave and match the overall strategic development of the group, the Finance Department of Haier Group put forward the strategic goal of "planning for the future, leading the win-win situation", among which the establishment of a financial sharing service center is the most important link. In fact, the development

stage of Haier Group is very consistent with the development pace of the Group, providing good financial support for the strategic development of the Group, as shown in Table.1.

Table.1. stage of development

Time	Strategic development stage	Implementation phase of financial sharing services
1984-1991	Famous brand strategic stage	/
1991-1998	Diversification and strategic stage	/
1998-2005	Internationalization strategic stage	/
2005-2012	Globalization strategic stage	Create sharing and go global
2012-2019	Networking strategic stage	Basic completion, and gradually mature
2019-	Ecological brand strategic stage	Follow to The Times and constantly improve

Up to now, the Financial Sharing Service Center (SSC) of Haier Group has developed into a perfect organizational structure shown in the figure below, which is divided into accounting platform and capital platform. Among them, the accounting platform includes eight modules, including quality management and cost audit, mainly responsible for the accounting and processing of accounting transaction matters. The capital platform includes three functions: financial risk, capital operation and financing platform, focusing on the operation and management of funds.

Haier financial sharing service platform center and each post division of clear, responsibilities can also be implemented to each department, according to the business efficiency create positions, trying to make the sharing service center into an open, regular rotation, professional financial accounting organization, and realize the final process of “end-to-end” management.

In addition, in order to better achieve the risk control, standardized organization goal, haier financial sharing of general accounts, receivable, payable, fixed assets, cost budget control and capital control 11 modules of 120 process one by one combing and screening, effectively realize the accounting process, accounting language and accounting report, and on the basis of continuous innovation to optimize the unified business flow.

Finally, it is worth mentioning that Haier's financial sharing service center has made innovative construction in improving the efficiency of cost settlement efficiency and capital turnover, but also made a great breakthrough in the integration of unified information. Based on the concept of “Internet + finance = cloud finance”, Haier has built a unified financial information system platform, to realize the standardization and scale of information processing, and to ensure the timely, accurate, effective and complete collection and transmission of financial and business information. Through budget and performance support and information feedback, timely find the process and efficiency shortcomings, coordinate the group's resources and upgrade and optimize the financial process, to ensure the best efficiency and efficiency of the overall resource use.

3. The financial results brought by Haier Financial Shared Service Center

Considering that the construction of the financial sharing center has the most rapid and profound impact on working capital turnover, this paper collects data on working capital turnover from 2004 from 2004 to 2014, production, marketing, inventory, accounts, or positive or negative impact of the financial sharing service center.

Table.2. Working Capital Working Period of Haier Group (by Channel)

Project	Procurement channel working capital turnover period		Working capital turnover period of production channels		Marketing channel working capital turnover period		Operating capital turnover period of operating activities	
	Haier	Industry average	Haier	Industry average	Haier	Industry average	Haier	Industry average
2004	14.34		1.07		44.86		60.27	
2005	6.05		1.38		50.49		57.91	
2006	-8.74		0.66		53.36		45.28	
2007	-20.83	-43.54	0.80	22.92	43.85	108.12	23.82	87.50
2008	-19.82	-36.31	-3.76	25.74	46.33	114.81	22.75	104.24
2009	-36.48	-45.51	-11.02	29.81	46.72	129.92	-0.77	114.22
2010	-47.31	-23.05	-18.64	33.94	50.18	131.09	-15.77	141.97
2011	-59.50	-37.93	-18.58	26.67	55.35	124.73	-22.72	113.48
2012	-72.98	-43.04	-20.60	29.75	67.14	151.96	-26.45	138.67
2013	-84.38	-50.41	-22.82	30.10	78.81	166.35	-28.39	146.04
2014	-97.78	-60.29	-25.73	30.15	88.90	184.39	-34.61	154.25

Table.3. Working Capital Working Period of Haier Group (by element)

Project	Inventory turnover period		Accounts receivable revolving period		Accounts Payable turnaround Period		Operating capital turnover period of operating activities	
	Haier	Industry average	Haier	Industry average	Haier	Industry average	Haier	Industry average
2004	17.20		41.28		6.79		51.68	
2005	18.94		43.98		7.17		55.76	
2006	20.46		43.26		17.55		46.17	
2007	28.21	116.04	32.78	97.55	31.23	98.63	29.76	114.96
2008	28.30	129.17	32.92	97.43	30.08	95.92	31.15	130.68
2009	20.01	116.92	44.33	122.28	43.80	98.52	20.54	140.69
2010	17.28	98.73	51.05	125.57	53.93	88.27	14.41	136.03
2011	25.14	96.21	51.51	123.47	69.97	87.56	6.68	132.07
2012	30.35	108.67	60.11	145.61	85.69	94.90	4.78	159.38
2013	30.01	106.67	74.38	149.79	97.68	97.57	6.71	158.90
2014	30.04	109.31	85.84	157.69	108.47	104.73	7.41	162.28

In fact, the development stage division of Haier Financial Shared Service Center is not unified. In this paper, according to the results brought to the company, the shared service center is divided into three stages.

Initiation Period (2007-2010)

As shown in Figures 1-6, Haier's financial performance was slightly reduced in 2008 after its financial shared service center was completed, and then significantly improved. This is because the negative impact of financial shared projects is more negative than positive, which leads to lower financial results. This is because, when the financial shared services in the initial period, the process constantly adjust and adapt to the financial situation, plus the project itself has a lot of imperfections, and the integration of the original system, and related personnel of acceptance and adaptation factors, in the initial stage of financial shared development will directly lead to a large amount of capital outflow and after the financial shared service center, the positive effect is gradually emerged. Because the financial process reengineering and financial management standardization improve the accounting

efficiency, accelerate the circulation speed of the enterprise capital flow and information flow, so as to improve the financial performance. First, since 2006, Haier has started financial process reengineering. First, it physically concentrated the accounting center of all business units in Qingdao where the headquarters has centralized the accounting with high repetition, large business volume and high degree of standardization, and then gradually expanded the scope of sharing to business units outside Qingdao. Second, Haier standardizes the business with consistent nature from the level of accounting report, unifies the accounting data, coding, process and system, and further designs the general process, sub-process and the corresponding operating manuals of accounting, so as to lay a solid foundation for the establishment of the financial shared service center.

Growth Period (2011-2012)

In the development period of financial service shared, Haier Group began to plan and gradually implement the service scope of financial shared. It first focuses on financial management, then trial runs the financial shared information platform, and then fully runs the relevant information platform. In the first year of the development period, Haier's financial sharing was only trial run in some subsidiaries, and its service scope was relatively limited. In the second year, the scope began to gradually expand. At this time, the relevant utility of financial sharing also began to be gradually released. From the perspective of effect, although the working capital management performance of some elements has not been significantly improved in the development period, the performance of working capital management through different channels has improved year by year and is higher than the industry average level. In general, financial shared services have achieved initial results.

Maturation period (2013 to present)

In the mature period of financial shared services (from 2013 to now), the construction of financial shared services has entered the final stage of improvement, and the financial performance at this stage has been significantly improved, and each financial process is on the right track. Combined with the figure below, we can see that in the mature period of the financial shared service center, the capital management of procurement channels and production channels has been improved. On the other hand, inventory management and accounts payable management were improved, and accounts receivable did not change significantly. Overall, the group's financial management efficiency has improved significantly. Through research, it can be found that this depends on the following points: First, Haier Financial Shared Service Center implements the idea of process management to improve the accuracy of financial information and process operation efficiency, while improving the transparency of financial information is conducive to strengthening group control and finally improving the working capital management performance; second, the quality team of Haier Financial Shared Center. On the one hand, the team is responsible for determining the group's accounting policies for each year; on the other hand, it is responsible for the operation process and process optimization through the process travel and testing. Policy unification and process optimization can help to improve the performance of working capital management; third, contact center. The center is a sub-module of the Haier Financial Shared Center. The center and its construction of the "cloud reconciliation" platform, realize bank, customers, suppliers, employees, account "cloud" monitoring, centralized check accounting differences and promote differences, in the way of exposing pain points reversed transmission process optimization, improve accounting synchronization rate, reduce reconciliation cost, so as to improve work efficiency, conducive to account collection settlement work, and eventually improve working capital management performance. At present, there are 260 people in the financial shared center, and the number of people has dropped to 14.4% of the original group accounting staff, but the per capita efficiency has increased rather than decreased. Take the billing positions in the financial shared center as an example, the per capital billing rate increased by nearly 45% than before the implementation of the shared service, and the closing time was shortened from the original 10 working days to only 3 working days.

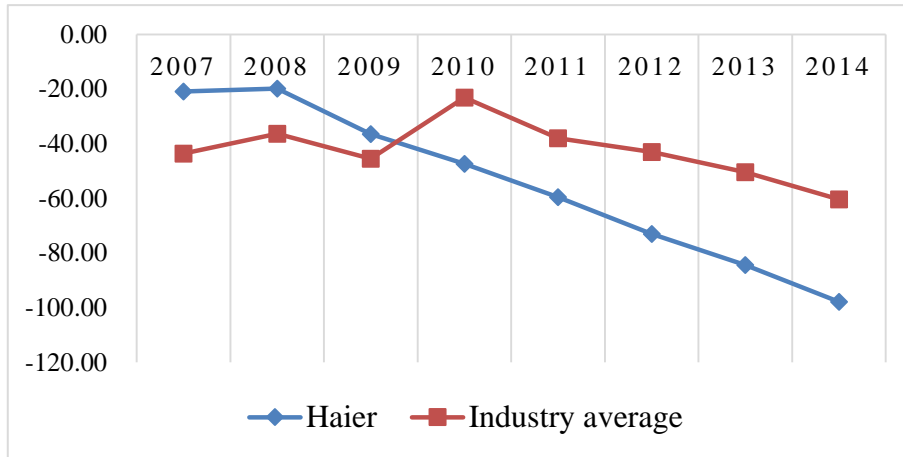


Figure 1. Comparison of the industry average working capital turnover period of Haier procurement channel from 2007 to 2014

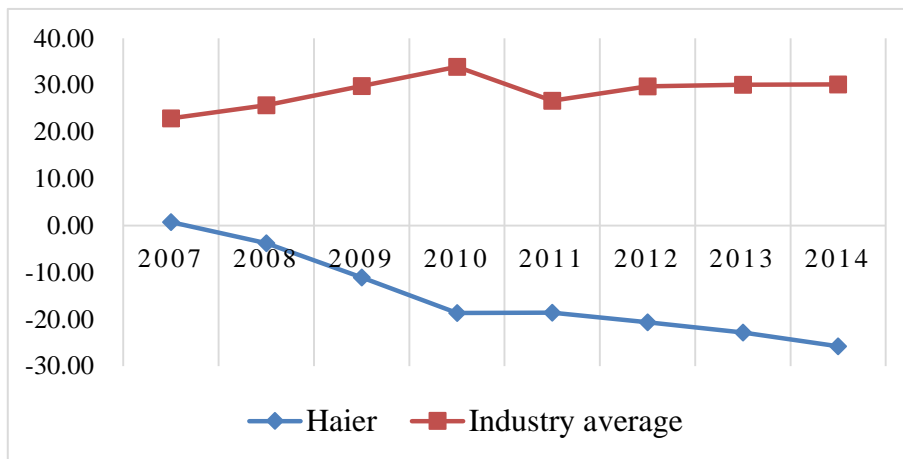


Figure 2. Comparison between the working capital turnover period of Haier production channel from 2007 to 2014

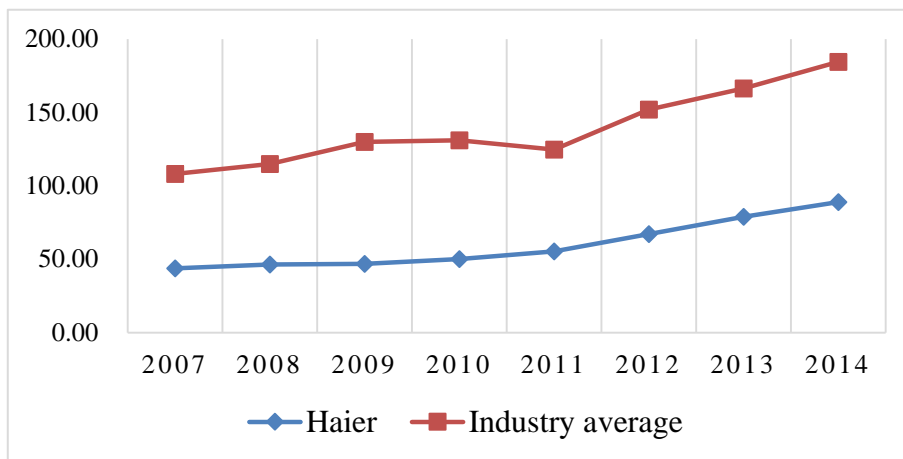


Figure 3. Comparison between the working capital turnover period of Haier marketing channel from 2007 to 2014

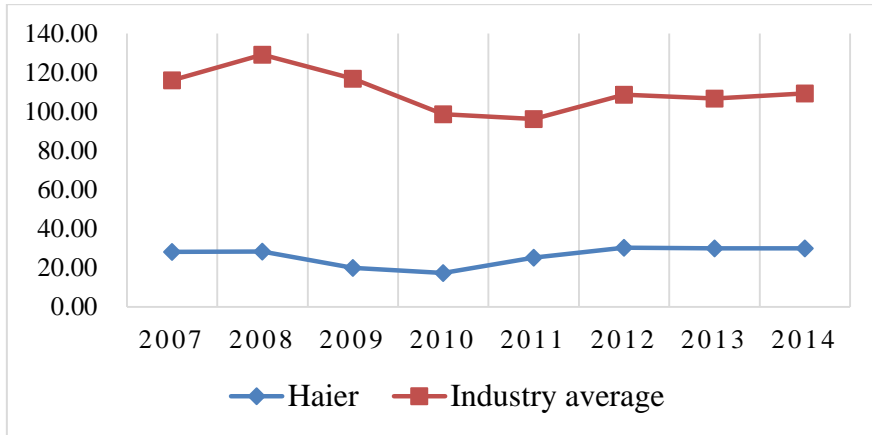


Figure 4. Comparison between Haier's inventory turnover period and the industry average from 2007 to 2014

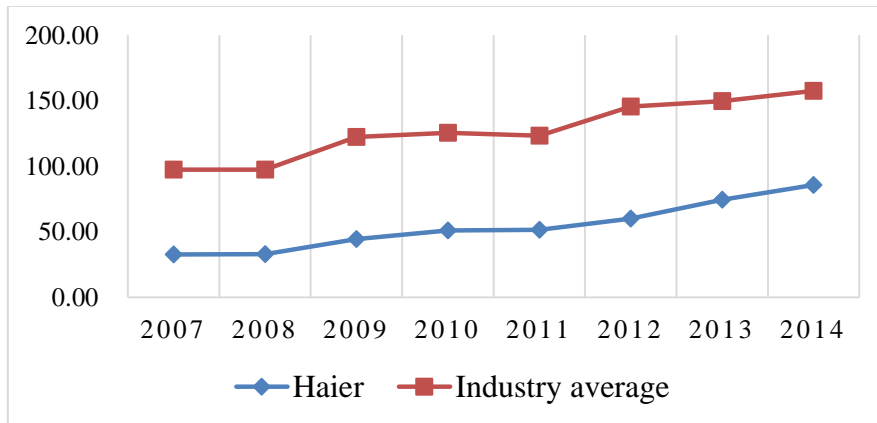


Figure 5. Comparison between Haier's accounts receivable turnover period and the industry average from 2007 to 2014

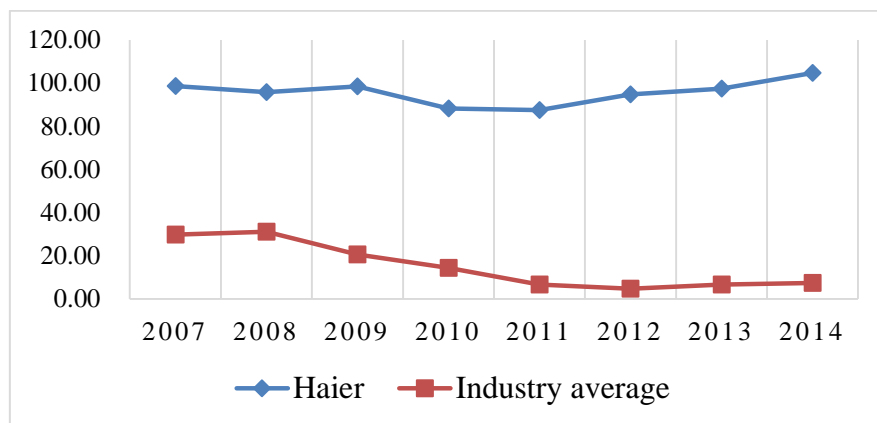


Figure 6. Comparison between Haier's accounts payable turnover period and the industry average from 2007 to 2014

4. Inspiration brought by the successful construction of Haier Financial Shared Service Center

This paper details the construction process of Haier group financial shared service center, operation process, innovative function construction and construction of the financial influence, after further research, think can start from the following points, for the future of other enterprises to build or improve their financial shared service center to provide some problems.

The first thing is the personnel problem. The management and employees of the enterprise cannot correctly position the significance of financial sharing construction, simply thinking that financial

accounting is just a different local office. The approval process chain is extended, in case of the shared audit fails, but also need to communicate the supplementary information; some businesses even need to be constantly modified, even not as flexible as before. Then causing the resistance of employees, individual enterprises also deny the phenomenon of financial sharing. These are often the problems that will occur in the early stage of financial sharing construction. If the management does not pay attention to it, then the construction plan of the company's financial shared center is likely to die.

Secondly, the system standards are not unified. Different system and standard of different members, different contract settlement terms, sharing centralized accounting cannot be unified standard, to the sharing personnel review increased the difficulty and workload, once the review deviation, member enterprises immediately questioned financial does not consider the actual situation, make the enterprise and center, business and financial contradiction. The main reason is that there are regional differences when transforming the superior documents, because the enterprise is located in different regions, there are local characteristics, and has its own unique advantages and disadvantages. The enterprise has the right to adjust the system terms to set the contract terms within the framework according to its own actual situation, so as to adapt to the characteristics of the enterprise itself.

Finally, it is the problem of information system. Group financial shared center construction generally immediately after the project start, from the project start to the system fully online time is short, in the process of the rapid advance is not fully considered, details, verification is not comprehensive, lead to the late execution process control adjustment, income and expenditure project supplement, subject auxiliary accounting revision such as all kinds of problems. For example, in the test link, did not fully cover, the ideal is to use a representative enterprise a month complete business content system test, but the actual situation is pressing, participate in testing personnel for each document type, choose a business even a pass, for testing basic is conventional business, difficult to consider business type, eventually lead to the system officially online and promotion, while use modification. It is also because of the application process that cannot meet the needs, on the one hand, financial communication and information communication is perfect, on the other hand, it should be explained to the business department. The business cannot be handled in time and smoothly, the reliability of the system is questioned, and the contradiction between industry and finance is also increased.

If the subsequent enterprises can carefully and carefully consider the three points mentioned in building the financial shared service center above, then the construction success rate and efficiency of their financial shared service center will be greatly improved.

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