

# Research On the Construction of Financial Shared Service Platform Under the Integration of Industry and Finance

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**Abstract.** Financial shared service relies on information technology and the background of economic globalization. With advanced financial management technologies and concepts, they are widely used in modern group enterprises. This paper takes CRRC Zhuzhou electric locomotive Co., Ltd. as the research object. The company has formed a financial accounting platform based on the financial sharing service department, and a management accounting professional group with the finance and taxation fund department, business finance department, and overseas finance department as the core. The company's integrated financial sharing service platform has significantly improved the efficiency of employee reimbursement. Through the understanding and analysis of the current financial management model of the Group, the main shortcomings of this model are found out and targeted solutions are proposed..

**Keywords:** Integration of industry and finance; financial sharing service platform; financial management.

## 1. Enterprise Introduction

CRRC Zhuzhou electric locomotive Co., Ltd. was founded in 2004. Its main businesses are traction motors and transformers for rail transit, wind turbines, high-efficiency electric machines, and special transformers. It is a backbone enterprise in the manufacturing of traction motors and transformers for electric locomotive, and urban rail vehicles in China, it is also the main research and development base for wind turbine generators, industrial special motors, and industrial special transformers in China.

Since its establishment, the company has actively adjusted its business model and changed its management methods to adapt to the enormous changes in the modern business environment such as economic globalization, manufacturing and information technology progress, and market structure changes.

## 2. Background of the financial integrated financial shared service platform

### 2.1 The need to implement national macro policies

According to the requirements of the "Standards for Enterprise Accounting Informatization Work" issued by the Ministry of Finance, enterprise groups with a large number and wide distribution of branches should explore the use of information technology to promote the concentration of accounting work, establish a financial shared service center, and provide necessary conditions for external accounting supervision agencies to timely query and access accounting data stored in different locations. This regulation provides policy support for Chinese enterprises to explore the establishment of financial shared service centers.

### 2.2 The inevitable trend of enterprise management informatization

The new round of information technology represented by cloud computing, mobile internet, and big data has brought disruption and reconstruction to traditional business models. With the complexity of financial accounting management and the application and transformation of information technology, financial sharing service, as a new financial management model, is emerging and promoting in many multinational companies and large domestic group companies. Financial

sharing service center has become the distribution center of enterprise financial information. In the context of the "Internet+" era, the speed of information technology innovation is increasing day by day. Controlling service-oriented financial sharing is an inevitable choice for the financial sharing center strategy of large group enterprises, and financial sharing services are becoming a new mode of financial information management for large enterprises.

### **2.3 An inevitable choice for improving internal management and transforming financial functions of the company**

With the continuous expansion of the company's business scale and the deepening of international operations, financial management plays an increasingly important role in supporting and controlling the company's business management. The original management model of the company was established based on the division of labor in financial accounting. On the one hand, most financial personnel were limited to accounting business, and their support for the business was limited. On the other hand, the financial accounting process is difficult to achieve standardization of accounting business, and the efficiency and quality of accounting need to be improved. Establishing a financial sharing center is the transformation of financial basic accounting to decision-making oriented finance. By centralizing standardized and repetitive basic accounting businesses into a shared center for unified processing, a data center within the group is established to provide data support for business finance integration and financial strategic decision-making.

## **3. The Construction of a Financial Shared Service Platform with Integration of Industry and Finance**

The company aims to strengthen group control, financial sharing, and management accounting transformation. Starting from the construction of a financial sharing service platform, it introduces the concept of "business finance integration, management accounting" through process reengineering, organizational change, system integration, and other means. With a focus on cost control, fund planning, and transaction management, the company gradually forms a financial management pattern of "strategic decision support, business collaboration promotion, and basic financial sharing". Realize a new situation of financial management that integrates financial accounting intensification, financial management specialization, and financial business integration.

### **3.1 Organizational restructuring**

Based on the current financial management situation, CRRC Zhuzhou electric locomotive Co., Ltd. has restructured its organizational structure and upgraded its original financial department to a financial center. The financial center consists of four departments, namely the Finance and Taxation Fund Department, Business Finance Department, Overseas Finance Department, and Financial Shared Services Department. Among them, the Finance and Taxation Fund Department is responsible for the strategic financial management of the headquarters and the strategic financial guidance of branch offices; The Business Finance Department is responsible for financial support, analysis, and management of the main links of the value chain of the department; The Financial Shared Services Department is responsible for uniformly handling basic financial work such as financial accounting and fund settlement for the company headquarters and various subsidiary companies; The Overseas Finance Department is responsible for the financial business management of overseas subsidiaries, overseas marketing financial management, overseas investment and mergers and acquisitions, and support for new bases. This forms a standard and efficient platform for the financial shared service department to provide big data and compliance foundation for the entire strategic development of the company. The finance, tax, and finance departments, business finance departments, and overseas finance departments provide professional support for the management accounting of the company's strategic and business decisions.

### **3.2 Process standardization**

Logistics flow, information flow and capital flow are the key to ensure the normal and efficient operation of enterprises in business activities. Using information technology to ensure the organic integration of three streams has become the key problem to be solved in building a financial sharing service model. Based on the industry finance integration model, CRRC Zhuzhou electric locomotive Co., Ltd. fully meets the information needs of business departments by optimizing core business processes, refining business classifications, and refining management requirements to achieve the goals of process optimization, cost reduction and efficiency increase, quality improvement, and risk control.

Financial sharing achieves paperless approval, review, and accounting through the application of electronic imaging systems and their integration with Kingdee EAS network reimbursement systems, replacing paper document transmission with image document transmission in the reimbursement process. This enables relevant leaders under internal control authority to complete the approval, financial review and accounting, and supervisor review processes through viewing document images, thereby achieving paperless approval, review, and accounting. In the financial audit process, electronic imaging systems and Kingdee EAS network accounting systems are used to call up relevant electronic information, which is clear, transparent, accurate, and efficient in monitoring functions.

### **3.3 Multidimensional performance management to improve shared operational efficiency**

The company's financial shared service platform integrates multiple systems such as Kingdee ERP system, HCM system, financial management system, and contract management system. Covering 13 main processes and 104 end level processes, involving various business document types such as expense reimbursement forms, travel expense reimbursement forms, travel application forms, loan slips, accounts payable reimbursement forms, payment forms in the A/P system, payment forms in the cashier system, fund transfer forms, collection forms, payment application forms. In the face of a multi-level and multi perspective financial shared service platform, in order to make it operate efficiently, it is necessary to ensure that each part of it runs in a balanced and coordinated manner. Company aims to improve efficiency by forming a multi-dimensional performance management model internally. By utilizing visual performance management mode and information technology, real-time access to shared data is achieved. The entire process of company shared services is monitored from aspects such as employee document filling, department leader review time, and document quality. Problems and deficiencies in the sharing process are identified in a timely manner, and financial resources are reasonably allocated based on business distribution.

## **4. The Implementation Effect of the Construction of a Financial Shared Service Platform with Integration of Industry and Finance**

### **4.1 Complete the organizational structure adjustment of the sharing mode, and clarify the accounting functions more clearly**

After the implementation of sharing, the demand for financial personnel in Company decreased by 29 compared to before sharing, and the proportion of financial personnel to the total number of employees in the company decreased to 1.25%, which is an advanced level in the same industry. This has achieved a clear division of the company's financial accounting function and management accounting function, as well as an optimized allocation of personnel structure. The released transaction processing manpower is fully invested in various specific management accounting functions of strategic finance and business finance, promoting financial support for the company's strategic and operational decisions, and maximizing the value of financial management.

After the comprehensive implementation of financial sharing, the 51 financial personnel engaged in transactional business are not only able to undertake the current business volume, but also expected to effectively support the smooth operation of basic financial work even as the company's business

scale increases by 20% -30%. In the future, with the expansion of the company's business scale, the continuous improvement of financial sharing related information system functions, and the improvement of proficiency in financial sharing accounting work, the resource saving benefits in duplicate business allocation brought by the sharing model will be more significant.

#### **4.2 Realize centralized accounting, mobile approval, and significantly improve the quality of financial services**

Adopting electronic approval and mobile approval, canceling the original paper document signature, significantly improving reimbursement efficiency and increasing employee satisfaction. Enable SMS reminders, mobile app "Cloud Home" services, and other functions to provide comprehensive financial services for business departments. The quality of financial services continues to improve. The efficiency of financial accounting and employee satisfaction with reimbursement have been effectively improved. The reimbursement time for a single expense has been reduced from 3-4 days to less than 1 day, and payment can be completed within 15 minutes for documents with smooth processes. All vouchers related to expenses are automatically generated, vouchers are automatically associated with images, and an electronic archive system is preliminarily established. Salary distribution is driven by the business department, with financial review and optimization of the centralized payment process, while controlling risks.

#### **4.3 Deepen the integration of industry and finance and support strategic optimization**

The establishment of the "Financial Shared Service Center" has liberated a large number of financial personnel from trivial and heavy daily business work, promoting the transformation of financial work from traditional reflection and recording to management and control. After the operation of the "Financial Shared Service Center", about 80% of low value-added expenses such as reimbursement, fund payment, and accounting are completed by 20% of personnel, while 80% of financial personnel are released for important tasks such as capital operation, comprehensive budgeting, cost control, and financial analysis. The financial team has developed from traditional accounting finance to advanced management finance, strategic finance, and other goals.

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