Research on Building Financial Sharing Services Mode of Construction Enterprise

Yanting Shen*, Xiyan Lv
School of Economics and Management
Beijing Jiaotong University
Beijing, China
15120630@bjtu.edu.cn

Abstract—The core of enterprise management is financial management, and the characteristics of enterprise group determine the feature of its financial management. This paper introduces the concept and characteristics of Financial Shared Services Center and summarizes the features of the construction industry on financial management, and then based on the characteristics of the construction enterprises and the problems existing in current financial management to propose the type of Financial Shared Center. The purpose is to provide useful experience for construction enterprises so that they can raise the level of financial information management.

Keywords—construction enterprise; financial shared services; shared services

I. INTRODUCTION

With the development of science and technology, the speed of economic globalization accelerates markedly. Capital, intelligence, technology, labor and other resources flow and configure on a global scale. The market becomes more and more internationalized, and China is entering into the second wave of globalization. As an important implementation unit of national infrastructure, construction enterprise has got the rapid development in the tide of economic globalization, playing an important role in the social economy and the people's livelihood construction. However, faced with the vagaries of the business environment, the weakening of financial management has seriously affected the development of enterprise groups. How to maintain unity and efficient management mechanism in multiple market and business area? How to reengineer financial business process at the lowest possible cost to promote the rapid development of enterprise groups? The idea gradually gets into management.

Financial Shared Services is an assignment management model. It allows financial business which is dispersed in various business units, highly repeated and easy to standardize to carry out process reengineering and standardization. Then it will make them focused on Financial Shared Service Center for processing to improve customer satisfactions and service quality, reduce costs and enhance operational efficiency. Over the past few decades, shared service centers and outsourcing has been widely accepted and used by 90% of the "Fortune" 500 companies [1]. As an innovative management style, Financial Shared Services has its unique features: scale, specialization, unitarity, technical, agreements and service.

II. THE STATUS OF FINANCIAL INFORMATIZATION IN CONSTRUCTION ENTERPRISES

From the development of financial informatization of domestic and international companies, the enterprise financial software experienced three levels of development: "department", "enterprise" and "group" [2] (see Figure 1).

![Fig.1. Development of financial software](image)

Based on unilateral needs of the financial sector, developer developed "Department" financial software. The main functions include accounting, reporting and other core modules, and also involve salary, fixed assets, accounts payable, accounts receivable and other special accounting module.

"Enterprise" is on the basis of "department", but puts forward higher requirements on the financial software. The core goal is to support the comprehensive management work through organizing internal capital flow and controlling the cost rationally. Then introduce business process management, impel the financial control function to extend to business links, and fully integrate finance and business.

Based on "enterprise" financial system, the companies will develop "group-level" financial software. The purpose is to achieve the centralized accounting, improve the comprehensive budget management system, uniformly deploy the funds of group and achieve centralized monitoring on financial operations. Meanwhile, establish comprehensive cost and expense management system within the group, and enable the executive to realize comprehensive, complete, timely and
flexible financial analysis, financial evaluation, financial forecast and financial risk management.

From the current status of financial informatization of construction enterprises in China, we can see that "department" stage is more perfect, and "enterprise" and "group" are also covered in every field. But there are still some problems in some respects such as process management, funds, cost, expenses control, etc. The informatization has suffered some resistance in the process.

III. THE FEATURES OF FINANCIAL MANAGEMENT IN CONSTRUCTION ENTERPRISES

Construction enterprises are mainly engaged in housing construction, water conservancy, bridges, highways and other civil engineering projects and even some large decoration engineering[3]. Its business development model determines that the financial management of construction enterprises has many distinctive features.

A. Standardization and Routing of the Business Are Difficult

Construction companies will involve in many fields, such as: housing, shopping centers, hotels, office buildings, golf courses, restaurants, etc. And accounting objects of different fields will have different corresponding subjects. In addition, the product of project-oriented enterprises is single and unique strongly [4]. Given the complexity, the construction projects is unmatched by most of the manufacturing industry. That is why the production process is not copied and standardization of the business is very difficult. Therefore the enterprises lack of standardized business processes, and financial personnel has to deal with a large number of repetitive operations.

B. Information Transfer Is Not Smooth

Construction enterprise has many projects, which determines its broad geographical distribution and more branches. In the context of grouping and scale business, the enterprise itself requires that there is not only vertical management among the group and the subsidiary companies and the projects, but also horizontal communication among departments within the enterprise. And there are different degrees of problems in transfer process among departments.

C. Capital Control Is the Core and Key

For most of construction general contracting enterprises, low cost is the basic market competition strategy, and cost management is the core in its business management; the feature of parallel multi-project management also requires the company should make an overall plan about project and allocates funds reasonably, based on the overall financial strength rather than the specific individual project currently. And the ultimate goal is to improve the whole benefit of the company. All in all capital control is the core and key of its financial management [5].

D. The Financial Management System Is Inconsistent

The construction enterprise has a three-level accounting system—"group company-branch-project department ", where each level should be carried out cost and profit accounting. Group is an independent legal entity, but the branch isn’t. Even so, the branch is the carrier of internal independent accounting. A large number of project departments are responsible for project implementation, and they are the core of cost control [6]. Based on various factors, such as the size of the project, the characteristics of construction organization, the strength of accounting and the location of the project, the project department would establish corresponding financial institution with accountants, and adopt the financial management system that allows to account independently.

E. Contract Management Plays an Important Role

There are both division and cooperation within a construction enterprise. The construction project is generally carried out by several internal legal persons. So enterprises formed the internal relationship of "total package - subcontract". Construct for enterprises to establish the relations with owners, subcontractors, suppliers and other participants mainly according to all kinds of contracts. So contract management plays an important role in the business of construction general contract enterprises, and is also the main line of its management.

IV. THE CONSTRUCTION MODEL OF FINANCIAL SHARING SERVICES OF CONSTRUCTION ENTERPRISE

A. The Overall Architecture of Financial Shared Services Platform of Construction Enterprise

Construction enterprises developed rapidly in recent years, continue to extend the geographical coverage of construction, and their projects throughout many countries. The demand of the concentration and sharing of financial information, the improvement of management and control as well as the decrease of management cost urge the construction enterprises to innovate financial management mode. Implementing financial sharing and building Financial Shared Service Center will continue to extend the geographical coverage of construction enterprises, and adopt the financial management system to account independently. The implementation of financial sharing and building Financial Shared Service Center is an inevitable choice for enterprise to promote management and expand scale [7]. Due to the financial management and control is the core and focus of enterprise finance, and cost is a basic market competition strategy, so the scheme with the least risk and the least input is the best. Figure 2 shows the overall structure of enterprise financial sharing service platform.

![Fig.2. The overall architecture of Financial Shared Services Platform](image-url)
Based on the online reimbursement platform, this model seamlessly integrates cost management, materials management, contract management and other business information systems and with financial shared services platform. Operation department processes business data to generate and drive financial data. In return, financial sector analysis the financial data to form financial information, and reflect and control business information. Finally financial sector will give the feedback to the operation department. In this case, "the ecosphere of finance and business" is formed, which will support the operation department and the financial sector simultaneously. The ecosphere can realize automatic certificate, improve credential information, simplify financial accounting and achieve the combing offset etc. Under the ecosphere context, enterprises can achieve the on informatization goal—horizontal business integration, vertical business-driven, and control of business processes based on financial data.

Reimbursement platform, financial information platform and capital system are the core systems of the Financial Shared Services Center. The reimbursement platform provides process services and accreditation services. The financial information platform deals with daily finance and business. And the capital system is responsible for capital management.

Reimbursement platform can realize financial reimbursement, expense reimbursement, finance management and other business. Budget management and contract can be used as a control method to support application and reimbursement. The platform supports previous application, then subsequently reimburse with related inspection. And the part beyond the application will not be allowed. The bill contains expense reimbursement, accounts payable, receivables and other classes to meet the need of business.

Implementation of Financial Shared Services encourages enterprises to build an information platform suitable for the financial shared service center. All the business information systems will transmit information to the financial information systems. And the core information system of Financial Shared Services mainly focused on accounting and business layer in the overall function framework of financial information system.

Capital management combines capital budget with the daily business operation, which can deduce the group's capital requirement. Then according to the need of the fund sector, the manager can better predict fund demand, balance fund and arrange investment reasonably. In the case of capital chain security, improve the utilization of capital

**B. Implementation Suggestions**

1) **Promote standardization and routing of business**

   In order to build financial shared services, the enterprise has to improve the level of standardization and routing of business in the first place. As a special group organization, the enterprise not only requires a corresponding management model, but also must have the corresponding management system matching the management model. They should integrate talent and deal with business according to certain regulations, follow certain procedures, and perform a certain standard. These measures can not only improve the work efficiency, but also reduce the errors due to human factors.

   After building Financial Sharing Center, managers can easily make enterprise management "institutionalized", "standardized", "routing", "standardized" and "refined". So to some extent, Financial Sharing Center can be said a perfect opportunity for enterprises. Traditionally, Financial Shared Services Center is suitable for the business group with relatively simple operation. However, the business of construction enterprise is complex. So standardization of management has become an important factor in the success of Financial Shared Services Center.

2) **Information system as support**

   IT information platform is necessary in the financial shared service model. So the enterprise must establish such a platform for information sharing. Within the platform, institutions at all levels enable business and financial data into the system to achieve calculation before the event, control in the event and analysis after the event, strengthen internal controls, reduce risk, and improve efficiency. The enterprise should take action from the following aspects:

   a) Establish a financial model on the platform and cancel the manual work as much as possible, so that business data automatically generate useful financial information.

   b) Make the system operate normally without deviation. Therefore various business units may decrease the black box operation and reduce the risk.

   c) Set the system to automatically prompt exception and warning.

   d) Based on the openness of the system, establish various data sharing interfaces and platforms to meet the different needs of different parties.

   e) The system generates general reports, as well as special reports, to meet the requirement of different accounting standards.

3) **Unify the financial system**

   If there is not a unified system policy, even if the organization reforms its structure, there will still be problems. So there must be unified financial operation standards and procedures, then rebuild the system to ensure front-end business departments operate in accordance with the policy. At last, the organizations do more improvements in the light of the needs of the external environment and internal management.

4) **Centralized management on capital payment**

   Capital control is the focus and core of the management of construction general contract enterprises. Centralized management on capital payment is a shared business which is relatively easy to achieve. But the task is urgent and needs to be realized. For example, the cost system can fully integrate capital payment with the financial system to realize the automatic payment card, payment control and other functions. The staffs of project department are allowed to use cost system to deal with daily business, fill business documents, and submit them for approval. The cashier or other escrow personnel is responsible for some simple tasks, such as daily expenses, invoice collection and collation. After examination
and verification, the site manager will paste bills with documents, and then mail them to the superior units together. Finally the director of the unit will scan and upload these bills uniformly.

The financial position of the unit can be classified according to the business, such as billing specialist, fund accountant, general ledger accountant, accountant and so on. Different accountants are responsible for different business. Their main financial work is financial approval, certification, bill archiving. The purpose of the focus on sharing is mainly to practice the great result of system integration, further optimize the system software, and test the feasibility of financial shared service. The staff of project department is on shift. Part of the company's financial personnel gradually transfer to the management accountant. If there is a higher requirement on concentration, the enterprise can also share on the bureau level again.

5) Centralized management on expense

Obviously, expense concentration, a share service, is the easiest to achieve. It can be uniformly centralized by division-level units, and then transited to bureau-level units to be shared. Accounting of division-level units will move to the bureau level. The bureau level of financial shared services can deal with the financial work according to the type of business, for example, handle centralized examination, centralized payment and centralized accounting of all branches and every project department. Division-level units still can be used as a bill management center, checking, scanning and filing the bill. But they will no longer set up accountant or only retain the financial staff who have not participated in the shared service. The bills of project department and division-level units can be scanned uniformly in Notes Center of division-level units. The bills passed the system to the financial shared center by the way of image. They will be examined and approved uniformly. And the system automatically makes card. The vouchers and bills will be filed in the division-level units. But that does not reduce the standard of review which tax personnel and auditors propose.

6) Centralized management on cost and other related business

Financial Shared Service involves cost, tax and other related businesses. So on the basis of the above, it is necessary to promote each link of cost accounting, tax treatment and other services to automatically provide the "financial system" with business data. Financial management tends to flatten. And the bureau-level units can directly receive the business of project department and division-level units for approval and accreditation. This is very different from the scene without accountant on site. Complete business management systems and business processes provide a strong business support for Finance Shared Service Center.

V. CONCLUSION

In the increasingly fierce competition environment, the competition over a single value chain has turned to the competition over the value network. Great changes have taken place in the original enterprise business philosophy, and the enterprise constantly introduces advanced management technology to improve the management and financial management. Financial Sharing Service Center is not only an information organization, but also a new kind of management mode and management concept. It follows of the financial transformation trend of the value network. In the future, there will be more enterprises in our country to build Financial Shared Service Center, so as to enhance its core competitiveness.

REFERENCES

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