

Using Financial Sharing Service to Optimize the Financial Management of Small and Medium-Sized Enterprises

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Abstract: The world has now entered the era of digital economy. Against the backdrop of widespread adoption of information technology by both government departments and enterprises, financial shared services have gradually become a significant trend in optimizing financial management and enhancing operational capabilities for small and medium-sized enterprises (SMEs). This paper focuses on the application of financial shared services in optimizing SME financial management. Through systematic analysis of relevant theories, it elaborates on the characteristics and existing challenges in SME financial management, explores the application models, key implementation considerations, and challenges of financial shared services. Furthermore, it conducts an in-depth analysis of the notable outcomes achieved through financial shared services in cost control, management efficiency, and strategic decision-making support. The study aims to provide valuable references for optimizing financial management practices in SMEs and strengthening their competitive advantages in the market.

1. Introduction

Today's world has entered the era of digital economy, with the rapid development of information technology and the continuous expansion of enterprise scale, financial sharing service model came into being, bringing new changes and opportunities for enterprise financial management. For small and medium-sized enterprises, financial management is often a weak link in the development process due to limited resources and relatively low management level. Financial sharing service provides a feasible solution for small and medium-sized enterprises with its characteristics of centralization, standardization and informatization. Therefore, it is of great practical significance to study the application and benefits of financial sharing service in the financial management of small and medium-sized enterprises, which can provide theoretical support and practical guidance for the transformation and development of financial management of small and medium-sized enterprises,

and help them stand out in the fierce market competition and achieve sustainable development. [1]

2. Overview of Financial Sharing Services

2.1 The Concept of Financial Sharing Service

Financial Shared services is a kind of distributed in different business units of the enterprise's financial and business management model for centralized processing. Its core is to separate the financial process with high repeatability and easy standardization from each business department by means of standardization, process and information technology, and centralize it into a special financial sharing service center for unified processing. This model aims to improve the efficiency of financial processing, reduce costs, strengthen financial control, and provide more valuable financial decision-making support for enterprises! one.

2.2 The Digitalization of Chinese Government Management Mode Brings Convenience and Timeliness to the Financial Sharing Service of Small and Medium-sized Enterprises

When the digital era arrived, the Chinese government's management mode also underwent a major transformation, and the Chinese government opened the "Internet plus" management mode. First, the Chinese government amended the accounting law and recognized the legitimacy of enterprises to electronically archive corporate financial data, which made the legitimacy of corporate financial digitalization free from worries. Second, China's tax authorities have carried out digital reform on the management of invoices. In 2023, China's tax administration authorities have launched electronic invoices nationwide, so that enterprises can no longer issue paper invoices, but can issue all electronic invoices, and can be used as enterprise financial reimbursement vouchers. The enterprise financial management digital system can directly capture the relevant billing information from the tax background billing data to form the enterprise financial data, which greatly improves the convenience and timeliness of financial sharing services. Third, in recent years, with the acceleration of digital transformation, financial sharing services are developing in the direction of intelligence, automation and globalization, becoming an important part of enterprise digital strategy [2].

2.3 Theoretical Support of Financial Sharing Service

The development and application of financial sharing services have solid theoretical support. Process reengineering theory holds that through fundamental thinking and redesign of business processes, the performance of enterprises can be significantly improved. Financial Shared services was based on the theory of traditional financial process optimization and reengineering, eliminate troublesome links, improve the efficiency of the process and quality. Resource allocation theory also provides support for financial sharing service. This theory emphasizes that enterprises should rationally allocate resources according to their own strategic goals and business needs to maximize benefits. Financial Shared services through the focus on financial business, achieve the integration and optimization of resource configuration, avoids the scattered resources and waste.

3. The Characteristics and Problems of Financial Management of Small and Medium-sized Enterprises

3.1 The Characteristics of Financial Management of Small and Medium-sized Enterprises

The financial management of small and medium-sized enterprises usually has the characteristics of flexibility and agility. Due to its relatively small scale, organizational structure is relatively simple, relatively short decision-making process, so in the aspect of financial management to quickly response and adjustment. For example, in the face of market changes, smes are able to adjust their capital allocation and budget arrangements relatively quickly to meet new business needs.

3.2 The Traditional Financial Management Mode of Small and Medium-sized Enterprises Does not Adapt to the Digital Economy Era

Due to the digitization of Chinese government management mode, the increasing online sales in China and the development of mobile payment, the traditional financial management mode of smes cannot adapt to the era of digital economy. At present, most smes in China still use traditional financial management mode, and many smes still adopt traditional manual accounting or simple financial software. Lack of application and integration of advanced financial management systems![3]. Therefore, the traditional financial management mode of smes can no longer adapt to the development of The Times, and the financial management of smes must be further optimized to meet the new business needs.

3.3 The Demand of Small and Medium-sized Enterprises for Financial Management Optimization

In order to cope with the increasingly fierce market competition and complex and changeable business environment, small and medium-sized enterprises urgently need to optimize their financial management. It is necessary to establish a sound financial management system and process to regulate financial behavior and improve the level of standardization and standardization of financial management. This includes improving the financial budget, cost control, capital management and other aspects of the system, to ensure that financial activities have rules to follow. At the same time, small and medium-sized enterprises need to strengthen financial risk management, identify and evaluate potential financial risks in a timely manner by establishing a risk early warning mechanism, and take effective countermeasures to reduce risk losses.

4. Based on the Construction of Small and Medium-sized Enterprises Financial Sharing Service Center, Optimize the Financial Management Function of Enterprises

4.1 Functions of Financial Sharing Services for Small and Medium-sized Enterprises

The financial sharing service of small and medium-sized enterprises is a basic service form for the digital development of small and medium-sized enterprises. In the development of small and medium-sized enterprises, with the development of small and medium-sized enterprises, the business enterprise inside every unit needs financial personnel, work content and operation mode are mostly similar and repetition, but there is no timely feedback on business, the universality of repeated labor but low efficiency problems. In this regard, if the concept of financial sharing service can be integrated into the process of digital management, the same or similar positions will be new

planning and unified management, to achieve better management effect, which is the so-called financial sharing scale effect. Using this accounting sharing service mode can effectively reduce the financial operation cost of small and medium-sized enterprises, improve the efficiency of enterprise financial services, and can achieve the supervision of centralized management, and finally establish a new financial management mode based on digitalization.

4.2 The application mode of financial sharing service in small and medium-sized enterprises

In the application mode of financial sharing service in small and medium-sized enterprises, the whole business centralized mode is more common. In this mode, enterprises will put all financial services, such as accounting processing, capital management, financial statement preparation, etc., all centralized to a unified financial sharing service center for processing, through standardized processes and professional division of labor, significantly improve work efficiency. A small manufacturing enterprise adopts this model to centralize the financial accounting work distributed in each production base to the financial sharing service center of the headquarters, and uniformly implement the standardized accounting processing process, which greatly reduces the data errors and improves the timeliness of financial statements.

A trade-based, small and medium-sized enterprises to adopt this model will be treated as expenses on the financial Shared services center, standardize the reimbursement process, improve the efficiency of examination and approval, the original financial department at the same time able to concentrate more on closely integrated with the business of budgeting and cost control work [4].

4.3 Implementation Steps and Key Points of Financial Sharing Service

The first is to identify goals and needs. Enterprises should deeply analyze the pain points of their own financial management and the goals they expect to achieve through financial sharing services, such as improving efficiency, reducing costs, strengthening control and so on. Not only that, but it is also necessary to conduct a comprehensive evaluation of the specific achievable effects and potential risks to ensure that the objectives are both reasonable and feasible. The second is to conduct a detailed feasibility study to assess whether the existing resources, technical capabilities and personnel quality of the enterprise support the implementation of financial sharing services. It is necessary to fully estimate the possible difficulties and additional investment required to provide accurate judgment basis for subsequent work. Finally, conduct process review and optimization by performing a comprehensive and detailed analysis of existing financial processes, eliminating redundant and inefficient steps, streamlining workflows, and establishing standardized designs.

5. The Benefits of Financial Sharing Services to the Financial Management of Small and Medium-sized Enterprises

5.1 Cost-effectiveness

Financial sharing of small and medium-sized enterprises is to integrate various contents and repetitive posts through re-integration of various businesses and resources within the enterprise, so as to reduce the management costs of these tasks. Therefore, the use of financial sharing model can not only make a lot of repetitive and basic business work more simplified, standardized and centralized, but also continuously optimize business and financial workflow through digital means to reduce the consumption of human and material resources, so as to achieve the purpose of reducing enterprise costs. Under the financial sharing model, enterprises have established standardized financial processes, eliminating unnecessary links and repetitive operations. It not only

improves work efficiency, but also reduces the cost of errors and rework. For example, the standardization of the financial reimbursement process has resulted in shorter approval times and lower error rates, thus saving significant time and effort costs [5]

5.2 Management Benefits

Financial sharing service obviously improves the financial management efficiency of small and medium-sized enterprises. The centralized management mode makes the supervision and control of financial activities more powerful and accurate. In the past, due to the relatively independent financial management of various departments, there may be inconsistent implementation of financial policies and irregular financial operations. The establishment of financial sharing service center has realized the unified formulation and implementation of financial policies and ensured the standardization and standardization of financial management. Standardized processes and unified data caliber greatly promote the availability of financial information, providing management with timely and accurate financial information to support them to make more informed and scientific decisions.

5.3 Decision support benefit Financial sharing service provides strong support and guarantee for the decision-making of small and medium-sized enterprises.

In terms of resource allocation, through centralized financial management, enterprises can more clearly understand the capital needs and benefits of various businesses, so that limited resources can be accurately invested in key business and strategic projects. At the same time, the real-time and accurate financial information provided by the financial sharing service can provide a strong basis for the adjustment and optimization of enterprise strategy. When the market environment changes or the enterprise strategy needs to change, based on the data analysis of financial sharing services, enterprises can quickly react and flexibly adjust their financial strategies to adapt to the new strategic direction.

6. Conclusions

Financial sharing service has shown significant application benefits in the financial management of small and medium-sized enterprises. Through the centralized, standardized and information-based processing mode, financial sharing services reduce the operating costs of enterprises, including cost savings in manpower, process and procurement. At the same time, it improves the management level, strengthens the financial supervision and control, ensures the consistency of policies and the high quality of financial information, and promotes the transformation of the financial function to a higher level such as strategic planning. In terms of decision support, financial sharing services can provide in-depth analysis and accurate prediction for enterprises by relying on centralized and integrated financial data, helping enterprises to find problems and opportunities in time and make more informed decisions. In the future, smes should further deepen the application of financial sharing services and continuously optimize processes and technologies to adapt to changing business needs and market environment; Strengthen the training of employees to improve their understanding and application ability of financial sharing services; Strengthen the cooperation with external professional institutions, learn from advanced experience, and constantly improve the level and effect of financial sharing services. It is believed that in the future, financial sharing services will provide stronger support for the development of small and medium-sized enterprises and help them achieve greater success in the highly competitive market.

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