

A Case Study on Cost Reduction and Efficiency Increase of Financial Shared Service Centre: A Case Study of Changhong, Sichuan Province

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Abstract: In this paper, Sichuan Changhong is selected as a case study, from the organizational structure, information system, business process, respectively, to explore the function of the financial sharing service centre to help enterprises to achieve cost reduction and efficiency, and from the management cost, financial operation efficiency, and business processing efficiency to see the specific results of the financial sharing service centre. Through the research on the annual report data of Changhong, the paper finds that the financial sharing service centre has a positive effect on the cost-saving and efficiency-increasing of Sichuan Changhong, as the management cost can be reduced after stable implementation of the financial sharing platform and the average assets managed by each financial personnel of the enterprise are gradually increased. Taking Sichuan Changhong as an example, this paper studies how to reduce the cost and increase the efficiency of the enterprises by the construction of the financial sharing service centre.

1 INTRODUCTION

Data has become an important new production factor, digital technology, intelligent means have begun to reshape the financial process and mode of enterprises. Digital intellectualization is the intelligentization on the basis of digitalization, aiming to realize the overall, systematic and intelligentized decision-making with the aid of digital technology. The data intelligence environment provides a new opportunity and connotation for the construction and operation of the financial sharing service centre (Xu, 2024). The number intelligent financial sharing service centre refers to the financial sharing service centre that widely uses the number intelligent technologies such as RPA, OCR, NLP, AI and GPT in the construction of the financial sharing service centre to improve the efficiency of financial sharing and promote the financial digital transformation. The business data, financial data, industry data, supply chain data, contract data, tax data and other data that help enterprises to make decisions are centralized, the financial decision-making model is established, and the enterprise decision-making is supported, which solves the problems of incomplete information of

financial personnel, out of control of fund security and passivation of management effect under the decentralized financial management mode. With the development of "Digital China" strategy, the enterprise digital transformation has put forward new challenges to the concept and mode of financial management. The financial sharing service centre provides a natural platform for the transformation of enterprise financial management. The financial sharing service has become the booster of the enterprise financial digital transformation (Tang, 2019). Taking Sichuan Changhong as an example, this paper studies how to reduce the cost and increase the efficiency of the enterprises by the construction of the financial sharing service centre.

2 LITERATURE REVIEW

Janssen and Joha (2004), Soalheira (2007), Trollius and Wang (2016) believe that the implementation of the financial sharing service mode can simplify the financial work while saving the resources of the enterprise, speed up the flow of funds, thereby reducing the cost of the enterprise, speed up the financial efficiency, and improve the profit

proportion of the core business. Hirschfeld (1996), Jassen et al. (2011), Casey and Totenhagen (2019) also pointed out that the enterprise financial sharing platform can rationally distribute the funds, assist the enterprise to effectively expand the scope of operation and smoothly carry out the merger activities, so as to improve the status of competitors in the same industry. Zhang (2018) holds that the financial sharing service centre can transfer data and process business with the help of information systems such as ERPs, thus realizing the optimal allocation of internal and external resources of the enterprise to a certain extent, and greatly reducing the cost of the enterprise. Yao et al. (2019) believed that the reasonable use of the financial cloud sharing service platform, give full play to the guidance effect of cloud sharing on financial process reengineering, help to integrate financial information resources and improve the enterprise performance level. Jiang et al. (2023) pointed out that the implementation of intelligent finance can improve the financial performance of enterprises by reducing the operating cost and improving the R&D capability. Li et al. (2025) pointed out that the key influencing factors in the process of intelligent transformation of financial sharing are technical characteristics, internal and external environment, process organization and management.

3 CASE INTRODUCTION

3.1 Overview of Sichuan Changhong Group

Sichuan Changhong was founded in 1958, and its predecessor was one of the key projects of 156 in China. With the continuous development of technology and TV, Sichuan Changhong began to carry out diversified expansion of information electronics, from manufacturing military products to developing and selling military industry, household appliances, industrial services, spare parts and other businesses. After more than 60 years of development, the brand value of Sichuan Changhong has reached 203.968 billion yuan, with industrial activities in more than 130 countries and regions, many production bases at home and abroad, and more than 200 branches at home. The main businesses of Sichuan Changhong include consumer appliances represented by intelligent household appliances, and IT integrated services represented by mass distribution of digital products and cloud

computing value-added services. Among them, the sales scale of TV and refrigerator is in the leading position in the industry, the refrigerator compressor is the first in the world, the inverter compressor is the first in the world, the commercial compressor is the first in the country, and the ICT comprehensive service and special power supply and other businesses always maintain the leading position in the industry. At present, the headquarters of Sichuan Changhong Finance Sharing Service Centre is located in Mianyang, Sichuan, with more than 470 employees in Beijing, Shanghai and other central cities. Through years of experience, Sichuan Changhong has accumulated rich experience in process management and financial sharing, laying a foundation for rapid transformation and rapid development of enterprises.

3.2 Construction Process of Financial Sharing Service Centre of Sichuan Changhong Group

As shown by Table 1, the construction of the financial sharing service centre of Sichuan Changhong Group has gone through several stages. In 2005, Sichuan Changhong put forward the reform of business model and the idea of building the financial sharing service centre, providing two functions of management and service for the enterprise. In December 2008, Sichuan Changhong formally set up a financial sharing service centre to separate from other organizations within the enterprise group, further strengthen the application of the sharing service concept, and start to provide relevant consulting services for the group and collect service fees. Since 2009, Sichuan Changhong has deepened the financial reform, and the financial sharing service centre has entered the development period. In the stage, enterprises have built two platforms and three systems of financial information system. In 2011, the enterprise financial sharing service centre optimized the information system, established the customer relationship of marketization mode, and realized independent operation. In 2013, Sichuan Changhong changed its original strategy and began to adopt the new three-coordinate strategy of "intelligence, network and coordination." The project construction of financial cloud has been started. With the help of big data, cloud computing, artificial intelligence and other technologies, the business process has been re-engineered, so that the Group has broken the regional restrictions when processing data and making decisions, achieved the purpose of reducing

cost and increasing efficiency, promoted the financial transformation of enterprises and formed a new management mode. In recent years, Changhong Finance Sharing Service Centre has been deeply

cultivated in "Digital Finance," and has participated in many pilot projects such as state-tax enterprises and electronic vouchers of the Ministry of Finance.

Table 1: Development history of Sichuan Changhong Financial Shared Service Centre.

Year	2005	2006 to 2008	2009 to 2012	2013 to present
Period	Germination period	Initial period	Development period	Mature period
Content	Put forward the concept of financial reform; Establish financial management centre and financial service centre.	Establish a financial sharing service centre (independent of the enterprise).	Deepen the reform of the financial sharing service centre; Realize market-oriented independent operation.	Adopt the new three-coordinate strategy; Start the financial cloud construction.

3.3 Organization Model of Finance Shared Service Centre of Sichuan Changhong Group

After the establishment of the financial sharing service centre in Changhong, the financial organization structure tends to be flat. According to the announcement of Changhong, after the construction of the financial sharing service centre, the number of accounting personnel of the large-scale molecular institutions in the enterprise has been reduced by nearly 50%, and the small-scale molecular institutions can complete daily financial work only by relying on the staff responsible for

cashier and document processing. With the amalgamation of repeated similar businesses, Sichuan Changhong has set up a special finance department and accounting team, strengthened the specialized division of labour, and simplified and standardized the complex financial work. The financial sharing service centre in Changhong, Sichuan Province has formed the three function distribution systems of shared finance, business finance and strategic finance (Liu, 2023)

In the operation of financial sharing service mode, Sichuan Changhong has created the organization structure of the centre, as shown in Figure 1.

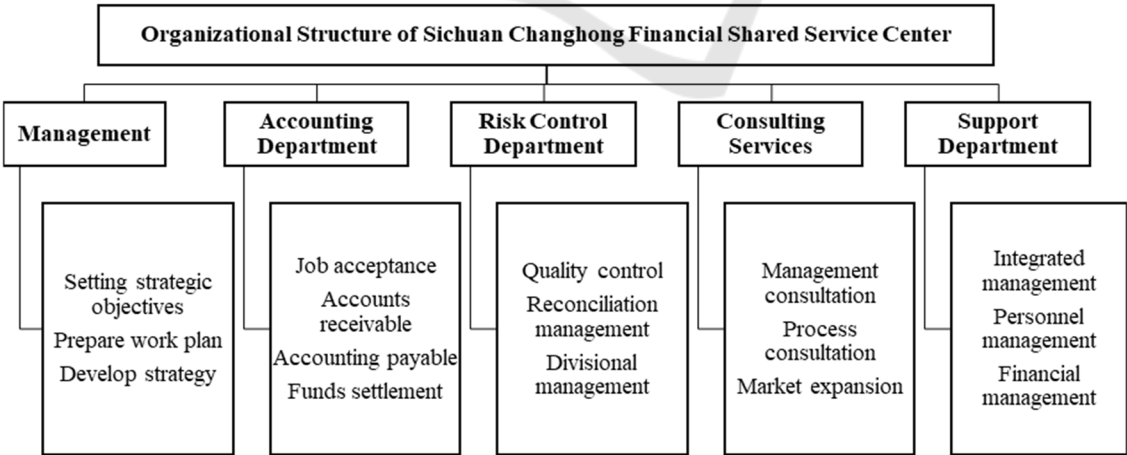


Figure 1: Organization Chart of Sichuan Changhong Financial Shared Service Centre.

4 HOW TO REDUCE COST AND INCREASE EFFICIENCY BY ESTABLISHING FINANCIAL SHARED SERVICE CENTER IN CHANGHONG

4.1 Impact Path

After the establishment of the financial sharing service centre in Changhong, Sichuan Province, the similar and easy-to-standardize businesses are processed centrally, reducing the redundant financial

organization structure, reducing the labour cost and improving the financial processing efficiency, which can reduce the cost and increase the efficiency to a certain extent. Through analysing the concrete ways of reducing cost and increasing efficiency of Sichuan Changhong Financial Sharing Centre, it is found that the influence ways are mainly reflected in optimizing financial organization structure, perfecting financial information system and simplifying business processing process. Figure 2 shows the impact path of enterprise cost reduction and efficiency improvement by the construction of Sichuan Changhong Financial Shared Service Centre.

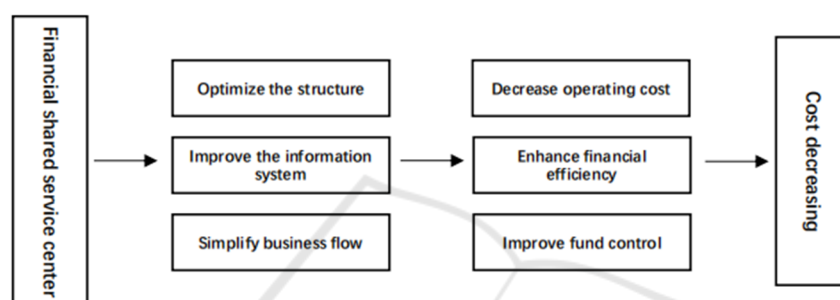


Figure 2: Impact Path of Enterprise Cost Reduction and Efficiency Increase by Construction of Finance

4.1.1 Optimize Financial Organization Structure

After the financial sharing service centre was built in Changhong, Sichuan Province, the previous accounting, statement registration and other repetitive work processing processes were consolidated and concentrated in an independent organization. The accountants of each molecular organization were separated from the basic business, and the focus of work was shifted to the financial budget, credit management and other aspects, so the organizational structure of the enterprise was also changed. In addition, before the construction, the financial director of Sichuan Changhong is mainly responsible for the overall arrangement of the financial work of the enterprise, which is limited to the financial aspect, and has no energy to invest in the making of the major decisions of the enterprise. After the establishment, the financial director is responsible for the related work of the finance, and can also change the role to the strategic level of the enterprise, and clearly understand the overall operation of the enterprise by participating in the making of decisions, driving the performance of the department and other aspects Sichuan Changhong adopts the organization mode of financial sharing

service centre and financial department at the same level (Liu, 2023). The management flexibility is higher and the autonomy is stronger. It also indicates that the enterprise attaches great importance to the financial sharing service centre, and the financial sharing centre has a high voice in the daily operation of the group, so that the enterprise can smoothly carry out work and strengthen the exchange and cooperation with other departments.

After the establishment of the financial sharing service centre in Changhong, the financial organization structure tends to be flat, which is beneficial to the improvement of enterprise performance. On the one hand, the change of organizational structure simplifies the allocation of financial personnel, on the other hand, with the merging of repeated business of the same kind, Sichuan Changhong has set up a special financial department and a verification team, strengthening the specialized division of labour, simplifying and standardizing the complex financial work. Figure 3 is a path analysis diagram of the financial shared service centre in terms of organizational structure to make the enterprise cost-effective.

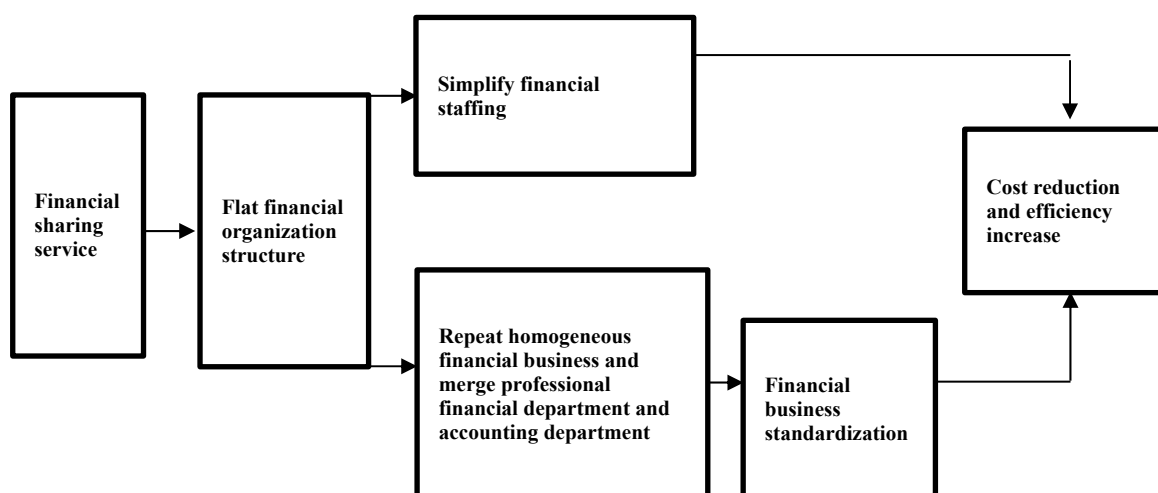


Figure 3: Path Analysis of Financial Shared Service Centre for Enterprise Cost Reduction and Efficiency Improvement in Organizational Structure.

4.1.2 Improve Financial Information System

With the help of Hongxin software, Figure 4 shows that Sichuan Changhong has set up ERP and WEB platforms, financial core management system, financial cooperation processing system and business cooperation processing system.

After the establishment of the financial sharing service centre in Changhong, Sichuan Province, the ERP and SEI platforms were built through the establishment of the information system to complete the data processing related to the business activities online, reducing the error rate of information and strengthening the timeliness of transmission. Ye Honglin, relevant responsible person of Sichuan Changhong, mentioned in the interview that the Financial Sharing Service Centre built the BI information system, automatically extracted the business data information of each molecular organization, and the preparation time of the data required for the quarterly operation analysis meeting of enterprises was at least 10 days earlier. At the same time, with the continuous optimization of business process and the continuous update of information system, the degree of accounting automation in Sichuan Changhong increased from 40% to 90%, and the accounting error rate decreased from 5% to 0.5%. With the help of financial sharing centre, the depth and efficiency of financial control have been improved. Due to the support of business process standardization reform and quality management process system, the degree of enterprise financial integration is greatly improved, which greatly improves the accuracy, authenticity and timeliness of enterprise financial

accounting, and improves the efficiency of accounting work by about 35%. Secondly, Sichuan Changhong completed the automation and informationization of enterprise accounting work with the aid of information system, pulled out the basic core business, released the accounting personnel, improved the original tedious processing process, and further improved the allocation of human resources. At the same time, based on the application of Sichuan Changhong information platform, organizations with authority can complete the reimbursement of expenses and the collection and payment of funds online, realize the sharing of financial data worldwide, save the labour consumed by information transmission, and reduce the overall operation cost of enterprises.

4.1.3 Simplify Business Processes

All links of the traditional financial management model need manual participation, the quality of work is easily affected by the quality of personnel, cost efficiency and other factors, work efficiency cannot be further improved. After the establishment of the financial sharing service centre in Changhong, Sichuan Province, the financial workflow is handled by the system, which completely replaces the labour by means of cloud collection, cloud processing, etc. The establishment of the financial sharing service centre has established a standardized standard process, which makes the whole process dependable. The accounting business is automated through the standardization of accounting and electronic vouchers, which improves the work efficiency, shortens the work time and ensures the accuracy of data accounting.

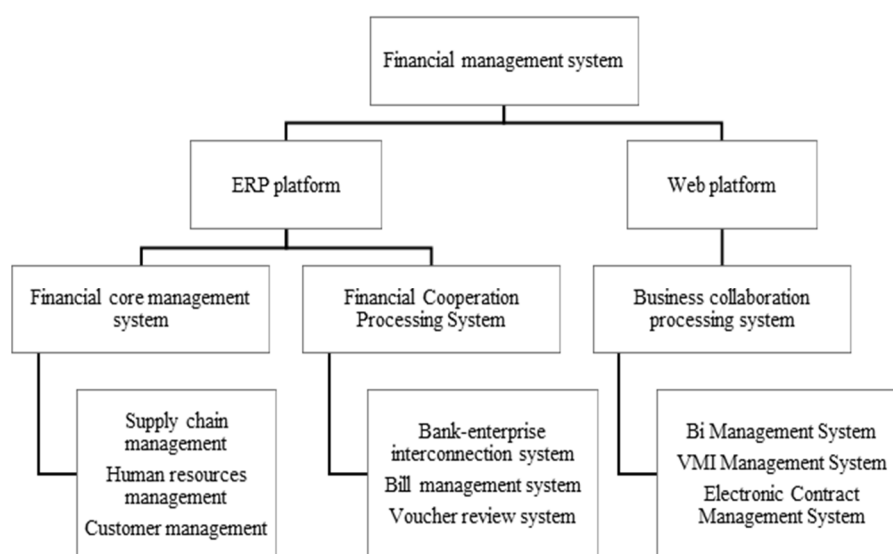


Figure 4: Sichuan Changhong Financial Information Management System

With the help of ERP platform, CRM system, SRM system and expense management system, the financial sharing service centre realizes business process reengineering, simplifies the basic processes of enterprise purchase payment, sales collection and expense reimbursement, and is uniformly deployed by the financial sharing service centre. According to the announcement of Sichuan Changhong official website, the current business automation degree of Sichuan Changhong reaches 96%, the time limit of financial accounting only takes 0.5 working days, the time limit of expense reimbursement is from the original week to the present 20 minutes, the operation rate of enterprise funds is greatly improved, and the fund management efficiency is further improved.

4.2 Effect

4.2.1 Management Cost

It can be seen from Table 2 that the total assets of Sichuan Changhong after the establishment of the financial sharing service centre are in a rising trend, which can reflect the gradual expansion of the enterprise scale. Since a large amount of personnel is required in the initial stage of construction, the management cost of the enterprise has increased. After 2013, the financial sharing service centre entered a mature period, and after stable operation, the management cost began to decrease year by year. Meanwhile, the ratio of the management cost to the asset also showed a downward trend year by year. This shows that the effect of the financial sharing

service centre in the management cost has a cushion process, and the management cost can be reduced after stable implementation of the financial sharing platform. Based on the changes in the management expenses of Sichuan Changhong Financial Shared Service Centre, it can be found that there is a buffer process in the cost changes after the formal construction of the financial shared service centre.

It can be seen that during the construction of the financial sharing service centre in Changhong, the change trend of the proportion of management expenses has been gradually reduced from the initial rise. The reason for this phenomenon is that Sichuan Changhong has set up a financial sharing service centre, which can gather the original decentralized business units and form a unified business processing mode. When enterprises increase industries, they no longer need to establish new accounting departments, which improves the management level of enterprises, improves the economies of scale of enterprises, and thus achieves the purpose of saving costs.

4.2.2 Financial Operational Efficiency

It can be seen from Table 3 that, with the continuous expansion of the scale of Sichuan Changhong, the ratio of total assets to financial personnel of the enterprise presents a stable growth trend, rising from 0.39 in 2010 to 1.22 in 2023, increasing by nearly four times, thus indicating that after the establishment of the financial sharing service centre in Sichuan Changhong, the increase of financial personnel is less than the increase of total assets, and

the average assets managed by each financial personnel of the enterprise are gradually increased. It can be shown that after the establishment of the

financial sharing service centre in Changhong, the financial work efficiency has indeed increased.

Table2: 2010-2023-Year Management Expenses and Assets of Sichuan Changhong

Time	Administrative express (RMB 100 million)	Total assets (RMB 100 million)	Overhead/Total Assets
2010	16.17	445.5	3.63%
2011	20.66	516.5	4.00%
2012	22.63	545.5	4.15%
2013	27.12	588.4	4.61%
2014	30.11	602.2	5.00%
2015	28.46	556.2	5.12%
2016	27.3	598.6	4.56%
2017	15.99	628.4	2.54%
2018	15.56	715.1	2.18%
2019	16.9	739.9	2.28%
2020	14.98	785.9	1.91%
2021	17.66	794	2.22%
2022	17.43	855.4	2.04%
2023	18.15	944	1.92%

Table 3: Ratio Between Total Assets and Financial Personnel of Changhong, Sichuan in 2010-2023 Years.

Time	Financial personnel	Total assets (RMB 100 million)	Total assets/ Financial personnel
2010	1154	445.5	0.39
2011	1223	516.5	0.42
2012	1273	545.5	0.43
2013	1194	588.4	0.49
2014	1180	602.2	0.51
2015	831	556.2	0.67
2016	831	598.6	0.72
2017	818	628.4	0.77
2018	991	715.1	0.72
2019	842	739.9	0.88
2020	906	785.9	0.87
2021	816	794	0.97
2022	728	855.4	1.18
2023	776	944	1.22

Table 4: Business Processing Efficiency of Sichuan Changhong Financial Shared Service Centre

Matters	Changes
Length of expense reimbursement	Reduced from 7 days to 20 minutes
Meeting preparation time	More than 10 days in advance
Degree of automation	Above 96%
Per capita orders processed per month	Increased by 109.44% from 2160 to 4524
Error rate	Reduced from 5 per 10,000 to 0.45 per 10,000

4.2.3 Business Processing Efficiency

As shown in the data in Table 4, after the financial sharing service centre was constructed in Changhong, the cost reimbursement time was shortened from more than seven days to 20 min, and the error rate was reduced from 0.05% to 0.0045%. The number of business orders processed per capita increased by 109.44% from 2160 to 4524 per month.

At the same time, the automation information system makes the quarterly business analysis meeting preparation time at least 10 days in advance, and the automation degree is more than 96%. The financial sharing service centre of enterprises increases the speed of information transmission, optimizes the financial work of enterprises, and enhances the effectiveness of enterprise decision-making.

processing efficiency, optimized the financial organization structure, and perfected the information system and business processing flow, thus realizing the decrease of the proportion of management expenses, and the great improvement of the financial operation efficiency and business processing efficiency.

The constant development of big data era provides necessary conditions for financial transformation. In the future, it is still necessary to continue to deeply study the operation mechanism and function upgrade of big data, artificial intelligence, cloud computing and blockchain, clarify the combination point and application section with the financial field, construct the technology application platform according to the characteristics of finance, promote the future of financial digitalization and intelligent transformation, and the number of intelligent financial sharing service centre will develop in the direction of technology innovation and strategy combination (ZhuXiangyu, 2025).

5 CONCLUSION

Taking Sichuan Changhong as an example, this paper deeply studies how to reduce the cost and increase the efficiency of the enterprises by the construction of the financial sharing service centre of the number of intellectualized enterprises. By analysing the construction process, organization mode and infrastructure of the financial sharing service centre of Sichuan Changhong Group, as well as the concrete measures in optimizing the financial organization structure, perfecting the financial information system and simplifying the business processing process, we find that the construction of the financial sharing service centre of Sichuan Changhong has a significant impact on the cost-saving and efficiency improvement of Sichuan Changhong. Sichuan Changhong has successfully reduced the labour cost, improved the financial

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