

Research on the Financial Management Transformation of Chinese Enterprises in the Era of Digital Economy

Derong Wang*

Company: Shanghai Caijun Information Technology Co., LTD

Abstract: Since the modern world has entered into the era of the digital economy, both government departments and enterprises in the general background of the popularization of information technology must figure out how to change the management mode in order to adapt to the new social and economic environments. This will make it easier for agencies to serve the public while also giving businesses an advantage over rivals. Sound financial management is one of the most effective means to encourage an enterprise's continued development. Financial management that supports social development can further boost an organization's competitiveness and efficiency, putting it above other organizations of a similar nature in the social development marketplace. Now there are still some enterprises that do not understand the significance of enterprise financial management transformation and do not realize that financial management in the digital economy era must be transformed from the traditional management mode to adapt to the transformation of the digital economy era. This paper first provides a brief explanation of the fundamental concept behind the digital economy, then examines the significance of financial transformation, follows by a third analysis of the issues with conventional financial management problems, and offers several practical approaches to enterprise financial transformation.

1. A basic overview of the digital economy.

Digital economy, as an economic concept, is an economic form in which human beings may quickly accomplish optimal resource allocation and regeneration and achieve high-quality economic development through the identification - selection - filtering - storage - use of big data (digital knowledge and information). The digital economy is not equal to the virtual economy. "Digital industrialization" and "industrial digitalization" are two common phrases used to describe the digital economy.

Among them, building a digital government, a digital society, and a digital governance system all ought to create the environment for the growth of the digital economy, while building a digital infrastructure and digitalizing existing physical infrastructure forms the fundamental building block for this growth. Nevertheless, since the Internet economy, virtual economy, and the digital economy are all subsets of the former, we cannot simply equate them.

2. opportunities for enterprise financial transformation of enterprises in the era of the digital economy.

2.1. Opportunities brought by the digitization of China's government management mode

The management mode of the Chinese government has significantly changed with the onset of the digital era. The "Internet +" management mode has been introduced by the Chinese government, and digital transformation has been implemented throughout all government ministries. The following are some of the changes in corporate finance management. First, the electronic business license of China's industrial and commercial administration department facilitates digital registration and management as well as online financial management operations. Second, the Chinese government revised the accounting law and recognized the legitimacy of enterprises' electronic archiving of corporate financial data. The legitimacy of corporation financial digitalization is unaffected by this development. Third, China's tax administration has carried out digital reform on invoice management. The tax administration in China introduced electronic invoices in 2022, enabling to issue all electronic invoices rather than paper invoices, and allowing for the creation of enterprise financial reimbursement vouchers. The enterprise digital transformation is made much more convenient by the ability of the enterprise financial

*Email: 13512196357@163.com

management digital system to directly capture the pertinent billing information from the tax background billing data to produce the enterprise financial data.

2.2. Opportunities for growing online sales in China.

According to the report, the daily online sales volume of China's "Double 11" on November 11, 2022 showed that the cumulative sales volume of the comprehensive e-commerce platform, according to the data of Star Map, reached 261.586 billion yuan, and a total of more than 1 billion parcels were produced with the average customer unit price of 247.94 yuan. This data was collected from 20:00 on November 10, 2022 to 14:00 on November 11, 2022. As was mentioned above, online purchase of goods and services requires the sound financial management of enterprises to support online sales. [1]

2.3. Opportunities brought by the digitalization of mobile payments in China

According to the Intelligent manufacturing network report, the People's Bank of China published two reports on March 17, 2020, titled "2019 payment system operation Overall situation" and "2019 fourth quarter payment system operation Overall situation", which show that while mobile payment business volume continued to grow quickly throughout the entire year and the fourth quarter of 2019, the average amount of bank card per consumption decreased by more than 20%. Among them, there were 101.431 billion mobile payment transactions worth 347.11 trillion yuan, an increase of 67.57 percent and 25.13 percent respectively from the previous year. In order to stay up with The Times, enterprise financial management needs to digitize mobile payments in China. [2]

3. the necessity of enterprise financial transformation in the era of digital economy.

3.1. The traditional financial management model of enterprises does not adapt to the era of the digital economy.

At present, the majority of China's enterprises still adopt the traditional financial management model in the financial management model from enterprise procurement, production and sales, which fails to reflect and process in a timely manner, and enterprise financial management cannot adapt to the era of the digital economy due to the development of the digital and online sales as well as mobile payment of the government management model. There is an untimely and inaccurate scenario when the business reflects the enterprise's financial accounting and analysis. The timeliness and accuracy of data collection and feedback have gradually grown in importance in the age of the digital economy and have an impact on how

businesses will evolve in the future. Modern development requires a further transformation of enterprise finance in order to meet its actual needs. This requires a proper allocation of various resource elements in order to ensure the smooth operation and growth of the enterprise while also supplying timely and accurate data assistance.

3.2. Traditional financial management does not meet the needs of coordinated development of enterprise finance and business.

Since the way and requirements of enterprise development have changed in the face of the digital economy era, the enterprise financial management department in the era of digital economy must adhere to the requirements of The Times to upgrade and improve the enterprise's own traditional financial management mode so as to better meet the development needs of the enterprise's various functional departments. In order to better serve the digital economy and coordinate the development of enterprise finance and business, the enterprise financial management department must accelerate the integration of business and finance on the basis of the construction of a financial service-sharing platform. The digital transformation of enterprise financial management not only caters to the development needs of the market economy under the new situation, but also enhances the competitiveness of enterprise development and creative vitality.

3.3. The value concept of financial management does not apply to the requirements of enterprise financial risk management.

Tax administration departments are continually updating the management system to meet the demands of national digital management. The system management software "Gold Tax Phase II" has been upgraded to the "Gold Tax Phase III" by China's tax administration departments, and the "Gold Tax Phase III" will be upgraded to the "Gold Tax Phase IV" at the 2023 annual meeting. The third phase of Golden Tax will be driven by digital economy management and rely on "big data" to screen the enterprise tax risk data and assess enterprise tax risk. As a result, the traditional value concept of financial management is no longer in line with what is actually required for enterprise development in the new era. Relevant enterprise leaders need to reverse the traditional value concept of the financial staff in enterprise financial management to effectively serve the digital economy at the same time. They are also required to improve the correct understanding of the enterprise's financial risk through regular training activities and enhance the enterprise risk management and cognitive ability so as to effectively avoid and solve the problem of financial risk.

4. enterprise financial management transformation measures in the era of digital economy.

4.1.The construction of a financial sharing service center facilitates the digital function of enterprise finance.

4.1.1. Function of enterprise financial sharing service

One of the fundamental service forms in the digital transformation of the enterprise is enterprise financial sharing service. Every company in the enterprise group needs financial personnel as businesses grow, but their jobs tend to be repetitive and they often lack timely feedback from their employers. This leads to issues like repeated labor and low work productivity. In this regard, the same or similar posts can be planned and managed in a new way to create a better management effect, which is the so-called financial sharing scale effect if the concept of financial sharing service can be integrated into the digital management process. With the adoption of this accounting sharing service mode, it can significantly lower the financial operating costs of the enterprise, improve the efficiency of enterprise financial services, achieve centralized management supervision, and finally establish a new financial management mode based on digitalization.

4.1.2. Corporate financial sharing services can reduce costs and increase efficiency.

Through the re-integration of various businesses and resources within the enterprise financial sharing aims to integrate varied contents and repetitive posts so as to lower the management expenses of these positions. Hence, the use of a financial sharing mode can not only make a lot of repetitive and basic business work become more simplified, standardized, and centralized, but also continuously optimize the business and financial workflow through digital means to reduce the consumption of human and material resources, achieving the goal of reducing enterprise costs. Cities with an established Internet or relatively advanced digital infrastructure like Hangzhou, Wuxi and other cities in China may be the primary locations for corporate financial sharing centers. These cities' moderate housing costs, relatively low labor costs, and comparatively high skill quality make them attractive locations for the recruitment of digital talents. While raising the standard of financial management, Corporate financial sharing services can further cut the cost of financial sharing.

4.1.3. Corporate financial sharing can fuel the management efficiency of enterprises and support the development of core businesses.

The financial data of the enterprise has been centrally

managed as a result of the creation of the enterprise financial sharing center, considerably enhancing the efficacy and authenticity of the enterprise management data. It is more conducive to promoting the development of the enterprise core business and strengthening competitive advantages of the enterprise among other similar enterprises when the enterprise management can quickly obtain the enterprise management data required for decision-making, identify which business ventures are profitable and which are loss-making, and make the necessary adjustments.

4.2. Promote the enterprise management system integrating business and finance through the transformation of enterprise financial management.

4.2.1. The concept of business and financial integration

"The integration of business and finance should", according to Ying He and Yanan Peng's 2014 proposal, "rely on sufficient information construction and talent training in the early stage of the enterprise, reshape the financial process under the guidance of the value culture, conduct financial management throughout the business, as well as supervise and motivate the business consortium under reasonable and effective performance appraisal." [3] The business and financial sharing mode established on this basis has more accurate and comprehensive management information and is more suited to the actual growth requirements of companies. This mode also establishes a solid foundation for the efficient promotion of management activities. In order to encourage the future growth of businesses, internal financial management and business experience expertise must be combined with the achievement of organic combination.

4.2.2. The integration of business and finance can increase an organization's overall management effectiveness and competitiveness by reducing communication friction between departments.

The financial management of enterprises is responsible for monitoring business operations, and has the authority to object to the operation of enterprises that do not conform to the relevant national laws and regulations. The prohibition requirements of applicable national laws and regulations will be embedded into the enterprise's financial and business management digital management system prior to the establishment of the sharing center and financial digitization. It makes it possible for business personnel to be aware of the necessary operational requirements in advance, reduces communication costs and friction, and boosts the management effectiveness of the enterprise.

4.2.3. It is more conducive to reducing enterprise costs and creating value for enterprises.

Enterprises will be able to allocate resources primarily for resource optimization and cost reduction during the financial digitization process. Businesses may essentially achieve the goal of decreasing operational expenses and improving job efficiency through business and financial integration and digital management means. In this process, enterprises also need to assist all staff members in developing a scientific understanding of cost management through education or training depending on whether a digital system is being established, before implementing the new enterprise cost management mode. Therefore, businesses can not only fundamentally reduce operating costs, but also improve management work efficiency on the premise of ensuring the normal development of enterprise.

4.2.4. Construction of the integration system of industry, finance, law and tax.

The enterprises are required to integrate internal resources of enterprises on the basis of data economy and national digital services to create an industrial and financial legislation tax system that combines internal digitalization and global data economy. First, in order to improve the overall value goal of the enterprise and adapt to the changes of the digital economy era, it is first necessary to integrate internal resources through the digital system, from the order, production, service, administration, finance, law, tax and a series of digital construction. This is because the responsibilities of each unit within the enterprise are different. The transformation of finance, law and tax helps promote the digital transformation of all the processes of enterprises, which is the basic strategy for enterprises to adopt the requirements of internal digitization. Second, by adopting internal digital information to achieve resource allocation, enterprises can regularly analyze and assess operating results with digital financial analysis data. allocate resources according to the integration of internal information, and carry out regular analysis and evaluation of operating results through digital financial analysis data. This encourages enterprises to take advantage of external market opportunities and realize their value objectives.

As for financial digitization and government "Internet +" combination, the enterprise tax declaration can be directly connected with the tax department's declaration system by developing a financial digital platform to achieve financial data exchange and combining it with the government's "Internet +" digital platform. To implement digital docking, the "one-click" declaration can be linked with the government management department. In this way, more scientific and accurate service types might be offered to support enterprise financial management and boost service efficiency.

5. conclusion.

In the era of the digital economy, the transformation of

enterprise financial management is the only path for the development of enterprises and an effective approach to enhance the competitiveness of the enterprise. Therefore, in order to improve the overall competitiveness of the enterprise, accelerating the speed of internal financial management transformation, enhancing management effectiveness, and lowering management expenses will become the top priorities of enterprises to improve market competitiveness.

References

1. data source: the map data reported: <https://www.headscm.com/Fingertip/detail/id/33916.html>
2. data source: intelligent manufacturing network: <https://www.elecfans.com/iot/1184856.html>
3. Pan Wenyong. On Enterprise Financial Sharing Service [J]. Times Economy & Trade · Beijing Business, 2018 (22)
4. Zhou Yafen, Yang Lihong. Exploration on the path of enterprise financial transformation under the environment of digital economy [J]. Modern Marketing (Management Edition), 2020(10).
5. Lin Chengxi. Corporate Financial Transformation Path Selection under the environment of Digital Economy [J]. Cooperative Economy and Technology, 2020(18).
6. Chen Yufeng. Financial Management Transformation and Upgrading of Enterprises in the New Economy Era [J]. China Small and Medium-sized Enterprises, 2020(09).
7. LI Chaofan. Research on the Impact Path of Digital Transformation on Enterprise Performance [D]. Zhengzhou Institute of Aviation Industry Management, 2020.
8. Huang Shizhong. The Influence and Enlightenment of New Economy on financial accounting [J]. Finance and Accounting Monthly, 2020 (07) : 3-8.
9. Huang Shizhong. Decoding Huawei's "Knowledge-based Doctrine": Based on the perspective of financial Analysis [J]. Finance and Accounting Monthly, 2020 (09): 5-6