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Analysis of the Effect of Shared Finance Implementation in Yonghui Supermarket

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Abstract: Some of the retail enterprises in China are still in the traditional business model, and their financial model will not match the scale of operation and financial control ability with the development of the enterprise. Nowadays, the integration of the world economy is developing deeply, and the business between enterprises is complicated, so it is imperative to strengthen the overall control of enterprise finance. There is no doubt about the influence of the shared finance model on the control of corporate financial processes and capital management. Yonghui Supermarket is a large-scale private joint-stock enterprise group cultivated in Fujian Province to promote the transformation of traditional farmers' market to modern distribution mode. Yonghui Supermarket is one of the top 500 enterprises in China and has been honored as a "Famous Trademark of China". Founded in 2001, Yonghui Supermarket is located in Fuzhou City, Fujian Province. Yonghui is one of the first companies in China to introduce fresh agricultural products into modern supermarkets. Yonghui Supermarket Co., Ltd. is a supermarket model that combines community chain stores, specialty stores, and supermarkets as its core business, supplemented by convenience store franchising, and combines food processing and modern agriculture. This case takes Yonghui Supermarket as the research object to explore the shared finance model of retail enterprises and its effects.

Keywords: Shared Financial Model; Retail Enterprise; Yonghui Supermarket.

1. Introduction

Financial shared service is a group enterprise will be scattered in the member units of the homogeneous, repetitive and easy to standardize the financial work stripped out for centralized processing, this centralized processing organization is called the financial shared service center. Simply put, the financial shared service center is to extract part of the financial work of the member units for centralized processing, and provide financial services for the member units.

Financial sharing is relying on information technology, based on financial business process processing, with the purpose of optimizing the organizational structure, standardizing the workflow, enhancing management efficiency, reducing operation cost and creating service value, the accounting business in different geographical areas, different legal persons and within the same timeframe will be brought to a platform to unify the reporting, accounting and reporting, so as to ensure the standard specification and structural unity of the accounting records and reports.

The specific practice of financial shared service is to attribute the responsibility of financial data collection, processing and application to three types of organizations with clear distinction:

Acquisition: realized through the industry financial system integration and reporting, the responsibility for the quality of the source data is attributed to the business generating department that collects it.

Processing: Financial shared service center bookkeeping, auditing, and formation of customized financial reports, and the responsibility for the quality of these financial data.

Application: financial management positions call all kinds of data (including the data provided by the financial shared service center) in financial decision analysis, and are responsible for their analysis conclusions.

2. Literature Review

The comprehensive information platform of the enterprise shared finance is characterized by decentralization. Centralization and unification of economic operations allows scientific and rational use of the limited resources of the enterprise, and it becomes possible to achieve maximum profit at minimum cost (Martin Fahey, 2006) [1]. The implementation of shared finance should take into account the following aspects: a thorough review of the implementation methods, standardization of operating procedures, the use of electronic technologies and staffing arrangements, changes in the tasks of management, etc. (Janssen and Joha, 2008) [2]. When establishing a finance department center, a company must choose a unique system suitable for entrepreneurship, take into account the corporate culture and philosophy, optimize its business processes and compete by developing a performance evaluation system (Anders Chris, 2005) [3]. In his study, Qinglong Zhang (2012) [4]emphasized that companies must make different choices for shared finance models at different stages of development. In the first years of development, the company emphasized on cost, and the financial sharing model was introduced during the period of rapid growth when the company focused on quality management. Qilong Zhang (2015) [5] concludes from his analytical study that shared finance models begin to work independently in new business units, create joint finance centers, reorganize activities, reduce operating costs, improve customer satisfaction and realize the value of money management models.

3. Case Study

3.1. Evaluation Indicators of Yonghui Supermarket's Implementation of Shared Financial Effectiveness

Based on the construction history of Yonghui Supermarket's shared finance model, analyze the implementation effect of the shared finance model in the pilot stage, promotion stage and perfection stage through the efficiency of working capital management. The vertical analysis method is used to analyze the implementation effect of the shared finance model by illustrating the working capital management efficiency of the shared finance center at different stages of development. This paper takes the working capital management evaluation index based on channel perspective proposed by Prof. Wang Zhuquan as the main basis of this paper, and the specific calculation formula is as follows:

Working capital turnover of purchasing channel = (raw materials + inventory + advance receipts - notes payable - accounts payable) * 360/ operating revenue

Working capital turnover of production channel = (low value consumables + other receivables - other payables - employee compensation payable) * 360 / operating income

Working capital turnover of marketing channel = (Inventories + Notes Receivable + Accounts Receivable - Taxes Payable - Advance Receipts) * 360/ Operating Income

Operating Income Turnover from Operating Activities = (Working Capital of Purchasing Channel + Working Capital of Production Channel + Working Capital of Marketing Channel) * 360/Operating Income

3.2. Analysis of the Effects of the Pilot Phase of Implementation

Table 1. Yonghui Supermarket 2011-2013 Turnover Period of Operating Activities Unit: Days

program / Year	Working capital turnover of procurement channels	Working capital turnover of production channels	Marketing channel working capital turnover	Working capital turnover from operating activities
2011	14.7	8.1	38.4	61.3
2012	4.3	5.7	30.7	40.7
2013	2.6	0.2	26.1	28.9

Source: Wing Fai Supermarket 2011-2013 financial reports

Table 1 shows the working capital turnover of Yonghui Supermarket's operating activities from 2011 to 2013, from which it can be seen that Yonghui Supermarket's working capital turnover period of operating activities fluctuated a lot during the period from 2011 to 2013, and the number of working days showed a steady decline. Since the implementation of the shared financial model in 2012, the efficiency of Yonghui Supermarket's working capital management of operating activities has been improved, and the number of working capital turnover days of operating activities calculated on a consolidated basis has continued to decline, and the number of turnover days in the latter two years since 2016 has decreased by 12.6 days and 10.1 days respectively, and the efficiency of the enterprise's management has developed in a benign manner. Explain the reasons for the changes in the indicators in conjunction with the disclosure in the annual report of the enterprise. from 2012 to 2013, Yonghui Supermarket's Shared Finance Center implemented a fund management system and centralized management of funds. The fund management system of Yonghui Supermarket strengthened the relationship between banks and enterprises, played the role of a bridge, effectively regulated the cash flow, accelerated the speed of turnover, reduced the scale of funds and increased the rate of return on funds.

3.3. Analysis of the Effects of Implementation During the Roll-out Phase

Table 2. Yonghui Supermarket Turnover Period of Operating Activities 2013-2016 Unit: days

program / year	Working capital turnover of procurement channels	Working capital turnover of production channels	Marketing channel working capital turnover	Working capital turnover from operating activities
2013	2.6	0.2	26.1	28.9
2014	-1.6	-2.6	23.9	19.6
2015	0	3.8	24.0	20.2
2016	1.7	-3.0	28.8	27.5

Source: Yonghui Supermarket 2013-2016 financial report.

Table 2 shows the working capital turnover of Yonghui Supermarket's operating activities from 2013 to 2016. As can be seen from Table 4-2, the number of working capital days decreased from 28.9 days in 2013 to 20.2 days in 2015. However, the working capital turnover of operating activities increased slightly in 2016, which was due to the deterioration of working capital management in the retail industry as a whole. Under such industrial environment, the working capital turnover time of Yonghui Supermarket did not increase significantly but remained relatively stable.

After 2013, the organizational structure and functions of the shared finance center department of Yonghui Supermarket were more clearly defined. In the start-up stage, the common model was mainly used for processing accounting transactions, executing business processes and so on. The continuous optimization and development of the Shared Finance Center has also significantly improved the efficiency of accounting and fund management, freed up some employees, improved risk management and facilitated business operations. Its role as a full-fledged financial model is no longer limited to a simple organizational form, but is optimized for the overall management of the company by controlling the overall management of the company with regard to the overview of corporate resources, the efficient transfer of data and financial information, and operational and financial risk management.

3.4. Analysis of the Effects of the Implementation of the Refinement Phase

From Table 3, it can be seen that the working capital turnover period of Yonghui Supermarket's operating activities has risen significantly. Combined with the above diagram of Yonghui's store growth, it can be obtained that the store growth peaked in 2017-2019, with an average annual growth of 150 stores. Rapid business expansion leads to an increase in the working capital turnover period of the operating channel year by year. the development of the enterprise tends

to stabilize after 2019, and the number of turnover days is maintained at about 33 days. The above case divides the implementation and development stages of the shared finance model of Yonghui Supermarket into three stages. The shared finance center develops from centralized management of funds to decision-aided management, which has a profound impact on the working capital management of the enterprise.

Table 3. Yonghui Supermarket Turnover Period of Operating Activities 2017-2021 Unit: days

program / year	Working capital turnover of procurement channels	Working capital turnover of production channels	Marketing channel working capital turnover	Working capital turnover from operating activities
2017	-1.3	-9.4	25.7	14.9
2018	1.9	-14.7	37.5	24.8
2019	6.7	-12.6	40.5	34.6
2020	3.0	-12.5	41.8	32.3
2021	0.7	-10.4	42.7	33.0

Data source: Yonghui Supermarket 2017-2021 financial report data compilation

According to Table 4, the impact of Yonghui Supermarket's shared finance center on the effectiveness of its working capital management is different at different stages of development. In the initial stage of centralized fund management, the problem of excessive backlog of branch funds is solved by centralizing branch funds in the finance center; the development stage aims to integrate business processes, reduce bad debts and improve the efficiency of working capital management. In the maturity stage, the Company is implementing the construction of paperless bills and cloud finance platform.

Table 4. How the Development of Shared Finance Model Affects Yonghui Supermarket's Working Capital Management

year	Shared finance phase	Funds management tools	Efficiency of working capital management
2012 - 2013	inception	Centralized management of funds	Significant reduction in turnaround time and increase in efficiency
2013 - 2016	development period	Centralized business process management	Slow decrease in turnaround time and small increase in efficiency
2017-	maturity period	Paperless Finance Cloud Platform	Smooth change in turnaround period and almost constant efficiency

Data source: Yonghui Supermarket official website

In summary, after the implementation of the shared finance model, Yonghui Supermarket has increased the working capital management of its operating activities through centralized fund management, business process transformation and paperless cloud uploading. Working capital management has become more effective in the early and middle stages of the development of the shared finance center. It is in relation to the expansion of the company's activities that the financial risks created by the finance center during this period were offset by the more effective financial management of the finance center. However, as the shared finance center matures, the improvement in the level of financial management slows down and the pressures on working capital management associated with continued corporate expansion become apparent. As a result, working capital management showed a downward trend during this period.

The shared finance model launched by Yonghui Supermarket entered an important development period in 2013. Overall, the company's working capital, good level of financial risk control, and efficient and accurate process system are strong guarantees for improving the efficiency of financial allocation services. The shared finance center of Yonghui Supermarket improved the business operation efficiency of the entire enterprise through the centralized and standardized development of business processes and accounting processes. Since each process is characterized by modernity, decomposition and independence, dividing different departments into specific and clear duties and tasks reduces operational costs and improves the quality of the company. Through the establishment of business relationships, the financial tolerance rate of YFYC Group increases and avoids risks to a certain extent, thus enhancing the overall competitiveness of YFYC.

4. Conclusion

This paper analyzes the effectiveness of the implementation of the shared finance model based on the management of corporate working capital at all stages of development of the shared finance center. The shared finance model can improve the efficiency of the company, reduce operating costs and improve the financial efficiency of the company. Yonghui Supermarket, as a representative of the retail industry, has successfully implemented the shared finance model. This paper focuses on Yonghui Supermarket, describes in detail the specific implementation process of the shared finance model, and analyzes the effectiveness of its implementation and the challenges it faces, so as to provide a reference for other enterprises. The main conclusions of this study are:

Through the establishment of the shared financial model, Yonghui Supermarket's financial management efficiency has been significantly improved. It also enables better dissemination of information in financial management, improves the efficiency and standardization of the entire workflow, and prompts the company to gradually adapt to the pace of development of electronic information in the whole society. By rationally allocating the company's resources and introducing a more standardized financial management system, it benefits the company's decision-making and execution, realizes performance goals, and achieves the long-term development of the enterprise's financial management and business activities.

As companies continue to compete and cooperate in the traditional retail industry, more and more companies will choose to utilize shared financial services to improve management efficiency, and in order to better provide technical and institutional safeguards for the sustainable development of the enterprise group, the research on the related shared financial model must be deepened. The purpose of this paper is to provide reference for the implementation of shared financial services for future enterprises by studying the effect of shared financial models.

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