

Research on the Construction of Urban Industrial Park Typed Financial Shared Platform

Taking Dalian Small and Micro Software Enterprises as the Example

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Abstract—Over an investigation on the shortcomings in China's business environment, this paper proposes the concept of financial environment, and puts forward solutions for improving the financial environment from the perspective of helping enterprises adapting to the existing environment. Then, the paper expands the concept of financial shared service center from the enterprise group to the industrial cluster, and explores the possibility of helping enterprise to adapt to the existing financial environment by constructing a financial shared service platform. Finally, taking small and micro software enterprises in Dalian as example, the construction plan for a "3 plus 4 plus N" urban industrial park typed financial shared service platform is provided.

Keywords—*business environment; small and micro enterprises; financial shared platform*

I. INTRODUCTION

Over 20 years of development, software and information service industry has become a pillar industry in Dalian. In the past five years, the business income has increased by 10.2% annually. The scale of this industry has exceeded 100 billion Yuan. There have been more than 2,000 enterprises engaging in software and information service, and more than 200,000 software talents. In June 2018, the Dalian Municipal Government issued the "2028 Action Plan for Software and Information Services in Dalian" which specified the guiding ideology, goals, key directions and main tasks of the development of software and information service industry in the next decade. As specified in the Plan, by 2023, it is planned to get software industry had an added value accounting for more than 8% of the regional GDP, become a pillar industry in Dalian that can attract hi-end talents, gather innovative elements, help industrial upgrading, and enhance the city's competitiveness, and established advantageous position in a new round of course and development of national-wide software and information service industry; by 2028, it is planned to get the industrial scale reached 300billion Yuan, added value accounted for 10% of the regional GDP, the number of employees exceeded 500,000, realize integration and interaction in the development of the industry and the urban economic society, and make Dalian a software cloud city with international competitiveness. Numerous small and micro enterprises are the new forces in the development of this innovative industry and have

unlimited hope in the development of software and information service in Dalian. Taking small and micro software enterprises in Dalian as an example, this paper attempts to optimize the business environment and stimulate the vitality of small and micro software enterprises in Dalian by constructing an urban industrial park typed finance shared platform.

II. SHORTCOMINGS IN THE BUSINESS ENVIRONMENT

Business environment refers to the sum of various surrounding circumstances and conditions accompanying the entire process of an enterprise's activities, including each activity from the startup to the end of operation of the enterprise. It is the performance of capital, manpower, time and opportunity costs in the production and operation activities of an enterprise. Business environment includes administrative environment, marketing environment, international environment, legal environment, and social environment. A good business environment may attract entrepreneurs to invest, so that entrepreneurs' enterprises can grow up rapidly and become full of new creation. Optimizing the business environment can enhance the enthusiasm and creativity of the economic development subject. Business environment is the productivity. "Optimizing the business environment is to liberate productivity and enhance competitiveness." The Global Business Environment Report published by the World Bank provides an objective measure of the business regulation and its implementation in 190 countries including China and the selected cities in the region, and also provides a ranking of ten indices such as starting up a business, handling construction permit, acquiring electricity, property registration, acquiring credit, protecting a small number of investors, taxation, cross-border trade, contract execution, and handling bankruptcy formalities.

TABLE I. GLOBAL RANKING OF CHINA'S BUSINESS ENVIRONMENT (2015-2019)

	2015	2016	2017	2018	2019
Overall	90	80	78	78	46
Starting up a business	128	134	127	93	28
Handling construction permit	179	175	177	172	121
Acquiring electricity	124	92	97	98	14
Property registration	37	42	42	41	27
Acquiring credit	41	78	62	68	73
Protecting a small number of investors	132	118	123	119	64
Taxation	120	127	131	130	114
Cross-border trade	98	94	96	97	65
Contract execution	34	4	5	5	6
Handling bankruptcy formalities	53	53	53	56	61

^a. Source: World Bank

As can be seen from "Table I", the overall ranking of China's business environment has risen from the 90th in 2015 to the 46th in 2019, and has risen by 32 positions in the 2018~2019 evaluation period. This shows that China's series of reform measures for optimizing the business environment have achieved relatively obvious effects. However, over a comprehensive review of "Table I and "Table II", it is found that among the ten specific indices, there are still some indices ranking down and having not that obvious improvement. For example, the taxation index is still ranked at the 114th in 2019; and the facility index is only increased by 4.63% in ranking during the latest evaluation period. The rankings of acquiring credit and handling bankruptcy formalities also decline during the latest evaluation period; and the facility index keeps still. It shows that while the overall improvement is significant, there are still some shortcomings in the business environment in China. The shortcomings are the "financial environment" represented by the indices such as taxation, acquiring credit and handling bankruptcy formalities.

TABLE II. CHINA'S BUSINESS ENVIRONMENT FACILITIES IN 2019

	Ranking in 2019	Business environment facility score in 2019	Business environment facility score in 2018	Increase rate of facility score (%)
Overall	46	73.64	65.00	8.64
Starting up a business	28	93.52	85.47	8.05
Handling construction permit	121	65.16	41.21	23.95
Acquiring electricity	14	92.01	65.71	26.30
Property registration	27	80.80	74.99	5.81

	Ranking in 2019	Business environment facility score in 2019	Business environment facility score in 2018	Increase rate of facility score (%)
Acquiring credit	73	60.00	60.00	-
Protecting a small number of investors	64	60.00	55.00	5.00
Taxation	114	67.53	62.90	4.63
Cross-border trade	65	82.59	69.91	12.68
Contract execution	6	78.97	78.97	-
Handling bankruptcy formalities	61	55.82	55.82	-

^a. Source: World Bank

The "financial environment" defined in this paper refers to the sum of the circumstances and conditions under a series of finance related requirements such as accounting compliance, taxation compliance and financing to be faced by an enterprise in the whole process from its starting up, to operation and ending. In the process of opening and operation of a business, entrepreneurial enterprise needs to make accounting records and management in accordance with relevant accounting standards and systems, and apply and pay for various taxations as regulated in tax laws and regulations. In order to meet the demand for development, it also needs to conduct various financings. In the process of solving those problems, on the one hand, the operation cost of the enterprise is increased; on the other hand, standardization can not be guaranteed. The more critical issue is that in the current financial environment, business manager's energy that might be put on innovation business is dissipated and consumed. In such a business environment, entrepreneurial enterprises may face certain problems in the initial stage, let alone the expectation of further growth and development. With respect to this issue, China is continuously improving the financial environment in business environment by reducing tax burdens and reforming the taxation and management system. At the same time, it is wondered whether the development of entrepreneurial enterprises can be promoted by taking measures from the perspective of helping enterprises adapting to the existing business environment or not.

III. EXPANDING THE CONCEPT OF FINANCIAL SHARED PLATFORM

Financial Shared Service Center (FSSC) relies on information technology to get finance related businesses of different space entities collected to a center for handling. The purpose of this Center is to solve the repeated investment and low efficiency problems in the construction of financial function in Group Company, as well as the problems about standardization and cost through an effective operation mode.

Large group companies and multinational companies have branches, subsidiaries and offices around the world. Each subject requires fund management, and accounting

records and reporting. On the one hand, due to the internal control requirements of financial work, such as the separation of incompatible duties, three-level review, etc., various branches and subsidiaries not in the same area respectively need to set up cashier, bookkeeper, reviewer and other posts regardless of the size of the business. As a result, there are too many financial staffs; and even two financial personnel are provided in an office only composed of several persons. Consequently, the labor cost is greatly increased. On the other hand, different regions have different accounting systems and supervision extents, and different financial personnel have different level of ability in the level of financial personnel themselves, so that the same problem may be treated in different manners, which makes the information between the subjects incomparable and the information collected to the headquarter distorted. For large enterprise groups and multinational corporations, it is urgently needed to have an effective model to solve the drawbacks of repeated investment and low efficiency, and solve the problems about standardization so that managers can put their energy to creating enterprise value. In 1980s, Ford established a financial shared service center responsible for dealing with simple, repeated and standardized accounting record works together, which greatly improves the company's management efficiency and reduces management costs. Since the 21st century, with the development of global economy integration and the development of information technology, FSSC has been promoted globally. In 2005, ZTE Group took the lead in establishing a financial shared service center in China. In the more than 30 years of development, the Financial Shared Service Center has highlighted two levels of advantages. First of all, by getting similar business in the group integrated and handled collectively, scaled economy is achieved; by reducing financial levels and posts, the enterprise's labor cost is reduced; by flattening the management framework, the efficiency is improved; and by standardized way of solving problems about standardization, the information quality is improved. The more important and deeper advantage is that in the process of establishing and operating the financial shared service center, the enterprise may re-engineer and refine the process, and divest the non-value-added operations of the enterprise, so that the enterprise's management personnel including financial personnel can pay more attention to the enterprise's value-added operation, and the development of the enterprise's core competitiveness, thereby realizing the strategic development and maximizing the value of the enterprise.

In the process of establishment and development, small and micro software enterprises in Dalian are also in business environment having shortcomings. Enterprise needs to meet the compliance requirements of accounting standards and related systems, apply and pay for various taxes to meet the taxation compliance requirements, and also seek for funding during the establishment and development process. Many small and micro enterprises have low start-up capital, weak financial resources, and can't afford the labor cost on hiring professional financial personnel. The founders of software enterprises are mostly unfamiliar with accounting systems and tax regulations, so that in facing relatively unfriendly

accounting compliance and taxation compliance business environment, the enterprises' fund that might be used for researching and developing products of core competitiveness is occupied, and management personnel's energy that might be used for creating value is occupied. In the current practical operation, in order to solve the above problems, most small and micro software enterprises may entrust the accounting records and tax filing business to relevant agency. This operation highlights two problems: first, the efficiency is low. Due to the lack of timely face-to-face communication between the business personnel and agents of small and micro enterprises, agents only mechanically keep the post-records, can not participate in the business of the enterprise but carry out various operations synchronized with the business, so that the efficiency is affected. Second, the information is distorted. Because the agents cannot understand the industry in which the enterprise lies in, and cannot understand the specific business of the enterprise, relevant information may be handled incorrectly to a certain extent, resulting in irregular accounting and information distortion. Then, it is wondered whether it is feasible to expand the spatial extension of the financial shared service center from the inside of the enterprise group to the industrial cluster, and use the financial shared service center to help many small and micro software enterprises adapting to the existing financial business environment or not.

IV. CONSTRUCTION OF A "3 PLUS 4 PLUS N" URBAN INDUSTRIAL PARK TYPED FINANCIAL SHARED SERVICE PLATFORM

In the past, financial shared service center was established by an enterprise group, and responsible for getting businesses of the group in difference spaces collected and handled together by using IT technology. It is available to consider getting the businesses of enterprises of the same industrial type in the small and micro enterprises cluster area collected and handled together and establish an urban industrial park typed financial shared service platform. Many small and micro software companies have not large business volume, have similar business models, and thus can consider sharing financial services. The shared model can help saving labor costs for small and micro enterprises. Through this shared model, no-value-added operations can be outsourced so that such enterprise can focus more on R&D and innovation and other value-added operations. At the same time, the proposed shared platform is also characterized by the same industry and the same area. Enterprises and the platform are in the same park, so that a more convenient and timely communication and exchange can be realized; meanwhile, enterprises in the platform are in the same industry so that it is more convenient for standardized processing of businesses. Based on this, this paper proposes a "3+4+N" urban industrial park typed financial shared service platform.

The platform includes three parties such as the construction dominator, the platform operator and the platform users. On the one hand, the government should actively take measures to optimize the business environment. On the other hand, the government should help enterprises

adapting to the current business environment. Hence, the government should dominate the construction of the platform. As the construction dominator of the platform, the government may entrust the marketing operation of the platform to a service agency (serving as the platform operator) with applicable strength, and regularly invite experts to make supervision and evaluation on the platform operator to ensure the service quality of the operators and ensure the standardization of the business processing. Many

small and micro software enterprises may be treated as the platform users and purchase services on the platform. In order to alleviate the burden of small and micro enterprises and encourage small and micro enterprises to use the platform, the government can directly subsidize the platform users or indirectly subsidize the platform operator, and even consider free policies to promote the establishment and development of small and micro software enterprises, and implement the regional industrial development policy.

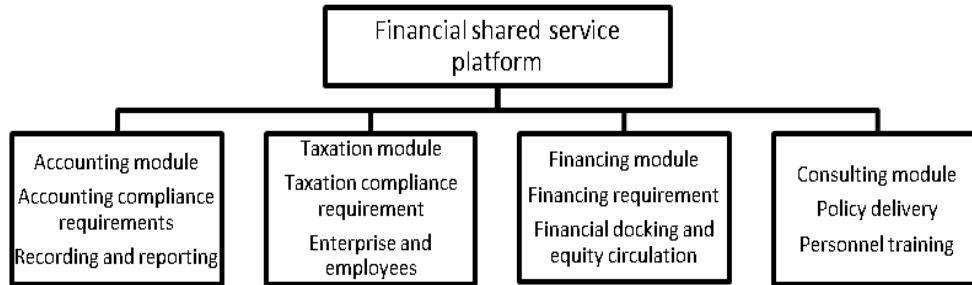


Fig. 1. Four core modules of the financial shared service platform.

As shown in "Fig. 1", the said platform includes four core modules: accounting module, taxation module, financing module, and consulting module. Accounting module can meet the accounting compliance requirements of the platform users and provide general accounting processing services such as recording and reporting. Taxation module can meet the taxation compliance requirements of the platform users and provide tax reporting and tax planning services for small and micro software companies and their employees. Financing module can meet the financing needs of the platform users, including the need for docking with banks, VCs, PEs, etc., and can establish a regional equity transfer system for small and micro software enterprises. Consulting module can provide the platform users and potential users with consulting services in aspects of business registration, policy delivery, management consulting, and personnel training and so on. The platform can provide each small and micro enterprise user with a liaison officer. As a link between enterprise user and the internal staffs of the platform, the liaison officer plays a role of communication. The liaison officer is familiar with the businesses of enterprise, and thus can provide comprehensive, systematic and in-depth professional services for the enterprise to accompany the growth of the enterprise.

Taking Dalian as an example, small and micro software enterprises are clustered in industrial parks such as Dalian Software Park, Hekou Software Park, Huangnichuan Software Park and Eco-tech Innovation City. Sub-platforms of the financial shared service platform are provided in those parks; and each sub-platform is provided with certain professionals to provide financial shared services. Because the enterprise users and the platform are in the same space, their businesses are more closely linked. Thus, it is convenient for communication between them and can meet the demand for efficiency. The platform's headquarters

should organize the communication and training between personnel of the sub-platforms to ensure the standardization of the business processing. In early stage, it is available to select one or two parks from the said small and micro software enterprise clusters to establish sub-platforms to pilot, and determine the criterion for the business process flow of the platform. In the future, it is available to duplicate into more sub-platforms based on the development status of small and micro software enterprises. With the development of small and micro software enterprises, the shared service platform can transfer the business back to the internal of the enterprise for processing, and there is also the possibility that the enterprise will continue to outsource the financial business to the platform, so that the platform operator will also grow up into a financial outsourcing enterprise.

V. CONCLUSION

The construction of the "3+4+N" urban industrial park typed financial sharing service platform can help alleviating the cost pressure of small and micro software enterprises, meet enterprise's needs of accounting compliance, taxation compliance requirements and financing requirements, and help small and micro software enterprises adapting to the current financial environment in the business environment, and enable small and micro software enterprises to focus on value-added operations and the construction of core competitiveness of the enterprise and liberate productivity. For government, the construction of the financial shared service platform is another way to improve the business environment while taking direct policy measures such as reducing tax. The platform operator can also achieve its business objective, with the development and growth of small and micro software enterprises. Of course, many problems may be encountered in the construction process of the platform, such as the positioning problem caused for

reason that the platform is dominated by the government and the problem about protecting trade secrets as brought by the platform users while enjoying the sharing services. Therefore, it is needed to pay close attention to the construction process of the platform, and follow the development pace of small and micro software enterprises in Dalian to continuously conduct in-depth research on the urban industrial park typed financial shared service platform.

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