

# Research on the Path of Integration of Industry and Finance

## -- Based on the Perspective of Accounting Innovation

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### Abstract

China has entered a new era of digital economy, The change of financial environment makes enterprises face digital transformation, The development of new technologies such as blockchain and big data promotes the development of financial integration. The integration of industry and finance is to realize the close cooperation between financial management and business management, so as to achieve the synergistic effect of 1+1 greater than 2. This paper mainly discusses the necessity of financial integration from the aspects of data and value Re-creation, simulates the future realization path of financial integration from three stages, and finally summarizes the significance of financial integration.

### Keywords

integration of industry and finance, Information technology, Accounting innovation.

### 1. Introduction

China has entered the era of digital economy, In the new era, advanced digital and economical development forms are introduced into enterprises. The application of Internet technologies, such as big data, artificial intelligence, blockchain, mobile Internet and cloud computing, has brought about tremendous changes in enterprises. As an important pillar of social and economic development, the economic interests of enterprises are closely related to the development of China's economy, Under the new era background, the scale of enterprises is expanding and the business model is becoming more and more complicated, which puts higher demands on the overall level of enterprises and naturally puts higher demands on financial personnel. In recent years, with the development of information technology, enterprises have promoted the transformation of financial accounting from accounting to management, and from financial analysis afterwards to financial control beforehand, to realize business standardization, personnel specialization and financial information sharing. This series of information technology changes makes enterprises also face digital transformation.

Traditional financial personnel make scientific analysis through the data provided by business departments, prepare enterprise financial reports, and provide true, complete and effective financial information for enterprise managers. Although this kind of accounting and supervision is beneficial to the management and decision-making of enterprises to some extent, the disadvantages of traditional financial work cannot be underestimated, Is the true accuracy of data guaranteed? A series of problems, such as whether the post-supervision is effective or not, arise at the historic moment, Accounting professionals can no longer keep up with the characteristics of the times and cannot meet the needs of enterprise development, so they are bound to face the risk of being laid off, which is undoubtedly a huge disaster for them. It is our present goal to train accounting professionals into a comprehensive generalist.

Despite the impact of information technology changes on the accounting industry, accounting will not die out and never die out. The more the economy develops, the more important accounting is. As long as the economy is developed, it is inseparable from management; As long as it is managed scientifically, it is inseparable from accounting. No matter how the economic model changes, accounting will play an important role, and it will become more and more important. Therefore, accounting is ancient, important and technical. At the same time, accounting is also changing, The impact of technological change requires that accounting must be changed to adapt to today's digital accounting industry and the development of the new era.

## **2. The Development and Connotation of the Integration of Industry and Finance**

### **2.1. The Development of Industry and Finance Integration**

In fact, "integration of industry and finance" is not a new thing. In 1980s, management accounting scholars and experts, led by the United States, had summed up many tools of "integration of industry and finance". For example, BSC (Balanced Scorecard) and ABC (Activity-Based Costing), which are familiar to everyone. Since 2014, China's management accounting has ushered in the spring, the government has issued a series of policies and measures to promote the development of management accounting, and the Ministry of Finance has also listed management accounting as the key direction of accounting reform in the future. The integrated management mode of industry and finance is not only one of the practical application tools of management accounting, but also an effective way for modern enterprises to improve their work efficiency and economic benefits. At first, in order to maintain the competitiveness in the industry, each enterprise implemented the integration of industry and finance to cope with the development of the new era. The concept of financial integration has spread slowly, However, due to many difficulties encountered in the implementation of financial integration and the lack of a complete financial integration system, it is still in an exploratory stage. In recent years, due to the development of the times, the integration of industry and finance has once again become a hot topic. Professor Hu Yuming pointed out that, looking at the history of accounting development, accounting has been "integration of industry and finance" since ancient times. It is just a topic that has long been ignored or even forgotten by the social and accounting circles. We believe that the financial integration of industry and finance not only refers to accounting, but also is a concept of big finance, including auditing, taxation, evaluation, etc., which must be integrated with business, with the company as the main carrier, in order to achieve real integration.

### **2.2. Connotation of the Integration of Industry and Finance**

Throughout the history of accounting development, accounting has been "integration of industry and finance" since ancient times (Ministry of Finance, Basic Guidelines for Management Accounting) [1]. Professor Hu Yuming (2017) [2] pointed out that "the integration of industry and finance" has long been ignored or even forgotten by the social and accounting circles, and the arrival of the intelligent era has once again promoted the development of the integration of industry and finance. The existing literature has different opinions on the integration of industry and finance, which has not yet formed an overall framework, this paper makes some supplements on the basis of the existing research, and puts forward some views of myself to deepen the relevant research on the integration of industry and finance.

"Finance" of "integration of industry and finance" is a concept of big finance, which not only refers to accounting, but also includes auditing, taxation, evaluation, etc, "Industry" means business. The core of the integration of industry and finance is "integration", Its essence is to take the company as the main carrier, combine business and finance, and take information

technology as the link to form the trinity of finance, business and information technology [3]. The innovation of financial integration lies in that its role is not only the post-accounting and supervision of traditional accounting, but also extends the accounting work to the front end of business and business process, and transmits and reports relevant information to business departments and management by means of data center system, providing reference for their actions, playing the role of risk warning, and helping enterprises to achieve more effective resource allocation and value creation.

### **3. The Necessity of Integration of Industry and Finance**

The change of financial environment makes enterprises face great challenges. Mainly manifested in the timeliness and accuracy of data, inconsistent data processing and Re-creation of enterprise value.

#### **3.1. Timeliness and Accuracy of Data**

The data used by enterprise financial department for accounting and supervision has certain delay. Accounting and feedback by financial departments based on non-time-sensitive data may cause enterprises to miss the best decision-making opportunity and damage their value. Secondly, the data of the whole enterprise is not connected, and the data received by the financial department is transmitted by the business department, which will reduce the quality of the data. If the data provided by the business department is inaccurate or the data transmission process is deviated, which will lead to data distortion, then all the work done by the financial department will be meaningless. All these problems lead to the necessity of integration of business and finance, If the business department and finance department are integrated, the data will be shared through information system, and the untimely and accurate data will be solved easily.

#### **3.2. Inconsistent Data Processing**

Finance and business are distinguished because of their differences. From the perspective of data processing, the financial department mainly analyzes the data from the financial situation and operating results of enterprises, while the business department mainly analyzes the data from the perspective of the company's fund allocation and customers. Most business departments take performance as their main goal, because they are faced with the pressure of whether the performance is up to standard, which may lead to business that is not in line with the efficiency of enterprises, while the financial department mainly controls the financial affairs of enterprises and controls the risk degree of enterprises, They attach great importance to the attention to the reduction of expenses and the increase of operating profits, and also pay attention to the accuracy of accounting. Inconsistency of goals may cause them to pursue their own departmental goals excessively, while ignoring the overall benefits of enterprises. Therefore, enterprises should overcome the disconnection or conflict between financial and business management and objectives, ensure the deep integration of finance and business, and avoid the disadvantages caused by mutual separation.

#### **3.3. New Value Creation of Enterprises**

Enterprise value refers to the value of the enterprise itself, which is the market evaluation of tangible assets and intangible assets. The goal of an enterprise is to create value. It is a long-term process from value creation to value Re-creation, The integration of industry and finance should first become the core competitiveness of enterprises, and then realize the new value Re-creation of enterprises. The goal of financial integration is to create "value-creating" accounting talents, make the role of finance change subversively, influence business activities through financial activities, and optimize enterprise resource allocation. The finance of modern

enterprises has gone beyond the functions of simple accounting and supervision, and its functions have been widely extended to strategic management, internal control construction, capital operation, investment and financing, value creation and risk prevention. Accounting in the intelligent era has become an activity with economic added value, which emphasizes the prior management, resource reconfiguration and process reengineering, and leads enterprises to constantly change and realize the Re-creation of enterprise value. The challenges faced by enterprise value Re-creation in the new era are mainly divided into three aspects: value creation at strategic level, value creation at organizational level and value creation at sharing level:

Strategic value refers to the value created by the implementation of strategic management for enterprises and stakeholders, which is long-term, holistic and synergistic. Re-creation of strategic value refers to the creation of strategic synergy between financial departments and business departments, forming large-scale synergy, jointly resisting business risks, realizing the long-term goals of enterprises and ensuring the maximization of long-term benefits. Business departments may pursue the current business volume up to standard, and choose the business that realizes short-term economic benefits and even lose the opportunity for long-term development. However, the overall value of enterprises is always valued more than the value of departments. Instead of emphasizing the importance of individual departments, we coordinate the activities of various departments by formulating the objectives, goals and policies of enterprises, so that they can be organically combined, complement each other's functions, and form synergy, thus creating strategic value beyond normal for enterprises. Therefore, the financial sector should keep strategic thinking, formulate and implement corresponding strategies according to the actual situation of enterprises, ensure the sustainable development of enterprises, improve the overall optimization degree of enterprises, and create long-term and sustainable overall strategic value for enterprises.

The correct strategy guides the direction of the enterprise, and the appropriate organizational ability enables the strategy to be implemented and implemented. The creation of organizational value is to realize the increment of organizational value, and the increment of organization refers to the combination of various personnel and resources through the organization, which makes them produce more than the sum of the values when the personnel and resources are scattered alone. The value Re-creation at the organizational level refers to the combination of business personnel and financial personnel, the efficient use of enterprise resources, the common realization of the overall strategic objectives of the enterprise, and the maximization of enterprise value.

Nowadays, a new requirement for business activities of enterprises is to undertake social responsibility and create multiple values, that is, to share values. Sharing value is the essential purpose of enterprises in the new era. Sharing value is not to "share" the value that enterprises have created, but to enlarge the whole economic and social value cake. At present, enterprises are looking for innovative business models that meet the needs of society to stimulate growth and increase competitiveness. Business models determine value creation. Business-financial integration is the innovation of business models. More attention is paid to fundamentally thinking about the behavior of design enterprises from the customer's point of view. The perspective is more extroverted and open, and more attention is paid to and involves the economic factors of enterprises. The innovation of business models provides new ideas for enterprise development and new requirements for enterprise strategic planning adjustment.

## 4. Research on the Path of Industrial and Financial Integration

The integration of industry and finance is not an overnight project, but it requires a higher level of the whole enterprise. The development of financial integration can be divided into three stages: exploration stage, integration stage and application stage.

### 4.1. Exploration Stage

#### 4.1.1. Develop the Concept of Financial Integration

The integration of industry and finance is still in the exploratory stage, and this change has not been generally accepted, to develop the concept of integration of industry and finance, we need to cross the gap of corporate culture and change our thinking. To convey to the public the necessity of financial integration and the urgency and importance of financial integration under the current situation, we can carry out extensive publicity activities, encourage employees to participate in relevant training, provide good environmental support for financial integration, and create a good atmosphere for financial integration.

#### 4.1.2. Popularize the Knowledge of Financial Integration

Financial integration emphasizes the participation of accountants in business decisions. The popularization of financial knowledge is conducive to the accuracy of enterprise accounting, and enables financial departments and business departments to grasp the movement of enterprise funds at the same time. Financial personnel make full use of their professional knowledge to serve the business, guide business personnel to make more efficient decisions, at the same time let them realize the value of financial management, and mobilize the enthusiasm of business personnel to participate in financial integration. The popularization of business knowledge can improve the business management ability of financial personnel, and then provide feasible suggestions for the decision-making of business departments.

#### 4.1.3. Training Accounting Talents with Financial Integration

Part of the integration of industry and finance is the integration of financial personnel into business, which puts high demands on financial thinking and financial insight of financial personnel. The most basic ability of traditional financial accounting is accounting and supervision, while accounting personnel with financial integration should also have certain business ability, mainly including doing a good job in sales and purchasing, and accomplishing the business volume target of enterprises. People with business ability need to have keen business insight, which is the ability to discover business opportunities. Through constant observation and constant thinking, we can find business opportunities and bring profits for enterprises. Information technology ability refers to the data analysis and processing ability of accounting personnel with financial integration. The integration of industry and finance requires us to integrate financial data with business data, which puts forward higher requirements for the collection, integration, storage, analysis and reporting of our learning data. Data analysis is the key point to solve the difficulty of business integration, and the establishment of enterprise financial integration application system makes the digital transformation of enterprises irresistible. How to obtain business data, analyze data and manage data, all of which put forward strict requirements for our information technology capabilities. Integration refers to the establishment of links between various data types according to certain logic and classification of data, which enables enterprises to establish a complete data sharing center, that is, using big data technology to provide convenient conditions for the mutual integration of financial information and business information.

## **4.2. Fusion Stage**

### **4.2.1. To Build a Financial Integration System**

Building a financial integration system, including establishing a financial integration platform, setting up posts for financial integration personnel, improving the assessment system, and improving the supervision mechanism. The requirement of industry and finance integration for information technology requires enterprises to have a complete information system to ensure the interconnection of business data and financial data, and effectively solve the problem of untimely and accurate data; The establishment of positions for industry and finance integration personnel includes the establishment of BP positions, so that industry and finance integration can form a complete system and improve work efficiency and quality; The purpose of perfecting the evaluation system is to improve the enthusiasm of employees for financial integration and take corresponding incentive measures; Establish and improve the supervision mechanism, objectively and reasonably evaluate the implementation of enterprise financial integration, so as to strengthen the constraints on relevant personnel, improve their sense of responsibility, and ensure the comprehensive control of financial integration.

### **4.2.2. Establish a Financial Communication Mechanism**

The establishment of financial communication mechanism is to transform accounting language into the common business language within an enterprise, and to build an effective financial communication mechanism, so that financial personnel can understand business language and business personnel can understand financial language, which is also the key link between business departments and financial departments. In the information age, the financial crisis of the unit is often caused by data distortion, Besides the financial department's own work, a large part of the reason is the problem of information exchange. Therefore, strengthening communication and docking, and establishing a convenient and timely information exchange platform are a major focus of enterprises and institutions, so as to avoid information asymmetry caused by inefficient communication, which leads to invalid decision-making.

## **4.3. Application Stage**

### **4.3.1. Financial Integration of Purchasing Industry**

The financial integration of purchasing industry can effectively improve the decision-making level of business departments. The financial department participates in the purchasing activities of business departments, budgets the cost of enterprises before purchasing, analyzes and mines data from the perspective of purchasing business, and provides good suggestions for purchasing decision-making, ensuring low cost and high profit and meeting the goal of maximizing profits of enterprises, and at the same time restraining irrational purchasing behavior taken by business personnel to achieve business goals.

### **4.3.2. Financial Integration of Production Industry**

Financial integration of production requires financial personnel to exert cost control and realize effective control of costs and expenses. Under the same situation of purchasing, controlling cost to gain competitive advantage is one of the means of enterprise value Re-creation. Enterprises in various stages of production, through the efficient integration of financial departments and business departments, use budget management tools, divide products and formulate cost control quotas in stages, to control the cost of products and achieve control objectives. Combined with the financial analysis method, the essence and problems behind the accounting data are revealed, and the weak links in the process of production and operation activities are found to provide the basis for the management and control direction and decision-making level.

### **4.3.3. Integration of Sales Industry and Finance**

The purpose of sales financial integration is to help the sales department of an enterprise receive high-quality orders. The financial department can price products in advance, and budget the product cost, sales expenses and gross profit margin through the industry-finance integration system, so as to help the business department make sales plans. In the event, the product price model can be adjusted according to the specific situation, and an optional fiscal and taxation scheme can be provided for enterprises to help them save related taxes and fees. In the financial analysis afterwards, specific suggestions are put forward according to the analysis results to help enterprises adjust their annual sales strategies.

## **5. The Significance of the Integration of Industry and Finance**

The integration of industry and finance is the product of adapting to the development of the times in the era of big data, and it is a great innovation in the accounting field. Business integration attaches importance to the combination of business experience and financial management, which helps enterprises break the boundary between finance and business, improve financial management and business management level, let enterprises know more about themselves and improve organizational efficiency, it is the development trend of financial management and the development direction of financial transformation.

### **5.1. The Integration of Industry and Finance has Improved the Overall Level of Employees**

Today, with the rapid development of economy, business is becoming more and more complicated, which requires employees to have strong comprehensive ability to improve the overall level of enterprises. With the advent of the era of big data, financial personnel are urgently required to deal with financial information scientifically and effectively by means of modern science and technology, so as to give full play to the advantages of financial personnel and improve the utilization rate of data. The integration of industry and finance requires financial personnel to actively go deep into the front end of business, connect with business in all directions, and become "financial experts in business and business experts in finance", so as to improve the scientific decision-making, avoid financial risks and realize the overall improvement of the comprehensive quality of enterprise personnel.

### **5.2. The Integration of Industry and Finance Improves the Financial Management Level of Enterprises**

Financial management plays an important role in enterprise management, which runs through the whole business process of an enterprise. The integration of industry and finance can better promote the innovation of enterprise financial management form and content, effectively improve the management level of modern financial management departments, optimize the organization and management of enterprises, guard against enterprise risks, scientifically refine all links of financial management, improve the functions of financial management, improve the financial service ability of enterprises, and give full play to the synergy effect between business and finance.

### **5.3. The Integration of Industry and Finance Enhances the Core Competitiveness of Enterprises and Realizes the Re-creation of Enterprise Value**

In the new economic era, the competition among enterprises has evolved into the competition of knowledge, technology and innovation ability, The integration of industry and finance can enhance the cohesion of enterprises, provide capital and strategic support for enterprises, and also help enterprises to integrate resources, establish unified business processes and standards,

promote the healthy and rapid development of enterprises, improve the competitiveness of enterprises in the industry, and lead the Re-creation of enterprise value.

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