



# Discussion on the Improvement Path of Financial Performance Under the Background of Digitization of Enterprise Finance

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**Abstract.** In recent years, the digital economy has gradually risen and become a new engine to promote China's economic development. With the deepening of digital transformation, more and more enterprises have realized the importance of financial digital transformation. Chinese enterprises actively respond to the trend of The Times, and gradually realize digital transformation on the basis of digitalization combined with emerging digital technologies. It has become an inevitable choice to use the penetration and empowerment of digital technologies to enhance their competitiveness. According to the international data company IDC survey report shows that in the global 2000 strong enterprises, digital transformation as the core development strategy of the enterprise accounted for about 69%. Although many enterprises regard digital transformation as a key competitive strategy and invest a lot of manpower, material and financial resources to implement it, they still face difficulties in transformation and poor results. In the business and academic circles, it has become a hot topic to study how to promote financial performance through financial digital transformation. Therefore, the study on the impact of financial digital transformation on financial performance and its action path aims to provide references and suggestions for enterprises that are or plan to carry out financial digital transformation.

**Keywords:** enterprise; Financial digitization; Financial performance

## 1 Introduction

With the deepening of the development of digital economy, the process of digital transformation of enterprises has been accelerated, and more attention has been paid to financial figures. By sorting out the characteristics of financial management of digital financial enterprises and facing the challenges brought by digital development, it is concluded that the financial characteristics of enterprises under the background of financial digitalization are passive, and are acquired under the driving force of digital technology, data and intelligence. In addition, we learned about the challenges of digital transformation, including the complexity of digital transformation, digital technology talent development, data security, and performance measurement. Through literature

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research and case analysis, this paper explores the improvement path of digital background on financial performance.

## **2 The Characteristics of Enterprise Financial Management Under the Background of Financial Digitalization**

### **2.1 Driven by Digital Technology**

In the current wave of digitalization, cutting-edge technologies such as AI, big data, and cloud computing have advanced by leaps and bounds, bringing unprecedented innovation to corporate financial management.<sup>[1]</sup> These technologies promote enterprises to shift from the old manual operation and paper document management to a new era of more automated and intelligent financial management, which reduces the work pressure and can perform financial data mining well.<sup>[2]</sup> The rapid development of technology has had a profound impact on the traditional financial management model. The wide application of financial software has greatly improved the efficiency and accuracy of financial data entry, analysis and reporting. Taking Alibaba as an example, the company has established financial sharing centers across the country and adopted advanced ERP systems and financial systems. With automated and intelligent financial statement generation, expense reimbursement, and fund disbursement, companies significantly reduce manual operations, resulting in significant productivity gains. Employees can also apply for reimbursement and approval via the mobile app, further enhancing work efficiency. In addition, digital technology enables financial personnel to process large amounts of data more quickly, which in turn provides a powerful support for strategic decisions. With digital platforms, companies can track their financial performance in real time, see changes in economic indicators, respond quickly to potential problems, and strengthen internal controls and risk management.

### **2.2 The New Trend of Data-Driven Decision-Making**

With the surge of data volume and the leap of data analysis technology, data has been transformed into an indispensable key resource and decision aid in enterprise financial management. Financial digitalization provides enterprises with more convenient means to collect, store and analyze financial data, covering multiple information such as financial statements, cost and sales data. Using advanced data analysis tools and technologies, companies can gain a more thorough insight into their financial and business conditions, which in turn provides management with accurate data-driven decisions.<sup>[3]</sup> For example, the prediction model built by Amazon based on data analysis can help enterprises accurately predict future financial trends, so as to formulate more accurate and effective strategies and plans and achieve profit growth.

### **2.3 Intelligent Operation Leads the Future**

With the rapid development of artificial intelligence and automation technology, intelligent operation has become a new vane of financial management. With AI technology, companies can deeply optimize financial processes, significantly improving work efficiency and data accuracy. Intelligent financial software has powerful data processing capabilities, can accurately identify and efficiently process financial data, greatly reducing the error and time cost caused by human intervention. In addition, the use of intelligent algorithms and machine learning technology further optimizes the financial decision-making process and significantly improves financial performance. Intelligent risk management system, relying on strong data analysis capabilities, can effectively identify and warn potential risks, help enterprises respond in a timely manner, thus significantly reducing financial risks.

Digital technology, data-driven decision making and intelligent operations together constitute the core characteristics of the digital era of finance. These characteristics make the financial management of enterprises more efficient and accurate, and provide solid support for enterprises. Through the digital platform, enterprises can realize the automatic processing and real-time monitoring of financial data; Data-driven decision making enables management to develop strategies and plans more accurately; Intelligent operations improve the efficiency of financial management and risk resilience. The combined effect of these characteristics has promoted the modernization of corporate financial management, helped enterprises cope with the increasingly complex market environment, and promoted the long-term development of enterprises.

## **3 Challenges of Financial Performance Improvement Under the Background of Financial Digitalization**

In the context of financial digitalization, although digital technology, data-driven decision making and intelligent operation have brought great opportunities for enterprise financial management, they have also brought a series of challenges. Financial digital transformation involves multiple challenges such as complexity, data security, organizational culture, talent development and performance evaluation. Companies need to overcome technical, process, and organizational barriers to ensure data security, develop digital-ready talent, and establish scientific evaluation systems to improve performance. In the face of these challenges, companies need to develop comprehensive strategies and measures to drive digital transformation and improve financial performance.

### **3.1 Complexity of Financial Digital Transformation**

When the enterprise goes deep into digital transformation, Foton Automobile, whose finance belongs to traditional manufacturing enterprises, has adopted a digital transformation management system and process facing profound and complex changes. In the past, Foton Motor relied on manual recording and manual processing of financial data,

resulting in slow data entry speed and high error rate, and it was difficult to obtain accurate financial information in time. In order to improve efficiency and accuracy, the company decided to undertake a digital transformation. At first, Foton introduced a new set of financial software, which can automatically handle data entry, accounting verification and other work, greatly improving the speed and accuracy of financial processing. At the same time, they also invested resources to establish a data integration platform, integrating the data of various departments to achieve integrated data management, so as to help enterprises better financial analysis and decision-making. However, this is not the whole story of digital transformation. In order for employees to adapt to the new digital tools, companies also need to train them to acquire digital skills and improve their productivity. In addition to the technical challenges, digital transformation requires organizations to adjust their organizational structures and processes. Foton realized that the introduction of digital tools required a rethink of the roles and responsibilities of the finance department, possibly requiring a restructuring of the team structure and enhanced cross-functional collaboration. At the same time, they realize that digital transformation is not just a one-time technological transformation, but also a cultural change. Therefore, they have taken a series of measures, such as conducting internal propaganda, setting up a special digital transformation task force, etc., to promote the change of organizational culture and achieve the digital transformation of corporate finance.

Therefore, digital transformation is a complex and difficult task for enterprises. Not only does it require a significant investment of time and resources, but it also requires companies to overcome multiple technical, organizational, and cultural barriers. Only through comprehensive thinking and formulation of corresponding strategies and measures, enterprises can successfully complete digital transformation and achieve the improvement of financial performance.

### **3.2 Data Security and Privacy Protection**

While the digitization of financial data brings convenience to enterprises, it also brings serious challenges of data security and privacy protection. As the core assets of enterprises, the leakage or tampering of financial data will seriously threaten the financial stability and reputation of enterprises. In the digital environment, threats such as hacker attacks, malware and data leakage emerge in an endless stream, bringing great risks to the financial security of enterprises. SONY, for example, suffered a major cyberattack in 2014 that resulted in a massive breach of financial data that cost the company billions of dollars. The incident highlights the extreme risks to the financial security of enterprises in the digital environment. Hackers break into corporate systems through network vulnerabilities or social engineering to steal financial data or blackmail companies. In the SONY incident, hackers used the loopholes of the company's network system to successfully invade and steal a large amount of financial information, causing serious economic losses and reputation damage to the company. Not only that, malware can enter corporate network systems through email, USB drives, and other ways to destroy or steal financial data. Once an enterprise's financial system is infected with malware, it may cause financial data to be tampered with, lost or the system to crash,

thus affecting the normal operation of the enterprise. In addition, financial data leakage will not only damage the business secrets and customer trust, but also may face serious consequences such as legal proceedings and fines. Therefore, protecting financial data security has become an important task in the process of digital transformation of enterprises.

It can be seen that in the digital environment, threats such as hacker attacks, malware and data leakage emerge endlessly, bringing great risks to the financial security of enterprises. When undertaking digital transformation, enterprises must pay attention to financial security issues and strengthen security measures to ensure the security and integrity of financial data. In addition, as data protection laws and regulations become more stringent, companies need to be more careful to comply with relevant regulations to avoid legal and economic risks.

### **3.3 Organizational Culture and Personnel Training**

Financial digital transformation is not only a change of technology and process, but also a transformation of organizational culture and talent training. Under the traditional financial management model, employees may be used to manual operation and paper document management, and lack understanding of digital tools and technologies. This requires companies to foster a digital mindset, encourage employees to embrace new technologies, and increase training efforts to upgrade employees' digital skills. The digital transformation of the US retail giant Walmart. Recognizing the importance of digital technologies for future competitiveness, the company has invested significant resources in digital transformation and made digital capabilities a core part of its employee training programs. They run digital technology courses to train employees to use digital tools such as new financial software and data analysis tools. Through such training programs, Walmart has successfully stimulated employees' enthusiasm for digital learning, enhanced their digital capabilities, and effectively promoted the smooth implementation of digital transformation.

However, digital transformation also brings new challenges to human resource management. Companies need to develop a reasonable talent development plan to attract and retain digitally-capable talent. This requires enterprises to re-examine the selection criteria and training mechanism of talents, pay attention to mining and training employees with digital skills and innovation consciousness, and provide solid talent support for the digital transformation of enterprises.

### **3.4 Digital Financial Performance Evaluation and Optimization**

Optimizing the financial management process and setting reasonable performance evaluation criteria is an important task, but it is also challenging. As a global e-commerce giant, Amazon has been in a leading position in digital transformation. In their financial digital transformation, they need to identify performance metrics that are appropriate for the company's growth and market competition. Given the size and complexity of their businesses, they need to balance multiple dimensions such as cost-effectiveness, quality of service, order processing speed, etc., to fully and impartially assess financial

performance. In response to changes in the business environment and market demands, Amazon continuously optimizes their financial digitization model and adjusts the financial management process through real-time monitoring and data analysis to ensure continuous improvement in financial performance.

However, even a large organization like Amazon can face challenges in getting accurate performance feedback. Under the huge organizational structure, the collection and collation of financial data requires a lot of time and resources, and there may be data inconsistency or lag, which affects the accurate performance evaluation. In addition, employees may become uncomfortable or resistant to new performance evaluation standards, especially if those standards do not align with their work style or expectations. Therefore, Amazon actively guides employees to understand and accept the new evaluation standards through internal training and communication to ensure the effective implementation of the evaluation system.

As a result, identifying appropriate performance metrics, continuously optimizing the process, and ensuring that employees accept the new metrics remain challenges in financial digital transformation, but these challenges can be overcome with sound strategies and measures.

## **4 The Path and Strategy of Financial Performance Improvement Under the Background of Digitalization of Corporate Finance**

Under the background of financial digitalization, enterprises need to develop corresponding paths and strategies to improve financial performance to meet the needs and challenges of digital transformation. Here are some possible paths and strategies:

### **4.1 The Path to Improve Financial Performance Under the Background of Digitalization of Corporate Finance**

#### ***4.1.1 Optimize Financial Processes***

The optimization of financial process is an important way to improve financial performance. Enterprises can use digital technology to comprehensively review and optimize existing financial processes to eliminate unnecessary links and manual operations, and improve the efficiency and accuracy of the process. For example, through the implementation of financial management software system, it can realize the automatic entry and processing of financial data, reduce manual intervention and errors, and accelerate the generation cycle of financial reports. In addition, companies can use process redesign methods to replan and optimize financial processes to make them more adaptable to the digital environment and business needs, improving process flexibility and responsiveness. Digital transformation can improve the capital management level of enterprises and realize the optimal allocation and efficient use of funds. Through the intelligent fund management system, enterprises can monitor the flow of funds in real time and predict the future capital needs, so as to make financial arrangements in advance. In addition, digital transformation also helps to improve the liquidity of

enterprises, enabling enterprises to recover funds faster, reduce the cost of capital, and further improve the financial performance of enterprises.

#### ***4.1.2 Strengthen Data Management and Analysis***

Data management and analytics play a crucial role in the digital transformation of finance. Enterprises need to strengthen the management and monitoring of financial data to ensure the accuracy, integrity and security of data. By using advanced data analysis tools and technologies, enterprises can deeply dig and analyze financial data, identify potential business opportunities and risks, and provide more accurate and timely decision support for management. For example, by building efficient data warehouses and data analysis platforms, enterprises can quickly query and analyze large-scale financial data in order to identify business trends, insight into problems, and adjust and optimize business strategies at any time. In 2022, Amazon established an efficient data warehouse and data analysis platform called Amazon Web Services (AWS). With AWS, Amazon is able to quickly query and analyze vast amounts of financial data. They use this data to identify sales trends for different products, customer buying behavior, and changes in market demand. Based on these data analysis results, Amazon is able to adjust their inventory management, pricing strategy, and promotional activities in a timely manner to better meet customer needs and improve sales efficiency. By establishing an efficient data warehouse and data analysis platform, Amazon has successfully realized the goal of fast query and analysis of large-scale financial data, and timely adjustment and optimization of business strategies.

#### ***4.1.3 Improve Digital Skills and Cultural Construction***

Digital skills and culture building are the key elements for enterprises to achieve digital financial transformation. Companies should increase the training and education of their employees to upgrade their digital skills and professionalism, so that they can better cope with the challenges and opportunities of digital transformation. At the same time, enterprises should also advocate and establish a digital culture, encourage employees to actively participate in and promote digital transformation, and form a good digital atmosphere. Through a data-driven approach, Microsoft continuously optimizes their digital training programs and activities to enhance employees' digital capabilities and awareness to drive digital transformation. They regularly host a variety of digital training courses covering areas ranging from basic digital skills to advanced data analytics and artificial intelligence, covering both technical and non-technical positions across the company. In addition, Microsoft also conducts cross-functional digital workshops and innovation competitions through practical cases and data sharing to promote communication and sharing among employees. These activities not only stimulate the innovation potential and enthusiasm of employees, but also bring real business results, such as improving product quality, optimizing business processes, etc., thus promoting the digital transformation of enterprises and achieving significant benefits.

#### ***4.1.4 Establish a Flexible Performance Evaluation Mechanism***

Establishing flexible performance evaluation mechanism is an important means to improve financial performance. According to the goals and needs of digital transformation, enterprises should design performance evaluation indicators and systems that meet the actual situation, track and evaluate financial performance in a timely manner, and adjust and optimize management strategies and measures according to the evaluation results. In addition, enterprises should also adopt diversified performance evaluation methods, including quantitative indicators and qualitative evaluation, comprehensively consider the contribution and impact of all aspects, and fully reflect the effect and value of financial digital transformation. For example, a variety of indicators such as financial indicators, customer satisfaction, and employee engagement can be used to evaluate financial performance, taking into account the overall performance and development trend of the enterprise. In 1999, VP John Doerr of Intel introduced OKR (Objectives and Key Results) into Google, and it has been used ever since. This performance evaluation method divides the strategic goals of enterprises into specific measurable key results and evaluates them regularly. This approach not only ensures that employees understand and subscribe to the strategic goals of the organization, but also motivates employees to actively participate in the digital transformation. In addition, Google also helps employees continuously improve their digital skills and performance through regular 360-degree feedback and one-on-one coaching, which drives continuous improvement in financial performance.

## **4.2 Strategies for Improving Financial Performance Under the Background of Digitalization of Corporate Finance**

### ***4.2.1 Increase Investment in Digital Technology Research and Development***

Enterprises should increase investment in digital technology, introduce advanced financial management software and data analysis tools, and improve data processing and analysis capabilities. With real-time, accurate data support, companies can better make financial decisions and optimize resource allocation. It also improves the speed and accuracy of financial data processing, making financial decisions more efficient and scientific. Secondly, digital R & D technology helps to realize real-time update and sharing of financial information, strengthen internal collaboration and optimize resource allocation. In addition, digital research and development technology can also enhance the innovation ability of enterprises and improve corporate performance.<sup>[4]</sup>

### ***4.2.2 Cultivate Digital Technology Talents***

Strengthen the training of digital talents, and cultivate a professional team that understands both finance and digital technology. This can not only improve the level of financial management, but also provide a strong talent security for the digital transformation of enterprises. First, these talents can skillfully use digital tools and technologies to improve the efficiency and accuracy of financial management and provide strong support for corporate decision-making. Secondly, they have the ability of data analysis and mining, which can deeply explore the value of financial data and create more



business opportunities for enterprises. In addition, digital professionals can also promote the innovation and development of corporate financial management and enhance the overall competitiveness of enterprises. [5] The government's support for the digital transformation of enterprises can be used as a platform for cultivating professional talents in digital technology, and the communication with professional talents can be strengthened.

To sum up, optimizing financial process, strengthening data management and analysis, improving digital skills and culture construction, and establishing flexible performance evaluation mechanism are the key paths and strategies for enterprises to improve financial performance under the background of financial digitalization. Enterprises should formulate corresponding implementation plans and measures according to their actual situation and needs, constantly improve and optimize the financial management system, improve the level of financial performance, and achieve sustainable development and competitive advantages.

## 5 Conclusion

Under the background of financial digitization, enterprises are faced with a complex situation of both challenges and opportunities. This paper discusses the challenges of digital transformation in terms of complexity, data security and privacy protection, organizational culture and talent cultivation, as well as ways and strategies to optimize financial processes, strengthen data management and analysis, enhance digital skills and culture construction, and establish flexible performance evaluation mechanisms. It provides useful references and suggestions for enterprises to improve their financial performance under the background of financial digitalization. Financial digital transformation is not only to meet the needs of the digital era, but also to improve the efficiency of financial management, optimize resource allocation, and enhance competitiveness. Through rational planning and implementation of financial digital transformation, enterprises can realize the transformation and upgrading of financial management mode, improve financial performance level, and achieve sustainable development goals. However, to achieve the goal of financial digital transformation is not easy, enterprises need to overcome various difficulties and challenges, constantly improve and optimize the digital management system, cultivate digital talents, strengthen data security and privacy protection, and establish a flexible performance evaluation mechanism. Only in this way can enterprises seize the opportunities in the digital age, maintain a competitive edge and meet the challenges of the future. Therefore, we call on enterprises to continue to explore and innovate on the road of financial digital transformation, be brave to meet challenges, continuously improve financial performance, and achieve a double harvest of economic benefits and social value.

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