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THE PREMIER GLOBAL SOCIETY OF FINANCIAL EXECUTIVES

Message from the Chairman

One year has passed since I assumed the role of Chairman of IAFEI in January of last year. I would like to express my heartfelt appreciation to all the Board members, ExCom members, Advisory Committee Chair Dr. Conchita Manabat and her team, Overall Technical Committee (OTC) Chair Prof. Piergiorgio Valente and his members, as well as my secretariat team, Mr. Nobuki Taga and Mr. Anson Kee, for their unwavering support of IAFEI's activities.

In line with our goals to 1) promote collaboration and 2) advance professionalism, I hosted two webinars focusing on the enhancement of human capital. The first, held on February 27th, addressed human resource development and featured Mr. Alessandro Bellissima, President of Yammer Europe R&D S.R.L., and Ms. Norie Shimizu, a professional Business Coach from Coach A, as panelists. During this session, I introduced the concept of a Human Resource Balance Sheet.

The second webinar, on June 27th, focused on the HR Balance Sheet itself, with Mr. Hiroshi Yaguchi of JACFO, the inventor of this concept, as the keynote speaker, and Ms. Nina Michels-Kim, Managing Partner of Starling, as a commentator. Notably, Ms. Michels-Kim also conducted a webinar on January 18, 2025, at JUSCPA, discussing how financial professionals can transition into becoming business partners to CEOs and, ultimately, CEOs themselves. She emphasized the importance of 3C skills: Critical Thinking, Communication, and Collaboration—an insight I wholeheartedly agree with.

While financial executives possess extensive technical expertise, many lack the necessary soft skills to excel as leaders. This program for financial executive education and coaching, enabling our members to grow as effective business partners and even CEOs could be beneficial for member organization. Dr. Manabat has also suggested taking the lead in financial executive education. Mr. Bach of VCFO made 9 proposals about IAFEI activities. I encourage member organizations to consider these initiatives in conjunction with Mr. Bach's article in this Quarterly issue.

Under the leadership of Prof. Valente, the OTC has been revitalized. This year, the OTC hosted three successful webinars/meetings.

- **February 19th**: *The Global CFO Round e-Table: IAFEI OTC Initiatives*, featuring discussions led by Mr. Valente with esteemed speakers including Mr. Aleksandar Ivanovski, Director of Tax Policy at CFE Tax Advisers Europe; Ms. Anna Manitara, Tax Lawyer and Policy Officer at the European Commission's DG TAXUD; and Ms. Filipa Correia, Regional Executive Director at Crowe Global.

- **April 29th**: *IAFEI Global CFO Round e-Table: Value Chain Analysis—Critical Issues for CFOs*, with notable speakers such as Mr. Steef Huibregtse, CEO of Transfer Pricing Associates BV; Ms. Anna Manitara; and Mr. Federico Vincenti, International Tax and TP Partner at Crowe Valente.

- **October 3rd**: OTC Digitalization TWG Webinar, led by Mr. Pascual, featuring Mr. Elzar Simon, Senior IT Director for Global Infrastructure at New York University, and Mr. Emil Kwaaitaal, Partner at Deloitte Consulting B.V.

Additionally, Dr. Jennifer Wang, Head of Sustainability, delivered a compelling presentation at IAFEI Day in November.

IAFEI Day was one of our most significant achievements in 2024. My gratitude goes to Mr. Yaguchi and the JACFO team for organizing this event. It marked the first in-person gathering post-COVID-19, where members from various organizations met face-to-face, exchanged ideas, and enjoyed traditional Japanese storytelling entertainment in English over dinner. Feedback and articles from participants are featured in this Quarterly. Looking ahead, FEI Chinese Taiwan will host a similar event in September or October 2025.

I also extend my sincere thanks to Prof. Valente and Dr. Manabat for their consistent contributions of articles, as well as to Mr. Taga for his dedicated editing efforts. Their work has ensured the ongoing publication of the *IAFEI Weekly Update* since February 17, 2024. Past issues are available on the IAFEI website. We welcome article contributions that may benefit our members.

At the December ExCom and Board joint meeting, we officially welcomed 3H as a new member organization representing Italy. This marks a remarkable milestone, as IAFEI had seen declining membership for many years. I am optimistic that 3H will bring fresh perspectives and value to our organization.

IAFEI accomplished much in 2024, and we aim to build on this momentum. Your feedback and suggestions are invaluable as we strive to improve and enhance the value of IAFEI for all members.

Let us continue working together to shape a brighter future for IAFEI.

Sincerely,

Tsutomu Mannari
Chairman of IAFEI (2024 - 2025)

Website www.iafei.org/
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*reprinted from IAFEI Weekly Update Year 2024 Issue 35

3 IAFEI Day in Tokyo : Impressions | October 25, 2024
Herewith we would like to share the presentation materials, photos and audio files from the event:

✓ Lecture Materials >>>
✓ Photos >>>
✓ Audio Files >>>

The photos are on a Google album. So, everybody is encouraged to upload her or his own photos there. *

(Courtesy of JACFO)

*reprinted from IAFEI Weekly Update Year 2024 Issue 33

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IAFEI Day at Kanto Club, Tokyo, Japan

by Conchita L. Manabat | Chairwoman, IAFEI Advisory Counsil

The International Association of Finance Executives Institutes (IAFEI) held its IAFEI Day at the prestigious Kanto Club in Tokyo, Japan on October 25, 2024.

The meeting was the first face-to-face encounter among the delegates from member organizations since the 49th IAFEI World Congress hosted by ANDAF in Matera, Italy on October 25-26, 2019. The event was hosted by the Japan Association of Chief Finance Officers (JACFO) led by its founder and Executive Director Hiroshi Yaguchi, a former IAFEI Chairman.

The meeting featured each member organization's brief on their activities and plans. The sharing was an enriching session for the delegates of member organizations. Shown below is the group picture are Kanto Club. FEI Chinese Taiwan, VCFO of Vietnam, FINEX of the Philippines, and JACFO of Japan participated thru their chosen delegates. CACFO of China participated online with former IAFEI Chairman Xiao Jiang Pan providing a message.

JACFO's Mr. Hiroshi Yaguchi welcomed everyone to Japan and to the event. He had his team with him to assist in delivering a successful event.

The technical sessions featured interesting and engaging topics. For the first session, Mr. Ishibashi discussed Management Accounting and the CMA certification in Japan.

Mr. Yaguchi gave a brief on CFO's Initiatives in the Human Capital Domain or Collaboration with CHROs to include -

1. Status of human capital management in each country and its position in each association; and
2. Expanding the scope of the CFO and responding and guiding an association.

Ms. Nina Michels-Kim, CMA/CSCA and a Swiss professional spoke on the Importance of Leadership Education in Finance and Overseas Trends. It was an enlightening talk.

IAFEI Area President for Asia & FEI Chinese Taiwan's Jennifer Wang presented The Development and Sustainability of ESG in Taiwan. Her presentation covered the Taiwan's journey on ESG and its projected meeting of goals within the set time-frame.

Each presentation was followed by open forum where delegates freely expressed their views and queries. The technical sessions were well delivered and engaging with good take-aways.

After the technical sessions, a presentation done by **Kanariya Eiraku** , a Rakugo-ka (*), followed that the delegates enjoyed.

(*) Rakugo : Rakugo is a traditional Japanese comedic storytelling performance where a single performer entertains the audience with humorous and engaging tales.

The IAFEI Day in Tokyo concluded with cocktails and sumptuous dinner. During the toasts and camaraderie, former IAFEI Chairman Peter Hsu of FEI Chinese Taiwan announced that his organization is pleased to announce hosting the next IAFEI Day in Taipei, Taiwan in 2025. All welcomed the announcement with an applause.

Below are some voices of the attendees to the IAFEI Day :

Attending the recent IAFEI workshop was an enriching experience that provided valuable insights and fostered connections within the global financial community. The warm hospitality from our host country, Japan, created a welcoming and inclusive atmosphere for all attendees. The workshop not only enhanced our professional knowledge but also strengthened international bonds.

Among the numerous presentations, those that left a lasting impression on me were the exploration of the FP&A model in Japan and the insightful discussions on ESG practices and the Sustainable Finance market in Taiwan. The event was also a remarkable platform for networking, facilitating meaningful exchanges among participants from Japan, Taiwan, the Philippines, and Vietnam. This interaction highlighted the diverse expertise within the IAFEI community and its commitment to financial excellence across borders.

Ms. Nguyen Que An
CFO Vietnam Member
PwC Tax and Advisory (Vietnam) Company Limited
Advisory Manager | Operations Transformation Practices
… … … …. …. …. …. …. …. …. ….

It was a such a pleasure joining the IAFEI Day held in Tokyo. We appreciate the hospitality and the presentations. It was great seeing old friends from all over the world and also making new ones.

It reminded me that while we have common objectives, we have to be sensitive to cultures and ways to achieve the same goals.

I look forward to next year's gathering and seeing IAFEI' leaders.

Eduardo V. Francisco
Former IAFEI Chairman
… … … …. …. …. …. …. …. …. ….

Reflections on IAFEI Day 2024 in Tokyo

by Nina Michels-Kim | CMA, CSCA (Starling GmbH)

Now that I'm back from Japan and over the jet lag, I'd like to share some highlights from the IAFEI Day 2024 event in Tokyo on October 25th. It was an honor to join senior delegates from four member organizations: JACFO, (Japan Association of Chief Financial Officers, 日本 CFO 協会), Financial Executives Institute of the Philippines (FINEX), Financial Executives Institute of Chinese Taiwan, and Vietnam Chief Financial Officers Club (VCFO).

Here are a few highlights:

🔷 FP&A Transformation: My mentor, Zen-Ichiro Ishibashi, delivered an insightful keynote on how FP&A functions are evolving within Japanese companies. Despite its late start, more and more FP&A implementations are driving value creation and better decision-making across Japan.

🔷 Human Capital as Strategic Assets: The host of this event, Hiroshi Yaguchi, President & CEO of JACFO, presented his thought-provoking "Human Balance Sheet" concept, encouraging organizations to view employees as investors in their careers, aligning personal growth with corporate strategy for mutual success.

🔷 Sustainability & ESG: Distinguished Professor, Dr. Jennifer Wang of FEI Chinese Taiwan, IAFEI Area President for Asia, and former Chairperson of the Financial Supervisory Commission (FSC), shared her pioneering work on launching mandated training in ESG investing for finance professionals. Thanks to her work, local companies are integrating ESG into corporate strategy contributing to net-zero commitments achievements.

🔷 Leadership Development for Finance Executives: Lastly, I had the privilege of presenting on "The People Side of Finance," focusing on leadership development beyond traditional financial management. I introduced my framework—Nina's 😀 3 C Power 💪 Skills—Critical Thinking, Communication (storytelling), and Collaboration—as essential for modern financial leaders.

The day concluded with wonderful networking opportunities and a dinner at Club Kanto. We also enjoyed an English rakugo performance by Kanariya Eiraku. For those unfamiliar, rakugo is a traditional Japanese art of comedic storytelling where a single performer brings multiple characters to life using only voice and minimal props—a live demonstration of storytelling in action!

To sum up, FP&A, talent management, sustainability, and leadership development are key themes for CFOs looking to drive future growth.
If these topics resonate with you, feel free to connect with me here on LinkedIn or reach out directly to continue the conversation!

(URL of the original article: https://www.linkedin.com/posts/ninamichelskim_reflections-on-iafei-international-association-activity-7262939184867295233-UAB5?utm_source=share&utm_medium=member_desktop)

Proposals for Y2025 New IAFEI Initiatives

by Bach Nguyen | Vietnam Chief Financial Officers Club (VCFO)

I would like to share Mr. Bach's VCFO proposals as part of IAFEI activities to benefit member organizations. Participation is not mandatory for all organizations, but those interested are welcome to join. Additionally, any organization wishing to collaborate on these activities is encouraged to do so. (Tsutomu Mannari)

To bring tangible value to members and make IAFEI more vibrant, I would like to propose the following activities focused on **cross-border networking and business matching** for IAFEI's consideration:

1. **Virtual Business Matching Events**
   - **Description:** Organize targeted virtual sessions pairing professionals and companies from IAFEI member organizations based on mutual business interests and collaboration potential.
   - **Benefit:** Enables efficient, targeted connections for partnerships, deals, or market expansion.

2. **International CFO Forums & Roundtables**
   - **Description:** Hold regular forums for CFOs and financial leaders to exchange insights on cross-border financial strategies and economic trends.
   - **Key Topics:**
     - Navigating tax regimes and regulations
     - Market entry strategies
     - Digital transformation in finance
   - **Benefit:** Facilitates peer learning and strengthens global financial leadership.

3. **Industry-Specific Business Tours**
   - **Description:** Organize delegations to key markets (e.g., fintech hubs, manufacturing centers) to explore collaboration opportunities.
   - **Benefit:** Provides firsthand market exposure and meaningful connections.

4. **Cross-Border Startup Investment Showcase**
   - **Description:** Arrange pitch events where innovative startups from member countries present to investors and partners.
   - **Benefit:** Supports innovation while creating opportunities for partnerships and investment.

5. **CFO Mentorship and Exchange Program**
   - **Description:** Establish a mentorship program and short-term exchange opportunities for emerging financial leaders.
   - **Benefit:** Promotes leadership development and fosters long-term professional connections.

6. **Collaborative Research and Benchmarking Reports**
   - **Description:** Facilitate joint research on key topics such as ESG, digital finance, and post-pandemic financial resilience.
   - **Benefit:** Provides actionable insights and positions IAFEI as a thought leader.

7. **Regional Webinars on Business Opportunities**
    - **Description:** Host webinars featuring local experts to share insights on investment climates and industry trends.
    - **Example Topics:**
        - "Investing in Southeast Asia: Opportunities and Challenges"
        - "Financial Innovation in Europe: Trends for 2025"
    - **Benefit:** Supports informed decision-making for businesses entering new markets.

8. **Annual IAFEI Cross-Border Business Fair**
    - **Description:** Organize a hybrid (physical + virtual) annual fair where businesses can showcase opportunities and connect with partners.
    - **Benefit:** Acts as a marketplace for partnerships, investments, and trade opportunities.

9. **Online Cross-Border Networking Platform (LinkedIn?)**
    - **Description:** Develop or adopt a digital platform to enable continuous networking and collaboration among IAFEI members.
    - **Benefit:** Provides ongoing opportunities beyond formal events.

Additionally, IAFEI should form a dedicated committee with members from IAFEI member organisations to coordinate these initiatives effectively. Here are some potential names:

- **IAFEI Strategic Partnerships Committee (SPC)**
- **IAFEI Global Synergies Committee (GSC)**
- **IAFEI Cross-Border Opportunities Committee (CBOC)**

Together with our CFO Vietnam colleagues, we are happy to work with IAFEI to further develop and realize these initiatives.

After the COVID-19 Crisis : Fiscal Consolidations

by Piergiorgio Valente | Chair Overall Technical Committee IAFEI

Introduction

The COVID-19 pandemic significantly altered global economic landscapes, prompting governments worldwide to implement unprecedented fiscal measures. As economies gradually recover, tax and fiscal policies have shifted from emergency relief to strategies aimed at fostering sustainable growth, reducing deficits, and addressing long-term economic challenges. The COVID-19 pandemic resulted in a global health crisis and precipitated a sharp decline in economic activity that is without precedent in recent history. Just in few months, the COVID-19 pandemic turned from a health crisis into a global economic crisis causing a much larger contraction in global GDP than the global financial crisis in 2008 *(OECD: Tax and fiscal policies after the COVID-19 crisis)*. In addition to the impacts of the pandemic on public finances, countries are also facing many long-term structural challenges. Already before the crisis, countries were facing many long-term structural trends, such as climate change, population ageing, the acceleration of digitalization and automation.

Transition from Emergency Stimulus to Fiscal Stabilization

The COVID-19 pandemic forced governments worldwide to adopt swift and extensive fiscal stimulus measures to combat the immediate economic downturn. These measures were aimed at stabilizing economies by providing financial relief to businesses, workers, and individuals. As countries emerge from the worst of the crisis, there has been a noticeable shift from these emergency stimulus measures to longer-term fiscal consolidation strategies. This involves gradually reducing public debt through spending cuts, increased taxation, or a combination of both. During the height of the pandemic, governments deployed massive fiscal stimulus packages, including direct cash transfers, tax deferrals, and loan guarantees, to support households and businesses. In the early stages of the COVID-19 crisis, many countries implemented massive fiscal interventions to prevent widespread economic collapse (*European Parliament: addressing the COVID-19 pandemic)*. These measures included:

- Direct Financial Assistance: Governments provided stimulus checks or direct cash transfers to individuals, helping them maintain consumption levels and avoid falling into poverty. In many cases, unemployment benefits were significantly expanded, including more generous payments and extensions.
- Subsidized Loans and Grants: To prevent business closures and layoffs, governments rolled out loan programs, subsidies, and grants to ensure businesses could survive during lockdowns and restrictions. This support was aimed at small and medium-sized enterprises (SMEs) in particular, which are critical for employment in many economies.
- Tax Relief: Many governments introduced tax deferrals, cuts, and exemptions to ease financial pressure on households and businesses. This included temporary suspensions of value-added tax (VAT), reductions in corporate income taxes, and deferrals on payroll taxes, allowing businesses and individuals to retain more cash flow during the pandemic.
- Healthcare Investment: Governments also massively increased spending on healthcare infrastructure, including funding for hospitals, ventilators, personal protective equipment, and research into vaccines.

These interventions were essential in mitigating the short-term economic damage caused by the pandemic, helping businesses stay afloat, maintaining some level of consumer spending, and ensuring that unemployment rates did not skyrocket. However, these measures were not sustainable in the long term due to their enormous costs and the increasing strain they placed on national budgets.

Transition to Sustainable Fiscal Policies

As the pandemic's immediate health crisis began to subside and economies started to recover, the massive fiscal stimulus measures became harder to justify. The focus shifted from emergency relief to fiscal consolidation—efforts to reduce government deficits and control public debt, which had soared during the stimulus phase. Different measures were taken. Firstly, governments needed to reduce budget deficits. That means, that governments faced increased fiscal deficits due to the high costs of pandemic-related spending, which added significantly to national debts. A key goal of fiscal consolidation is to reduce these deficits and bring public finances back on a sustainable path. Secondly, public debt levels had increased sharply as governments borrowed heavily to finance stimulus packages. Managing this debt is now a priority, with many countries facing the risk of higher borrowing costs or fiscal instability if debt levels remain too high. Thirdly, as economic activity picks up, governments have started to gradually withdraw stimulus measures. This involves scaling back or ending emergency financial support programs, such as direct cash transfers or temporary tax cuts. Fiscal consolidation typically involves shifting the government's spending priorities. While emergency healthcare spending may be reduced, many governments are refocusing their efforts on long-term infrastructure investments, such as in digital technologies, green energy, and healthcare resilience, to support future economic growth and improve societal well-being *(IMF E-Library on Fiscal Consolidations)*.

Challenges of Fiscal Consolidation

The shift to fiscal consolidation poses significant challenges, such as economic uncertainty, inflationary pressures and debt sustainability. Many economies are still fragile, with recovery trajectories that vary greatly by country and sector. A premature tightening of fiscal policy could risk derailing economic recovery or contributing to renewed recessions. There is also a lot of political pressure. Austerity measures often face political resistance, particularly in countries where large segments of the population still rely on pandemic-era support. Reductions in benefits, public sector spending, or tax hikes can lead to protests or discontent, making it harder for governments to implement necessary reforms. What is more, in some cases, just after the situation with the pandemic got a bit better, governments were facing inflationary pressures due to supply chain disruptions, energy price increases, and rising demand. Tightening fiscal policies too soon can further slow-down economic activity, but continuing stimulus measures in the face of inflation can exacerbate price increases.

Clearly the COVID-19 is such an unprecedented case and therefore for some countries, the level of public debt has reached historically high levels. This poses a risk of default or credit downgrades, especially for nations with less fiscal capacity to manage debt. Finding a sustainable balance between fiscal consolidation and continued support for economic recovery becomes an important challenge *(IMF E-Library on Fiscal Consolidations)*.

Conclusion

The move from emergency stimulus to fiscal consolidation is an important step as economies recover from the COVID-19 crisis. Emergency measures were needed to prevent a total economic collapse, but now the focus must shift to lowering deficits, controlling public debt, and ensuring long-term financial health. This shift requires careful planning to balance recovery efforts with responsible fiscal management. How well this transition is managed will be a key factor in determining future economic growth and stability in the post-pandemic period. As of 2024, fiscal consolidation remains a significant challenge for many countries as they continue recovering from the impacts of the COVID-19 pandemic. The pandemic led to unprecedented levels of government spending, particularly through fiscal stimulus packages, which resulted in a sharp increase in public debt. Now, governments are shifting focus towards fiscal consolidation, which aims to reduce deficits and manage public debt more effectively.

Mechanisms of Value Creation Empowered by Digitalization

by Xiangyu Song, Peiyou Yu (School of Economics and Management, Qingdao University of Science and Technology) |

Keywords： Digitalization; Management accounting innovation; Value creation; Haier Biomedical

Abstract：In today's digital economy, enterprises are experiencing an accelerated pace of digitalization. Digital empowerment fosters innovation in management accounting, influencing corporate value creation. Using Haier Biomedical Co., Ltd. (hereinafter referred to as "Haier Biomedical") as a case study, this paper delved into how digitalization empowers management accounting innovation and analyzed the mechanism by which such innovation drives corporate value creation. The findings reveal that Haier Biomedical utilizes digital technologies, data assets, and digital organizational structures to innovate management accounting tools, reporting systems, and performance management approaches, leading to increased revenue, optimized expenses, and improved cost control, ultimately driving corporate value creation.

I. Introduction

In November 2021, the Ministry of Finance published the *Outline of the 14th Five-Year Plan for Accounting Reform and Development,* which emphasized the need to comprehensively deepen management accounting reform, enhance corporate value creation, and promote high-quality corporate development. Digital transformation is a crucial strategy for enterprises to achieve strategic transformation and strengthen their competitive advantage (Lyu Changjiang, 2023). In the era of the digital economy, digital resources such as next-generation information technologies and data elements have opened new avenues for innovations in management accounting. These advancements enable enterprises to process data more efficiently and analyze information with greater accuracy, ultimately empowering managers to make informed decisions and enhancing enterprises' capacity for value creation (Xie Zhihua & Ao Xiaobo, 2018). Research on management accounting innovation has expanded significantly, with much of the focus placed on the role of digital technology in transforming management accounting practices. Scholars argue that digital technology enables enterprises to develop

information support systems and innovate management accounting tools (Zhou Yihong & Dong Qian, 2023; Feng Qiaogen, 2024). However, there remains a gap in exploring how data assets and organizational restructuring influence management accounting innovation within the context of digital transformation. Furthermore, while some studies identify management accounting innovation as a critical driver of corporate value appreciation (Chen Yanjie, 2023), limited attention has been given to the mechanisms through which such innovation drives value creation. Haier Biomedical, a subsidiary of the Haier Group specializing in the biomedical sector, has innovated its management accounting framework during its digital transformation, establishing a financial sharing center and introducing tools such as the Win-Win Value Added Statement (WWVA) and a two-dimensional dot-matrix for performance management. Since its listing on the Shanghai Stock Exchange Science and Technology Innovation Board (STAR Market) in 2019, Haier Biomedical has consistently achieved growth in both revenue and net profit, reflecting a strengthened capacity for value creation. This paper examined how Haier Biomedical's digitalization efforts have empowered its management accounting innovation and how such innovation has contributed to its value creation.

II. Literature Review

1. Research on the influence of digitalization on management accounting innovation

In the digital age, achieving core competitiveness requires enterprises to prioritize the digital transformation of management accounting (Feng Qiaogen, 2023). This transformation is influenced not only by digital technology but also by data assets and digital organizational structure.

(1) Influence of digital technology on management accounting innovation

Digital technology is revolutionizing management accounting practices. Traditionally, enterprises relied on manual information processing, a time-consuming and labor-intensive process that often led to low operational efficiency (Bai Fuping et al., 2022). The widespread adoption of digital technologies such as cloud computing, big data, the Internet of Things (IoT), and artificial intelligence (AI) has significantly enhanced the speed and accuracy of financial data processing and analysis for enterprises, thereby expanding the scope of management accounting, enabling more comprehensive cost control and benefit analysis (Wang Huibo, 2021). Additionally, digital technology facilitates the development of intelligent financial decision-making support systems within enterprises. These systems integrate, clean, manage, and analyze data, empowering management accounting to more effectively participate in corporate strategy formulation and implementation, thereby achieving more accurate strategic planning and improving their responsiveness to market changes (Han Xiangdong & Qu Tao, 2020).

(2) Influence of data assets on management accounting innovation

In the digital era, both internal and external data have become as vital to enterprises as land, labor, capital, and technology (Wang Junqing & Chen Yan, 2020). By harnessing digital technologies, enterprises can create virtual twins of the physical world, enabling direct integration with the digital environment. This transformation has significantly expanded the volume of data available for financial use, marking a transition from “small data” to “big data” (Li Feiran, 2021). To effectively manage these data assets, some organizations have introduced the concept of a “fourth financial statement” (Tian Gaoliang & Gao Junwu, 2024). For instance, Haier Biomedical developed the WWVA, a tool that not only evaluates and measures data assets, but also reflects the value of user resources and ecosystem dynamics (Wang Junqing & Chen Yan, 2020). By analyzing both the internal financial data and the external market data, the WWVA enables Haier Biomedical to predict market trends and financial performance, supporting the formulation of more effective financial strategies (Ma Zhiyong, 2019).

(3) Influence of digital organizational structure on management accounting innovation

The intensifying competition in the digital landscape has exposed the limitations of conventional linear organizational structures (Zhang Baishang, 201). In response, many enterprises are transitioning to digital organizational structures, replacing conventional pyramid-like hierarchies with a flat network organizational structure (Xu Jinhua& Xiao Xiaohong, 2018). Compared with the traditional structure, this transformation encourages employees to adopt entrepreneurial roles, boosting their independence and enthusiasm (Zhang Ruimin, 2017). Alongside this shift, enterprises have redefined their performance management approaches to suit the new structure. For example, Haier Biomedical’s two-dimensional dot-matrix model provides a quantitative framework for performance management, enabling real-time tracking of both individual and team performance. This approach not only fosters employee innovation and independence but also strengthens the alignment between employee performance and corporate strategic goals (Ao Xiang, 2021).

2. Research on the influence of management accounting innovation on corporate value creation

First, management accounting innovation drives revenue growth by enhancing data analytics and providing sharper market insights. The integration of big data and analytics tools enables more precise identification of market trends and consumer needs, empowering enterprises to optimize the positioning of their products and services (Wang Jun, 2022). Furthermore, digital management accounting tools have enhanced pricing strategies, enabling enterprises to dynamically adjust prices based on real-time market data, thereby maximizing profitability (Sha Xiujuan et al., 2017).

Second, management accounting innovation cuts operational costs by increasing the accuracy of cost analysis and control. The adoption of automated costing systems and fine costing methodologies, such as activity based costing (ABC), enables enterprises to monitor and manage production costs with greater precision, identifying and eliminating inefficiencies (Peng Jiajun, 2015). Moreover, digital technologies like enterprise resource planning (ERP) systems facilitate the efficient allocation of resources, ensuring higher returns on capital investments through robust data support (Cheng Lihong, 2024).

Third, management accounting innovation reduces management costs through automation and digitization. Digital reporting systems and budget control tools streamline financial processes, minimize manual errors, and shorten processing times, effectively lowering administrative and financial expenses (Peng Jiajun, 2015). The adoption of financial shared service centers or cloud-based accounting systems further enhances the efficiency of financial reporting while achieving economies of scale by centralizing financial tasks, thereby reducing costs (Yang Bo, 2023). Management accounting innovation also improves expense predictability, enabling more accurate budget planning and cost control to prevent unforeseen expenditures (Wang Jun, 2022).

3. Literature review

Existing research provides a foundational basis for this study by examining digital transformation, management accounting innovation, and their influence on corporate value creation. However, much of the current literature investigates the influence of digitalization on management accounting innovation from a single, narrow perspective such as digital technology, overlooking the multifaceted changes brought about by digital transformation and their implications for management accounting innovation. Additionally, many studies predominantly rely on quantitative methods, offering limited case based evidence to illustrate how management accounting innovation contributes to corporate value creation. Therefore, this paper conducted a case analysis of Haier Biomedical, exploring the influence of digitalization on management accounting innovation from multiple dimensions and further investigating how management accounting innovation drives corporate value creation.

III. Research Methodology

1. Research method

This paper adopted a single-case study method for two reasons. First, it sought to explore how digitalization empowers management accounting innovation, addressing the “why” and “how” questions central to this topic (Yin, 2009). Second, it analyzed the mechanism through which management accounting innovation contributes to value creation at Haier Biomedical. The single-case focus allows for an in-depth, detailed, and vivid examination of the phenomenon, supporting a comprehensive understanding of the complex interplay between various elements.

2. Case selection

Haier Biomedical is selected as the subject of this paper based on several considerations: First, case representativeness. In terms of digital transformation, Haier Biomedical began its digital transformation in 2012, well ahead of most enterprises. Since launching its eco-brand strategy in 2019, the company has actively leveraged digitalization to innovate its management accounting systems. In terms of value creation, Haier Biomedical, as a prominent player in the biomedicine field, has demonstrated rapid business growth and strong profitability, making it an ideal subject for studying the relationship between management accounting innovation and corporate value creation. Second, data availability. Access to detailed data and information is crucial for a case study. As a publicly listed company, Haier Biomedical provides transparent financial data through its annual reports and official announcements, further enriched by a wealth of publicly accessible information and the research team's ability to gather first-hand data. Third, alignment between theory and practice. Haier Biomedical's management accounting innovation—including management accounting tools, reports, and performance management approaches—offers ample material for this study, helping bridge theoretical objectives with practical applications, and enabling an in-depth dive into the relationship between management accounting innovation and corporate value creation.

3. Case company

Founded in 2005, Haier Biomedical became the first company in Qingdao to be listed on the STAR Market in 2019. In the same year, the company initiated its digital transformation by innovating a digital scenario-based strategy focused on life sciences and medicine, unveiling its sixth strategic phase centered on the IoT Eco-brand Strategy. Dedicated to providing the best user experience, Haier Biomedical delivers comprehensive digital scenario-based solutions, including smart laboratories, digital hospitals, smart public health systems, and intelligent blood management solutions. These offerings are catered to life science users, such as pharmaceutical enterprises, universities, and research institutions, as well as medical and healthcare users, including hospitals, disease control centers, blood banks, and primary public health departments.

Since 2019, Haier Biomedical has actively pursued its digital transformation strategy, driving significant growth in both revenue and net profit. In 2019, the company reported a revenue of RMB1.013 billion, which surged to RMB2.281 billion by 2023, reflecting a compound annual growth rate (CAGR) of 22.51%. Over the same period, net profit grew from RMB183 million to RMB412 million in 2023, achieving a CAGR of 22.20%. Additionally, Haier Biomedical's gross profit margin reached 50.63% in 2023, marking a year-on-year increase of 2 percentage points, demonstrating consistent growth.

4. Data sources

This paper employed inductive thematic analysis, following the data analysis method proposed by Gioia et al. (2013). Raw data are coded and abstracted to develop theoretical themes.

The analysis drew from multiple data sources, including interviews with managers, notes from participatory observations, and secondary materials such as documents and annual reports published on Haier Biomedical's official website, as detailed in Table 1. Inductive thematic analysis is particularly effective in processing this diverse range of textual data and identifying relevant themes. The paper focused on exploring how management accounting innovation drives corporate value creation, specifically by analyzing Haier Biomedical's approach to innovating management accounting during its digital transformation. By employing inductive thematic analysis, the study provided a deeper understanding of the complex interactions and underlying theoretical connections within this process (Li Zhigang et al., 2021).

Table 1 Data Sources

Data source	Interview-related information and data				
First-hand interviews	Interviewee	Headcount	Theme	Duration (h)	Word count
	Haier Biomedical's CFO	3	Value Creation, Management Accounting	2	32,000 Chinese characters
	Market Head	2	Digital Transformation, Performance Management	3	16,000 Chinese characters
Participatory observations	Haier Biomedical's digital scenario-based display platform and IoT factory				21,000 Chinese characters
Secondary materials	Official website, internal materials, Weixin official account posts, CNKI literature, research reports, books, etc.				65,000 Chinese characters

5. Data coding and selection

The paper began with a review of milestones in digitalization and management accounting at Haier Biomedical since its establishment, with attention paid to the influence of digital transformation launched in 2019 on management accounting innovation, as well as the mechanisms and processes through which these innovations drive corporate value creation.

The research team then coded critical events and activities during digital transformation. These codes were organized into first-order constructs, such as "optimizing and upgrading internal technologies" and "introducing external technologies to accelerate transformation". Next, the first-order constructs were analyzed through a theoretical lens and abstracted into second-order themes that offer deeper theoretical insights. For example, "individualized assessment to stimulate self-motivation" and "dynamic assessment to promptly correct deviations" were summarized into the theme of "Innovation in corporate performance management approaches". Finally, the second-order themes were all grouped into overarching categories. For example, "Optimization of administrative expenses" "Steady diversification of revenue streams" and "Control of operational costs" were consolidated into the theme of "Corporate value creation". The relationships among these themes were then elaborated upon. Together, these theoretical themes and their interconnections formed the theoretical model of the study, which was further refined into a comprehensive data analysis process through discussions and revisions by the research team, as shown in Figure 1.

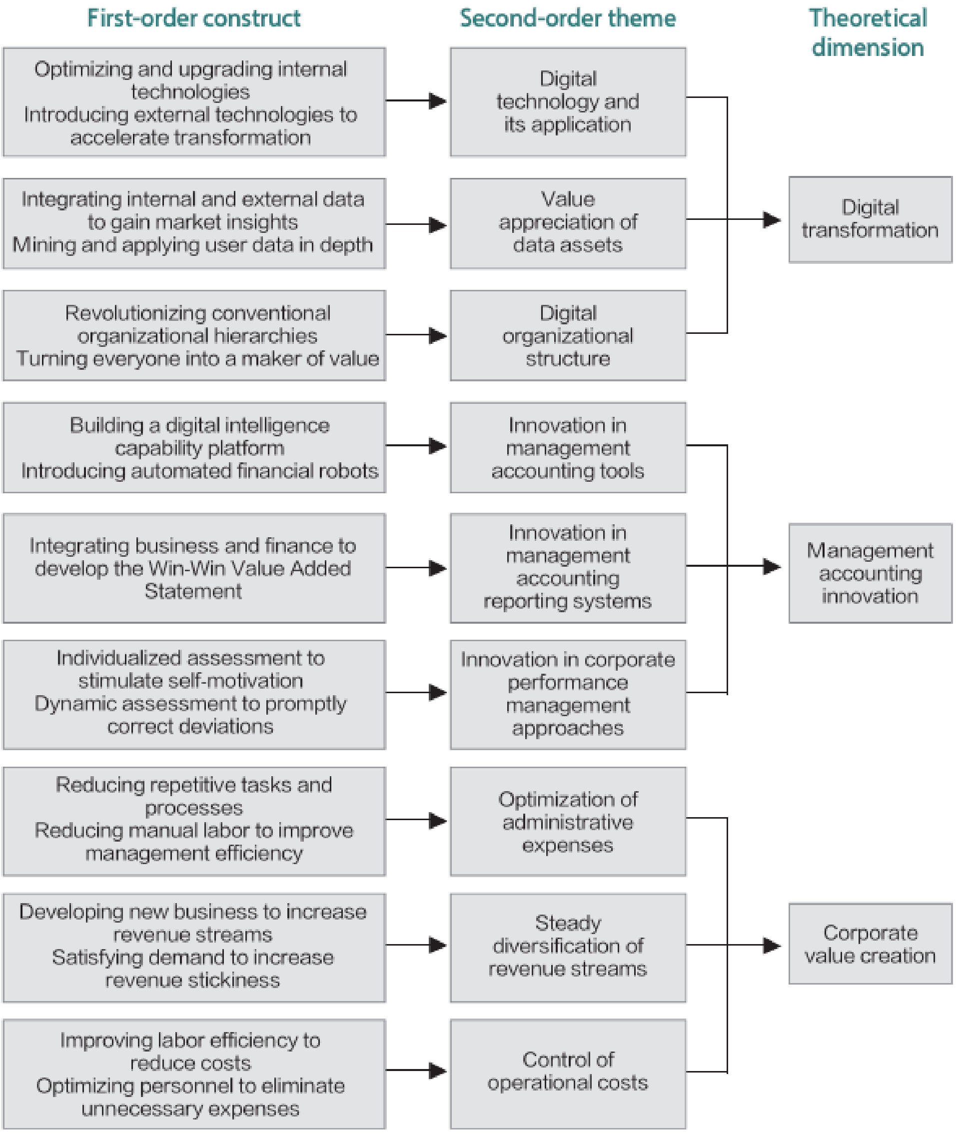

Figure 1 Data Coding Process

IV. Research Findings

Through a stepwise extraction of raw data, this paper identified three key dimensions: digital transformation, management accounting innovation, and corporate value creation. Haier Biomedical has leveraged digital technologies to innovate its management accounting tools, management accounting reporting systems, and performance management approaches, which have optimized expenditures, increased revenues, and controlled costs, thereby driving corporate value creation. The following sections present Haier Biomedical's management accounting innovations and their relationship with corporate value creation.

1. Innovation in management accounting tools and corporate value creation

Case data analysis reveals that Haier Biomedical has harnessed digital technologies to establish a digital intelligence capability platform and introduced financial robots, innovating management accounting tools. These intelligent and automated solutions have streamlined repetitive workflows and improved operational efficiency, reducing the company's administrative expense ratio in the process of corporate value creation. Supporting evidence and detailed coding are shown in Table 2.

Table 2 Supporting Evidence and Coding of Innovation in Management Accounting Tools and Corporate Value Creation

Second-order theme	First-order construct	Relevant excerpt
Digital technology and its application	Optimizing and upgrading internal technologies	Haier Biomedical leverages next-generation information technologies, such as the IoT, to integrate software systems, hardware devices, and IoT infrastructure, empowering advancements in digital intelligence for life sciences and smart healthcare
	Introducing external technologies to accelerate transformation	Collaborating with Laiye Technology and Qingdao Yuanhang, the finance department of Haier Biomedical has developed a scenario-based robotic process automation (RPA)+AI robot, establishing an intelligent financial accounting system focused on budgeting, accounting, taxation, and shared services, thereby accelerating its digitalization and intelligent automation transition
Innovation in management accounting tools	Building a digital intelligence capability platform	Haier Biomedical's digital intelligence capability streamlines the collection, storage, management, and utilization of data, providing a comprehensive data overview of business processes while supporting scenario-based operations
	Introducing automated financial robots	Haier Biomedical has widely deployed its co-developed RPA+AI robot across various functions, including expense reimbursements, procurement payments, order payment collections, accounting, statement issuance, fund reconciliation, and tax filings
Optimizing administrative expenses	Reducing repetitive tasks and processes	Previously facing challenges due to disconnected production and sales data, Haier Biomedical's digital intelligence platform integrates departments with similar functions, enabling centralized financial processing to minimize repetitive financial tasks and streamline operations
	Reducing manual labor to improve management efficiency	Manual querying of 100 accounts previously required nearly 120 minutes. With the RPA+AI financial robot, this task now takes just 5 minutes—a 95% increase in efficiency—saving nearly 900 hours annually while achieving 100% accuracy

(1) Digital technology and its application

Driven by technological innovation, Haier Biomedical continues to refine its internal systems and adopt advanced digital technologies. Internally, the company upgrades its digital infrastructure to enable seamless connectivity across devices and between devices and systems by integrating software, hardware and services. This integration has strengthened its data collection, monitoring, and management capabilities. Externally, Haier Biomedical collaborates with research institutes and universities, utilizing next-generation information technologies such as robotic process automation (RPA) and AI to optimize repetitive and complex business workflows and tasks.

(2) Innovation in management accounting tools

With the support of digital technologies, Haier Biomedical has developed a digital intelligence capability platform and introduced financial robots to innovate its management accounting tools. On the one hand, the platform consolidates economic and business data, streamlining data acquisition, storage, management, and utilization throughout the operational workflow. This establishes a comprehensive framework for business activities that enables scenario-based offerings. On the other hand, financial robots automate routine financial tasks, such as uploading consolidated financial information sheets, gradually establishing themselves as indispensable tools within the finance department.

(3) Optimization of administrative expenses

Haier Biomedical has optimized its administrative expenses through the use of management accounting tools. The standardized platform integrates production and sales data, breaking down information silos and minimizing repetitive tasks caused by fragmented data systems, thereby reducing reliance on administrative roles and associated costs. Additionally, financial robots efficiently perform financial tasks, reducing the risks of delays and errors in information transfer. By mitigating losses and corrective costs stemming from manual errors, these robots have contributed to lowering administrative expenses. Financial data from 2019 to 2023 reveals an overall downward trend in Haier Biomedical's administrative expenses, which accounted for 8.00%, 5.06%, 5.93%, 5.76%, and 5.02% of total expenses, respectively. Labor costs, the largest component of administrative expenses, also decreased during this period, representing 35.02%, 50.21%, 48.40%, 47. 7% and 40.83%, respectively. These trends indicate that innovation in management accounting tools has reduced labor costs, optimized administrative expenses, and enhanced Haier Biomedical's capacity for overall value creation.

2. Innovation in management accounting reporting systems and corporate value creation

As evidenced by case data, the growing volume of data at Haier Biomedical has rendered conventional management accounting reporting systems inadequate for measuring the value of its data assets. These reporting systems no longer meet the company's demand for information processing, analysis and decision making support. In view of the challenges posed by its huge volume of data assets, Haier Biomedical introduced the "fourth financial statement", that is, the WWVA. The WWVA tracks changes in user needs, enabling the company to develop new products and services, thereby diversifying revenue streams and strengthening revenue stickiness. Supporting evidence and detailed coding are shown in Table 3.

Table 3 Supporting Evidence and Coding of Innovation in Management Accounting Reporting Systems and Corporate Value Creation

Second-order theme	First-order construct	Relevant excerpt
Value appreciation of data assets	Integrating internal and external data to gain market insights	Financial statements based solely on internal data provide an accurate snapshot of Haier Biomedical's operational and financial status but typically offer a limited, historical perspective. Integrating external data (e.g., market trends, industry reports, competitor analysis and consumer behavior) enables Haier Biomedical to gain a more holistic understanding of market dynamics
	Mining and applying user data in depth	Understanding user needs and feedback is crucial in the healthcare industry. By analyzing user data, Haier Biomedical gains deeper insights into market demands, enabling the design and adaptation of products and services to better address these needs
Innovation in management accounting reporting systems	Integrating business and finance to develop the Win-Win Value Added Statement	The WWVA integrates traditional financial data with user behavior and market feedback, establishing a comprehensive value measurement system. This system segments users based on engagement levels, accurately recording various user categories and evaluating the transition of transactional users into interactive and lifetime users. It not only provides a clear overview of the user base but also identifies changes in user loyalty
Steady diversification of revenue streams	Developing new business to increase revenue streams	Through precise alignment of data analysis with user needs, Haier Biomedical introduces a range of value-added services, including health monitoring and personalized treatment plans. These services diversify revenue streams by leveraging the in-depth mining and application of user data
	Satisfying demand to increase revenue stickiness	Haier Biomedical tailors its marketing strategies to accommodate the evolving preferences of downstream users, which enhances user reliance on the company's offerings, thereby increasing the value of its services

(1) Value appreciation of data assets

In the digital era, data has emerged as a critical production factor underpinning Haier Biomedical's value creation. The company has transitioned from relying on internal data to integrating external data into operations management and decision-making, thereby gaining deeper business insights. Previously, Haier Biomedical primarily focused on hardware sales, catering to a relatively homogeneous customer base. Today, as a comprehensive solution provider, the company leverages customer data to offer tailored, scenario-based solutions. This strategic use of user data has become a key driver of its business operations and innovation efforts.

(2) Innovation in management accounting reporting systems

As Haier Biomedical 's operation s expand, its user base continues to grow. To more accurately measure corporate value, the company introduced the WWVA as an enhancement to the three traditional financial statements (i.e. the balance sheet, the income statement, and the cash flow statement). The WWVA integrates user resources, revenue, costs, value-added sharing among ecosystem partners, marginal gains, and profits into its management accounting framework. Unlike conventional financial statements, which focus solely on financial data, the WWVA is user-centric. It categorizes user resources into specific, measurable indicators, enabling detailed analysis of revenue streams and cost allocations, and empowering decision-makers to identify operational inefficiencies based on insights derived from financial reports.

(3) Steady increase of diverse revenue streams

Through the WWVA, Haier Biomedical has successfully diversified its revenue streams and strengthened revenue stickiness. By leveraging specific user resource metrics offered by the WWVA, On the one hand, the company accurately identifies user needs and develops a range of value-added services informed by data analysis, thereby creating new revenue streams. On the other hand, the WWVA provides a detailed overview of both revenue streams and cost allocations, enabling Haier Biomedical to pinpoint its most popular products and services for targeted improvements, which, in turn, increases user satisfaction and revenue stickiness.

Financial data indicates that Haier Biomedical's operating revenue more than doubled, growing from RMB1.013 billion in2019 to RMB2.281 billion in 2023. In 2023, revenues from emerging industries comprised 38% of the total, marking a year-on-year increase of over 30%. This growth suggests that Haier Biomedical's new business initiatives, designed to meet evolving user needs, are making an increasingly significant contribution to overall revenue and broadening the revenue streams. Additionally, the company achieved a new user acquisition rate exceeding 30% in both 2022 and 2023, highlighting its ability to consistently attract new customers while driving increased purchases among existing ones, further bolstering its revenue stickiness.

3. Innovation in performance management approaches and corporate value creation

Case data reveals that Haier Biomedical has restructured its organizational framework during its digital transformation, adopting a network-based, node-centric system supported by a two-dimensional performance management approach to enable more personalized and dynamic performance management practices. The updated performance management model shifts Haier Biomedical's value creation strategy from being management-driven to one centered on employee autonomy in decision making and operations, reducing operational expenses. Supporting evidence and detailed coding are shown in Table 4.

Table 4 Supporting Evidence and Coding of Performance Management Innovation and Corporate Value Creation

Second-order theme	First-order construct	Relevant excerpt
Digital organizational structure	Revolutionizing conventional organizational hierarchies	Haier Biomedical adopts a node-based structure that revolutionizes conventional organizational hierarchies, eliminating departmental barriers and fostering direct interactions among employees. By removing traditional leadership roles, employees take full ownership of their work and engage directly with users, eliminating the need for middle management as intermediaries
	Turning everyone into a maker of value	Introducing the philosophy that "Everyone is a maker", Haier Biomedical redefines employee roles. Rather than being confined by conventional employment relationships, the company and its employees operate in mutual reliance. Specifically, in this model, the organization depends more heavily on its employees, who are now positioned as central contributors to value creation
Innovation in performance management approaches	Individualized assessment to stimulate self-motivation	Haier Biomedical utilizes a two-dimensional dot-matrix performance management framework that integrates personnel and tasks to manage and optimize performance both vertically and horizontally. The vertical dimension emphasizes individual responsibilities and growth, while the horizontal dimension tracks project progress and outcomes. This model provides clarity on employees' roles and contributions within the organization
	Dynamic assessment to promptly correct deviations	Unlike conventional performance management practices, which often involve periodic reviews, the two-dimensional dot-matrix model transforms performance management into a continuous process. With real-time monitoring, management can swiftly identify issues and adjust strategies accordingly, while employees can adjust their work direction and approaches based on feedback
Control of operational costs	Improving labor efficiency to reduce costs	By directly linking performance to compensation (pay for performance), the two-dimensional dot-matrix model incentivizes employees to work more efficiently, enabling them to achieve greater outcomes in the same or even reduced timeframes
	Optimizing personnel to eliminate unnecessary expenses	The two-dimensional dot-matrix model allows Haier Biomedical to monitor revenue generated by each employee, thereby optimizing its workforce. Leveraging the two-dimensional dot-matrix model, Haier Biomedical can monitor revenue generated by employees, thereby optimizing its workforce composition

(1) Digital organizational structure

Haier Biomedical has adopted a new organizational framework in its digital transformation. Moving away from conventional hierarchical structures, it embraced a network based, node-centric model that empowers employees to engage directly with customers and make optimal decisions. Employees are now defined as "makers", highlighting their roles as independent innovators and value creators. This shift also redefined the relationship between management and employees: management transitioned from being a directive authority to serving as providers of resources and supporters of employees, while employees evolved from passive executors to self-driven operators.

(2) Innovation in performance management approaches

Haier Biomedical 's organizational restructuring introduced a personalized and dynamic two-dimensional dot-matrix model for innovation in performance management app roaches. The model is personalized because it allows employees to define their own performance goals and responsibilities, fostering creativity and enthusiasm in their work. It is dynamic because business data is updated in real time to reflect changes in market conditions and business needs, enabling timely adjustments to team composition, goals, and tasks. By innovating performance management approaches, Haier Biomedical effectively aligns employees' individual development with strategic goals and market demands, ensuring a sustained competitive edge in a highly competitive marketplace.

(3) Control of operational costs

Haier Biomedical has significantly reduced its operational costs through innovative performance management approaches. By adopting individualized performance evaluations, the company motivates employees to enhance their enthusiasm, skills, and work efficiency, thereby reducing workforce demands and associated labor costs. The integration of dynamic performance evaluations allows for real-time monitoring of productivity data, helping to reduce employees who contribute less to value creation so as to minimize unnecessary expenses.

Financial data reveals that Haier Biomedical maintains a cost and expense ratio well below the industry average. From 2019 to 2023, the company's operational costs as a percentage of revenue were 46.40%, 49.50%, 49.86%, 51.85% and 49.36%, respectively, averaging around 50%, compared to the specialized manufacturing sector 's average of 60%. Analysis of workforce compositions further highlights a strategic shift, with reductions in production and administrative personnel and increases in sales and technical personnel. This aligns with the company's ecosystem strategy, which emphasizes optimizing workforce composition by reducing production and administrative roles while expanding scenario based business R&D and market service positions to enhance value creation. Through these innovative performance management practices, Haier Biomedical has enhanced its ability to promptly adjust workforce composition, minimize unnecessary expenses, and strengthen its operational cost controls.

V. Conclusions and Implications

1. Research conclusions

This paper conducted an in-depth analysis of the central question of how digitalization empowers management accounting innovation to drive corporate value creation. The findings reveal that enterprises leverage digital technologies, data assets, and digital organizational structures to drive innovations in management accounting tools, reporting systems, and performance management approaches. These innovations have led to optimized expenses, increased revenue, and controlled costs, collectively driving corporate value creation. A detailed representation of this mechanism is shown in Figure 2.

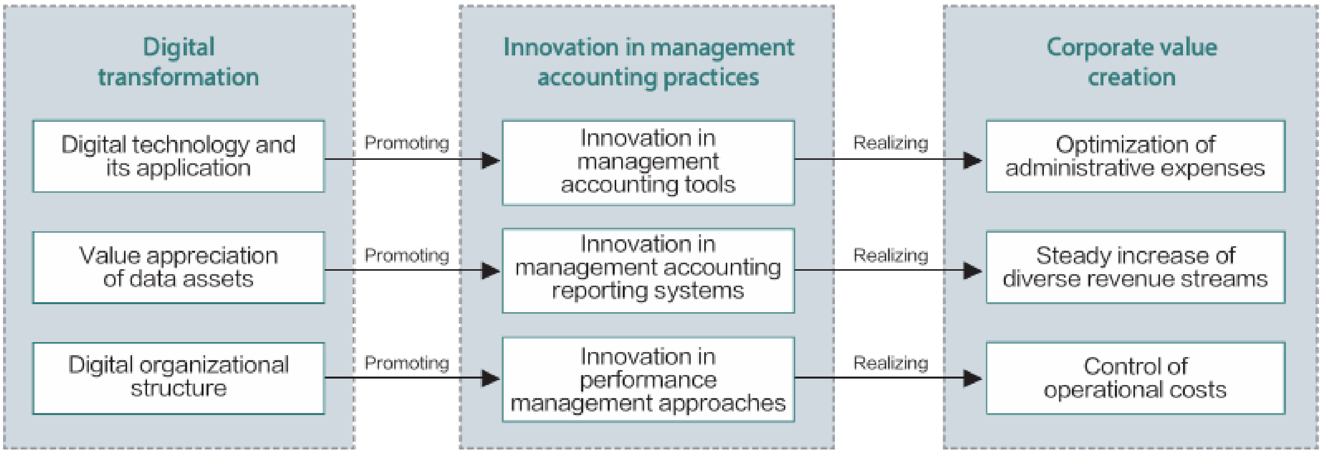

Figure 2 Mechanism of Management Accounting Innovation Empowered by Digitalization to Drive Corporate Value Creation

2. Research implications

The findings indicate that digitalization plays a role in empowering management accounting innovation, ultimately driving corporate value creation. However, this process faces challenges: First, digital transformation extends beyond technological upgrades to include organizational change. A lack of consensus within the organization on these changes can impede management accounting innovation and limit its potential to drive corporate value creation. Second, digital transformation and management accounting innovation require considerable investments in technology acquisition, system development and implementation, and employee training. These efforts may yield limited short-term returns, creating pressures on corporate performance.

Third, digitalization and management accounting innovation influence employee motivation and efficiency, which, in turn, affects corporate management and operational performance. Therefore, ensuring employees are equipped to embrace new technologies and tools remains a critical challenge.
To address challenges in digitalization and management accounting innovation, the following strategies are recommended: First, measures such as improving internal communication and adjusting incentive mechanisms should be taken to facilitate organizational restructuring , digital transformation, and management accounting innovation. Second, feasible digital investment plans with clear return expectations should be developed to drive management accounting innovation through phased implementation, evaluations of investment effectiveness, and dynamic adjustments. Third, employee training should be emphasized to shift their mindsets, improve their proficiency in using digital technologies and management accounting tools. These efforts will boost employees' self-motivation, improve work efficiency, drive revenue growth, control costs, and ultimately create corporate value.

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