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Enterprise Management and Risk Assessment Analysis Practice

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Abstract: Finance is the core competitiveness of the country. Since the reform and opening up, China's financial industry has developed rapidly and made historic achievements, but there are still many contradictions and problems that make it difficult to meet the requirements of high-quality economic development. First, the debt problem: China's enterprises, local governments and household sectors are all facing considerable debt pressure. Some enterprises and local governments have hidden debts, and the debt of the household sector is also increasing. This poses a risk to the stability of the financial system.Second, financial institution risk: Some financial institutions have risks, including credit risk and liquidity risk. Some non-bank financial institutions have relatively low capital adequacy ratios and are potentially at risk of default.Third, financial chaos: some financial chaos problems still exist, such as illegal fund-raising, online financial fraud and so on. These issues challenge the effectiveness of financial regulation and public trust in the financial system.Fourth, structural problems in the financial system: there are some structural problems in China's financial system, such as insufficient interaction between the banking sector and the capital market, and relatively low efficiency of financial resource allocation. These problems constrain the development of the financial system and sustainable economic growth.

Keywords: risk-return, finance, enterprise management

1. Introduction

This paper mainly explains the definition of finance, then explains the definition of money, and then explains the specific content of risk-return, and finally begins the theme of this paper, enterprise management and risk assessment

Finance is a systematic study of money, funds, and investments. It involves how to obtain, manage, and utilize funds, as well as making decisions on how to invest and allocate resources. Finance includes banking, securities, insurance, and other financial institutions. The core of finance is cross-time and cross-space value exchange. All transactions involving the allocation of value or income between different times and different Spaces are financial transactions. Finance is to study why, how and how cross-time and cross-space value exchange occurs. Like the Shanxi "ticket number" developed in the Ming and Qing dynasties, it is mainly for the purpose of remote value exchange, so it needs to be transported across the region [1].

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Currency is a widely accepted and exchangeable tool for economic transactions. The government usually issues it and has legal value. Currency is used for buying and selling goods and services, as well as serving as a reserve and unit of measurement.

Asset pricing refers to the process of determining the price or value of an asset or security [1]. It involves evaluating the expected cash flows and risks of assets to determine reasonable pricing. Asset pricing models estimate the value of assets or securities by considering various factors such as market demand, supply, risk, and returns.

Risk return refers to the relationship between the potential risks faced in an investment and the desired return [2]. In the financial field, investors must balance the risks of investment with the expected returns. Usually, the return on investment is proportional to the risk. High-risk investments may bring higher returns, while low-risk investments typically have lower returns. Risk return analysis helps investors make decisions between different investment choices.

Enterprise management and risk assessment are one of the core elements for achieving sustainable development in enterprises. The following are some key points for practical enterprise management and risk assessment: First, Clarify the vision and mission of the enterprise: Enterprise management should always be guided by the long-term goal of the enterprise, clarify the vision and mission of the enterprise, and provide guidance for the decision and action of the enterprise. Secondly, set clear goals and strategies: Business management needs to set specific and measurable goals, and formulate corresponding strategies and plans to achieve these goals. Thirdly, Establish an effective organizational structure: Enterprise management should ensure that the enterprise has a reasonable and efficient organizational structure, clarify the responsibilities and authority of various departments and posts, and promote the flow of information.

2. Literature Review

Enterprise management refers to the organization, coordination, leadership, and control of various aspects of an enterprise to achieve its goals. In practical operations, enterprise management requires effective management at all levels from strategic planning to daily operations. This includes establishing clear goals and targets, effectively allocating resources, establishing effective communication and collaboration mechanisms, and continuously evaluating and improving performance.

Risk assessment refers to the identification, analysis, and evaluation of potential risks faced by enterprises, in order to take corresponding risk management measures in a timely manner. In practical combat, risk assessment requires a comprehensive analysis of the internal and external environment, identification of potential risks, and quantitative or qualitative assessment. The key to assessing risk is to determine the probability and impact of the risk, as well as to evaluate potential losses and the cost-effectiveness of risk response measures.

3. Practical Skills and Tools

Enterprise management and risk assessment require the use of various practical skills and tools. This includes strategic planning tools such as SWOT analysis, goal and indicator setting; Daily management tools such as performance management, project management, and team collaboration; Risk assessment tools such as risk matrix, risk event tree, and risk impact matrix. SWOT analysis is a commonly used tool for enterprise management and risk assessment. The empirical results show that in periods of financial boom and recession, the economic growth rate is low, and the financial crisis is easy to break out [3]. By contrast, in a financial normal period, economic growth is higher and the financial system is more stable. This means that economic growth and financial stability can be helped only when the financial cycle is in a relatively smooth and normal state, whereas, regardless

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of whether the financial cycle is too hot or too cold, economic growth and financial stability will be significantly negatively affected. In addition, regardless of the stage of the financial cycle (boom, recession or normal), the increase in financial volatility is accompanied by a lower economic growth rate and a higher probability of a financial crisis, which means that the increase in financial volatility will not only significantly weaken a country's economic growth, but also lead to a significant increase in the instability of the financial system.

The steps for conducting a SWOT analysis in actual combat are as follows:

Strengths: Identify the unique resources, skills, and brand advantages of the enterprise in market competition. This may include patented technology, high-quality customer service, brand awareness, highly specialized employees, etc. Advantage analysis can help enterprises determine their core competitiveness in the market.

Weaknesses: Identify the weaknesses and shortcomings of the enterprise in competition, such as a lack of key technologies, weak supply chains, and imperfect management systems. Disadvantage analysis can help companies recognize areas for improvement in order to enhance their competitiveness and performance.

Opportunities: Identify opportunities in the external environment, such as market demand growth, technological innovation, regulatory changes, etc. Opportunity analysis can help companies seize opportunities, develop new products or enter new markets, in order to achieve growth and expansion.

Threats: Identify potential threats in the external environment, such as intensified competition, policy changes, emerging technologies, etc. Threat analysis can help businesses recognize potential risks and challenges, and develop corresponding risk management plans.

In summary, SWOT analysis is one of the practical tools for enterprise management and risk assessment. Analyzing the internal and external environment helps enterprises identify their strengths, weaknesses, opportunities, and threats, formulate corresponding strategies and action plans, and continuously learn and improve in practice.

Risk matrix, risk event tree, and risk impact matrix are all risk assessment tools widely used in enterprise management and risk assessment practices.

Risk Matrix: A risk matrix is a tool used for qualitative and quantitative assessment of risks. It divides the likelihood and impact of risks into two dimensions, usually plotted as a 2x2 matrix. The likelihood of risk can be divided into three levels: high, medium, and low, and the impact of risk can be divided into three levels: high, medium, and low. According to different likelihood and impact levels, each combination can be assigned corresponding risk levels, such as high risk, medium risk, and low risk. The risk matrix can help enterprises intuitively understand and evaluate the priority of different risks, and determine corresponding risk management measures In order to solve the problem that the traditional risk matrix will produce a "risk junction" in the risk assessment study, which makes it difficult to rank the importance of risk events in the same risk level, a method based on the combination of risk matrix method and Borda order value method is proposed to study the risk assessment of urban buried gas pipelines. Firstly, the risk matrix method is used to classify the risk probability of each risk event, which will produce the problem of "risk junction". Then, the traditional risk matrix is modified by linear interpolation and Borda ranking. Finally, this method is used to evaluate the risk of a city's underground gas pipeline. The results show that the method can rank each risk event according to its importance and improve the accuracy of risk assessment results effectively. This method is used to evaluate the risk grade of a certain urban underground gas pipeline as medium risk. The research results can provide some reference for effectively preventing urban ground activity damage, design defects, equipment failure and other important risk events, and then reduce the incidence of urban buried gas pipeline failure and other accidents [4].

Risk Event Tree: A risk Event Tree is a tool for systematically representing and analyzing risk events and their possible outcomes. The risk event tree starts with a root node and is divided into

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different branches. Each branch represents a possible outcome and ultimately reaches the leaf node, representing the final risk outcome. Each node can also represent the likelihood and impact of the result occurring. By constructing a risk event tree, enterprises can clearly understand the likelihood, impact, and causal relationships associated with risk events, help them identify and analyze potential risks, and develop corresponding management strategies. Conducting a risk analysis on nuclear plants using the dynamic event tree (DET) to improve the accuracy of consequence analysis of the system state significantly increases the number of event tree (ET) branches. Several methods have been developed to reduce the number of branches and event sequences of DET. In this study, we developed a new risk analysis method using a relatively small ET to estimate risk considering time changes in the system state of a target system, in a drastic short time. The main features of the proposed method are: to set some headings that cause the same branches on every event sequence outside of the ET to keep it small; to set the probability distribution function or cumulative distribution function of the time to activate each of the safety measures which have the monotonous relation to the risk; and to estimate the maximum and minimum risk values of every event sequence using these probabilistic distributions. The proposed risk analysis method can drastically reduce the time required for consequence analysis, i.e., the number of simulations is drastically reduced. Furthermore, conducting risk analysis by this method is proved to be equivalent to using a DET in principle [5].

Risk Impact Matrix: The risk impact matrix is a tool used to evaluate the degree of impact of risks on corporate or project objectives. It is used to determine the importance of different risk events to enterprise goals and help enterprises prioritize risk management. The risk impact matrix is usually composed of multiple columns, with each column representing a risk event and each row representing a goal or project element. By evaluating the degree of impact of each risk event and goal (usually in a qualitative manner), the corresponding cells of the matrix can be filled in. Then, based on the results filled in, the risk events that need to be focused on can be determined, and corresponding management measures can be selected.

These evaluation tools help enterprises effectively identify, evaluate, and manage potential risks, thereby improving their ability to respond to risks and providing an important basis for enterprise management decisions. When using these tools, appropriate adjustments and customizations need to be made based on specific situations and needs.

Enterprise performance and risk monitoring: In practice, enterprises need to continuously monitor and evaluate their own performance and risk situation. This can be achieved by establishing appropriate performance and risk indicators. The key to monitoring enterprise performance and risks is to collect and analyze relevant data in order to take timely measures to correct problems and prevent risks.

Regarding the value impact of oil companies and innovative technology companies, the following are some possible explanations: Oil companies, due to high profits and high dividends, but not expected to grow much in the future, if interest rate changes caused by central banks (such as the Federal Reserve) will lead to an increase in borrowing costs, which will have a greater impact on the profitability and stock value of oil companies. In addition, changes in interest rates may also affect the investment plans and capital expenditures of oil companies, thereby affecting their future profitability.

Compared to oil companies, innovation technology companies may not have high profits, pay low dividends, or do not pay dividends. For these companies, changes in interest rates caused by central banks may have a significant impact on their access to funds and investments, as they rely on investment and financing to achieve innovation and business development. Therefore, changes in interest rates may have a greater impact on the value of innovative technology companies.

It should be noted that when evaluating factors that affect the company's value, other factors need to be considered, such as industry prospects, the company's financial situation, and the competitive

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environment. Therefore, in practical practice, analyzing the value impact of enterprises requires comprehensive consideration of various factors to develop appropriate management and risk assessment strategies.

The evaluation of future corporate financial development will be influenced by various factors, including macroeconomic environment, industry trends, market competition, management capabilities, and corporate strategy.

Firstly, the macroeconomic environment is crucial for the development of corporate finance. If the economy grows strongly, interest rates are low, and consumer confidence is high, companies have more opportunities to expand their business, increase profits, and invest. On the contrary, if there is an economic recession and financial instability, companies may face challenges and risks. Based on dynamic panel data of 68 major economies over the period of 1981-2012, this paper investigates the impact of financial cycle and financial volatility on economic growth and financial stability. The empirical results show that the boom and recession phases of the financial cycle are often associated with lower economic growth and a higher probability of financial crisis [4]. By comparison, in the normal phase of the financial cycle, economic growth is higher and the financial system is more stable. This indicates that both the overheating and overcooling of the financial system are harmful to economic growth and financial stability, and the reverse is true and vice versa. In addition, no matter what phases the financial cycle is in, larger financial volatility is always associated with lower economic growth and a higher probability of a financial crisis, suggesting that the increase in financial volatility is harmful to both economic growth and financial stability.

China's past ultra-high speed economic growth is not in line with the law of sustainable economic development, nor will it be the normal economic development, the achievements of the past 40 years are remarkable, but its hidden dangers and risks are also brewing, the economic growth in recent years is one of the problems. In the new era, the only way to prevent systemic risks is to rely on macroeconomic management. Macroeconomic management is of great significance in promoting the high-quality development of the market economy, resolving trade frictions, and resolving major risks in the market economy. In the future, under the premise of adhering to the leadership of the Party, macroeconomic management can make efforts from the construction of laws and regulations and the training of talents, and orderly solve many problems in the development of the market economy [6].

Secondly, industry trends and the competitive landscape also have a significant impact on the development of corporate finance. Some industries may have growth opportunities, while others may face difficulties. The company needs to closely monitor industry development trends and market competition to adapt to changes and achieve sustained growth. After Coase, Western scholars mostly regarded enterprises and markets as two different ways of coordinating the economic operation, and the choice of these two methods depends on the level of transaction or organizational costs. However, this view of Western scholars is basically based on the experience and facts of developed countries and is based on the analysis premise of developed market economy. In fact, for underdeveloped and developing countries with underdeveloped market economies, their markets and enterprises have not yet fully developed, and the pricing and enterprise mechanisms cannot fully and effectively play a role in coordinating economic operations. In this situation, although there is a mutual substitution between enterprises and the market in certain fields, in economic development, the two are mostly in a mutually promoting and promoting relationship [7].

Thirdly, the management ability of a company is crucial for financial development. Efficient financial management, risk management, and strategic planning are important factors in ensuring the financial development of a company. Companies need transparent and accurate financial reports, as well as effective risk management measures.)The rapid development of the market economy has brought numerous opportunities and challenges to the economic development of the world. In order to gain survival and development space in the fierce market competition, enterprises have gradually

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realized the need to improve their performance through innovative management models. The management method of the excellent performance model has been verified through many practices and is in line with the current situation of economic globalization and market competition, The construction system has a certain degree of systematicity and logicality. Taking the excellent performance model as the framework for enterprise management innovation, combining the management methods of the excellent performance model with the operation and operation of the Guangdong Provincial Government Quality Award, and analyzing its development prospects, can improve the organizational and management capabilities of enterprises [8]. Research has found that the more risk warning information in annual reports, the lower the accounting robustness, and it is greatly affected by the degree of product market competition; The more intense the competition in the product market, the more significant the negative effect of annual report risk warning information on accounting conservatism. At the same time, it was found that deepening the degree of information asymmetry measured by financial data has become a transmission path for annual report risk warning information to reduce accounting conservatism. After further considering factors such as endogeneity and segmentation of accounting conservatism, the conclusion still holds. Research shows that accounting conservatism is a corrective convention for accounting information quality, Affected by the external governance environment of enterprise management's prediction of future risks and product market competition, the research findings not only make up for the long-standing neglect of unstructured data in accounting conservatism research, but also provide direct empirical evidence for the institutional arrangement and improvement of risk warning information and governance mechanisms [9].

Finally, the company's strategy and development plan are also crucial for financial development. The company needs to have clear goals and plans, as well as correct market positioning and product portfolio strategies. At the same time, the company needs to make flexible adjustments and decisions based on market demand and competitive environment. With the popularization of technologies such as the Internet, new technologies such as big data and cloud computing have emerged. These new technologies have played an increasingly important role in the development of the industry and have profoundly changed the direction of its development. Enterprise management in the big data environment also needs to actively make adjustments and changes, especially through the use of big data for management innovation and the convenience provided by big data to effectively improve traditional enterprise management approaches, Improve the scientific, effective, intelligent, and targeted nature of enterprise management, effectively improve the efficiency and quality of enterprise production and operation management, promote new development and improvement of enterprises in the big data environment, and promote the effective improvement of enterprise operating efficiency [10].

4. Conclusion

In summary, the evaluation of future corporate financial development needs to comprehensively consider multiple factors such as macroeconomic environment, industry trends, market competition, management capabilities, and corporate strategy. Only by correctly evaluating and adapting to these factors can companies achieve sustainable financial development. Based on the empirical results, several policy implications are obtained. First, considering the significant positive effects of financial development on firm innovation, deepening financial reform and promoting financial development will improve the financing environment, foster innovation, and promote technological progress and industrial transformation. Second, it is essential to continue the process of industrialization and opening-up. At the same time, for regions with weak fiscal capacity and scarce human resources (or low education levels), special attention should be paid to utilizing financial development to enhance

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innovation-driven growth. Third, R&D activities should be encouraged through greater cultivation of creative talent, protection of intellectual property, and support for innovation.

Finance is a very good subject, even called an art, it has a lot of mysteries, you need to study it, understand the relationship between various factors, maybe a management system will lead to a series of benefits, or risk will lead to a series of chain reactions. But if people can master these secrets, it will be a good step forward in human thinking and analysis of employment based on the literature review, only by correctly evaluating and adapting to risk evaluation, risk events, enterprise management and so on can companies achieve sustainable financial development.

Only by correctly evaluating and adapting to these factors can companies achieve sustainable financial development.

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