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ECONOMICS AND MANAGEMENT FACULTY

Public management and administration Department

QUALIFICATION WORK

Education Degree - Master

on: **Improvement of risk management in
enterprises**

Completed:

student of
073 «Management» (EP «Administrative
Management»)
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**Faculty
Department**

Economics and Management
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Field of Study

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TASK

on qualification work for student

QinFan

**1. Theme of Improvement of risk management in enterprises
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work:**

Supervisor Alina Mykhaylivna Brychko, PhD., Associate Professor

approved by the university from

2. Deadline for student completed project (work)

March, 08 2024

3. Background to the project (work):

educational methodical manuals, monographs, textbooks on the subject of research, scientific publications, economic and financial statements for the period of 2020-2022

4. Contents of settlement and explanatory notes (the list of issues to develop):

Learn the concept of risk management on enterprises, analyze economic risks of the enterprise, develop ways to improve the management system risks on enterprises

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CALENDAR PLAN

№	Title the stages of the degree project (work)	Date of performance project stages	Note
1	Definition and approval of the thesis, preparation of the plan - schedule of work	<i>December 2022</i>	done
2	Selection and analysis of literary sources, the preparation of the first theoretical chapter	<i>December 2023</i>	done
3	Preparation and presentation of draft of the first chapter of the thesis	<i>January 2024</i>	done
4	Collection and processing of factual material, synthesis analysis of application issues in the enterprise	<i>February 2024</i>	done
5	Making the theoretical part of the thesis, summarizing the analytical part	<i>February 2024</i>	done
6	Design options improve the research problem	<i>March 2024</i>	done
7	Completion of the project part of the thesis, design chapters	<i>March 2024</i>	done
8	Previous work and its defense review	<i>March 2024</i>	done
9	Checking the authenticity of the thesis	<i>March 2024</i>	done
10	Deadline for student completed the thesis	<i>March 2024</i>	done
11	Defense of the thesis	<i>March ,22 2024</i>	done

Student Supervisor of science work Authentication performed Checking the authenticity conducted. Thesis allowed to defense	<i>Qin Fan</i> _____ (signature) _____ (signature) _____ (signature) _____ (signature)	<i>Qin Fan</i> _____ Alina Brychko _____ Nadiia Baranik _____ Marharyta Lyshenko
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SUMMARY

Qin Fan. Improvement of risk management in enterprises.

Master's thesis in the specialty 073 «Management», EP «Administrative Management» SNAU, Sumy-2024 - Manuscript.

Master thesis aims to explore the strategies to improve enterprise risk management and the application of information technology in risk management. The introduction section first introduces the importance and current situation of enterprise risk management, clarifies the research objectives of this paper, and clarifies the significance and value of improving enterprise risk management.

In the analysis chapter of the current situation of enterprise risk management, the concept and characteristics of enterprise risk management are expounded, the advantages and disadvantages of the traditional enterprise risk management mode are analyzed, the development trend and characteristics of modern enterprise risk management are introduced, and the challenges and problems existing in the current enterprise risk management are analyzed. In the part of improving enterprise risk management strategy, this paper introduces the identification and evaluation methods of improving enterprise risk management, discusses the tools and technology application of improving enterprise risk management, analyzes the optimization strategy of enterprise risk management process, and discusses the construction and implementation of enterprise internal risk management culture.

Then in the application of information technology in risk management, introduces the application of big data technology in enterprise risk management, discusses the role of artificial intelligence technology in risk prediction and management, analyzes the block chain technology application prospects in risk prevention, and expounds the cloud computing technology in the risk data storage and management advantages. In the part of the risk management performance evaluation, the paper introduces the establishment and application of the enterprise risk management performance evaluation index system, discusses the importance of the enterprise risk management information disclosure and communication, analyzes the methods and practices of the risk management performance evaluation, and evaluates and analyzes the risk management performance of the enterprise in combination with actual cases.

Finally, improve the enterprise risk management system way part proposed to improve the enterprise risk management policy and system construction suggestion, discusses the talent training and team building the importance of enterprise risk management, recommended to improve the enterprise risk management technology and tools application strategy, and suggest to strengthen the construction of risk management culture and implementation. The summary part summarizes the research results and conclusions of this paper, points out the existing problems and shortcomings, and prospects the future development direction of enterprise risk management research and puts forward improvement measures.

Keywords: enterprise risk management, information technology application, risk identification and evaluation, risk management performance evaluation, Gree company enterprise risk management.

Анотація

Цин Фань. Удосконалення управління ризиками на підприємствах.

Магістерська робота зі спеціальності 073 «Менеджмент», ОП «Адміністративний менеджмент» СНАУ, Суми-2024 р. – Рукопис.

Робота спрямована на дослідження стратегій покращення управління ризиками підприємства та застосування інформаційних технологій в управлінні ризиками. У вступному розділі описано важливість і поточний стан управління ризиками підприємства, роз'яснюються цілі дослідження цієї статті, а також пояснюється важливість і цінність вдосконалення управління ризиками підприємства. В аналітичній частині розглянуто управління ризиками підприємства, викладено концепцію та характеристики управління ризиками підприємства, проаналізовано переваги та недоліки традиційного режиму управління ризиками підприємства, представлено тенденцію розвитку та характеристики сучасного управління ризиками підприємства. У частині вдосконалення стратегії управління ризиками підприємства ця стаття представляє методи ідентифікації та оцінки вдосконалення управління ризиками підприємства, обговорюються інструменти та технологію застосування покращення управління ризиками підприємства, аналізує стратегію оптимізації процесу управління ризиками підприємства та обговорює побудову впровадження внутрішньої культури управління ризиками підприємства. Потім у застосуванні інформаційних технологій в управлінні ризиками представляється застосування технології великих даних в управлінні ризиками підприємства, обговорює роль технології штучного інтелекту в прогнозуванні та управлінні ризиками, аналізує перспективи застосування технології ланцюга блоків у запобіганні ризикам і пояснює технологія хмарних обчислень у збереженні даних ризику та перевагах управління. У частині оцінки ефективності управління ризиками, стаття представляє створення та застосування системи індексів оцінки ефективності управління ризиками підприємства, обговорюється важливість розкриття інформації про управління ризиками підприємства та комунікації, аналізує методи та практики ефективності управління ризиками.

Запропоновано покращити політику управління ризиками підприємства та пропозицію щодо побудови системи, обговорено підготовку формування команди, важливість управління ризиками підприємства, рекомендовано покращити стратегію застосування технологій управління ризиками підприємства та інструментів, а також пропонується зміцнити побудову культури управління ризиками та впровадження.

Ключові слова: управління ризиками підприємства, застосування інформаційних технологій, ідентифікація та оцінка ризиків, оцінка ефективності управління ризиками, управління ризиками компанії Gree.

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INTRODUCTION

Risk is caused by uncertainty, the lack of complete information about the phenomenon or event, and the impossibility of predicting the development of the event. When choosing a solution from several possible options, there are risks, and it is impossible to be sure that it is the most effective. Decisions and measures can be taken to reduce the risk, but it is impossible to completely eliminate it. There is almost no economic risk. Most risk situations are difficult to predict and control, so it is almost impossible to completely eliminate risks. That is why even a seemingly perfect solution can cause losses. Risk is an integral sign of the object's presence on the market.

Indeed, if the purpose of the organization is profit, then this profit is the reward for successful risk. We hope that the more or less significant profit does not involve serious risks.

Corporate risk management plays an increasingly important role in today's economic environment. The operation process of an enterprise is full of numerous risk factors, including operational risks, market risks, financial risks and even sudden public health events, etc., these risks may have a significant impact on the operation and development of an enterprise. Effective risk management can help enterprises to be prepared for various risks, and may even turn risks into opportunities, so that enterprises can maintain their competitive advantages in a complex change environment.

The relationship with academic projects, plans, and themes. The master's thesis was completed according to the research program of Sumi National Agricultural University.

The purpose of master thesis is to improve management efficiency risks at the enterprise, taking into account the level and main factors of its condition.

To achieve the set goal, the following **tasks must be solved**:

- to clarify from a systemic point of view the existing theoretical approaches to substantiating the concepts of "risk", "risk management at the enterprise", goals, functions and tasks of such management;
- to analyze the existing methodological base for risk assessment of enterprises;

- reveal risk management processes at the enterprise from the point of view of the impact of the enterprise structure on the efficiency of operations;
- to develop a mechanism for ensuring the effectiveness of risk management at the enterprise.

The object of master thesis is risk management systems of enterprises.

The subject of master thesis is the process of forming a risk management mechanism at the enterprise.

Research methods. The theoretical and methodological basis of the work is the provisions of economic theory, scientific works of domestic and foreign scientists, on issues of risk management at the enterprise.

In order to solve the defined goal, several generally accepted methods and techniques were used in the work:

1. The method of economic analysis was used to determine the state of the investigated enterprises.
2. The method of expert evaluations was used in the evaluation of the studied phenomena by their participants.

The scientific novelty of the obtained research results - the combination of production risk with financial risk, when the problem of lack of labor resources and reduced profitability arises, when solving this issue, the need for a complex approach to decision-making arises.

Personal Achievements:

1. Qin Fan Improvement of the risk management system at the enterprise *Матеріали Всеукраїнської наукової конференції студентів і аспірантів – (м. Суми, 25-28 квітня 2023 р.). С.364.*
2. Qin Fan Risk management as a factor in ensuring the economic security of the enterprise *Матеріали XII Міжнародної науково-практичної конференції «Економіка підприємства: сучасні проблеми теорії та практики» - (08-09 вересня 2023 р.). Одеса, 2023. С.361-362.*

The structure and scope of work. Master's thesis consists of an introduction, three chapters, conclusions, and proposals list of references with 36 titles. The main text posted on the 75 pages of computer text, the work contains 17 tables, 9 figures.

CHAPTER 1

THEORETICAL BASIS OF RISK MANAGEMENT ON ENTERPRISES

Corporate risk management is a subject worthy of further study and discussion, especially in the context of the changing modern business environment. The concept of enterprise risk management can be proficient as: a systematic, structured and continuous management process for the uncertainty that may affect its strategic and business objectives, including risk identification, evaluation, decision-making, response, control and reporting. Its main purpose is to provide a reasonable guarantee to help the company maximize its strategy, improve the business decision-making process, optimize resource allocation and protect the company value.

The core concept of risk management is "risk". Risk has two remarkable characteristics of affray and uncertainty. For this end, even if the company has a comprehensive risk management strategy, it cannot completely eliminate the possibility of a certain risk. In enterprise risk management, risk is regarded as a kind of both damage and opportunity. Damage refers to the negative impact of risk on the interests of the enterprise and relevant stakeholders; opportunity means that the enterprise can obtain new business opportunities and improve revenue effectively. Therefore, risk management aims to balance losses and opportunities and ensure the sustainable and stable development of the enterprise.

For enterprises, risk management has several key features and main processes. The first is risk identification, that is, to find out the risks that enterprises may face in the operation. The identified results form a list of risks that contain all risks that may affect the enterprise. The second is the risk assessment, which is a systematic analysis method. The enterprise conducts qualitative and quantitative analysis of each risk identified to figure out the probability of risk and the possible impact once it occurs. Then is the risk response and control, the enterprise according to the severity of the risk and urgency, take corresponding measures to deal with (fig. 1.1).

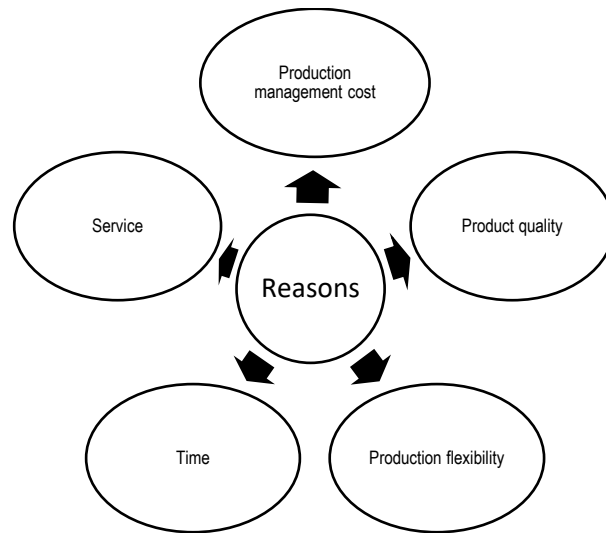


Figure 1.1 Reasons affecting the acquisition of competitive advantage by enterprises.

Source: author's own development

Enterprise risk management also needs to take into account the risk transfer. Risk transfer is when the enterprise transfers some unbearable risks to a third party in the form of insurance or contract. This can reduce the risk exposure and reduce the damage of the risk to the enterprise. Finally, the risk report. Enterprises need to conduct an in-depth analysis of the risk management situation in the formal report, give solutions to the risks that have already occurred, and at the same time, set up early warning for the risks that have not occurred, and make coping strategies in advance.

Enterprise risk management also has its universality and necessity. Any enterprise is faced with various risks, if not adopted effective management, may bring financial losses, business reputation damage, and even lead to enterprise bankruptcy. Therefore, risk management is essential for any enterprise. In addition, enterprise risk management also has a certain complexity. There are many kinds of risks, they may come from internal, external, predictable, or sudden. This requires enterprises to have in-depth and comprehensive risk cognition ability, in order to do a good job in risk management.

Based on the above analysis, the enterprise risk management has a clear concept and diversified characteristics. Through effective risk management, enterprises can not only prevent the occurrence of risks, but also find and grasp the opportunities in the

risks, so as to obtain competitive advantages and achieve sustainable and stable development.

The traditional enterprise risk management mode began in the 1990s, mainly including risk identification, risk assessment, risk countermeasure formulation, risk control and monitoring and other links. This model focuses on financial risk, tends to use quantitative methods for risk assessment and control, and tends to reduce risk rather than overall risk optimization, dominating in insurance planning and risk transfer.

It is worth noting that in the traditional risk management mode, enterprises may over-emphasize risk prevention and control, and produce too much cost in the process of risk prevention and control. In addition, since most risk management decisions are based on the prevention and control of known risks, they may lack coping strategies for emerging risk events. This risk management mode ignores the potential value of risk, is too conservative, and fails to actively seize the opportunity of symbiosis with risk.

In addition, the traditional risk management mode in the implementation process, often involves a large amount of human resources, material resources and financial investment. For example, enterprises need professional risk managers to identify, evaluate risks, and formulate corresponding risk response strategies according to the evaluation results; or to reduce potential risks, enterprises may need to make a lot of safety equipment investment, which requires a large amount of enterprise resources.

However, the traditional risk management mode depends on the intuition and experience of leaders to a certain extent, which may have some subjectivity in the process of risk management, and then affects the effectiveness of risk management. Especially for large enterprises, or enterprises with diversified risks, the traditional risk management mode may not be able to meet their risk management needs.

On the other hand, although the traditional risk management model has limitations, it also has its positive side. This model focuses on prevention in the bud, emphasizes active identification and assessment of management risks, and helps enterprises to prevent potential risks. In addition, through the quantitative analysis of risks, enterprises can understand the risk level more accurately, so as to better formulate

coping strategies. Moreover, the traditional risk management mode also helps to improve the employees' awareness of risk management and improve the level of enterprise risk management.

However, with the change of the market environment and the increase of the complexity of the enterprise operating environment, the traditional enterprise risk management mode has gradually exposed its shortcomings, unable to meet the comprehensive needs of enterprises for risk management. More and more enterprises realize that it is not enough to only pay attention to financial risks, and they need to expand their perspective to more comprehensive corporate risks, including operational risks, strategic risks, compliance risks, etc. At the same time, enterprises also need to change the concept of risk management, from passive response to active management, integrate internal and external resources, and continuously improve the risk management strategies and methods.

Therefore, enterprises need to re-examine and update their risk management mode to adapt to the new business environment and meet the new risk management needs. This will help enterprises to identify, evaluate and manage risks more systematically, effectively reduce the impact of risks on enterprise business, and transform risks into the competitive advantage of enterprises.

The overall concept of risk management has been gradually broken in modern society. In the traditional risk management mode, risk is regarded as a negative event to be avoided. However, in the modern concept of risk management, risks can be managed and utilized, that is, risks also contain opportunities and value. The risk management concept of enterprises has also changed from the previous single risk avoidance to actively facing risks and finding a balance between risks and opportunities, which indicates that the concept of risk management is undergoing an innovation.

In terms of risk management, the trend of modern enterprise risk management shows the characteristics of more active, comprehensive and systematic management, replacing the passive response and single management in the past. The role of risk management is also more deeply involved in every link of enterprise operation. It is

not only limited to the risk identification and evaluation stage, but also focuses on the whole process of risk control and risk transfer.

At the same time, modern enterprise risk management is no longer just a matter of the enterprise itself, but a systematic project involving enterprises, the government, banks, insurance companies and investors. The government and industry associations have formulated many relevant laws and standards to guide and restrain enterprises to correctly carry out risk management. Banks and insurance companies provide rich financial instruments to help enterprises disperse and transfer risks, while investors directly participate in risk management and income distribution in the form of risk investment.

Moreover, the methods of risk identification and assessment are also constantly improving. More and more enterprises begin to focus on the combination of quantitative methods and qualitative methods to assess the risk. Quantitative risk assessment method enables enterprises to more accurately understand the size and impact of risks, while qualitative risk assessment method helps enterprises to understand the root cause and nature of risks, so as to develop more effective risk management strategies.

It is worth mentioning that modern enterprise risk management is also using more and more information technology means, such as data mining, big data analysis, etc. These technologies can help enterprises to deeply dig and analyze a large amount of risk data, so as to understand risks more accurately and quickly, and make rapid response when needed. For example, many banks and insurance companies have been using big data technology to assess credit risk and insurance risk, which greatly improves the efficiency and effect of their risk management.

Finally, with the increasing awareness of social responsibility, enterprises should not only consider the economic benefits, but also consider the social benefits and environmental benefits in their risk management. While pursuing economic benefits, enterprises should minimize the negative impact on the society and the environment, and ensure the sustainable development of enterprises. This means that enterprises in the future risk management, they need to consider and balance a more

extensive and more complex interest relations, which undoubtedly puts forward higher requirements for the risk management ability of enterprises.

Comprehensive above, the main development trend of modern enterprise risk management is: concept change, management style change, diversified participation of stakeholders, method innovation, and the application of information technology, these all need modern enterprise risk management to make corresponding strategy and planning, to improve enterprise risk management ability, to ensure the stability and sustainable development of the enterprise.

With the continuous advancement of the globalization process, the risks faced by enterprises are becoming increasingly complex and diverse. In the current economic environment, the importance of risk management is self-evident. However, the challenges and problems facing enterprise risk management are equally severe.

The first challenge in enterprise risk management is risk identification. With the acceleration of business processes, business environment and globalization, enterprises are increasingly faced with a wide variety of risks. These risks, from internal human resources, finance, operations to external policies, economy, market and other aspects, may affect the operation of the enterprise. How to identify these risks systematically, comprehensively and timely is the primary challenge facing enterprise risk management.

On the basis of systematic and comprehensive risk identification, the accurate assessment and quantification of the identified risks is another challenge for enterprise risk management. Risk assessment needs to consider the possibility of risk occurrence and the impact on the enterprise after the risk occurrence. Accurate risk assessment can help enterprises to develop effective risk response strategies.

In addition, risk response is also a big challenge in enterprise risk management. For the risks identified and evaluated, enterprises need to formulate corresponding risk response strategies according to the nature and level of the risks. Risk response can be carried out by transferring risks, avoiding risks, or bearing risks or using risks. However, how to develop effective risk response strategies to ensure that the risks are within the acceptable range is a problem that enterprises must face in the process of risk management.

In the process of identifying, evaluating and responding to risks, enterprises are also facing the challenges of effective risk communication and risk education. Risk management is not only a matter of senior leaders of enterprises, but also a process of full participation. How to effectively convey the risk management concept, methods and strategies to every employee, so that they can fully understand and actively participate in the risk management of the enterprise, is a major problem facing the enterprise.

Under the tide of information technology, information risk has gradually become one of the important risks faced by enterprises. How to better use information technology for risk management, such as the use of big data technology for risk identification and early warning, the use of cloud computing technology to store and process risk data, and at the same time to prevent information security risks, is a problem that must be solved in enterprise risk management.

For the above challenges, enterprises need to combine their own actual situation, use the theory and methods of risk management, formulate and implement effective risk management strategies, in order to deal with the increasingly complex and severe enterprise risk management challenges, so as to support and promote the sustainable development of the enterprise.

CHAPTER 2

ANALYSIS OF ECONOMIC RISKS BY EXAMPLE ENTERPRISE

2.1 Organizational and economic characteristics of the enterprises in Henan Province

The key link of enterprise risk management is to identify and evaluate the risks as soon as possible. Identification refers to the identification and discrimination of various risks that an enterprise may face, including market risk, credit risk, operational risk, liquidity risk, etc. Evaluation is a quantitative and qualitative assessment of the size of risks, so as to determine which risks need to be managed, but also to provide a basis for the development of enterprise risk management strategies.

Perspective of enterprise activities, analysis of possible risk sources is the entry point of risk identification. There are various risk identification methods, including analyzing historical data, combing business processes, and adopting risk identification models. Analyzing historical data can help us look for risk sources in our "past experience," but it should be noted that historical data do not summarize all possible risks. Business process analysis is to identify risks from the perspective of business process, emphasizing the thorough understanding of every business process of an enterprise, and comprehensively identifying possible risks from all angles. The use of risk identification models involves complex operations and predictions, which require professional expertise and technology.

Risk assessment is a quantitative and qualitative analysis of the identified risks on the basis of risk identification. The quantitative method is to use economics, statistics, finance and other theoretical knowledge and methods to carry out specific quantitative calculation of risks, such as probability analysis and simulation analysis. Qualitative method is mainly by collecting knowledge and information within the industry, description, grouping and level division, such as risk matrix, risk map, etc. The result of the risk assessment is a simultaneous estimate of the degree of risk control and the extent of the possible loss.

When assessing a risk, risk indicators need to be used to quantify it. The selection of risk indicators should be based on the enterprise's risk tolerance, business process and business objectives and other specific conditions. Building an effective risk index system is very important for enterprise risk management. It can not only help enterprises to give early warning before the occurrence of risks, but also enable enterprises to make scientific, comprehensive and real-time measures of risk phenomena and consequences after the occurrence of risks, so as to formulate more accurate coping strategies more accurately.

Effective risk identification and evaluation can enable enterprises to better understand and grasp the risks they may face, so as to make scientific decisions, improve the pertinency of risk prevention and the feasibility of prevention, and reduce the losses caused by sudden risks. Enterprises should innovate and strengthen risk identification and evaluation methods according to their actual situation, so as to adapt to the increasingly complex and diverse business environment, so as to promote the development and growth of enterprises in a comprehensive, active and scientific management of risks (table 2.1).

Table 2.1 - Agricultural development status of Henan province (1978-2019)

Indicators	1978y.	1990y.	1995y.	2000y.	2010y.	2015y.	2019y.	Deviation 2019 to 2010	
								Absolute	Relative(%)
Total agricultural output (100 million \$)	11.68	53.17	123.69	180.61	500.58	643.39	7751.31	7250.64	221.2
Grain production (10000t ons)	2097.4	3303.6	3466.5	4101.5	5581.8	6470.2	6695.4	1113.58	119.9

Source: Based on published papers

When discussing the improvement strategies of enterprise risk management, we cannot ignore one important means, that is, risk management tools and technologies. In the modern society, the rapid development of information technology provides a strong technical support for the optimization of enterprise risk management. This section will mainly explore and analyze the application of several major risk

management tools and technologies and their role in enterprise risk management (table 2.2).

Table 2.2 - Agricultural development stages of Henan province (1949-2008)

Phase	Phase time	Stage characteristics
Phase I	Restoration of the development phase (1949-1957)	Before the founding of New China, the level of agricultural production in Henan was extremely low. In 1949-1952, after three years of hard work, the people of Henan restored and developed rural economy. With the support and help of the state, Henan's agricultural and rural economic development has made great achievements.
Phase II	Stages of wandering and slow development (1958-1978)	Since 1958, the agricultural production in the province has been greatly reduced because of the system that severely hit the farmers' enthusiasm for production and the serious natural disasters for three consecutive years. Then, the "Cultural Revolution" also affected the agricultural production of the whole province, resulting in a certain degree of decline. Overall, in 1958-1978, agriculture in Henan province developed slowly in wandering and fluctuating.
Phase III	Stage of reform, opening up and comprehensive development (1979-2008)	In this stage, marked by the third Plenary session of the 11th CPC Central Committee, Henan has made three major steps forward, and rural development has entered a new period.

Source: Based on published papers

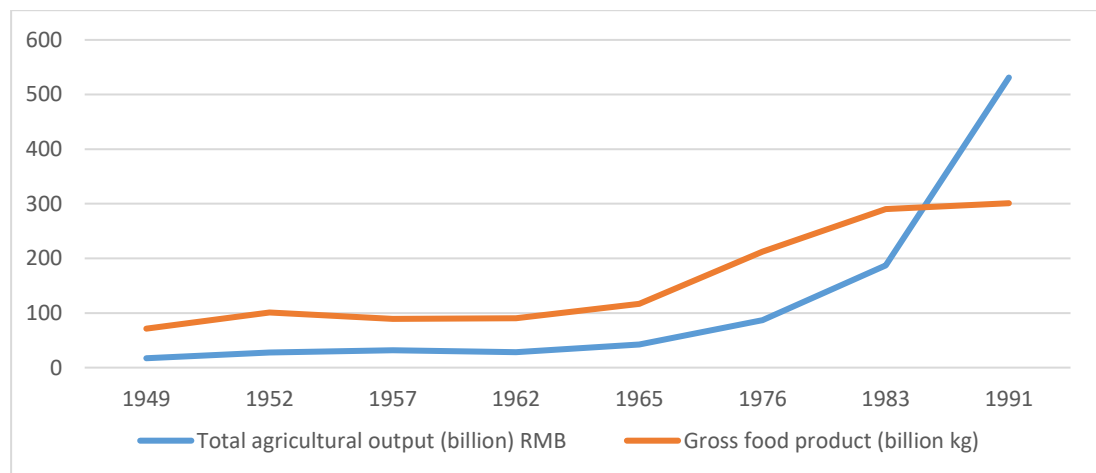


Figure 2.1 - Gross Agricultural Product and Food Production in Henan Province (1949-1991)

Source: Based on published papers

Risk management tools, usually including risk assessment tools, risk quantification tools, and risk decision tools. Among them, the risk assessment tool is used to identify and evaluate the potential impact of risk, mainly including risk matrix,

risk map, etc. These tools can help enterprises determine the severity and priority of risk, thus identifying strategies to deal with risk. Risk quantification tools, such as Monte Carlo simulation, risk sensitivity analysis, etc., can provide quantitative risk information for enterprises, so that enterprises can measure and compare risks more accurately. Risk decision tools, such as risk decision tree, risk priority number, etc., can help enterprises to make the best decisions when faced with multiple options, weighing risks and benefits.[16]

It is worth noting that the application of these risk management tools is not isolated, but should be comprehensively applied according to the specific situation of the enterprise and the risk management objectives. For example, when making risk decisions, enterprises may first use risk assessment tools to evaluate the risks of various choices, then according to the assessment results, use the risk quantitative tool for quantitative analysis of the risks, and finally use the risk decision tool to make the best decision.

At the same time, with the modernization of science and technology, artificial intelligence has played an increasingly important role in risk management. Artificial intelligence can quickly process large amounts of data, predict the probability of risk events and provide decision suggestions through machine learning and deep learning technologies. The new experience of artificial intelligence technology has greatly increased the efficiency of enterprise risk management work, and strongly supports enterprises to reduce unexpected losses and avoid the recurrence of risks.

Similarly, big data analysis has also played an important role in risk management. Big data analysis can quickly capture, process and analyze a large number of scattered, diverse and complex data, and then provide data support for enterprise risk early warning and risk decision-making. In risk identification, measurement and control, big data can significantly improve the accuracy and sensitivity of risk management. For example, through in-depth analysis of large amounts of past and present data, enterprises can predict possible future risks, so as to prepare in advance and effectively reduce or even avoid risks.

The application of modern risk management tools and technologies has been transformed from a single risk management to a comprehensive risk management

process, affecting the efficiency of enterprise risk management.[17] Driven by the continuous development of information technology, the process of risk management is constantly optimized, and the means of dealing with risks are constantly updated, which provides a guarantee for the development of enterprises. Therefore, enterprises should actively respond to the development of science and technology, make reasonable use of modern risk management tools and technologies, in order to prevent and deal with risks more effectively, and realize the stable and sustainable development of enterprises (table 2.3).

Table 2.3 - Comparison of Agricultural Modernization Process in Henan Province

Serial number	Indicator name	1999 year	2018 year	Deviation (2018 to 1999)	
				Absolute	Relative
1	GDP per capita in US dollars	646	5603.21	4957.77	124.01%
2	Rural per capita income	234.5	1817.02	1538.74	93.27%
3	Gross domestic product	2681.04	12343.01	9661.97	460.3%
4	Agricultural employment as a proportion of total social employment	58.9%	43.6%	-15.3%	-
5	Contribution of Science and Technology Progress	41%	75%	34%	-
6	Agricultural mechanization rate	40%	83%	43%	-
7	Share of agricultural workers above junior middle school	57.6%	74.1%	16.5%	-
8	Total grain production by agricultural labor	1015.3	12322.01	11306.71	1213.6%
9	Average gross agricultural output per 100 ha of arable land	3526.23	6236.45	2710.22	176.8%
10	Forest cover	15.55%	32.12%	16.57%	-

Source: Based on published papers

As an important way to improve the level of enterprise risk management, the optimization of risk management process has brought a lot of benefits to enterprises. The optimized risk management process can effectively improve the risk identification ability of enterprises, and avoid the loss caused by the untimely risk identification. At the same time, it can also improve the timeliness of risk response, ensuring that enterprises can timely respond to risks at the critical moment of risk, so as to reduce or even avoid the harm caused by risks to enterprises.

The process of risk management can be divided into four stages: risk identification, risk assessment, risk decision-making and risk response. To optimize

the risk management process, the primary task is to improve the efficiency and accuracy of the enterprise at each stage. To this end, enterprises can adopt a variety of strategies to optimize the risk management process.

From the risk identification stage, enterprises need to develop a comprehensive risk identification mechanism to ensure that all potential risks in the operation process of the enterprise can be quickly and accurately identified. This mainly includes a comprehensive grasp of the internal and external environment of the enterprise, an in-depth understanding of the enterprise business process, the construction and application of the risk identification model, and so on. It is worth noting that enterprises also need to determine the types of risks according to their own characteristics and the characteristics of the industry.

Table 2.4 - Total Agricultural Production and Total Output of Henan Province

Year	2017	2018	2019	Deviation(2019-2017)	
				Absolute	Relative(%)
Total output (10,000 tons)	5973.4	6648.91	6695.4	722	112
Total output (billion \$)	591.32	612.77	662.2	70.87	15.99

Source: Statistical Yearbook of Henan Province 2019

In the risk assessment stage, the optimization is mainly reflected in the accuracy and efficiency of the assessment. Enterprises need to choose an appropriate evaluation model, quantify the potential risks combined with the operating data of enterprises, and evaluate their possible losses. At the same time, enterprises should also simulate the risk analysis to deal with the possible risks in an uncertain environment.

The risk decision stage is a key link. Enterprises need to combine their own risk tolerance, business strategic direction and risk assessment results to develop feasible countermeasures. Such decisions need to be based on a large amount of data and intelligence, so companies need to optimize their decision models to improve the accuracy and timeliness of their decisions.[18]

Table 2.5 - Summary of Agricultural Production Conditions in Henan Province

Year	2017	2018	2019	Deviation(2019-2017)	
				Absolute	Relative
Total Power of Agricultural Machinery (10,000 kw)	10038.32	10204.46	14023.12	3984.8	139.6
Consumption of Chemical Fertilizer by 100% Effective Component (10,000 tons)	706.70	692.79	601.6	-105.1	85.1
Consumption of Chemical Pesticides (10,000 tons)	12.07	11.36	11.03	-1.04	91.3

Source: Statistical Yearbook of Henan Province 2019

The risk response stage is the stage of transforming decisions into practical actions.[19] Enterprises need to have a flexible and efficient risk response mechanism to ensure that decisions can be implemented quickly and minimize the losses caused by risks.

Table 2.6 - Agricultural Risk Resistance Capacity in Henan Province

Indicators	2017	2018	2019	Deviation (2019 to 2017)	
				Absolute	Relative
Irrigated Area (1,000 hectares)	5389.79	5408.3	5509.33	119.54	102.2
Flood-prone areas (1,000 hectares)	2108.10	2100.5	2100.35	0.15	100
Flooded or Waterlogged Area Under Control (1,000 hectares)	2106.00	2136.9	2166.09	60.09	102.8

Source: Statistical Yearbook of Henan Province 2019

The application of information technology is also an important way to optimize the risk management process.[20] For example, big data technology can help enterprises to extract valuable information from massive data and improve the accuracy of risk identification and assessment; artificial intelligence can be used in the construction of risk decision model and improve the efficiency of decision making; cloud computing provides flexible resources, which can be used for rapid response in the risk response stage.

Optimizing the risk management process plays an important role in improving the competitiveness of enterprises and the ability to resist risks. However, this is not an overnight process, the enterprises need to continue to try and hard work.

In the face of various complex external environments and evolving business environment, enterprises can effectively reduce enterprise risks and drive the development of enterprise innovation. In the enterprise risk management, the risk culture plays an irreplaceable key role. Creating a strong risk culture can not only penetrate the awareness of risk identification and management into all levels of the enterprise, but also create a positive atmosphere for the enterprise members to resist risks together.

The first consideration of the construction of risk management culture is the human factors. The attitude and behavior habits of enterprise members play an essential role in the identification and treatment of risks. Therefore, it is necessary to improve the awareness of risk management and ensure that they fully understand and accept the existence of risk. Making employees understand what risk is, how to evaluate risks, and how to properly deal with risks, has become an indispensable part of enterprise risk education.

In order to make employees have the correct awareness of risk management, enterprises need to carry out daily risk education drills and practical simulation through specific ways, such as seminars, staff training and other forms. This can not only make employees alert to risks, but also enable them to calm down in the face of risks. Further strengthen the universality and necessity of risk management.

The second focus in the construction of risk management culture is the organizational factors. Enterprises need to ensure the formality and standardization of risk management work. Therefore, the corresponding organizational structure should be established to clarify the task division and responsibilities of risk management, so that the risk management work has rules to follow and form a long-term institutional guarantee.

In order to increase the standardization of risk management and ensure that enterprise members have a common understanding and consensus on risks, we must set standard risk indicators and update them regularly. In this way, all decision-makers

and implementers can work according to the same set of indicators to avoid confusion in risk concepts and errors in performing operations.

The establishment and implementation of the system is the key to realize the stability of the risk management culture. However, how to ensure that the system is truly implemented and form the habit of each member requires the leadership of the enterprise to promote the implementation of risk management from top to bottom.

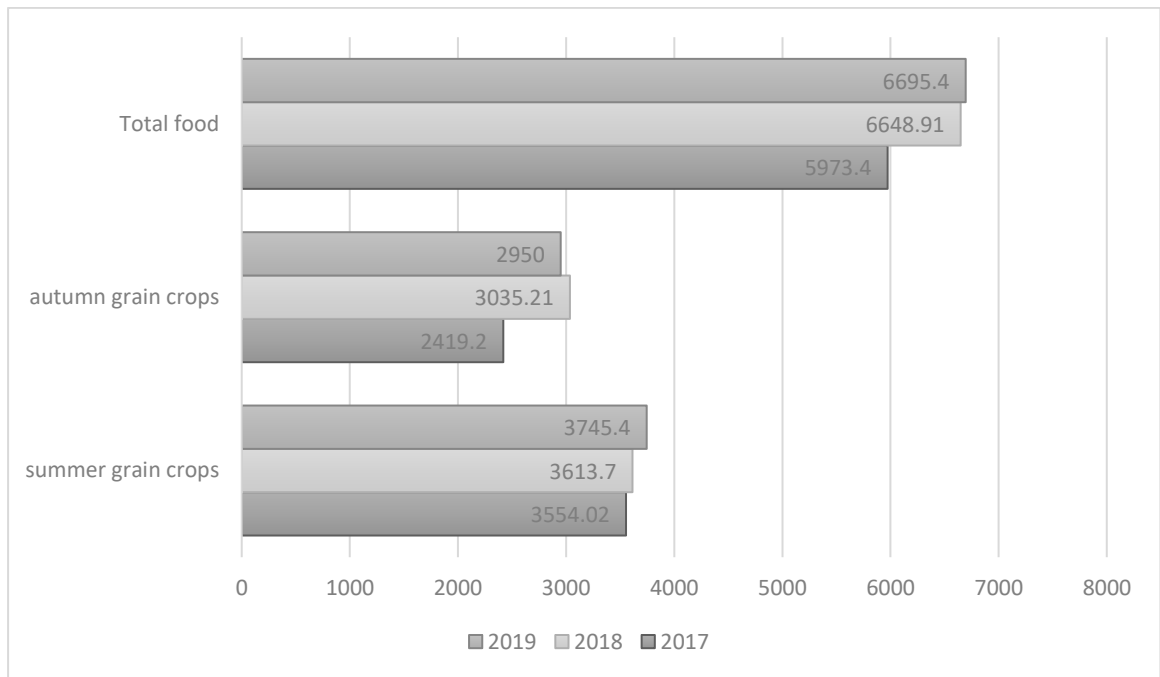


Figure 2.2 - Bar Chart of Grain Production in Henan Province (Unit: Ten thousand pounds)

Source: Statistical Yearbook of Henan Province 2019.

The construction and implementation of the risk management culture need the clear support and instructions from the enterprise leadership. The leadership needs to set up the exemplary role of risk management, lead all employees to adhere to the identification and management of risks, accumulate over a long period of time, infiltrate risk management into every link of enterprise business, and form a top-down atmosphere. The correct demonstration and tenacious persistence of enterprise leaders can make the risk management of enterprises step to a new level.

In addition, enterprises also need to encourage employees to actively participate in risk management through the incentive mechanism. Enterprises can set up various

forms of awards, such as risk management reputation award and risk prevention innovation award, to promote employees to fully participate in risk management, and to integrate the risk management culture into all aspects of enterprise operation. Only in this way, the enterprise risk management culture can be deeply penetrated into all levels of the enterprise, so as to better reduce the enterprise risks and enhance the competitive advantage.

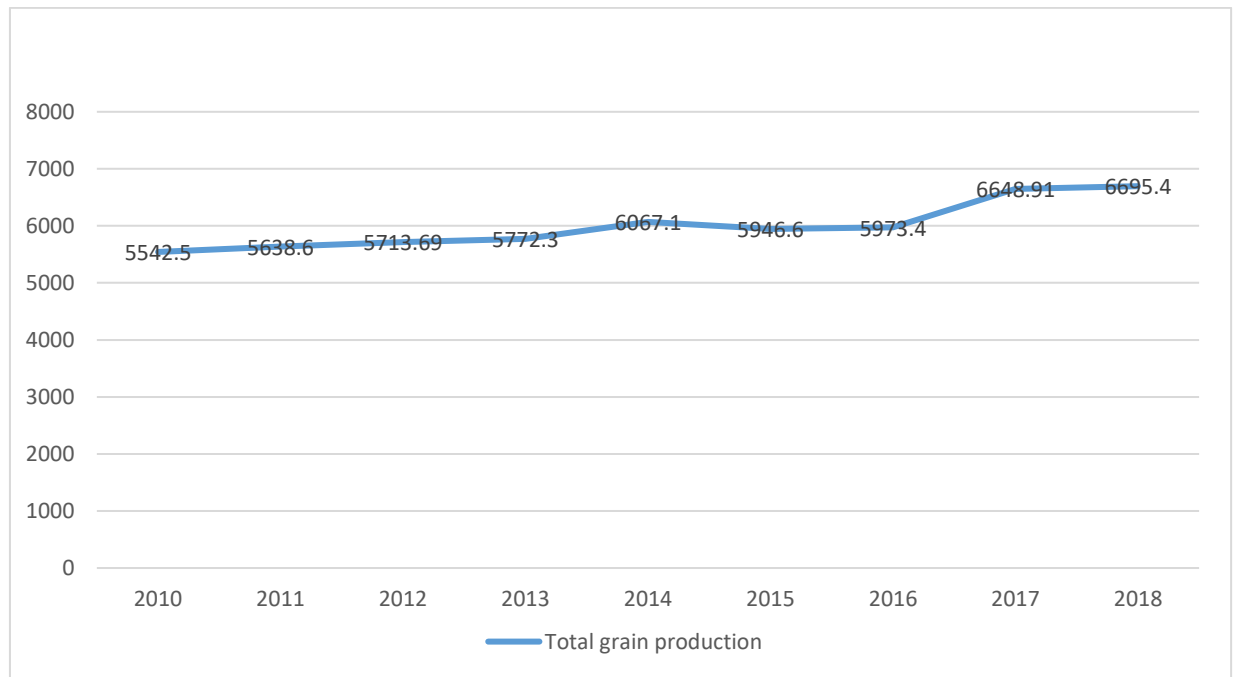


Figure 2.3 - Food production in Henan Province 2010-2018

Source: Statistical Yearbook of Henan Province 2019.

The implementation of the risk management culture requires a gradual process, which needs to be constantly revised and improved in continuous practice. This process is bound to encounter difficulties and setbacks, but as long as the decision makers persist, the enterprise will be able to establish a healthy and positive risk management culture and maintain its competitive advantage in a high-risk environment.

2.2 Analysis of financial and economic activity of the enterprise

Gree Electric Appliances, Inc. was founded in 1991, Is currently the world's largest set of research and development, production, sales, service in one of the

professional air conditioning enterprises, In the first three quarters of 2021, the sales revenue was 35.112 billion yuan, An estimated annual net profit of 1.95 billion yuan, It has been listed in the "Top 100 Listed Companies in China" for eight consecutive years; The "Gree" brand air conditioning unit under Gree Electric Appliances, Is the only "world famous brand" product in China's air conditioning industry, Business in more than 90 countries and regions; From 1995 to the present day, Gree air conditioning for 14 consecutive annual sales, market share ranked first in China's air conditioning industry; From 2005 to the present day, The production and sales volume of household air conditioners has ranked first in the world for four consecutive years; In 2021, Gree has more than 88 million users worldwide; In 2021, With a decline in total exports, Gree Electric Appliances still achieved the target of year-on-year growth of 30% in export net profit; In 2021, As the global economy recovers, Overseas air-conditioning market has gradually picked up; At the end of August, Gree's air-conditioning exports rose by 80%, In local markets like the United States, Brazil, Italy, and South Africa, The increment of Gree air conditioning is more than 100%.

Financial risk refers to the uncertainty of the financial situation caused due to various unpredictable or controllable factors in the process of various financial activities, which may lead to the losses of the company. According to the main links of financial activities, it can be divided into liquidity risk, credit risk, financing risk and investment risk. According to the degree of control, it can be divided into controllable risk and uncontrollable risk.

Risk control methods include the following aspects: first, the identification of financial risks. Before the risk accident, the enterprise adopts certain risk identification method to collect the financial information of the financial risk; the process of measuring the e-commerce enterprise on the basis of risk identification and identify the degree of influence on the financial risk; The financial risk control refers to the method to control the financial risk by implementing system control and technical control. Through the adoption of these measures, e-commerce enterprises can help to better control financial risks.

Zhuhai Gree Electric Appliances, Inc. (hereinafter referred to as "Gree Electric Appliances"), founded in 1991, is the world's largest professional air conditioning

enterprise integrating research and development, production, sales and service. Since its establishment, the company has been adhering to the development idea of "self-development, independent innovation, own brand", invested a lot of human, material and financial resources to strengthen technological innovation, the production of household air conditioning, central air conditioning, environmental protection refrigerant air conditioning and many other air conditioning products. Group established a unique technology research and development system, formed a technical excellent research and development team, the team of more than 5000 researchers, with the support of technical personnel, the group also established the refrigeration technology research institute, mechanical and electrical technology and home appliance technology institute and other basic research institutions and more than 300 national laboratory, fully lay a solid foundation for product innovation, further promote the gree the brand influence, also laid a foundation for the group profit.

Business risk, also known as business risk, is the risk caused by the uncertainty of future income in strategic choice, product pricing, sales model and other production and operation decisions that is called business risk. However, the decision of enterprises is affected by internal and external factors, so it is difficult for all enterprises to avoid the generation of operational risks, and they can only take certain methods to reduce operational risks.

Table 2.7 - Profitability Analysis Table of Gree Electric Appliances from 2017 to 2020 (Unit, %)

	In 2017	In 2018	In 2019	In 2020
Operating profit margin	11.01	11.52	13.88	12.14
Industry average	13.0	12.8	10.0	10.3
Net interest rate on sales	15.61	27.90	16.43	26.92
gross profit margin	24.22	21.65	25.75	14.35

Source: Statistical Data of Gree Electric

According to the analysis in Table 2.7, the profit margin of main business in 2017 was rising in 2019 and began to decline somewhat in 2010, but exceeded the

industry average; the net interest rate on sales showed a trend of the first increasing, then rising and then declining.

Table 2.8 - Cost Analysis Table of Gree Electric Appliances from 2017 to 2020
(Unit: ten thousand yuan)

	In 2017	In 2018	In 2019	In 2020
Sales expense (ten thousand yuan)	662.6	62.09	384	244
Financial expenses (ten thousand yuan)	66.9	116.03	162.2	208.5
Administrative expenses (ten thousand)	123.2	151.51	99.9	165.3
The proportion of the operating cost in the main business revenue is (%)	81.46	78.35	84.25	75.65
The proportion of the period expenses in the main business income is (%)	47.03	20.81	73.14	58.22

Source: Statistical Data of Gree Electric

Through the analysis of Table 2.8, it can be obtained that the proportion of operating cost accounts for more than 70% of the main business income, and the proportion of operating cost is the largest four years in 2019, reaching more than 84%. Therefore, at this stage, Gree Electric Appliances should strengthen the control of operating costs to improve the operating profits. The cost of electrical appliance enterprises in 2017, 2019 and 2020 accounted for the proportion of the main business income of Gree Electric Appliances, and the financial cost accounted for the majority. Gree Electric Appliances must manage the period cost and reduce the rapid growth of the period cost.

Short-term solvency literally, simply the ability of enterprises to pay off short-term debt. The stronger the repayment ability, the greater the possibility of continuous operation of the enterprise, which can be said to be a guarantee level of enterprise operation. In numerical terms, it is whether the current assets of the enterprise can pay off the short-term debts of the enterprise within the specified time, and the solvency of the enterprise improves the capital liquidity of the enterprise. Whether the debt can be paid off on time is related to whether the capital condition of the enterprise is good, which has a crucial impact on the further development of the enterprise, and is also related to the economic benefits of the enterprise stakeholders.

Table 2.9 - Solvency Analysis of Gree Electric Appliances from 2017 to 2020
(Unit, %)

	In 2017	In 2018	In 2019	In 2020
current ratio	1.16	1.27	1.28	1.20
quick ratio	1.05	1.14	1.16	1.29
Industry mean	80.6	87.1	102	102.6
cash ratio	0.90	0.95	0.86	0.62
Industry mean	1.9	1.6	3.5	4.61
asset-liability ratio	64.25	61.55	60.46	64.31
Industry mean	58.2	59	55	46

Source: Statistical Data of Gree Electric

By analyzing Table 2.9. Although the current ratio and the speed of electric appliance enterprises increased from 2017 to 2020, the current value ratio is 1.1% and the current ratio is not very high. Compared with the industry quick ratio and cash ratio, we can see that the short-term solvency and the direct payment ability are weak.

When the company pays off its debt and interest, the money ultimately comes from the company's own income. Therefore, the income of an enterprise is closely related to the management and management of its daily activities. The operation quality of the enterprise will directly affect the current income of the enterprise, determine the cash flow of the enterprise and then affect the principal and interest of the company when the debt is due. The adequacy of the secured funds can consider to some extent whether the company will be unable to repay its debts. Combined with the signal transmission theory, if the current business management situation is not good, it will send bad signals to the market, damage the reputation of the company, and reduce the credit rating of financing channels, resulting in great difficulty in financing for enterprises. In turn, the company will face the shortage of refinancing resources, unable to meet the needs of the company's future development, and slow development or even stagnation.

The debt scale of Gree Electric Appliances is very large, but in general, the total assets are slightly greater than the total liabilities. The operation of Gree Electric Appliances is still normal, but in the past four years, the total assets of the company have been expanding, and the total liabilities level has been high. Therefore, from the perspective of financial leverage effect, the company is insolvent phenomenon. If the

long-term development continues, the chain of enterprise capital may be broken, and the enterprise will face huge financial risks.

Table 2.10 - Capital Structure Analysis Table of Gree Electric Appliances from 2017 to 2020

	In 2017	In 2018	In 2019	In 2020
Total liabilities (billion)	1481.3	1585.1	1709.2	1856.9
Total assets (billion)	2149.7	2512.3	2829.7	3025.6
Current liabilities ratio of (%)	75.21	82.41	82.29	80.84
Long-term debt ratio of (%)	4.79	17.59	7.71	19.16
degree of financial leverage	2.35	9.2	1.33	1.68

Source: Statistical Data of Gree Electric

In the past four years, current liabilities accounted for a large proportion of the total liabilities, and the annual proportion exceeded 80%, and the proportion of current liabilities was 7 was 75%. It can be said that the company's debt structure is unreasonable, and the complete repayment of debt in the short term will provide huge debt pressure to the company.

Enterprise investment risk comes from the investment activities of enterprises. The scale of Gree Electric Appliances is expanding and the investment activities are relatively frequent. If the investment decision is not scientific, the investment risk of the company will be greatly increased. In terms of the evaluation of investment risk, it can be based on the return on total assets, return on equity, net interest rate on sales and other indicators. The net interest rate of total assets indicates the level of unit assets of the enterprise, which reflects the input-output level of the company.

Table 2.11 - Investment Risk Analysis Table of Gree Electric Appliances from 2017 to 2020

	In 2017	In 2018	In 2019	In 2020
Operating leverage coefficient	1.17	-16.4	-12.3	2.47
Return on total assets of (%)	-32.73	13.09	-1.87	17.35
Net asset profit margin of (%)	37.44	33.36	35.47	37.08
Industry average value of (%)	40.62	42.53	45.20	49.54
Investment income (ten thousand yuan)	-	58.1	-	-

Source: Statistical Data of Gree Electric

The operating leverage of Gree Electric Appliances was in the form of debt in 2018-2019. In the past two years, this value was negative, indicating that the company is operating in a loss in the past two years, and the company may have problems in its operation.

Due to the decline of Gree Electric Appliances 'profitability, the company's net profit is negative, which directly leads to the negative speed of total assets in 2017 and 2019, indicating that the company's management level has a direct impact on investment. In the past four years, the return on equity of Gree Electric Appliances is negative, mainly due to the negative owner equity for four consecutive years, the declining investment income of Gree Electric Appliances, and the profitability of the owners is weak.

On the cash flow statement, the Company's net cash flow of investments during 2018 to 2019 is negative, with net cash flows and inflows and outflow of investment activities mainly disposal or purchases of fixed assets, intangible assets and long-term assets. Due to the poor management of Gree Electric Appliances, many of the existing production projects are in investment loss; the company is still in the implementation stage from 2019 to 2020, and cannot generate investment income for the company temporarily.

Because of the change of the social development environment and the company's own management needs, enterprises often choose to invest in order to pursue better economic benefits and improve the utilization rate of funds. With the increasing frequency of companies and external transactions, the trend of economic integration is becoming stronger and stronger. This behavior in the investment process of enterprises should not only consider the factors of the enterprise itself, but also comprehensively consider the external environment. Investment is no longer only a matter of the enterprise, but is also closely related to the global economic situation.

The risks faced by the company in the investment process are gradually increasing, and the risks are also increasingly complex. In the process of investment, Gree Electric Appliances often has two problems, one is the investment scale plan of investment projects out of control, the other is the capital plan of investment projects out of control. In recent years, corporate investment plans sometimes change again and again. Instead

of construction, the plan will control the plan. As a result, the budget will be out of control, the final accounts will be excess, and the seriousness of the plan will disappear.

In the process of investment, it will be affected by many factors. For example, corporate governance environment, enterprise internal control level. As an electric appliance enterprise, Gree Electric Appliances Co., Ltd. has some improper behaviors in its leadership, lacks the concept of risk restriction, no overall planning and budget constraints on investment behavior, and the execution of relevant business departments of the company is not high, which affects the investment results.

Causes of Gree Electric Appliances' financial risks

1. Lack of a financial risk early-warning mechanism

The focus of financial risk management should be to control in advance and actively prevent risk occurrence. In terms of risk management, the initiative of SMEs is mainly reflected in the prior risk assessment. After the risk assessment passes and confirms the project implementation, they will focus on the project implementation and pay little attention to the financial risk management during the implementation process. Once there is a risk, you are forced to take the risk. Gree Electric Appliances lacks initiative in financial risk management. The company has yet to establish a financial risk early-warning system. It did not actively monitor the financial risk status during the project implementation. Once a risk occurs, it is difficult to detect and check early.

2. Imperfect financial risk control system

With the increasingly fierce market competition, the company has gradually established an understanding of financial risk and sought ways to manage financial risk. However, the unresolved problem of the company's financial risk management is that it is relatively dispersed, with no relevant system and a lack of the necessary financial management system. For example, many small and medium-sized enterprises pay great attention to pre-control and risk management before project implementation, while ignoring later post-project control and miss control. Gree Electric Appliances has done a lot of work in the establishment of the financial risk management system, and preliminarily determined the financial budget according to the implementation of the budget and the risk retention and control measures of the risk management system budget. However, the whole control system lacks an early warning and feedback

system, and there are many problems in risk management. Risk management is based on the arbitrariness of personal risk awareness and responsibility. In recent years, Gree Electric Appliances has developed rapidly, its scale has expanded continuously, and its operation and management conditions have changed. However, the control system has not received timely feedback and update, and the financial risk management system cannot meet the needs of the company.

3. Single means of financial risk control

Like many companies, Gree has not yet to take actual risk control measures. The main manifestations are as follows: the company has not strengthened the formulation of risk prevention and control measures through the current risk assessment, and the company does not understand the degree of financial risk of the risk company and the risk prevention and control measures taken. These measures cannot adapt to the actual situation of the company. The lack of linkage to risk assessment often prevents companies from foresee a potential financial crisis. In terms of production capacity, outsourcing production method can help the company reduce financial risk, but the company has not adopted outsourcing method to transfer risk. When the company formulates financial risk management measures, it does not start from the perspective of risk management, but is based on the company's bank loans and mortgage, to further increase the risk of bank transfer and bank credit insurance beneficiaries. The company has not yet formulated relevant risk prevention and control measures and capital preparation plan, and financial risks are inevitable.

4. Gree Electric Appliances' financial risk prevention countermeasures

(1) Build a financial risk identification and early warning system

Gree Electric Appliances should strengthen risk identification and early warning. First of all, in terms of risk identification, the company can collect information from both internal and external sources, classify the information scientifically and reasonably, and form a scientific and reasonable financial risk analysis framework. Then predict the development trend of financial risk scientifically, so that the company can determine the severity and impact of financial risk. The company's financial personnel must strengthen the financial risk measurement, choose scientific and reasonable methods, calculate the scale of the company's financial risk, and develop

the financial risk early warning mechanism service. Secondly, in the financial risk early warning system, the company should clarify the financial early warning, and formulate the financial early warning mechanism according to the company's strategic objectives and operating conditions. The integrated financial management platform is original, and even if the two management platforms cannot be used together, it will achieve the measurement gap. Agreement to accelerate financial information transfer and reduce interference with information transfer. Through quantitative and qualitative analysis methods, combined with multivariate models and univariate indicators, an appropriate analysis system is established to deal with risks in time, avoid risks and reduce losses.

2.3 Assessment of the level of risk of activity at the enterprise

Gree Electric Appliances should enter the internal financial operation status, which needs to strengthen the management of non-performing assets. There will be non-performing assets in all the assets of the enterprise, and the existence of these non-performing assets will make the assets and finance of the enterprise not truly reflect the operating conditions of the enterprise, thus making misleading business decisions of the enterprise. The specific approach is to divest the non-performing assets, replace, auction and trusteeship the non-performing assets, so as to improve the asset quality and asset utilization rate of the enterprise, and can better serve the operation and development of the enterprise.(3) Adopt various technical methods to prevent financial risks

Gree can play a financial role in preventing financial risks. According to the analysis of Gree's term structure and the earlier fundraising risk analysis, Gree Electric has not yet made full use of the role of financial leverage in financing activities. In the future, we should strengthen financial management, make reasonable use of financial leverage, increase equity, optimize capital structure and manage financial risks. Establishing a reasonable debt scale can make up for the shortage of resources needed for long-term business operation and development, be conducive to maintaining the control of enterprises, and provide "leverage" for entrepreneurs, which can save the cost of tax creation, improve the efficiency of capital utilization, and optimize resource

allocation. Without affecting the company's cash flow and profitability, consider the fluctuations in the economic cycle, industry competition, product market life cycle and other aspects, and appropriately use financial resources to increase the value of the company.

In the process of in-depth study of risk management cases in various industries, it is not difficult to find that each industry has its own unique risk characteristics and risk management strategies. Analysis of these representative cases can provide valuable lessons and methods for risk management.

For the aviation industry, aviation safety is the main risk. Past flight accidents were often caused by various reasons, such as harsh weather conditions, technical problems, or human factors. In this regard, the risk management strategies adopted by airlines usually include strict training of pilots and ground staff, keeping aircraft equipment in good condition, and excellent organizational leadership. Southwest Airlines, for example, is a leader in flight safety because of its excellent risk management strategy.

In the healthcare industry, risk management is even more complex. In addition to the medical risks that must be addressed, there are many factors such as information security, meeting regulatory requirements and patient satisfaction. Therefore, medical institutions need to adopt comprehensive risk management strategies, including rigorous staff training, strong information management system, and thorough emergency planning. For example, the Kessel Permanent Medical Care Agency (Kaiser Permanente) has been widely recognized for its efforts to improve risk management.

In the financial industry, the importance of risk management is being pushed to the peak. The outbreak of the financial crisis frequently reminds us of the importance of risk management. Financial institutions must face multiple risks such as market risks, credit risks and operational risks, and they need to use advanced risk quantitative model, strict internal control and reasonable risk transfer methods for risk management. For example, in the 2008 financial crisis, its good risk management strategy enabled it to avoid heavy losses and maintain a sound operating condition.

In manufacturing, enterprises need to face various production and supply chain risks, including raw material supply interruption, product quality problems and transportation losses. Manufacturing companies need to establish flexible supply chains, improve production efficiency, and develop the ability to respond to emergencies quickly. For example, Toyota Motor has effectively managed production risks through its unique "Toyota production mode", keeping it ahead in the face of competitive pressure in the global auto market.

From these industry risk management cases, we can draw some common experience. The first thing is that enterprises must have a comprehensive understanding and assessment of the risks they face. Only by understanding the source of the risks can they make effective risk response strategies. Secondly, risk management should not be carried out in isolation, but should be embedded in the strategic plan and daily operation of the enterprise. Finally, business innovation and change are important tools for risk management, such as the use of new technologies or methods to manage risks, which can help enterprises to respond more quickly when facing risks and reduce the losses caused by risks.

Overall, these industry lessons provide a valuable reference for us to understand and respond to risks. At the same time, we also expect that in the future, with the development of technology and the continuous emergence of new risks, enterprises can better improve the level of risk management and realize the sustainable development of enterprises.

In the exploration of the new path of enterprise risk management, with the development of science and technology and the severe global competition, the innovation practice and application have shown its importance.

In enterprise informatization risk management, for example, the previous management mode more dependent on human judgment, lay particular stress on intuitive experience, and in cloud computing, big data, information technology support, enterprises can reasonable application of these technology construction risk monitoring model, realize risk data visualization, to better grasp the real-time dynamic risk management, make scientific and reasonable decisions.

At the same time, through the establishment of enterprise risk management data platform, risk data can be mined through intelligent algorithms to find the internal correlation between risk and profit, and provide data support for the risk warning and early warning display of enterprises. In enterprise management, real-time risk image report can greatly improve the response speed of enterprises to deal with risk changes, and at the same time, it is also conducive to the comprehensive understanding and judgment of the decision makers in the upstream and downstream of enterprises.

In addition, the enterprise also need to introduce the risk management of the interactive, collaborative mode, this model broke through the past risk manager as the core of the single management mode, the risk management participants from individuals to the team, and even the whole enterprise, each employee can according to their own work environment and experience involved in the risk identification and management, which greatly improve the fine degree and effectiveness of risk management.

In the reform of risk management mode, enterprises pay more and more attention to risk prevention rather than response. Establish a risk early warning system, early detection, early prevention and control, early solution of risk problems, and strive to effectively control before the risk occurs, which also has a positive role in the promotion of risk prevention awareness of enterprises.

There are also many new trends in the optimization of the risk decision-making process. For example, enterprises can from block chain, cloud computing technology to obtain data information, prediction analysis of possible risk, and then according to the prediction results, the risk management decision-making authority to the middle or grassroots, let them according to the specific situation to make reasonable decisions, so not only can realize efficient risk management decisions, also can let employees more actively involved in the risk management.

In addition, we can also see that some enterprises accumulate risk experience and cases through the establishment of risk management knowledge base, which is not only conducive to the risk management learning and ability improvement of enterprise employees, but also provides an important reference for enterprises to deal with similar risks.

Of course, this innovative practice and application is not achieved overnight, but requires continuous investment, improvement and optimization. If enterprises can grasp the relationship between innovation and risk management, the efficiency and effect of risk management will be greatly improved.

There are many successful cases of enterprise risk management, which can not only provide us with the opportunity to learn, but also provide a feasible operation path in practical work. The following will take the famous companies IBM and Citibank as examples to show their successful experience in the risk management practice. We hope that these examples can provide a reference for the risk management of other enterprises.

Since 2010, IBM has incorporated enterprise risk management into its strategic management plan and formed a set of effective risk management framework. Accordingly, the risk management process is divided into eight steps, including risk identification, risk assessment, risk prioritizing treatment, qualitative and quantitative risks, developing risk response strategies and plans, implementing risk response plan, risk monitoring, and reviewing risks. It is worth mentioning that IBM takes enterprise strategy, business objectives, operational efficiency and meeting relevant laws and regulations as the determinants in its risk response plan. At the same time, IBM's risk management controls over three levels of risk: strategic risk, operational risk, and financial reporting risk. This strict organizational structure and scientific management method are the important reasons for IBM's success in risk management.

Citibank is a financial institution with branches worldwide. For Citibank, because its business involves the financial industry, on the one hand, banks need to face credit risks, market risks, operational risks, compliance risks and other risks; on the other hand, Citibank needs to integrate the international risk factors into the overall risk management consideration. Therefore, Citibank mainly adopts the dual-track system of centralized management and management of risk professionals. Centralized risk management is handled by the chief risk officer and the risk committee, while risk professionals manage risk management at each line of business or region. This model has proved its efficiency in practice, and is supported by the majority of banking insiders and regulators as a model of financial risk management.

In addition, both companies make full use of the role of information technology in risk management, such as big data analysis technology, artificial intelligence technology, etc., to predict and manage the risks that companies may face. At the same time, they also adhere to the people-oriented, not only to cultivate professionals in the business field, but also through the establishment of risk management departments and staff risk awareness training, to create a good risk management culture.

It can be seen that successful enterprise risk management cannot be separated from clear risk management strategy, scientific management methods, efficient management organization, high-tech data support and people-oriented organizational culture. These two cases also provide us with a priceless lesson, that is, the development of risk management is not achieved overnight, but requires long-term accumulation and continuous innovation. In addition, the senior management of the enterprise also need to have the correct risk awareness, and are willing to invest in risk management resources, and constantly promote the deepening and improvement of risk management.

In general, these successful cases and experiences undoubtedly provide us with new enlightenment to help us to find the most suitable methods and strategies for their own needs in the future risk management work.

CHAPTER 3

WAYS OF IMPROVING THE MANAGEMENT SYSTEM RISKS ON ENTERPRISES

3.1 Measures to improve economic and organizational risk management processes

Big data is a remarkable feature of today's society, and also an important driving force for the development of enterprise risk management. By investigating and describing a large number of complex data, big data analysis technology can dig out new information of enterprise risks and help enterprises to build a more refined and scientific risk management system.

In the traditional risk management model, the risk identification and assessment process mostly relies on manual experience and qualitative analysis, and the accuracy and comprehensiveness of the results are often difficult to guarantee. However, in the environment of big data, enterprises can effectively process the huge and complex risk information. Through clustering, association, prediction and other methods, big data analysis technology transforms the risk information mixed with massive data into knowledge that enterprises can understand and use, providing data support for enterprise risk management decisions.

Using the big data analysis technology, enterprises can extract important features and patterns from the existing businesses, build risk indicators, and conduct the mining and prediction analysis of historical data. In order to make these indicators more accurately and comprehensively reflect the risk situation, enterprises can also combine internal data with external public big data resources. Such deep integration can not only improve the accuracy of risk identification, but also detect the risk trend earlier and improve the risk early warning ability of enterprises.

However, the application of big data analysis technology is not omnipotent. Large-scale data collection and processing may encounter problems in data quality, data security, and privacy protection. Therefore, when using big data analysis technology, enterprises also need to take into account the risks and benefits, reasonably

design the data governance structure, and ensure the legal compliance of data collection, processing and use.

In addition, the application of big data analysis technology also depends on the information infrastructure and talent reserve of enterprises. With sufficient information hardware and software facilities, enterprises also need a professional team that knows how to extract valuable information from big data. The ideal risk management team, based on risk management expertise, also needs to understand the basic principles and techniques of data analysis, and be able to work closely with IT departments to transform risk management requirements into viable data analysis projects.

At present, the integration of big data and risk management has become a trend. Many enterprises have also achieved remarkable results in practice, but the exploration of this field is still in the initial stage. In the future, with the continuous development and improvement of big data technology, it is believed that more innovative methods will be applied to enterprise risk management, to help enterprises better cope with various risks and challenges.

3.2 Priority methods of neutralizing financial risks at the enterprise

Artificial intelligence technology has broken the traditional risk prediction and management mode, and provided a new solution for enterprise risk management. Across prediction, identification, evaluation and other aspects, this technology releases strong analytical potential and helps enterprises improve the efficiency and precision of risk management. In the field of risk prediction, the main applications of artificial intelligence technology include predictive modeling, intelligent identification, etc.

Predictive-type modeling is an important application in risk prediction. Based on complex mathematical models, artificial intelligence technology can efficiently extract useful information from large amounts of data and make accurate predictions accordingly. For example, the user's click path, voice or text information when completing the transaction can be applied to the risk prediction. Using technologies such as deep learning, it can achieve fine and deep prediction of possible future risks.

Intelligent recognition technologies, such as image recognition and speech recognition, have been effective in the field of risk identification. Image recognition technology can help enterprises effectively identify risk factors in video or images, and take risk response measures based on this. For example, through image recognition technology, you can identify whether the workers on the production line meet the regulations, so as to avoid production safety accidents.

Deep learning is a powerful supervised learning method, and its application in the risk assessment process is becoming increasingly important. Based on the complex neural network model, deep learning can extract deep features from massive data and conduct accurate risk assessment accordingly. Obviously, through more accurate risk assessment, companies will more effectively measure and properly respond to risks.

Risk modeling is one of the core links of risk management, and artificial intelligence opens up new possibilities for risk modeling. Based on artificial intelligence technology, enterprises can build more accurate risk models, so as to realize the accurate prediction and evaluation of all kinds of risks.

However, although artificial intelligence technology has brought new possibilities for enterprise risk management, its application also has certain problems and challenges. For example, how to effectively handle huge amounts of risk data? How to build an accurate risk prediction model? These problems need enterprises to continue to explore and try in the practical application.

The processing of raw data is the basic link of artificial intelligence application. In the big data environment, enterprises need to use information means, such as database, big data and other tools, to effectively store and process the massive risk data, so as to provide a basis for the subsequent risk prediction and evaluation.

Establishing an accurate risk prediction model is the key to the effective application of artificial intelligence. Enterprises need to choose suitable models and algorithms for risk prediction according to their own characteristics and risk environment. While ensuring the accuracy of the model, the stability and interpretability of the model should also be ensured.

In general, the application of artificial intelligence technology in risk prediction and management can not only improve work efficiency and improve prediction

accuracy, but also help enterprises to better understand risks, so as to develop more professional risk management strategies. Although there are still many challenges and problems to be addressed, it must be acknowledged that AI technology is increasingly becoming an important tool for enterprise risk management and will greatly affect and change the way of risk prediction and management in the future.

3.3 Blockchain technology and Risk prevention

Blockchain technology, derived from the digital currency Bitcoin, has gradually become a technology of unique value, especially its characteristics in distributed, decentralized and information imability, making it play a significant role in enterprise risk prevention. Industry experts predict that blockchain will open up a whole new field in enterprise risk management.

What drives this change is mainly the unique technical characteristics of blockchain. The decentralized nature of blockchain avoids the single point of failure of information storage and enhances the robustness of the system. The transparency and traceability of information in the blockchain also enhance trust, which is more conducive to enterprises to discover and cope with risks than traditional centralized data storage. The immutability of information undoubtedly also provides an important basis for risk prevention. Once the information is linked, it is impossible to modify or delete it. Such characteristics effectively prevent data fraud and tampering, and effectively protect the interests of enterprises.

On the other hand, blockchain technology can also automate contract execution and reduce the risk of default. Smart contracts, as an extension of blockchain technology, can automatically execute and enforce agreements, greatly reducing the risk of contract default. Compared with traditional contract execution methods, smart contracts not only improve efficiency and reduce costs, but also enhance the credibility of contracts.

Blockchain can also realize the trust and collaboration across institutions, so as to better respond to risks. The traditional enterprise risk management mode is often unilateral risk assessment and decision-making within the enterprise. However, under

the blockchain technology, enterprises can easily realize the risk sharing mechanism with partners through the sharing mechanism, and jointly deal with risks, making the effect of risk management more significant than fighting alone.

However, as blockchain application practices deepen, more problems are also beginning to emerge. In the application of enterprise risk management, how to ensure the quality of the chain data, and ensure the security of information, has been a common problem in the industry. The industry is also hesitant about the choice of blockchain private chains and public chains, because this directly affects the security and transparency of information.

Nevertheless, there is no denying that blockchain technology will break the traditional enterprise risk management mode and build a new risk prevention system. For enterprises, they should actively explore and practice the application of blockchain in risk management, actively coordinate the forces of all parties, and jointly establish a risk prevention mechanism under the blockchain technology.

Standing in the tide of digital transformation, every enterprise also needs to recognize the future and embrace changes with a positive attitude, so as to remain in an invincible position in the future business society and achieve sustainable development. Especially for enterprise risk management, new risk prevention systems can be built with the help of emerging technologies such as blockchain to cope with the more complex business environment in the future.

The application of blockchain technology in enterprise risk prevention undoubtedly opens up new possibilities for enterprises. Through blockchain technology, the sensitivity of enterprises to risks can be improved, the access of information can be expanded, and the accuracy of risk prevention can be improved. In the future, enterprise risk management must combine the latest technical means to adapt to the changing business environment and achieve efficient and effective risk prevention.

Cloud computing is an important chapter of modern information technology. With its powerful computing power, unlimited storage space and its portability, it provides new possibilities for all kinds of enterprises. Especially for the field of risk

data storage and management, the technical advantages of cloud computing are more obvious.

Risk data is characterized by diversity, abundance and high variability, and cloud computing has become the ideal choice for its storage and management. Especially, in the risk management based on big data, the amount of data needs to be processed and analyzed continues to increase, and the massive storage capacity of cloud computing has become the key to support big data processing. Moreover, the elastic computing power of cloud computing and high-speed data transmission are also important bonus points in big data processing.

The traditional risk data storage and management mode often has the problem of data island, which leads to the difficult data sharing in real time, thus hindering the collaborative decision-making within the enterprise. The data storage mode of cloud computing is not limited by geographical restrictions, which can realize the instant sharing and application of data. Companies can more efficiently handle complex, cross-departmental collaboration issues and respond more quickly to risk factors.

At the same time, cloud computing allows companies to leave servers and other hardware to cloud service providers, reducing the cost and complexity of maintaining hardware, while retaining control over data processing and management. Therefore, enterprises can pay a small economic cost, and also realize the autonomy of data management. In this way, it can not only reduce the investment of enterprises, but also enable them to quickly allocate resources and adjust their risk response strategies in an emergency.

However, storing risk data in cloud services is not invulnerable. The data security issue is a sword of Damocles hanging over the cloud computing. In this regard, cloud computing providers are not without countermeasures. Technical measures such as data encryption, access control, and network isolation, supplemented by strict legal regulations, have been able to largely ensure the security of data in the cloud.

When it comes to data migration and backup, cloud computing offers even better solutions. Data migration is a tedious and time-consuming process, and manual operation easy to cause various problems. Data migration in cloud computing can automate this process, reducing the potential risk of the introduction of human

intervention. As for backup, many cloud service providers have realized automated data backup and disaster recovery, bringing better data guarantee to enterprises.

Finally, cloud computing can also support enterprises to analyze risk data at a deeper level. Through the storage and processing of massive risk data, enterprises can make use of the computing power of the cloud computing platform to conduct in-depth risk data analysis, so as to have stronger decision-making ability in the aspects of risk identification, evaluation and response.

Overall, cloud computing has a huge advantage in risk data storage and management. Enterprises should make full use of the powerful functions of cloud computing to improve the effectiveness of risk management. Attention should also be paid to data security and compliance issues, making technology a tool for solving problems rather than creating problems. In this era of rapid development of science and technology, the risk management concepts and strategies of enterprises should also keep pace with The Times to achieve the best risk management effect.

Enterprise risk management performance evaluation is an important reference basis for enterprise operation decision-making, which is directly related to the effect and efficiency of risk management work. A set of scientific, reasonable and comprehensive risk management performance evaluation index system can provide enterprises with accurate and distinct risk management performance display, help enterprises to achieve effective risk control and management in the rapidly changing market environment, and further promote the sustainable and stable development of enterprises.

The establishment of the performance evaluation index system of enterprise risk management should follow certain principles, and the principle of comprehensiveness, scientific, dynamic and adaptability are the crucial principles. The principle of comprehensiveness requires enterprises to fully take into account all business areas, all stages of risk management activities and all aspects of risk management when constructing the risk management performance evaluation index system. The scientific principle emphasizes the scientificity and practicability of the evaluation index system, and should accurately reflect the actual level and effect of enterprise risk management. The principle of dynamics is regarded as paying attention to the dynamics of the system

and exploring new indicators in line with the enterprise risk management to reflect the continuity and constantly changing process of the enterprise risk management. The adaptability principle is to reflect the comprehensiveness and scientific nature of the enterprise risk management work, and must be adjusted and corrected at any time according to the actual situation of the enterprise.

In the establishment and application of risk management performance evaluation index system, enterprises should comprehensively use the combination of qualitative analysis and quantitative analysis to pay attention to the severity, occurrence frequency and treatment consequences of risk management. The specific index setting should be extracted from different links such as risk identification, evaluation, risk control and risk monitoring, and evaluate the process and results of each link of risk management, such as the timeliness of risk discovery, the implementation effect of risk prevention and control measures, and the comprehensiveness of risk monitoring, etc.

For example, for the risk identification stage, the performance indicators can include the integrity, timeliness and accuracy of risk identification; for the risk control stage, the effective implementation of risk control measures, including the rationality of the control plan, the smooth operation of control activities and the significance of the control effect; for the risk monitoring stage, the completeness of the monitoring system, the timeliness and accuracy of monitoring, and the response speed and treatment effect.

The establishment of a scientific risk management performance evaluation index system is of great significance for inferring the risk management status of enterprises and proposing the possible problems in the process of risk management. With the help of this system, enterprises can understand their own advantages and disadvantages in risk management, and provide a basis for enterprise risk management decisions. At the same time, it also helps enterprises to show a good risk management image to the superior departments, shareholders and the public, which is conducive to improving the value and reputation of enterprises.

In general, in the modern society with increasingly complex risks and fierce competition in the market environment, the establishment and application of enterprise risk management performance evaluation index system has become an important tool

to judge the advantages and disadvantages of enterprise risk management and promote the continuous improvement of enterprise internal risk management. Enterprises should regard it as an effective way of organizing self-assessment and self-improvement in practice, so as to provide a solid guarantee for the sustainable development of enterprises.

Information disclosure and communication of enterprise risk management plays a vital role in the process of risk management. The effectiveness of information disclosure and communication directly affects the comprehensiveness and accuracy of enterprises' risk identification, evaluation, response and monitoring, so as to determine the success of enterprise risk management.

Information disclosure provides the necessary basis for risk management. The disclosure of risk information within an enterprise needs to be comprehensive, including not only the detailed information of potential risks and existing risks, but also the possibility of risks in the upstream and downstream links and the possible impact. This type of detailed information sharing is an important means to effectively identify and understand risks.

The essence of risk is that there is uncertainty, and the transparency and liquidity of information can reduce the uncertainty and help enterprises to understand and analyze risks more accurately, which is crucial to the handling and control of risks. Especially in the rapidly developing and changing market environment, timely and accurate disclosure of risk information has become the key for enterprises to seek opportunities and avoid threats.

In addition to improving the accuracy of decision-making information, good risk information disclosure can also enhance the implementation and implementation of internal risk management in enterprises. Risk information is the basis of decision-making by all employees and various departments within an enterprise. Its disclosure timeliness and transparency directly determine the quality of risk decision, while high-quality risk decision in turn provides strong support for enterprise risk management.

Risk information disclosure and communication is also a key factor to improve the external reputation of enterprises. For external investors, international partners, and even market regulators, the disclosure of risk information of enterprises is an important

basis for them to evaluate the risk status of enterprises, determine their cooperation willingness, and set their investment decisions. In addition, good risk information disclosure habits and mechanisms can also enhance the market competitiveness of enterprises, because it increases the credibility of enterprises, so that enterprises stand out from many competitors.

In the disclosure and communication of risk information, we need to pay great attention to the authenticity, accuracy and timeliness of the information. Any attempt or intention to conceal or dilute the risk information should be resolutely prevented and corrected. In this way, it can ensure the high efficiency and effectiveness of risk information disclosure, help enterprises to build a sound risk management mechanism, and improve the ability to resist risks.

Considering comprehensively, the importance of information disclosure and communication of enterprise risk management is self-evident. If enterprises slack off in the disclosure and communication of risk information, it may cause irreversible impact on risk management, and may even cause the crisis of enterprise survival. Therefore, to establish a set of effective risk information disclosure and communication system to lay a solid foundation for the risk management of enterprises, it is a task for every enterprise manager to pay attention to and practice by focusing on the long-term prosperity and development of enterprises.

Performance evaluation of enterprise risk management is mainly to measure and evaluate the effectiveness in the process of enterprise risk management. This aspect of evaluation work can not only help enterprises to understand the effect of their own risk management, but also is an important link of risk management work.

It is worth noting that the results of risk management performance evaluation are subject to data and analysis, and detailed interpretation should be made in combination with the specific business background and environment. Only in this way can enterprises truly and accurately understand the actual effect of risk management, and make appropriate adjustment and optimization on the basis of the obtained feedback.

In practical work, enterprises may choose different risk management performance evaluation methods according to their own needs, among which the common risk control self-evaluation (RCSA), key risk indicators (KRI), etc.

Self-evaluation of risk control is a kind of evaluation method, which mainly evaluates the performance of enterprise risk management by conducting a comprehensive self-examination of the various business processes and organizational structure of the enterprise. This method can not only dig out potential risks, but also help enterprises to clarify the context of risk management, deepen risk understanding, and provide a valuable reference for improving risk management.

Key risk indicators, this assessment method is usually used to quantify the results of risk management. By setting a variety of specific risk indicators, enterprises can clearly and quantitatively understand the possibility and influence degree of risk occurrence, and timely warn risks, so as to improve the refinement and scientificity of risk management. This kind of risk index is usually used as a business decision-making tool for the top management, providing a strong decision-making basis for enterprises.

However, successful risk performance management evaluation does not only rely on the evaluation method itself, but also needs a sound risk management structure, including clear risk management responsibility allocation, clear risk management process, and effective risk communication mechanism. In practice, enterprises will inevitably encounter various challenges, such as the inconsistency of risk assessment standards, the failure of accurate extraction of risk data, and the contradiction between corporate culture and risk management concept, etc. For these problems, enterprises need to actively face them, strictly implement risk management strategies, coordinate internal and external resources, improve risk management ability, and minimize the impact of risks on enterprise operation.

The above is a comprehensive review of the methods and practices of enterprise risk management performance evaluation. Detailed and comprehensive information should provide effective reference and guidance for enterprise risk management. It is hoped that after understanding these evaluation methods and practices, enterprises can think deeply about how to use these tools, clarify the objectives of risk management, improve the risk management structure, and form a set of performance evaluation

mechanism matching with the characteristics of the enterprise, so as to better realize the improvement and optimization of enterprise risk management.

In discussing practical applications of risk management performance evaluation, it is necessary to cite some examples to further clarify this concept. ABC Company is a leading global manufacturing company, considering the diversification and globalization of its business, it is necessary to adopt effective risk management strategies to protect itself from potential risks. ABC has adopted a risk management framework with five key elements to measure its risk management performance.

First, ABC company has built a sound internal control system. The internal control system considerations include the identification of various risk factors and the assessment of the matching degree of organizational goals and risks. Performance evaluation indicators include but are not limited to the stability of return rate, detection of performance fluctuations, frequency of major risk events, etc.

Second, the company attaches great importance to the procedure of risk identification and assessment. They have effective configuration management tools and the ability to identify and assess all business-related risks. The effectiveness of the risk management strategy is ensured through the means of regular audit and continuous monitoring.

Third, ABC recognizes the importance of effective risk communication for risk management. They have established a detailed risk information disclosure system to ensure the effective transmission of risk information between all levels of the company. By paying attention to the dissemination of risk information, the risk awareness is improved, and the employees' participation in risk management activities is enhanced.

Fourth, fair risk management has also been their attention. They make risk decisions transparently and openly, and often examine risk management strategies to ensure that they are aligned with the company's business objectives. The risk management strategies adopted include responsibility and decentralization, incentive mechanism design, risk and benefit trade-off decision, etc.

Finally, the ABC company has adopted a systematic risk management approach. They believe that only through a comprehensive, integrated approach can they effectively address the risks in global operations. Therefore, their risk management

procedures cover all business units, develop standardized risk governance processes, and adopt technical means such as big data and artificial intelligence to process and analyze risk data.

The results from using this approach are encouraging. ABC's earnings have improved, and the incidence of risk events has decreased significantly. In addition, employees strongly agree with the company's risk management, who fully understand and value their role in implementing risk management strategies.

Overall, the practice of ABC company provides us with a strong demonstration of the practical application of risk management performance evaluation. With a complete internal control system, a streamlined risk identification and evaluation procedures, a sound risk communication mechanism, a correct risk management mode and a comprehensive risk management perspective, it can help enterprises to effectively improve the performance of risk management. In the long run, this sound assessment of risk management performance is of self-evident significance to the success of corporate governance.

1) Risk management policy and system construction

Enterprise risk management policy is an important tool to promote the healthy development of enterprises. Correctly recognizing and properly handling risks is the key to the survival and development of any modern enterprise in today's complex and changeable social environment. Therefore, it is an inevitable choice to propose a set of feasible policies and systems to improve risk management.

It is suggested that enterprises should pay attention to the comprehensive coverage of all links of risk management when formulating risk management policies, so as to avoid "blind spots" and "dead corners". To ensure that all risks can be learned and prevented in the first time, this requires enterprises to take the initiative to preset the risk prevention and control mechanism when formulating strategies, to give early warning of possible risks, and reduce the resulting losses.

The subsystem of the risk management system can be divided into risk identification, risk assessment, risk treatment and risk monitoring, etc. Only with the coordination between each subsystem can the risk management goal of the whole system be achieved. In the concrete implementation of the system, the successful

experience of risk management at home and abroad should be used to realize the optimal effect of risk management.

The risk management policy clearly points out that the management should take the lead in formulating the risk management plan and incorporate the risk management into the enterprise strategy. Through the establishment of a special risk committee, strengthen the collection of risk information, and formulate perfect risk response plans, comprehensively strengthen the implementation of the implementation effect of risk management.

In the process of promoting the construction of enterprise risk management policies and systems, enterprises should be guided to use scientific management tools and methods, such as statistical analysis, data mining, decision tree, etc., to reduce the risk prediction error and improve the risk management ability of enterprises.

Enterprises should regularly review and revise the risk management policies and systems to adapt to the changes in the external environment. Risk management personnel at all levels should regularly participate in the learning and training of risk management, update their risk management knowledge, and improve their risk management ability.

The implementation effect of the policy should be evaluated on the impact of the enterprises to ensure the effective implementation of the policy. After forming a set of effective risk management policies and systems, enterprises should fully implement them, and formulate a set of risk management incentive mechanism to encourage employees to actively participate in the risk management.

These are the basic elements of the construction of enterprise risk management policies and systems. In order to build scientific and effective enterprise risk management policies and systems, it is necessary to start from the above aspects to establish a comprehensive, multi-level, high benefit enterprise risk management system. Only in this way can the quality and quantity of enterprise risk management be developed to a new historical stage and the sustainable development of enterprises be realized.

2) Talent training and team building

In the whole system construction process of enterprise risk management, talent training and team building have the importance that cannot be ignored. This is because risk management involves a deep understanding of all aspects of enterprise operation, familiar with the use of various risk assessment and management tools, good information collection and processing ability, and excellent strategic decision making ability, all of which require an efficient and professional team to undertake.

Risk management talents need to have unique professional qualities, including a deep understanding of risks, risk assessment and control skills, and the ability to use various risk management tools to identify and control risks. We need to have a deep understanding of various operation activities, market environment, laws and regulations and management systems, so as to understand and grasp the risk from the overall perspective, so as to make timely and effective treatment.

A good risk management team must be made up of people with different skills and expertise to deal with various risk scenarios. Each member of the team should be able to quickly and accurately judge the risks, propose coping strategies, and be able to implement a risk response plan. The trust and tacit understanding of the team members also have a significant impact on the effect of risk management. The good cooperation between the members can ensure that the team can respond quickly and effectively control the risk in the case of sudden risk.

In order to establish such a risk management team, enterprises must pay attention to the cultivation of risk management talents. It can be carried out from three aspects: professional quality training, knowledge and skill training, and team building. Professional quality training is mainly to improve the moral quality of risk management talents and cultivate their determination to adhere to the ethics and principles of risk management. Knowledge and skill training is to enable the use of risk management talents, including risk identification, assessment, control skills, as well as the operation and use of risk management tools. Finally, team building is to let risk management talents know how to play a role in the team and cultivate team spirit.

The purpose of talent training and team building is to build a set of effective risk management system for enterprises, and to realize the systematic, standardized and

professional management of enterprise risks. Only when the enterprise has a group of systematic and deep knowledge structure, and strong management thinking and innovation ability, as well as a risk management team with tacit cooperation, can it deal with various risks and win the battle of risk management.

The importance of enterprise risk management is self-evident, and talent training and team building are the key in this process. In the future, while paying attention to risk management, enterprises must also regard talent training and team building as a strategic focus, and continue to invest resources and efforts to better cope with the uncertain future and create greater commercial value.

3) Application of risk management technologies and tools

Easy-to-use technologies and tools play a key role in enterprise risk management, especially given the complexity and uncertainty of risk. The improvement of scientific and technological capabilities has produced many tools and theories in the industry that can quickly identify, assess and manage risks. The advantage of such tools is not only the quantitative analysis of risk factors, but also the combination of qualitative analysis to give enterprises a more comprehensive perspective and deeper insight.

Risk disclosure and communication is an important link in risk management, and the related IT technology and the new generation of information technology such as cloud computing provide strong technical support for risk disclosure and communication. With potential risks and showing them in a visual way, it has more guiding value for the positioning, identification, monitoring and processing of risks. In addition, these technologies can also improve the information sharing rate and enhance the collective decision-making ability of enterprises. Similarly, such technologies can help to promote enterprise risk information management and improve the efficiency of risk management.

The UnFramed Risk Assessment (Bowtie) is a tool designed to visualize risk scenarios. The tool focuses on exploring and analyzing the sequence of risk events leading to major failures. This tool makes the risk assessment work more accurate and intuitive by identifying specific risk paths. Focus on the trigger event, analyze the threat

(or cause) of the left and the consequences of the right, so as to better analyze the cases and provide the prevention and mitigation measures for accidents.

It is worth mentioning that the DisasterRecoveryPlan (DisasterRecoveryPlan), which enables the management team to handle emergencies in an operational, step-specific manner. The plan not only includes specific emergency measures, but also covers a thorough investigation and recovery plan after the accident. Establishing response solutions for different risk types, such as equipment failure, network attacks, data center failure, etc., can improve the ability of enterprises to respond to emergencies.

Another recommended analytical tool for use is a Monte Carlo simulation. This is a numerical calculation method, by introducing random numbers in a certain formula, followed by numerical experiments, and finally, a statistical analysis of the acquired experimental data to obtain the solution of the formula. In order to evaluate the uncertainty and related risks that enterprises may face. This tool can be of great help to address complex risks, and to evaluate the consequences of complex risks.

More advanced risk management tools include artificial intelligence (AI) and machine learning (ML), which are being adopted by more and more enterprises. Through independently learning historical data, using algorithms to predict future risks, and help enterprises to conduct risk traceability. The application of AI and ML helps enterprises to monitor risks in real time and advance warning, so as to prevent accidents.

In general, when carrying out risk management, enterprises should not only have a deep understanding of various risks, but also learn to use various tools and technologies to realize the quantitative assessment and control of risks. Enterprise risk management supported by technology can more effectively improve the risk response ability and realize the sustainable development of enterprises. Only with a deep understanding of these tools and technologies can companies make the best use of them to improve risk management results.

4) Construction and implementation of risk management culture

An important factor to realize the effectiveness of enterprise risk management is to improve and strengthen the enterprise risk management culture. Risk management

culture, simply put, refers to the sum of the ideas, attitudes and behaviors of internal personnel in an enterprise. This culture needs to be understood, accepted, and applied at all levels of the enterprise, including the correct understanding and attention of the highest decision makers, such as boards and senior management, as well as the participation and implementation of all employees.

The actions and attitudes of senior leaders play a key role in building a risk management culture. They have a pivotal influence in the enterprise, and their emphasis on and positive attitude towards risk management can effectively influence the ideas and behaviors of other employees. They need to lead by example, adhere to the company's risk management standards and policies, and encourage their teams to do the same. Their position in the organizational structure can provide a mechanism to implement the risk management work to every corner of the enterprise by improving the organizational structure of risk management.

In order to successfully implement the risk management culture, enterprises need to integrate risk management into the daily work of the enterprise and make it a natural part of the enterprise operation rather than an additional task. This requires the full integration of risk management and the enterprise's business strategy, goal setting and business process, so that it becomes a widely accepted and understood operation mode within the enterprise. In addition, the execution of risk management can be improved if operational strategies and plans can be formulated to clarify rights and responsibilities, and to provide effective rewards and punishments for the implementation of risk management.

In this process, training and education are indispensable links. The construction of risk management culture requires the understanding and participation of every employee, which means that they need to understand the basic knowledge and skills of risk management, and understand the association of individual behavior and the overall risk management of the enterprise. Targeted training and educational activities should cover employees at all levels of life, and help them understand possible future risks through case learning and simulation exercises, so as to deal with various risk events.

The transparency of risk information is also an important part of achieving effective risk management. Enterprises should do their best to improve the

transparency of risk information, so that employees can fully understand the risk situation faced by the enterprise and the specific situation of risk management activities. This includes timely disclosure and sharing of risk situations, and the decision-making process of adapting risk management strategies to specific conditions.

Enterprises with successful risk management are often those who can integrate the core values and concepts of risk management into the corporate culture. A solid risk management culture can not only enhance the enterprise's cognition and processing ability of risks, but also improve the job satisfaction of all employees and the overall robustness of the enterprise. Therefore, in the long run, spending time and energy on the construction and implementation of risk management culture will bring lasting benefits to enterprises, which is worth enterprise investment and efforts.

CONCLUSIONS

This work comprehensively discusses the importance and research status of improving enterprise risk management, and puts forward effective improvement strategies and measures. We clearly point out that risk management is not only to deal with the potential dangers that may occur in the process of business operation, but also an important tool for enterprises to enhance their competitiveness and make strategic decisions.

Through the analysis of the current situation of enterprise risk management, we have a deep understanding of the concepts, characteristics, advantages and challenges of risk management.[21] We found that although the traditional risk management model has played a certain effect in some cases, in the complex and changeable environment of modern enterprises, this model obviously cannot meet the needs, while modern risk management shows great advantages.

On this basis, we have carried out practical research to find the strategies and measures to improve enterprise risk management. We analyze and compare different risk identification and assessment methods, explore how to use existing tools and techniques to improve the risk management process and how to develop culture building strategies for risk management within enterprises.

We also investigated the application of information technology in risk management. We believe that modern information technologies such as big data analytics, artificial intelligence, blockchain and cloud computing can greatly improve the efficiency and accuracy of risk management. In addition, the wide application of these technologies can enable enterprises to have greater initiative in risk early warning, risk prevention and other aspects.

For the risk management performance evaluation part, we have established a set of enterprise risk management performance evaluation index system, and discussed how to effectively conduct risk management information communication and disclosure. We point out that the effectiveness of risk management needs to be quantitatively evaluated through certain methods and means, so as to provide accurate decision-making basis for enterprises.

In the part of economic risk analysis by taking enterprises as an example, we seek the successful experience and lessons of risk management from the actual cases of various industries in the way of empirical research. On the other hand, we also explore how to innovate the practice and application of risk management in enterprises, and believe that reasonable innovation is crucial to the success of risk management.

To the way to improve the enterprise risk management system, we put forward a series of suggestions for improvement. We have discussed in depth how to improve the policy and system construction of enterprise risk management, emphasizing the importance of talent training and team building, and also discussed how to effectively use risk management technologies and tools, and how to strengthen the construction and practice of risk management culture.

Through this study, we expect to provide a comprehensive and in-depth perspective for businesses and relevant policy makers to guide them to better understand and address the problems and the challenges they may encounter in corporate risk management. At the same time, the results of this study can also provide enterprises with a set of effective risk management theory and practice program, helping them to achieve greater success on the road of risk management.

As for the application of technology in risk management, this study expounds the possible uses of various technologies such as big data, artificial intelligence and blockchain in risk management. However, we must admit that the practical application of these technologies is still in the initial stage, and there is a lack of complete application examples and system implementation measures. Therefore, there are still great difficulties in implementing these techniques in risk management practices.

In today's business environment, risk is inevitable.[24] However, through accurate risk management research, enterprises can realize the prediction, analysis, evaluation, control and transfer of risks, so that risk management becomes a competitive advantage in the development of enterprises, rather than a risk. Companies can not only withstand risks, but also can actively use risk to create value. In this regard, the future research and development direction and improvement measures of risk management can be carried out around the following aspects.

Modern enterprise risk management will pay more attention to the comprehensive and in-depth understanding of risks, in order to achieve effective risk identification and assessment.[25] Enterprises need to fully understand their own risk tolerance, so as to make reasonable decisions in the face of risks. Therefore, future risk management research require more in-depth exploration on risk identification and assessment methods. For example, research can focus on how to use big data and artificial intelligence technologies to more accurately identify and predict risks to prevent risks in advance.

Another development direction of enterprise risk management in the future is risk transfer and mitigation strategy. In the face of risks, enterprises need to take preventive measures, but also need to be prepared to deal with risks, such as disaster recovery plan, crisis management plan, etc. In addition, the attitude of enterprises to risks will also affect the effect of risk management. Therefore, future risk management research should explore how to develop effective risk transfer and mitigation strategies, as well as how to cultivate a culture of enterprises to actively deal with risks.

Another direction of enterprise risk management development is to strengthen the internal control system. Internal control system is an important part of enterprise risk management, which can effectively prevent and check the various risks faced by enterprises. The efficient and standardized internal control system helps to identify and manage the risks faced by the enterprise, so as to improve the operating efficiency and profit of the enterprise. Future risk management research should pay attention to the improvement of the internal control system, and explore the establishment of a comprehensive internal control system in human, material, financial, information and other aspects.

Another important development direction of enterprise risk management in the future is the timely, accurate and complete disclosure of risk management information. Information disclosure not only improves the transparency of enterprises, enhances the trust of the public and relevant parties, but also helps to find and correct the problems existing in the risk management of enterprises, and improve the effectiveness of risk management. Therefore, the future research on risk management should focus on how

to improve the disclosure level of risk information, including improving the accuracy, detail and timeliness of disclosure.

In general, the future research on enterprise risk management should conduct more in-depth research in risk identification and assessment, risk transfer and mitigation, internal control and risk information disclosure. In addition, in order to make the risk management research more practical, the research also needs to be closely combined with the actual operation of enterprises, rather than just stay in theory. At the same time, considering the rapid changes of modern enterprise environment, the development trend of risk management research needs to be forward-looking, so as to grasp the new risks that may appear in the future.

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APPENDIXES