Application Analysis of Risk Control Management in Enterprises Pursuing High Quality Development

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Abstract: In the new period, China's market environment is fiercely competitive and complicated. In order to pursue high-quality development and avoid the loss of economic benefits, enterprises have made great changes in management mode. Many enterprises have shifted their focus to risk control management. In view of this, this paper analyzes the possible risks in risk control management and the corresponding prevention and control strategies, explores the existing problems in risk control management and puts forward solutions, so as to promote enterprises to achieve high-quality development.

1. Introduction

Strengthening the risk control management of enterprises can effectively ensure the normal operation of capital chain, help enterprises develop healthily and enhance their core competitiveness. This requires enterprises in the new period to clearly understand the importance of risk control and management, understand the causes of different risks, and adopt corresponding prevention and control strategies to strengthen risk control and management. In addition, the existing risk control management should be reformed to adapt to the development of the times, and the risk control is more effective.

2. Importance of Risk Control Management

All enterprises' production and operation activities are inseparable from investment, financing and capital allocation, and various risks will inevitably exist in this process. Reasonable risk control management is conducive to creating a good environment for the production and operation of enterprises, adapting to the needs of the external environment, and improving the security of funds and the profitability of enterprises. Risk control management plays a vital role in the normal operation and high-quality development of enterprises [1].

3. The Causes of Enterprise Risk Analysis and Prevention and Control Strategies

3.1 Financing Risk and Its Prevention and Control

3.1.1 Causes of Financing Risk

The capital structure of some enterprises is not reasonable enough, and the asset-liability ratio is too high or too low, which may bring financing risks to enterprises. Enterprises with high debt ratio have great debt repayment pressure and low debt repayment ability, which makes financing more difficult, the relative financing cost will also increase, and the capital chain is prone to break. However, if the debt ratio is too low, financial leverage can not be used reasonably, and shareholders can not make more profits from enterprises; In addition, if the scale of enterprise financing is too large, the equity will be diluted, which will lead to the transfer of control rights of enterprises and have a great impact on the establishment of enterprise financing decisions. In addition, because of the tightening of financial market policies, it is difficult for many enterprises to obtain funds, which makes them have to increase costs for debt financing. However, the market competition is fierce. If the capital market expectation is not ideal, the supply and demand of enterprise equity financing cannot reach a balance, and the cost of debt financing will further increase.

3.1.2 Prevention and Control of Financing Risk

In order to avoid financing risks, it is necessary for enterprises to optimize their capital structure and give an effective warning to possible financing risks. According to pecking order theory, it is best to carry out the financing method from inside to outside, and debt financing should be carried out before equity financing. When there is demand for external financing, it is necessary to adjust the proportion of equity finance and debt financing, and properly carry out internal financing to increase the proportion. And when the amount of endogenous financing is not enough to support the rapid development of enterprises, external financing will be carried out to solve the problem of funds in time and avoid the risk of financing to the maximum extent.

3.2 Investment Risk and Its Prevention and Control

3.2.1 Causes of Investment Risk

Due to the inaccurate prediction of market prospects and insufficient analysis of market risks, many enterprises are blindly following the trend of investment, which is the embodiment of enterprise decision makers' lack of awareness of investment risk management and control. Without the awareness of risk management and control, the investment department staff can't scientifically analyze the investment report, and the investment report without firmly grasping the national macro-market policy and reasonably predicting the future development of the market makes the investment direction of enterprises deviate. For example, some enterprises invest in heavily polluted projects in order to obtain short-term benefits, which is not in line with the development vision of global environmental protection today, and can't be supported by national policies and recognized by the public, and it is difficult to develop smoothly. Therefore, if the investment risk cannot be effectively controlled, it is easy for enterprises to face the investment risk, and in severe cases, the cash flow will break and even go bankrupt.

3.2.2 Investment Risk Prevention and Control

The prevention and control of investment risks requires enterprise decision-makers and risk assessment departments to change their inherent risk management and control concepts, adapt to the overall strategic situation of economic globalization, and proceed from the reality of China's market reform to invest in projects supported by national policies. Before investing, make a scientific evaluation of the invested projects, focus on the evaluation and quantitative analysis of the indicators of the investment projects, especially the indicators with uncertainties, and screen them from top to bottom, strictly control the rationality and feasibility of the investment report and the correctness of the investment direction, and strictly prevent excessive investment. After investment, it is also necessary to control the market changes in real time and dynamically manage the investment projects during the specific implementation and operation of the investment projects. According to the market changes, the implementation plans of the investment projects are continuously optimized and the most suitable management methods are selected to ensure the smooth progress of the investment projects and improve the success rate and return rate of investment of enterprises.

3.3 Liquidity Risk and Its Prevention and Control

3.3.1 Causes of Liquidity Risk

The liquidity risk of enterprises is mainly reflected in the health of this important link of capital chain. The capital chain is just like the blood system of the human body. Only when the capital works normally can the "heart" of the enterprise keep beating. However, in the actual operation of enterprises, the capital chain is usually difficult to operate normally. Due to various reasons, many enterprises have great obstacles in inventory and accounts receivable. If a large amount of inventory cannot be realized in time or a large amount of accounts receivable cannot be recovered in time, it is easy to break the capital chain of enterprises and make enterprises bear great liquidity risks. In addition, some enterprises do not pay attention to inflation and interest rate changes in the market environment, the capital budget on production cost, investment cost and capital turnover is not accurate enough, the excessively optimistic income estimation and the wrong estimation of capital expenditure all make the enterprises appear unreasonable phenomena when planning funds, resulting in capital gap and even capital chain break, resulting in increased liquidity risk and serious consequences [2].

3.3.2 Liquidity Risk Prevention and Control

To reduce the liquidity risk of enterprises and make the capital chain run more stably and healthily, it is necessary for enterprises to enhance the ability of realizing inventory and collecting money. Choosing customers with good credit for cooperation can effectively speed up the recovery of accounts receivable. In cooperation, not only should the cooperative enterprises be investigated and evaluated in detail, but also their own recovery strategies should be improved and reasonable and legal countermeasures should be taken to accelerate the recovery of accounts. Moreover, while ensuring their own production efficiency, enterprises must strengthen the ability of realizing inventory, accelerate the turnover of goods and minimize the occupation of capital chain by inventory goods.

4. Problems and Solutions in Risk Control Management

Although risk control management plays an important role in avoiding risk control in enterprises, there are still some problems in practical work, such as lack of initiative in risk control management, unreasonable capital structure of enterprises and low level of financial management personnel. This requires enterprises to think carefully and reform in time.

4.1 Strengthen the Initiative of Risk Control Management

Through the above analysis, it is found that risk control is predictable and can be effectively prevented and controlled in most cases, but some enterprises still have the phenomenon that risk control management is not active enough. This is mainly because the enterprise leadership is not aware of risk control management, and when formulating the enterprise development route, its vision is not long-term, too much attention is paid to the immediate interests, and it is impossible to implement the risk control management group. It is believed that as long as the capital chain is well controlled, risk control can be effectively avoided, and when risk control occurs, it will be "better than never". In fact, enterprise leaders should strengthen the awareness of risk control management, prevent problems before they happen, implement enterprise-wide risk control management, formulate and implement a comprehensive risk control management system, make risk control managers clear their responsibilities and obligations, improve the initiative of risk control management, nip many controllable risk controls in the bud, and reduce the risk control that enterprises may bear from the source.

4.2 Change the Management Structure of Enterprise Risk Control

Unreasonable capital structure of enterprises can easily lead to difficulties in capital turnover of enterprises. The solvency of enterprises is very limited. Unreasonable capital structure will increase the asset-liability ratio of enterprises. Once the debt-paying limit of enterprises is exceeded, the production and operation activities of enterprises will not be carried out normally, resulting in greater risk control. Therefore, enterprises need to establish a sound risk control early warning system, strengthen the assessment of enterprise asset management ratio, and realize the normalization and institutionalization of risk control management. The indexes that may cause risk control can be systematically analyzed by establishing mathematical models and proportional analysis, so as to facilitate the decision-makers to rationally allocate the capital structure of enterprises and ensure that each project can be smoothly embedded in the capital chain, thereby further optimizing the debt ratio of enterprises, improving the solvency of enterprises and speeding up the capital turnover of enterprises.

4.3 Improve the Quality of Risk Control Managers

Enhancing the initiative of risk control management and changing the structure of enterprise risk control management have higher requirements for the comprehensive quality of enterprise managers. However, the level of financial personnel in many enterprises is generally not high, and the predictability of risk control is not enough to effectively carry out risk control management. Moreover, the financial departments work too much and too much, and the financial personnel do not have enough energy to carry out risk control management, which makes the risk control management work ineffective. To solve this problem, enterprises are required to refine the work of financial departments, focus on risk control and management separately, set up special risk departments, conduct regular professional ability training for department members, improve their comprehensive quality, and give certain "privileges" to risk departments, so that they can increase coordination and cooperation with other departments in risk control and management, and speed up the implementation of risk control and prevention measures [3].

Summary: In the new period, enterprises should realize the importance of risk control management, analyze the causes of various types of risk control in detail, adopt corresponding prevention and control strategies, and further enhance the initiative of risk control management, change the structure of enterprise risk control management, and improve the comprehensive quality of risk control managers, so as to avoid risk control and develop healthily to the greatest extent.

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