

Research on Enterprise Financial Early Warning and Control System Based on Industry Environmental Risk Recognition

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Abstract: There is an objective inherent logical relationship between industry environmental risk and enterprise financial risk, and they complement each other. The continuous reform of market operation mechanism of power enterprises and the rapid development of knowledge economy have brought greater market competition pressure to power enterprises. At the same time, it also highlights the importance of human resources education and training in enterprises. In order to effectively control the financial affairs of enterprises and improve their development strength, we should establish a sound financial early warning and control mechanism to effectively identify the risks in the development of enterprises. Enterprises in the post-financial crisis face more external environmental risks, especially the existence of industrial environmental risks, which will directly induce the instability of financial factors in the corporate financial strategy. Under the identification of industry environmental risks, this paper studies how to construct a corporate financial early warning control system to achieve better development of the enterprise.

1. Introduction

In the post-financial crisis period, the external environment faced by enterprises is changing rapidly, and various kinds of crises are emerging, resulting in unprecedented severe financial risks. When the industry environment changes, it is easy to lead to financial risks and have a serious impact on the development of enterprises [1]. When there are uncertainties in the industry environment, it will affect the operation of enterprises. Different from traditional marketing concepts and methods, modern enterprise marketing activities do not blindly pursue market economic profits, but pay more attention to promoting sustainable development of enterprises [2]. The normal operation of an enterprise is inseparable from the impact on the financial environment. Especially in the post-financial crisis period, the external business environment is changing rapidly, and various potential crises have severely tested the financial risks of enterprises [3]. Enterprise operation is inseparable from a large economic environment, and the uncertainty of the external environment will definitely affect the normal operation of the enterprise. In order to reduce financial risks and enhance the operational efficiency of enterprises, when establishing a corporate financial early warning control system, it must be based on industry environmental risk identification [4].

In the process of business activities, corporate sales as the basis for various activities, we must focus on the signs of corporate product crisis [5]. Effective identification of industry environmental risks can ensure the scientific and effective financial early warning control system and promote the better development of enterprises [6]. As a bridge connecting macroeconomics and microeconomics, the industry's development prospects and operating conditions are directly related to the survival and development of enterprises [7]. If the market capacity increases and the corresponding growth rate of the company does not increase, it needs to be highly valued. External cause is the condition of change, while internal cause is the basis of change. External cause acts on the system through internal cause. The traditional method of financial early warning for enterprises only evaluates and predicts the internal financial risks of enterprises, but does not find out the external conditions leading to financial risks [8]. As the uncertainty of industry development, when enterprises deal with the development prospects of the industry and the problems in their own operation, they are not surprised how to come from the coordination and unification of internal and external causes [9].

It is more necessary to strengthen the anti-risk ability of financial management from the establishment of enterprise financial early warning mechanism.

2. Financial Early Warning Mechanism under Industry Environmental Risk

2.1. The Influencing Mechanism of Internal and External Environmental Uncertainty on Enterprise Financial Risk

The main task of enterprise production is to research and develop in depth, according to market changes, put forward specific suggestions for project construction. The survival of an enterprise coexists with the internal and external environment. Any enterprise should not only create an environment from the internal operation, but also adapt to the external environment. In the construction of financial early warning control system, the procedure, method and index system of the system are ensured to be scientific and effective. In the process of production, the corresponding sales plan should be formulated according to the specific requirements of customers. Material is collected from the material warehouse in conjunction with the actual plan, and each material is distributed in each workshop production. Any enterprise is created in a certain environment, and operates, grows, and changes in a certain environment. Industry competitive risk can effectively analyze and describe the degree of competition among various companies in the industry. When measuring risk indicators, quantitative indicators should be conducted to concentrate the industry. And summarize the annual growth rate of enterprises in the industry. If there are problems such as imperfect production processes and low labor productivity, it will seriously affect the smooth progress of financial management.

2.2. Control mechanism of enterprise financial early warning mechanism

The risks in the financial management of enterprises are closely related to the uncertainty of the environment inside and outside the industry. For companies, funding is fundamental to their development. However, funds are limited, which requires major companies to implement fundraising [10]. Industry life cycle risk is mainly due to the impact of the life cycle stage within the industry on corporate finance. In the risk indicator system, the sales growth rate and the growth rate of fixed assets should be analyzed. Today in the information age, many companies are paying more attention to foreign investment, and how to avoid risks in investment is a matter that needs careful consideration. For the internal financial risk analysis of enterprises, from the perspective of white adaptive growth theory, there is an orderly exchange of material and information between the internal system and the external environment of enterprises. Once the capital chain is interrupted, enterprises will suffer huge capital risks, and major banks and suppliers will no longer trust enterprises. The risk of industrial technological change is mainly due to the rapid development of industrial technology and the frequent technological updates, which have a serious impact on the development of enterprises.

3. Identification and Measurement of Environmental Risk in Industry

3.1. Risk Components of Industry Environment

In the study of industrial organization theory, scholars pay more attention to the analysis of industrial environment. In the selection of investment projects, consulting and investigating each project should be conducted first. After investigating the investment plan, the investment committee examines and approves the feasibility and operability of the project implementation. Enterprise financial early warning is to warn in advance and urge the management authorities to take effective measures when the key factors that may endanger the financial situation of enterprises appear. Avoiding potential risks to evolve into losses plays a proactive role. When measuring the risk of industry tax rate, the performance factors are the level of industry tax rate, preferential policies and fluctuation of tax rate. The industry environment will affect the profitability of the company. In combination with adaptive theory, individuals, organizations, and groups exchange information at

all times, and this exchange is conducted in a relatively stable manner.

The ultimate goal of corporate financial early warning is to control risks. It must not only be able to predict and predict, but more importantly, timely search for the causes of further deterioration of the company's financial situation. Sensitivity analysis can be performed for each influencing factor of a single project, and the risk management of the project can be performed from the results of the analysis. From the analysis results in Table 1, the project is most sensitive to management risks and least sensitive to financial risks. The relationship between risk assessment and risk factors is shown in Figure 1.

Table 1 Risk assessment sensitivity analysis

	Evaluation value	Post-change score
Environmental risk	0.486	0.845
Production risk	0.574	0.692
Management risk	0.438	0.869
Technical risk	0.643	0.732
Market risk	0.516	0.523

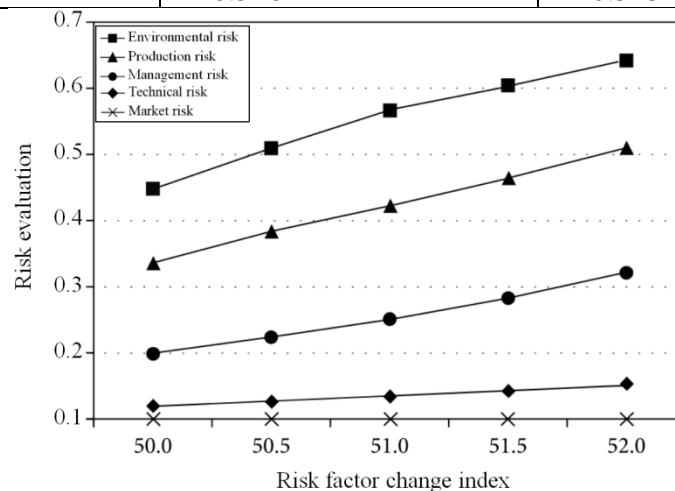


Fig.1. Relationship between risk assessment and risk factors

3.2. Determination of Environmental Risk Indicators for Industry

Most of the traditional enterprise financial early warning methods are based on the linear regression model. The biggest flaw is that it can not show the formation path of corporate financial risk. The industry interest rate risk will adjust the capital structure of the enterprise and change the financial expenses of the enterprise. When measuring the interest rate risk of the industry, it is mainly based on the fluctuation of interest rates. In reality, it is impossible to predict the external environment, which hinders the smooth exchange of information. Individuals and organizations cannot adapt to the external environment. Financial early warning control system should consider and analyze various environmental factors, and revise the market and risk. The contents of the system will be supplemented to ensure the advanced nature of the system. The industry environment is formed by the interaction of many factors. In dividing the dimensions of the industry environment, subjectivist scholars are based on the dynamics, complexity and richness of the industry environment. The adjustability of the financial early warning control system can effectively reflect the business status, financial status and financial risks of enterprises.

4. Conclusions

In the process of enterprise operation and development, there are many risk factors. The construction of a sound enterprise financial early warning control system can effectively analyze the industry environment and screen out the risk factors affecting the development of enterprises. And timely formulation of countermeasures to solve the risks, and then to strangle the enterprise risk in

the budding state. From the perspective of industry environment, the establishment of early warning model for financial risk of venture enterprises can establish the relationship between variables in external environment and financial activities of enterprises. And from the uncertainty of the industry environment to set up risk control points, so as to achieve the improvement and upgrading of enterprise financial early warning control system. The coupling of industry environmental uncertainty and organizational inertia has led to the emergence of corporate financial risks. This paper believes that the industry environmental risk is the objective condition that leads to the financial risk of the enterprise. The inertia of the organizational structure is the internal basis for the financial risk of the enterprise. The financial early warning control system should have the characteristics of monitoring and early warning, and can respond to risks and enhance the financial resistance of enterprises. With the help of the principle of system dynamics, the logical relationship between industry environmental risks and corporate financial risks can be fully and vividly interpreted. At the same time, the organic combination of financial risk warning and financial risk control can be realized.

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