THE STUDY ON THE COUNTERMEASURES TO
FINANCIAL RISK OF A CORPORATE
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ARTICLE INFO
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ABSTRACT
Risks could result in direct or indirect losses with lurk in all aspects of production and operation. And so risk management become to play an very important role in company management nowadays, and turn into important factors of growth and development of companies. well, the enterprise is usually take the loss into the cost which apportioned costs in the modern financial system. if the companies do not want to lower the profits of the product, they must increase the sale-price which will weaken the competitiveness in the market in turn. The enterprises scale, assets scale and value are concentrated, and the business environment has become complex increasingly in the modern social and economic environment, and therefore the companies produced more complex risks which increase the uncertainty of social and economic life. And therefore, it is important to make the measures to the risk management in enterprise business, and enterprises could make the identification, analysis, estimation to the financial risks in order to achieve the reduction and compensate risk losses and company expenses, then create a considerable economic benefits. The key of risk management is financial risk management, and the key of financial risk management is the coordination of risk-benefit and risk of loss in company, and the companies could carry out scientific and reasonable constraints to promote its growth and development. and small and medium-sized companies are able to produce a very critical influence in the process of economic development and social stability. However, SMEs still have not been given a sufficient attention especially in the financial risk management. With the accession to the WTO of China, the socialist market economic system is established gradually and perfected, and small and medium enterprises become to face the more fierce complex domestic and international competition. How to adapt to the changing environment and enhance the ability to resist risks which is difficult for small and medium-sized companies? Therefore, the analysis of financial risk management of small and medium-sized enterprises becomes a very prominent question. This paper introduced the concept of small and medium-sized enterprise and financial risk control first, and then analyzed the financial risk control status using detailed data of our country small and medium-sized enterprise, made the problems of the financial risk control, and propose strategies for how to build the model, and establish the enterprise financial risk control system, and we should improve the relevant legal system, create a good internal control environment from the aspect of national macro-environment, we should enhance the financial awareness, strengthen the internal control construction, optimum the financial structure, strengthen the financial budgeting management, make the financial risk identification and early warning mechanisms from the aspect of enterprises' own development.
INTRODUCTION

1.1 The research issues

Twentieth Century is an important period for the financial management. At this stage, it has appeared the asset management ( internal control over financial management ), investment management, financial management, international business, inflation, financial management in the financing management. It is a breakthrough, and often be called the five wave of development of financial management. Corporate finance environment is complex, which make the risk management become the key link of financial management in the knowledge economy.

1.2 The research significance

In this paper, we study the theory of risk management, internal control theory, and fuzzy management theory and game theory as the end result which is to make the research on financial risk assessment and management of small and medium-sized companies in the process, and study the financial means of risk assessment, which create a very critical for theoretical study and the specific operation.

1.3 The framework and methodology

2 Research State

2.1 Research status of abroad

2.1.2 Financial risk control

Financial risk control theory as a risk management concept is slowly beginning to emerge from the 1930s based on risk management, Binfaniya the University Dr. Solomon Schbner (1930) from the American Management Association is the earliest scholar made the formal insurance issues. Risk Management to carry out in-depth analysis of the 1964 Williams and Hans "Risk Management and Insurance" as a representative of the official release. Williams said Hans: risk management for a very low price to minimize the adverse effects of risk with the distinction, estimation and management, risk management, control means.

2.1.3 Study of financial risks

The distinction of the other countries in the company's financial risk analysis critical to maintain the distinction between means and distinguish between variables to determine the angle, but such analysis results of the key from the financial crisis early warning model to create a process adopted.

2.2 Research status of domestic

The earliest risk management analysis is dating back to 1980, the level of development increase rapidly after the 1990s. Taiwan scholar Song Ming zhe (1984) published a monograph called "risk management", the whole process of risk management systems analysis, systems analysis carried out in the company's risk management Insurance Council of Hong Kong in 1993, "Risk Management Work system analysis of the risk management philosophy.

3 The problems of finance risk control in small and medium enterprise

3.1 Current development of SMEs

3.1.1 The concepts

3.1.2 The status quo of SMEs

![Figure 3 the number growth rate of small and medium-sized enterprises in China](image)

3.2 Analysis on the problems of finance risk control in the small and medium enterprise

3.2.1 Profile of A company
3.2.2 Analysis of financial index
3.2.3 Problems of risk control

4 The measures for finance risk control of SMEs based on A company

4.1 The aspect of national macro-environment
4.1.1 To complete the relevant legal system
4.1.2 To create a good internal control environment

4.2 The aspect of enterprises' own development

4.2.1 To enhance the financial awareness

A company should raise awareness, important as the implementation of modern enterprise system to strengthen the management of funds and implementation of various functional departments of the enterprise. Enterprise managers should change their concepts, recognize tube, with good control good funds is not only the responsibility of the financial sector, but rather to the various departments, event production and management aspects.

4.2.2 To strengthen the internal control construction

The use of funds and working capital involved in all aspects of the internal A company should change their concepts, and understanding to the tube, with good control the fund is not only the responsibility of the financial sector, but rather related to the various departments of the enterprise, various production and operation part of the event. At the same time, improve the efficiency in the use of funds, the use of funds to produce the best results. Make the sources and uses of funds to get the effective co-ordination, to accurately predict the funds recovered and paid time, reasonable allocation of funds, the occupation of the working capital and fixed capital should be effective co-ordination.

(1) To improve the enterprise accounting system
(2) To improve the internal risk management organization
(3) To make the accounting personnel with clear allocation
(4) To strengthen the internal audit
(5) To protect the accounting documents correct
(6) To increase the efficiency of accounting information

4.2.3 To optimum the financial structure

A company can determine an appropriate ratio between equity capital and debt capital structure, debt levels remain at a reasonable level. The liabilities run critical point is to keep EBIT is equal to the liabilities Interest. Has not reached the critical point, increase the debt ratio of the shareholders will gain more benefits from the financial leverage. Once over the critical point, increase the debt ratio will lead to a financial crisis. In addition to adjusting the asset-liability ratio, but also on the liability structure of effective management and control.

4.2.4 To strengthen the financial budgeting management

Financial budget key to create a link to the company's overall budget for the cash flow from the operating budget and capital budget premise set, as well as the estimation of the balance sheet of the end of the income statement as well as the exact stage of the exact stage, financial budget from financial forecasting and decision-making under the premise of the strategic plan of the company as the center, in the exact stage of the mobilization and allocation of company funds liquidity of different income and expenses, the outcome of the company running the allocation settings. The financial budget for the current system of special control system, as well as an important part of the company budget control.

4.2.5 To make the financial risk identification and early warning mechanisms
4.2.6 To improve the enterprise's financing ability
4.2.7 To strengthen the educational training of accounting personnel

A company wants to strengthen the training of Staff, and optimize enterprise leadership team, the workforce and innovative production technology and management techniques to improve the awareness of risk management and quality management to staff. From ideology inherent advance the establishment of such preventive measures. Individual financial officers, but also through the study of theory and professional ethics education, improve their business skills and professional level, to adapt to the needs of the modern financial management.

CONCLUSIONS

5.1 findings

With China's accession to WTO, the integration of the world economy continues to strengthen, as well as the development of China's market economy, A company will face more intense competition in the market environment. A company's financial management has just started. A company's management should take certain measures to ensure the normal corporate financial management. This paper proposes concrete solutions targeted for China's small and medium-sized problems in financial
management that should be:

(1) From the aspect of national macro-environment: improve the relevant legal system, create a good internal control environment;

(2) From the aspect of enterprises' own development: enhance the financial awareness, strengthen the internal control construction, optimum the financial structure, strengthen the financial budgeting management, make the financial risk identification and early warning mechanisms.

5.2 Problems existed and further suggestions for research

This article endeavored to pay attention to the actual situation and learn the achievements from predecessors, but, It cannot get all the essence of the predecessors, and give a comprehensive insight into the actual situation. Although I called it "comprehensive", but the fact is it isn't incomplete, after all, the individual thin power is extremely limited.

REFERENCES


