Study on the influence Factors of Risk Management in Construction Enterprises - Taking China Construction First Bureau General Contracting Company as an example

Name: Liu Haichao
ID: 6417195065

AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE MASTER'S DEGREE OF BUSINESS ADMINISTRATION GRADUATE SCHOOL OF BUSINESS SIAM UNIVERSITY

2023

Study on the influence Factors of Risk Management in Construction Enterprises - Taking China Construction First Bureau General Contracting Company as an example

Liu Haichao

This Independent Study has been Approved as a Partial Fulfillment of the Requirement of International Master of Business Administration in International Business Management

Advisor: .....
(Dr. Zhang Li)

Date: 11 / 1 / 2024

.....
(Associate Professor Dr. Jomphong Mongkhonvanit)
Acting Dean, Graduate School of Business Administration

Date 7 / 2 / 2024
Siam University, Bangkok, Thailand

Title: Study on the influence Factors of Risk Management in Construction Enterprises - Taking China Construction First Bureau General Contracting Company as an example

By: Liu Haichao

Degree: Master of Business Administration

Major: International Business Management

Advisor: .....

(Dr. Zhang Li)

Date: ..11../...1../2024

ABSTRACT

This paper aimed to study on the influence Factors of Risk Management in Construction Enterprises, taking China Construction First Bureau General Contracting Company (CCFGCL) as an example. The financial shared service model has been widely used in all walks of life around the world. The concept of financial shared service model was introduced into China in the late 1990s. However, the application of financial shared service model in the construction industry is still very rare. Therefore, these risks require that construction enterprises should have adequate risk management capabilities. The main research questions include the following, what is the current status of risk management at CCFGCL General Contracting Company, and what are the factors influencing the risk management of CCFGCL General Contracting Company?

This research based on the Financial sharing service model combined with risk management theory. The objectives of the study were: 1) To explore the current status of risk management at CCFGCL General Contracting Company; 2) To explore the influencing factors that affect the risk management of CCFGCL General Contracting Company. This study adopts quantitative research method to explore the employees of CCFGCL General Contracting Company as the research object, and this study collects 450 questionnaires. The valid questionnaires are 412. The effective recovery rate of the questionnaire is 91.56%. The research hypotheses of this paper by distributing questionnaires and applying data analysis methods.

The paper found that: 1) There are risks in risk management of CCFGCL General Contracting Company in the form of irrational design of organizational structure, risk of loss

of resistance of personnel, risk of low quality of employees, and risk of imperfect institutional system. 2) The business process risk and information systems risk have no effect on the risk management. Organizational risk has positive effect on the risk Organizational risk has positive effect on the risk management of CCFGCL General Contracting Company. Operational management risks have a positive effect on the risk management of CCFGCL General Contracting Company. Legal and regulatory risks have a negative effect on the risk management of CCFGCL General Contracting Company.

Keywords: construction Industry, financial shared services model, risk management

ACKNOWLEDGEMENT

I would like to express my deepest gratitude to my advisor, for his invaluable guidance, support, and encouragement throughout my master's thesis research. His insightful comments and constructive criticism have significantly improved the quality of my work.

Additionally, I am grateful to Associate Professor Dr. Jomphong Mongkhonvanit, the Dean of the Graduate School, for his support and encouragement throughout my studies. His dedication to the graduate program and commitment to excellence have inspired me to strive for academic excellence.

Finally, I would like to extend my appreciation to all the faculty members and staff of the Siam University who have contributed to my growth and development as a scholar. Their unwavering support and encouragement have been a source of inspiration and motivation to me.

DECLARATION

I, Liu Haichao, hereby certify that the work embodied in this independent study entitled "Study on the influence Factors of Risk Management in Construction Enterprises - Taking China Construction First Bureau General Contracting Company as an example" is result of original research and has not been submitted for a higher degree to any other university or institution.

Liu haico

Nov. 09, 2023

CONTENTS

TABLE CONTENTS

FIGURE CONTENTS

Chapter 1 Introduction

1.1 Research Background

The development of the Chinese economy implemented reform and opening-up policies, strengthened infrastructure construction and urbanization, and promoted rapid growth in the construction industry (Fama & Jensen, 2021). The Chinese government increased investment in infrastructure, housing, commercial, and industrial construction and promoted large-scale construction projects; the urbanization process also accelerated, leading to rapid growth in the urban population (Williamson, 2020), further stimulating demand in the construction industry. Over time, China's construction industry has continued to proliferate, becoming one of the largest construction markets in the world. However, as globalization intensifies, large construction enterprise groups have successively set up branches and subsidiaries to commit to large-scale development (Lieder & Rashid, 2016). Since construction companies are widely scattered, and projects are spread all over the country or even globally, the demand for a large number of accountants in traditional financial operations will lead to a series of problems, such as a sharp rise in finance-related costs, reduced work efficiency, and extensive waste of human and material resources. Financial execution is far from what enterprises expect (Saberi et al., 2019). In the process of integrating information technology with accounting disciplines in the era of big data, enterprises have since been introduced into the large-scale construction industry to reduce branch costs and improve company management efficiency. This model has extensively promoted the upgrading and transformation of financial management in the construction industry with its low-cost and efficient accounting and management services.

For enterprise groups, implementing and applying the financial sharing service model streamlines business processes, can standardize repetitive business processes, optimize the configuration and processing of financial services, and get rid of basic tasks with low added value. Its main advantages for the industry are resource sharing through financial sharing services (Hotelling, 2021); construction companies can share capital, equipment, human resources, etc. to help reduce costs and improve efficiency; Project financing convenience financial sharing services can provide flexible financing methods for construction projects, attract more investors to participate in the project, and promote the rapid progress of projects; Improve project transparency (Williamson, 2020): Sharing financial information and data can improve the transparency of construction projects; Promote innovation: the financial sharing service model may encourage new business models and innovative solutions to promote the development of the construction industry. However, in the early stages of the development of an industry, many problems will inevitably arise that need to be overcome, and risks also lurk among them (Fama & Jensen, 2021).

Currently, few enterprises in China have implemented a financial sharing service

model in the construction industry. CCFGCL General Contracting Company can be described as being second to none in the Chinese construction industry and has strong strength (Warner, 2011), but due to the lack of peers to learn from, there is very little experience that CCFGCL General Contracting Company can refer to in the process of implementing financial sharing services. As a result, CCFGCL General Contracting Company has many difficult problems to solve, and various risks will also arise (Becker, 2021). If these risks are not taken seriously, it will be difficult for the financial sharing service model to achieve the expected results, causing enterprises not only to reduce work efficiency but also to have a bad economic impact (Brenner, 2002). Therefore, the risk management of large construction enterprises under the financial sharing service model must be taken seriously.

1.2 Research Questions

In a market economy environment, enterprise financial risk runs through all financial links. It is a concentrated expression of various risk factors in corporate finance and a signal light for the business status of the enterprise. With the development of the market economy and the deepening of reforms, competition among construction enterprises is particularly intense. At the same time, prevention and control of financial risks are also on the agenda. Correctly and effectively identifying, handling, and preventing financial risks is essential to enterprise development (Kelley et al., 2015). This article mainly focuses on the problems faced by large construction enterprises under the financial shared service model. Through the research results of Chinese and international scholars, combined with the characteristics of the construction industry, using CCFGCL General Contracting Company as an example, the leading enterprise in the construction industry, we sort out the risk problems of large construction enterprises under the financial sharing service model, identify and analyze risks and provide corresponding solutions in conjunction with corresponding research methods (Raghupathi & Raghupathi, 2014), and implement risk management and control of the financial shared service model for CCFGCL General Contracting Company and the construction industry as a whole to ensure the healthy development of enterprises. Therefore, this study is based on CCFGCL General Contracting Company risk management, and the main research questions include the following:

(1) What is the current status of risk management at CCFGCL General Contracting Company?

(2) What are the factors influencing the risk management of CCFGCL General Contracting Company?

1.3 Objective of the study

This article explores risk management issues during operation by analyzing the operation of CCFGCL General Contracting Company's financial sharing service with CCFGCL General Contracting Company.

(1) To explore the current status of risk management at CCFGCL General Contracting Company

(2) To explore the influencing factors that affect the risk management of CCFGCL General Contracting Company.

1.4 Scope of the study

This article uses a literature review method, is based on theories related to the financial shared service model and risk management, uses CCFGCL General Contracting Company as a case enterprise, analyzes and studies risk management under the financial shared service model, evaluates and analyzes its risk, and puts forward corresponding prevention suggestions at the same time as evaluating and analyzing its risk, and provides new ideas for risk management in the financial shared service model of related enterprises.

Therefore, the scope of this study is the various departments of CCFGCL General Contracting Company. According to the company statistics, the number of employees of the company is about 10078. The study will be conducted by distributing 450 questionnaires. Enterprise risk management involves all the employees of the organization. The study population is all the employees of CCFGCL General Contracting Company. The study population must satisfy the requirement of working in CCFGCL General Contracting Company for a period of one year, and at the same time, the study population has a clear idea about the work of the department in which they are working and their job responsibilities. Other companies are not included in the study. The study survey includes gender, income, department, age, length of service of the employees, and their knowledge about organizational risks, business process risks, information systems risks, operational management risks, and legal and regulatory risks. Regulatory risks.

1.5 Research Significance

The main content of this study is the risk management issue of financial sharing services for large construction enterprises. Using CCFGCL General Contracting Company's implementation situation as the main line, risks are evaluated from various aspects, and corresponding management and control measures are proposed. This

article hopes to provide suggestions for identifying, evaluating, and controlling risk points under the CCFGCL General Contracting Company financial sharing service model, maintain the good operation of CCFGCL General Contracting Company's financial sharing services, and promote the healthy development of enterprises. At the same time, in terms of risk management, it is hoped that large Chinese construction enterprises that have set up or are preparing to set up financial sharing services can learn from this article.

(1) Theoretical significance

Through the integration and analysis of the literature on financial shared services, scholars have matured their research on the concept, framework, and implementation of financial shared services (Kowalkowski et al., 2017), but the research on risk management is still in the initial stage. This article uses CCFGCL General Contracting Company as a research subject. On the basis of fully understanding the actual operation of CCFGCL General Contracting Company's financial sharing service, this article identifies the risks that exist in the implementation of CCFGCL General Contracting Company's financial sharing service, evaluates the multiple risk factors identified, explores the risk consequences they may bring, enrich the risk management research results of financial sharing services (Leggett & Whitehall, 2010), and provide new ideas for scholars to continue their risk management research on financial sharing services.

(2) Practical significance

Currently, there are not many enterprises that have established financial sharing services in the construction industry. Due to the lack of enterprises in the same industry to learn from, construction companies implementing financial sharing services face many problems that are difficult to solve, and various risks will also arise. Therefore, through research on risk management of CCFGCL General Contracting Company's financial sharing services, it was discovered that large construction enterprise groups must analyze the risks existing in financial sharing services from more aspects so as to better achieve the purpose of controlling them. At the same time, this article can also provide other enterprise groups in the construction industry with some creative ideas on risk identification, control, and avoidance of financial sharing services (Jia et al., 2018). It can also provide some reference for large construction enterprise groups that are about to apply or have already applied financial sharing services in terms of risk management systems, thus ensuring the effective and stable operation of financial sharing services for construction enterprise groups so that construction enterprises can develop steadily in the long term in this context.

Chapter 2 Literature Review

2.1 Introduction

This research literature review examines the factors influencing the risk management of CCFGCL General Contracting Company based on the Financial sharing service model combined with risk management theory. The literature review elucidates the influencing factors of enterprise risk management and the components of the Financial sharing service model. The conceptual model of this study is constructed based on the analysis and findings of related studies to identify the relationship between the variables.

2.2 Literature Reviews

2.2.1 Construction industry

The construction industry specializes in building construction and related construction activities. These include new buildings, civil engineering, road and bridge construction, and renovation and maintenance. (Buhalis & Law, 2022) The construction industry is involved in various projects ranging from residential, commercial, and industrial buildings to infrastructure projects. The main task of the industry is to translate designs and plans into actual building structures to meet the needs of different sectors (Tinnilä, 2020).

Risk management is more critical in the construction industry. Risk management is an essential tool in the construction industry to ensure the progress of the project (Wamba et al., 2017). Enterprise implementation of risk management mainly includes organizational risk management, system risk management, personnel risk management, process risk management, and so on. Implementing risk management in the construction industry requires the participation of various management departments (Jiang, 2021). Government departments pay special attention to risk management in the construction industry. The rapid development of the construction industry has become an essential support for the regional economy. Risk management is a necessary means to ensure the healthy development of the construction industry. Therefore, risk management is of great significance to the development of the construction industry.

2.2.2 Financial sharing service model

(1) The concept of the Financial sharing service model

Regarding the definition of the financial service shared service model, Rosen (1974) proposed the financial shared service model as a new management model and believed that when managing human resources and technology, the financial shared service model can solve the problem of decentralized management relatively better than traditional financial models and bring more significant competitive advantages to enterprises. Financial shared services are a management model that combines an enterprise's financial and shared service centers, focusing on process reengineering (Jiang, 2021). The Financial shared service model focuses on business process reengineering. While providing standardized services for internal business departments, it also provides high-quality data support for financial workers and corporate decision-makers. Financial shared service model as a diverse activity pool that handles other functional businesses such as accounting processes, credit management, and procurement. In building a financial shared service model, attention should be paid to improving systems, standardizing business processes, redesigning the content of business activities, and managing employee changes (Tiebout, 2020).

Using the definition in "Discussion on Financial Sharing Management Service Models" (La Porta et al., 2018, p1113-1115), financial sharing service is an innovative means of standardizing and simplifying various processes within an enterprise. This is an innovation in the management model, and it can also be understood as an outsourcing service for financial system management. In the 1980s, La Porta et al. proposed the concept of shared services (2018). La Porta et al.'s (2018) partner company, etc., and financial sharing were studied by many scholars and slowly received praise from the business community.

According to research on financial sharing service models by scholars, the definition can be classified as follows: One view is that the purpose of the financial sharing model is to centralize the daily, highly repetitive, and scattered business of enterprises on one platform, and then use the support of information technology to carry out efficient and orderly business processing through this platform. This means that enterprises can control specific businesses more efficiently and simultaneously reduce their operating costs (Teece, 2019). Another view is that the financial sharing service model is processed on the original financial platform, integrates similar business processing processes of enterprises, and streamlines them to achieve the goal of reducing enterprise costs and improving work efficiency. This article focuses on the first view, that is, the financial sharing service model is based on information technology, integrates enterprise financial work into a unified and connected information system, reduces some overlapping business links, reduces business processing time, and enhances enterprise efficiency to play a role in financial management (Klein et al., 2020).

The financial sharing service model needs to be incorporated into many existing enterprise business processes and modified. The existing risks are diverse and complex, so identifying them requires a certain logic to divide them into levels. Since the risks that each company has are different, and the risks they face at different times are different (Jiang, 2021), up to now, a unified risk classification standard for the financial sharing service model has yet to be formed.

(2) Business process risk influencing risk management in the financial sharing service model

Business process management should be considered comprehensively, focusing on improving core business, creating competitive advantages, and improving enterprise operating capabilities. In the process of financial system transformation, the company needs to connect the original process with the process under the new model in various aspects. Based on the company's six significant departments, it has set up 11 first-level processes, then subdivided into second-level and third-level processes (Mahmoodzadeh & Jalalinia, 2019), up to hundreds of specific business items, nine new processes, and 50 integrated reconstruction processes. Overall, there have been significant changes, and many business flows are frequent, and the process chain is long. Business personnel lack professional accounting knowledge, and they are not familiar with using information systems to work; they do not grasp the relationships between various cost elements (Zairi & Sinclair, 1995); they cannot grasp the detailed relationships of each module in the financial sharing service model; it is complicated for them to prepare documents. Settlement at the Enterprise Finance Sharing Service Center is carried out at the end of each month, and Party B of the fee-type account also has many units. It is necessary to process many original documents, and the photocopying work is heavy and heavy (Tinnilä, 2020).

The company has many unlisted subsidiaries. Since first-level centralized accounting has yet to be fully achieved, companies in each region do not have consistent data standards in their reports, and even branches set up by the same regional company have different data standards. The year-end report consumes a lot of human resources to revise the report data of regional companies. The workload is high, and the work efficiency is low (Cohen & Levinthal, 2017). In order to prevent reporting errors caused by mistakes, shared service center personnel will check before monthly settlement amounts. However, since there are differences between specific businesses, inspectors still need to select specific subordinate units. This does not comply with the principles of the financial sharing service model (Robert et al., 2020). After the company established a financial sharing service model, all of the main financial tasks were handled by a financial sharing center. Financial personnel were unable to make a correct judgment on its authenticity without understanding the essence of the business. (Buhalis & Law, 2022) Communication with business personnel was also mediated by paper documents uploaded on the information side.

The efficiency was low, and the quality was not very good. At the same time, business processing is offline, the entire process is not transparent and cannot be monitored, finances cannot be tracked, and effective support cannot be provided for business process optimization and control. The risks associated with business processes are shown in Table 2.1.

Table 2.1 Business Process Risks

Risk	Meaning
Inefficient business processes	Can process design be effectively unified with differences in the original process and system under the new model?
Business data standards vary	Can financial model reform improve financial efficiency
Inadequate business process supervision	Whether the supervision of business processes is comprehensive

(3) Information systems risk influencing risk management in the financial sharing service model

An information system is important for carrying out specific tasks, standardizing processes, and improving efficiency. Information system management carries out system construction, daily operation and maintenance, optimization, and upgrading through the support of the system management organization to achieve the goal of the system effectively supporting the regular operation of the financial sharing service center business (Wamba et al., 2017). The company is a financial sharing service model, then improved the traditional financial system, standardized the accounting platform, and centralized the payment and payment of funds for all business modules of the enterprise into the financial sharing center. Under the new model, the financial system must connect with the systems of banks, customers, suppliers, etc., previously distributed to subordinate units. This places extremely high demands on its system's security; otherwise, risks in the information system are likely to occur. The original human resources system and contract management system had an intersection of employee compensation calculation (Liang & Renneboog, 2017), and the financial sharing system could not be well integrated, while the financial sharing information management system should distribute operations in real-time, which often unavoidably caused the shared business to have a large number of auxiliary accounting entries, which also led to high order processing workload and time consumption; the system's auxiliary ledger business process for tax accounting was temporarily unable to meet the tax management needs of enterprises; the comprehensive budget module of the shared platform can only control factor accounting, and cannot meet the original budget control management requirements of interregional companies.

Since the information system platform was built, the analysis of its requirements was not accurate enough, so after the financial sharing service model was implemented, the information system did not meet the plan's standards. In particular,

the effectiveness of the expense reimbursement module is not up to standard. There is no clear template set up for fee reimbursement instructions to fill out the form. The forms for different business types are not the same, and the format should be set differently and differentiated (Robert et al., 2020). Otherwise, it will not be possible to meet financial needs and make the work of auditors more difficult. Furthermore, the current system cannot carry complex logical relationship operations for forms (Jia et al., 2018). Shared platforms make it difficult to process forms with many lender accounts or slightly complicated documents. Subordinate branches have to split these businesses into single-related notes to process them, which has an impact on work processing efficiency. The Financial Sharing Service Center stores basic accounting data for the entire enterprise. Once the data is leaked, it will pose a major financial risk to the unit. However, the new system has many adaptability problems during the actual operation of subordinate branches (Buhalis & Law, 2022). If the image function is lacking, or if the finance staff at the headquarters make mistakes in operation, etc., it will all cause the risk of system collapse. In particular, since January 21, 2021, after the implementation of electronic invoicing throughout China, electronic notes have become more widely used, and database information is more likely to be lost or stolen as the circulation process increases. This places higher demands on the level of enterprise informatization, and the degree of dependence on information systems has increased dramatically. The risks and implications relating to information systems are shown in Table 2.2

Table 2.2Risks Relating to Information Security Control

Risk	Meaning
System integration and operation risks	Can you complete the integration and operation of each original system
Risk of insufficient system optimization	The current system cannot meet the requirements and needs continuous optimization.
Information security control risks	Can financial sharing services be provided with complete data protection during system operation?

(4) Operational Management Risks influencing risk management in the financial sharing service model

Construction enterprises have characteristics such as a huge number of personnel, many uncontrollable factors, diverse types of operations, and long project cycles. After the implementation of the financial sharing service model, the accounting work of corporate capital income and expenditure was centralized in the financial sharing service center, while capital payments were still scattered among subordinate units. (Fama & Jensen, 2021) There is a difference between the entry time and the actual receipt time. Personnel operation processes and security awareness will affect the safety of fund payments. In particular, when using electronic payments, the network environment requirements are high; centralized accounting requires a high level of management of capital use, and imperfect budgets can lead to risks such as uneven

use of funds (Jia et al., 2018).

The functions of accounting are mainly reflected in accounting and supervision, but since a company's promotion of financial sharing services is too one-sided, the accounting and supervision functions deviate, affecting the healthy development of the enterprise (Kelley et al., 2015). The construction of a financial sharing service model is not something that can be done overnight, nor is it an activity where a small number of accountants can influence its development; it requires the cooperation of a large number of people to complete it. However, financial personnel cannot personally participate in the business of companies affiliated with the enterprise, cannot accurately understand all aspects of their economic activities, and cannot easily discover untrue or inaccurate business documents that exist in accounting work. (Kowalkowski et al., 2017) For example, some subordinate units, driven by interests, have exploited loopholes in the financial operation mechanism of the enterprise and provided false documents. However, the Financial Sharing Service Center cannot check all documents with the subordinate units one by one, nor can it monitor the operations of the subordinate units at all times. Once there is a problem with financial work, it is difficult to hold the accountants of the subordinate unit to account, which is not conducive to the stable development of the internal work of the enterprise and affects the relationship between the enterprise and the subordinate unit.

After the enterprise implemented a financial sharing service model, all product sales and storage operations were handled through information technology, inventory delivery efficiency was improved, and labor costs were also reduced. However, the company has too many branches and is distributed all over the world, and the customer groups and markets of these branches are not all the same. The delivery of goods is automated based on data from the Financial Sharing Service Center. Once there is an error in these basic data (Chen & Guestrin, 2016), it will cause inventory management risks. On the other hand, the Financial Sharing Service Center only manages inventory data, and the right to use physical inventory is still scattered among subordinate units. Subordinate units start from their own interests and can achieve sales without going through a financial sharing service center, and it is easy for accounts to not match. The risks and implications in operational management are shown in Table 2.3

Table 2.3 Risks Relating to Operations Management

Risk	Meaning
Capital control risks	Risk of disbursement, return, and use of funds
Risk of supervision of subordinate units	Whether to form a perfect whole and carry out supervision
Inventory control risks	Risks caused by mismatched inventory accounts

2.2.3 Risk Management Theory

(1) The concept of Risk management

At the end of the 19th century, the American economist Frank H. Knight proposed the famous “risk and uncertainty” distinction (Frank, 1928,p637-640), emphasizing that risk refers to uncertainty that can be measured by probability, while uncertainty is a situation that cannot be measured with probability. His point of view emphasized risk as "the possibility of adverse factors occurring." Li & Dai (2014) pointed out that risk needs to be considered from multiple aspects and that two aspects should be considered: the magnitude of losses due to adverse factors and the probability of occurrence.

American scholar George E. Rejda proposed in “Risk Management and Insurance” that risk management is a management method (Bray & Rejda, 1976). Through the three steps of risk identification, evaluation, and control, it is an impact that minimizes adverse effects on the premise of following corporate goals. Therefore, risk management is a dynamic cycle of identifying, evaluating, and controlling factors that may cause losses to an enterprise, as shown in Figure 2.1.

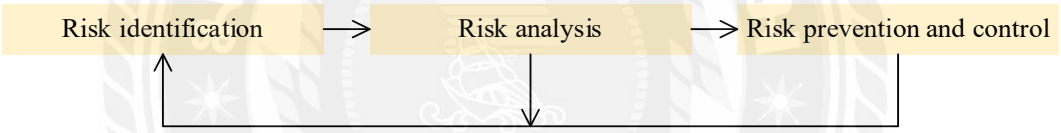

Fig. 2.1 Dynamic Cycle of Risk Management

The theory of risk management came about mainly due to the US economic crisis in the 1930s. At the stage of risk management theory development, the main risk management of an enterprise is to manage the credit and financial risks that may occur during the production and transaction stages of the product. The position of chief risk management director was created in the 1990s (Howard & Matheson, 2005), which means the beginning of modern risk management; in 2003, the comprehensive Enterprise Risk Management Framework Report was first published at the US COSO Committee in 2004, the COSO Committee issued COSOERM, which mainly proposed the main content of risk management, that is, applied to all levels of enterprise board of directors, executives, and all employees, to detect risk matters that may affect enterprise management, and ultimately achieve the purpose of risk control (Verhoef et al., 2021).

At the beginning of the 20th century, the concept of risk management was proposed by Western management scholars, then gradually evolved into an important subject, and later this subject was incorporated into American business schools for research. Chapman (1993) describes the nine steps of project risk management and

indicates that the theory of project risk management can be applied to find all stages of the project life cycle (Chapman, 1993). Since the 21st century, economic globalization has become increasingly mature, and risk management has occupied an increasingly important position in the enterprise process. The COSO Committee issued the "Enterprise Risk Management Integrated Framework" in 2004, which shows that enterprise risk management has become an essential part of enterprise management (Buhalis & Law, 2022). International scholars are relatively mature in their research on enterprise risk management and have explained the importance of enterprise risk management from various perspectives (Howard & Matheson, 2005).

Risk management in the financial shared service model is an important step to ensure that shared services are implemented smoothly and effectively and reduce the impact of potential risks. Since this model was introduced, some scholars have also conducted corresponding research on its risk management. The process risk of the financial sharing service model is relatively crucial to process standardization (Engel, 2001). Not only is the degree of process standardization but there are also potential risks in the process design process. The choice of financial personnel after the enterprise implements the financial sharing service model included in a financial sharing service center or converted to a management position. If sufficient attention is paid and their career development is planned in a timely manner, there is a risk of brain drain, which in turn will prevent the construction of the financial sharing model from failing. At the same time, it also poses risk management problems for enterprises (Chen & Guestrin, 2016).

(2) Organizational Risks influencing risk management

Financial sharing services are a far-reaching change for the company's organizations at all levels and financial personnel. However, the changes will inevitably cause specific problems and cause specific psychological gaps and discomfort among employees. The construction industry is affected by multiple factors, such as the economy, technology, and industry (Mitchell, 1995). The company's implementation of a financial sharing service model will cause changes in the organizational structure. Changes in the responsibilities and powers of some employees will need to be readjusted. If the organizational structure is not adjusted properly, it will cause price management dereliction. The construction industry requires purchasing a large amount of building materials. Prices are affected by the economy, the general environment of the industry, etc., and price fluctuations directly affect inventory costs. If an enterprise is unable to respond to price changes in a timely manner to maintain costs, it will greatly affect the costs and profits of the enterprise.

In the early stages of implementing the financial sharing service model, the company lacked effective guidance for financial personnel, which led it to resist and fear this new model implemented by the unit. The establishment of the financial

sharing service model has greatly affected the company's original cost accounting, management accounting, and capital accounting. This group of financial personnel lacked appropriate transformation channels, and in addition, the enterprise lacked guidance for employees, which directly led to employee resistance. At the same time, the operation of the financial sharing service model concentrates the work of the financial departments (Kramer & Luxton, 2016) of the subordinate units, affecting the interests or business needs of the subordinate units, making them not support this model. The implementation of this model has enabled the unit to carry out a detailed division of labor for financial work and establish a unified standard system with a single work content (Price & Cohen, 2019). This greatly weakens the enthusiasm of employees to work. Furthermore, financial work is centralized in shared service centers, which are not consistent with the areas of employees' lives and activities and are not even in the same region. Employees are unable to accept such major changes for a while, which can easily cause the loss of enterprise employees.

After the company implemented a financial sharing service model, basic tasks such as document review for subordinate units were reduced, and management requirements increased. However, management accounting work required employees not only to master basic accounting knowledge but also to have higher professional financial qualifications; employees who only engaged in basic accounting were unable to meet the requirements of the unit. During the implementation of this new model, due to the relatively low overall quality of finance staff, business process completion was low, and overall financial work was poor. As the number of subordinate units included in the financial sharing service model has increased rapidly, the business volume of the financial sharing service center has grown rapidly (Mitchell, 1995). A large amount of monotonous and repetitive work can easily make business personnel feel bored, directly affecting work efficiency and quality. Although the company attaches importance to the promotion of the financial sharing service model, it is unable to motivate employees because the personnel assessment system (Robert et al., 2020) is not clear enough under this model, which seriously affects the development of the enterprise. In summary, the risks associated with the organization's employees are shown in Table 2.4.

Table 2.4 Summary of the Meaning of Organizational Risks

Risk	Meaning
Organizational structure change risk	Are organizational structure changes improving costs, quality, and responsiveness
Personnel resists the risk of attrition.	Whether companies are channeling the resistance of financial personnel due to change and whether it has led to brain drain
The risk that the quality of employees is not up to standard	Whether the personnel meet the requirements of management accounting
Personnel assessment	Has the personnel assessment system been improved

risks	

(2) Legal and Regulatory Risks influencing risk management

Tax planning work should be formulated in accordance with national regulations and specific tax policies issued by each province. Unification cannot be enforced because each province has differences in the detailed regulations of the policies. At the same time, the tax policies corresponding to different businesses are not the same. They should be changed flexibly according to the actual tax policy corresponding to the specific business (Kramer et al., 2015); otherwise, the tax costs of the enterprise will increase. The newly established financial sharing service center in Chengdu will undertake overseas business and will have to face many differences and challenges from different countries and regions, such as accounting, capital control, international taxation, and the network environment. However, changes and uncertainties in the international environment are also affecting overseas deployment plans for shared service centers (Kramer & Luxton, 2016).

Since the company is a construction enterprise, some of its subordinate construction projects are distributed all over the country. Due to the concentration of financial sharing services, it is difficult for financial personnel to go to specific places of work to understand the specific tax situation on the ground, which reduces the company's sensitivity to tax risks (Price & Cohen, 2019). With the country's economic development and continuous improvement of laws in recent years, tax control policies will also change. However, due to the large number of grass-roots projects distributed in the company's subsidiaries, financial sharing service business processing is too concentrated, making it difficult for every region to take into account. If first-hand information on changes in national and regional tax policies cannot be obtained in a timely manner, it is easy to cause tax policy responses not to be timely, making enterprises less sensitive to tax risks (Lévesque et al., 2018). The risks and implications in terms of laws and regulations are shown in Table 2.5

Table 2.5 Legal and Regulatory Risks

Risk	Meaning
Tax planning risks	Can enterprises make targeted business plans according to specific policies?
Reduced tax risk sensitivity	Is it possible to grasp tax policy changes in the business unit region as soon as possible?

2.2.4 Summary of Risk influencing risk management

Through research in this chapter, different risks in the financial shared service model have been identified. These risks can be divided into five categories: organizational risk, business process risk, information system risk, operation management risk, and legal and regulatory risk. Here's a summary of each type of risk,

as shown in Table 2.6.

Organizational risk: This type of risk focuses on the impact of financial sharing services on organizational structures and employees. It includes the risk of organizational structure changes, the risk of employee resistance and loss, the risk of inadequate employee quality, and the risk of personnel assessment (Denrell, 2005). These risks relate to the challenges of adapting employees to new models, training, and management.

Business process risk: Business process risk focuses on process efficiency, data standardization, and process supervision under the shared service model. It includes inefficient business processes, disparate business data standards, and inadequate business process oversight (Conforti et al., 2015). These risks involve the challenges of process optimization and management.

Information system risks: These risks are related to the construction and management of information systems in the financial shared service model. It includes risk of system integration and operation, risk of insufficient system optimization, and risk of information security control (Kuznietsova & Bidyuk, 2018). These risks affect the performance, security, and functional integrity of information systems.

Operational management risks: Operational management risks focus on the operation of shared service centers, including capital control risks, supervisory risks of subordinate units, and inventory control risks (Munir et al., 2020). These risks involve issues of fund management, supervision of subordinate units, and inventory management.

Legal and regulatory risks: These risks relate to tax planning and tax sensitivity, including tax planning risks and reduced tax risk sensitivity (Alkhateeb et al., 2008). These risks are associated with the need for businesses to plan and comply with different tax policies and regulations.

Table 2.6 Risk Outcome Identification Classification

Risk Categories	Risks
Organizational Risks	Organizational structure risk changes
	Personnel resists the risk of attrition.
	The risk that the quality of employees is not up to standard
	Personnel assessment risks
Business process risk	Inefficient business processes
	Business data standards vary.
	Inadequate business process supervision
Information systems risk	System integration and operation risks
	Risk of insufficient system optimization

	Information security control risks
Operational management risks	Capital control risks
	Risk of supervision of subordinate units
	Inventory control risks
Legal and regulatory risks	Tax planning risks
	Reduced tax risk sensitivity

2.3 Conceptual Framework

According to the literature review, it was found that the factors influencing risk management capabilities include organizational risk, business process risk, information system risk, operation management risk, and legal and regulatory risk. These risks need to be carefully managed and addressed in the financial shared service model to ensure the successful implementation of the new model and the sustainable development of the enterprise.

This study examines the factors influencing the risk management of the CCFGCL General Contracting Company model. The variables involved in this study include three variables under the Financial sharing service model, which are Business process risk, Information system risk, and Operational management risks. There are two variables under risk management theory. The model constructs the relationship between the variables as shown in Fig2.2.

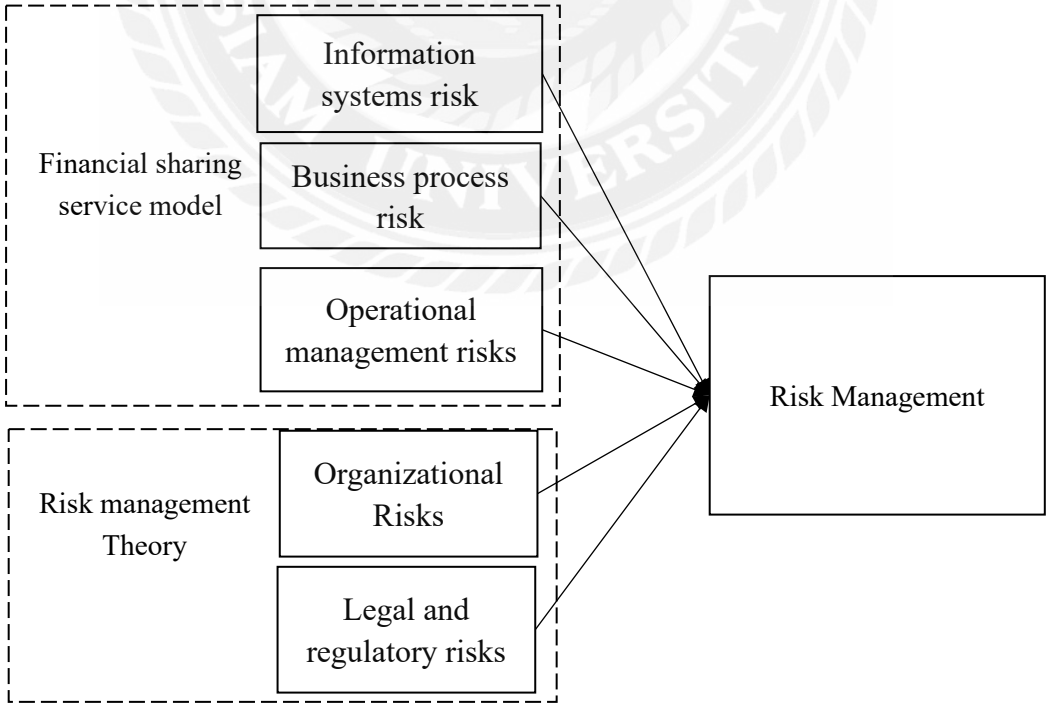

Figure 2.2 Conceptual framework

Chapter 3 Research Methodology

3.1 Introduction

This study analyzes and sorts out the influencing factor variables of the risk management of CCFGCL general contracting company. The significant variables of this study are organizational risk, business process risk, information systems risk, operational management risk, legal and regulatory risks, and risk management. The quantitative research method is used in this study. A questionnaire is used to study the employees of CCFGCL General Contracting Company. The first part of the questionnaire is about the gender, age, income, and job position of the respondents. The second part analyzes the relationship between the hypothetical variables of the study. Among them, Organizational Risk 6 items, Business process risk has six items, and Information systems risk has four items. Operational management risk, five items; Legal and regulatory risks, four items; and risk management, seven items. The total number of topics is 32. A five-point Likert scale was used as the research scale. The questionnaires will be administered separately, and the data from the sample survey will be collected and counted, and the findings of the study will be summarized.

3.2 Research Design

This study utilizes quantitative research methodology. Data were collected by designing a questionnaire on variables such as organizational risk, business process risk, information systems risk, operational management risk, legal and regulatory risks, and risk management. After collecting the data, it is necessary to organize the data, which includes eliminating invalid questionnaires, dealing with missing values in the data, and so on. The collected data are analyzed for reliability and validity. To ensure the validity and reliability of the data and to be able to effectively measure each variable.

The questionnaire designed to measure the variables of the questionnaire has a total of 32 items, using a five-level Likert scale score of 1-5, respectively, representing strongly disagree, disagree, general, agree, strongly agree, the higher the score represents, the more agree with the question item, as shown in Table 3.1.

Table 3.1 The risk management measurement item

Measuring item	**NO.**
Organizational risk	
1. are you satisfied with the Company's risk management policies and processes?	Q1

2. do you think the Company's response to strategic risks is adequate?	Q2
3. do you feel that risk information is effectively communicated within the Company?	Q3
4. do you feel that the Company's risk identification capabilities are adequate?	Q4
5. does the Company's risk culture promote reporting of risk events by employees?	Q5
6. are you satisfied with the transparency of the Company's risk reporting?	Q6
Business process risk	
1. do you see potential risks in the Company's business processes?	Q7
2. does the Company adequately understand and manage its supply chain risks?	Q8
3. are you satisfied with the Company's project management risks?	Q9
4. do you think the Company's financial processes are secure enough?	Q10
5. does the Company pay enough attention to employee safety and health risks?	Q11
6. are you satisfied with the Company's business process risk assessment process?	Q12
Information system risks	
1. are you satisfied with the Company's data security measures?	Q13
2. are there adequate controls to protect customer information?	Q14
3. are the Company's information systems adequately protected against cyber security threats?	Q15
4. are you satisfied with the Company's data backup and recovery program?	Q16
Operational management risks	
1. do you think the Company's project management capabilities are strong enough to mitigate risk?	Q17
2. does the Company pay enough attention to employee training and development risks?	Q18
3. is there a supplier relationship management risk?	Q19
4. are you satisfied with the Company's equipment and asset management?	Q20
5. do you think the Company pays enough attention to environmental sustainability risks?	Q21
Legal and regulatory risks	
1. are you satisfied with the Company's compliance with laws and regulations?	Q22
2. is there a potential risk of legal action?	Q23
3. are you satisfied with the Company's contract management and compliance controls?	Q24
4. do you believe the Company is sufficiently concerned about intellectual property risks?	Q25
The risk management	
1. are you very satisfied with the Company's risk management?	Q26
2. does the Company have a professional risk management team?	Q27

3. is there a culture of continuous improvement in risk management?	Q28
4. are you satisfied with the Company's risk management training and education?	Q29
5. does the Company respond to emerging risks in a timely enough manner?	Q30
6. are you satisfied with the firm's risk management reporting and feedback mechanisms?	Q31
7. do you feel the firm is flexible enough to respond to changing risks?	Q32

3.3 Hypothesis

This study combined the literature with the financial shared service model and risk management theory to explore the factors influencing risk management. The independent variables are organizational risk, business process risk, information systems risk, operational management risk, and legal and regulatory risks, and the dependent variable is risk management. Based on the analysis, a model is constructed, hypotheses are formulated, and the alchemy between the variables is explored. See figure3.1.

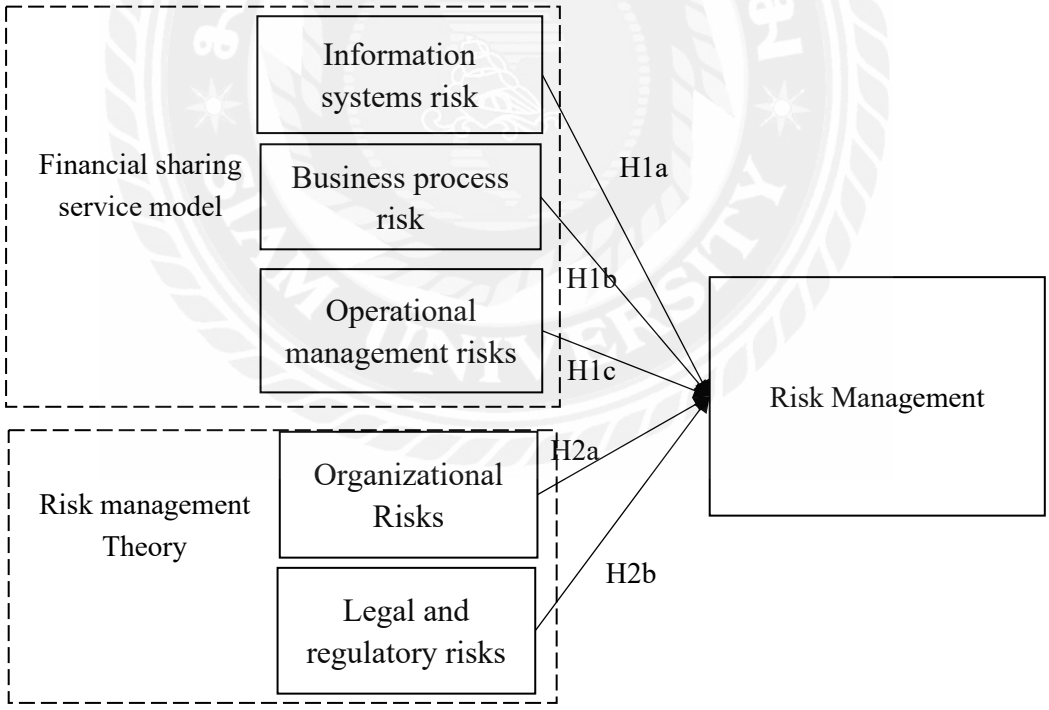

Figure 3.1 Hypotheses

H1a: Organizational risk positively affects the risk management of CCFGCL General Contracting Company.

H1b: Business process risk positively affects the risk management of CCFGCL

General Contracting Company.

H1c: Information systems risk positively affects the risk management of CCFGCL General Contracting Company.

H2a: Operational management risk positively affects the risk management of CCFGCL General Contracting Company.

H2b: Legal and regulatory risk positively affects the risk management of CCFGCL General Contracting Company.

3.4 Population and Sampling

The population of the study was the employees of CCFGCL General Contracting Company. According to the company statistics, the number of employees of the Company is about 10078. The sample size of the study was calculated as per the statistical requirement. Combined with the formulae, the sample data is obtained to be not less than 400. A random sampling method was used for the random distribution of the questionnaire. A total of 412 valid questionnaires were collected through distribution. The requirements of statistical random sampling were met.

3.5 Data Collection

CCFGCL General Contracting Company's Risk Management Questionnaire data collection process is carried out for the risk management status of the Company. The main target of data collection includes employees, management, etc., of the Company. A combination of online and offline methods is used for data collection, questionnaire star is used for collection, and the reason and process of data collection are explained to the respondents, the questions are interpreted, and the data collection is started according to the plan to ensure the completeness and accuracy of the data. The data collection process needs to be carried out carefully to ensure that accurate and representative results are obtained so that the Company can better respond to risks and improve its risk management capabilities.

The data collection was conducted from August 1, 2023, to October 1, 2023, and based on the status of questionnaire collection, invalid questionnaires were excluded, and valid questionnaires were compiled. The questionnaire in this study is divided into the following parts: the introduction, the survey of the basic information of the survey sample, and the survey of specific variables. The process of distributing the

questionnaires demanded the help of the Human Resource Department of CCFGCL General Contracting Company, and the questionnaires were distributed randomly through the list of people submitted by each department. There is no factor of human selection and influence of human intervention in the process of distribution. Therefore, there is a high recovery rate of questionnaires, out of which 450 questionnaires were distributed and 431 rolls were recovered. After collecting the questionnaires, it was found that there was a condition of invalid questionnaires; 19 invalid questionnaires were removed, and a total of 412 valid questionnaires were obtained. Through data organization and analysis, there are no missing values or invalid data. So, the valid questionnaires are 412 in total 450 questionnaires were distributed to survey the finance department, human resource management department, sales department, production department, etc. of CCFGCL General Contracting Company. The effective recovery rate of the questionnaire is 91.56%.

3.6 Data Analysis

3.6.1Reliability

The reliability of a questionnaire is a metric for assessing a questionnaire measurement instrument to determine the consistency and stability of the questionnaire measurements. The internal consistency of a questionnaire is the most commonly used reliability measure. It assesses the degree of correlation between questions in a questionnaire, usually using the statistical tool Cronbach's alpha value. Higher internal consistency indicates that the questionnaire measurement tool is reliable. The process of measurement using Cronbach's alpha value is relatively simple. Data are collected either through multiple applications of the questionnaire, different samples, or multiple measurement time points. The Cronbach's alpha value is calculated, and a high reliability will score close to 1, while a low reliability will score close to 0. The reliability level of the questionnaire is determined based on the reliability indicators and domain knowledge. If the reliability is high, then the questionnaire is considered reliable. If the reliability is low, the questionnaire may need to be redesigned, or the consistency of the measurement instrument reconsidered.

According to the survey data, a total of 32 items were investigated. The calculation results show that there are six organizational risk items with Cronbach's α of 0.705, 6 business process risk items with Cronbach's α of 0.880, 4 information systems risk items with Cronbach's α of 0.863, operational management risk items with 5, Cronbach's α was 0.769, legal and regulatory risks items were 4, Cronbach's α was 0.844, the risk management had seven items with a Cronbach's α of 0.772. The overall Cronbach's α for all items was 0.811. According to the results of data analysis, Cronbach's α values were all greater than 0.7, indicating high stability and consistency

of the scale, as shown in Table 3.2.

Table 3.2 Variate reliability test

Variate	Cronbach's α	Item
Organizational risk	0.705	6
Business process risk	0.880	6
Information systems risk	0.863	4
Operational management risk	0.769	5
Legal and regulatory risk	0.844	4
The risk management	0.772	7
Total	0.811	32

3.6.2 Validity

Questionnaire validity tests are metrics used to assess whether a questionnaire measurement instrument accurately reflects the concept or attribute to be measured. Questionnaire validity tests are categorized into content validity and structural validity.

Content validity assesses whether the questionnaire contains appropriate questions to cover the concept or attribute to be measured. Based on content validity, the validity of the questionnaire can be judged based on the opinions of experts in the field. Structural validity assesses whether the questions in the questionnaire are organized and arranged in the right way to accurately measure the target concept. This can be assessed by statistical methods such as factor analysis. The classical scale was used in the research process, and the questionnaire was adapted to meet the requirements of content validity. Structural validity requires factor analysis. According to the requirements, the KMO test and Bartlett's sphere test were performed first. Only when the KMO test value is greater than 0.6 and the Sig value is significant it means that the scale is suitable for the factor analysis method. Therefore, the collected data were tested.

Table 3.3 KMO and Bartlett's Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.857
Bartlett's Test of Sphericity	Approx. Chi-Square	3789.419
	df	300
	Sig.	0.000

Confirmatory factor analysis is carried out on the problem items, and principal component analysis is used to extract the factors in the analysis process. Finally, the factor loading matrix is obtained to get the factor loading tables for organizational risk,

business process risk, information systems risk, legal and regulatory risks, and operational management risk, as shown in Table 3.4. operational management risk, as well as legal and regulatory risks, as shown in Table 3.4. From the data in the table, it can be seen that organizational risk, business process risk, information systems risk, operational management risk, and legal and regulatory risks are extracted from only five public factors, explaining 58.185% of the total number of factors. Factors that explain 58.185% of the Variance indicate that the explanatory power of the Variance meets the requirements and exceeds 50%. The loadings of each measurement item are all greater than 0.6; see Table 3.5. This indicates that the explanatory power is good, and each measurement item has good convergent validity.

Table 3.4 Confirmatory factor analysis（CFA）

Total Variance Explained								
Component	Initial Eigenvalues		Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	22.623	22.623	5.656	22.623	22.623	3.832	15.330	15.330
2	12.017	34.640	3.004	12.017	34.640	2.821	11.284	26.614
3	8.753	43.393	2.188	8.753	43.393	2.760	11.039	37.653
4	8.076	51.469	2.019	8.076	51.469	2.658	10.632	48.285
5	6.716	58.185	1.679	6.716	58.185	2.475	9.900	58.185

Table 3.5 Component Score Coefficient Matrix

	1	2	3	4	5
Q1					0.818
Q2					0.792
Q3					0.769
Q4					0.746
Q5					0.760
Q6					0.769
Q7	0.655				
Q8	0.632				
Q9	0.732				
Q10	0.744				
Q11	0.736				
Q12	0.816				
Q13		0.817			
Q14		0.816			
Q15		0.828			
Q16		0.733			
Q17				0.748	

Q18				0.770	
Q19				0.794	
Q20				0.786	
Q21				0.772	
Q22			0.819		
Q23			0.822		
Q24			0.809		
Q25			0.820		

Finally, the analysis of the data shows that Cronbach's α of Organizational risk, Business process risk, Information systems risk, Operational management risk, and Legal and regulatory risk are 0.705,0.880,0.863,0.769,0.844, Cronbach's α values were all greater than 0.7. And five public factors, explaining 58.185% of the total number of factors. Reliability and validity analyses were conducted for each variable, indicating good independence of each dimension. The final results showed good validity of the questionnaire.

Chapter 4 Finding

4.1 Introduction

Based on the results of the data collection and data analysis reliability and validity analyses, it was shown that the data collection met the basic requirements. The data were further analyzed to determine the relationship between each variable and to test the hypotheses, mainly through correlation analysis and regression analysis. Through SPSS software, the collected data were analyzed to clarify the relationship between organizational risk, business process risk, information systems risk, operational management risk, legal and regulatory risks, and the inter-correlation between risk management.

4.2 Description of Statistical Variables

Descriptive statistical analysis is a method used to summarize and present data to achieve a better understanding of its characteristics and trends. Descriptive statistics ensure the reliability and integrity of data. Data is cleaned and organized, including dealing with missing data, outliers, and duplicates. This helps to ensure the accuracy and consistency of the data. Based on the results of descriptive statistical analysis, interpretations, and inferences can be made to draw conclusions and insights about the data. Descriptive statistical analysis helps organize and present complex data in an easily understandable form in order to support decision-making and insight development. The demographic characteristics and variables of the CCFGCL General Contracting Company survey sample, such as age, gender, income, position, working hours, etc., are investigated and analyzed in the study.

The analysis of the data shows that 193 (46.8%) are females and 219 (53.2%) are males. For the income survey, below 2000yuan is 48 people, accounting for 11.7%; 2001-4000 is 98 people, accounting for 23.8%; 4001-6000 is 59 people, accounting for 14.3%; 6001-8000 is 42 people, accounting for 10.2%, 8001-10000 is 32 people, accounting for 7.8%, More than 10000 yuan is 133, accounting for 32.3%. For the age survey, 18-25 years old is 171 people, accounting for 41.5%; 26-35 years old is 81 people, accounting for 19.7%; 36-45 years old is 116 people, accounting for 28.2%, 46-55 years old is 27 people, accounting for 6.6%, above 55 years old is 17 people, accounting for 4.1%. For the education level survey, Undergraduate is 125 people, accounting for 30.3%, Master's degree is 175 people, accounting for 42.5%, Others is 112 people, accounting for 27.2%. For the data analysis of work experience, it shows that under1 year is 152 people, accounting for 36.9%, 2-3 years is 71 people, accounting for 17.2%, 4-5 years is 98 people, accounting for 23.8%, 6-7 years is 36

people, accounting for 8.7%, and more than7 years is 55 people, accounting for 13.3%. The survey on job positions shows that there are 117 employees in Financial Department (28.4%), 141 employees in Human Resources Department (34.2%), 80 employees in Sales Department (19.4%), 32 employees in Production Department (7.4%), 32 employees in Sales Department (7.4%), and 32 employees in Sales Department (7.4%). There were 32 employees in the Sales Department (19.4%), 32 employees in the Production Department (7.8%), and 42 employees in the Other Departments (10.2%)， see Table 4.1.

Table 4.1 Distribution of basic characteristics of samples (N = 412)

Items	Options	Frequency	Percent%
Gen	Male	219	53.2
	Female	193	46.8
Icom	Below 2000yuan	48	11.7
	2001-4000	98	23.8
	4001-6000	59	14.3
	6001-8000	42	10.2
	8001-10000	32	7.8
	More than 10000 yuan	133	32.3
Age	18-25	171	41.5
	26-35	81	19.7
	36-45	116	28.2
	46-55	27	6.6
	above 55	17	4.1
Edu	Undergraduate	125	30.3
	Master's degree	175	42.5
	Others	112	27.2
Exp	under1 year	152	36.9
	2-3 years	71	17.2
	4-5 years	98	23.8
	6-7 years	36	8.7
	more than7 years	55	13.3
Pos	Financial Department	117	28.4
	Human resources department	141	34.2
	Sales Department	80	19.4
	Production Department	32	7.8
	Other departments	42	10.2
Total		412	100

4.3 Results of the Study

4.3.1 Current status of risk management of CCFGCL General Contracting Company

CCFGCL General Contracting Company's corporate finance shared service model is in a progressive stage of development. The business is becoming more and more proficient, and the advantages of the financial shared service model are gradually emerging, with good results in terms of processing efficiency and standardization. Existing problems include imperfect organizational structure, unrefined business processes, insufficient information system construction and maintenance, operation management to be optimized, and laws and regulations. The risks of the financial shared service model of construction enterprises are mainly divided into five categories: organizational personnel risk, business process risk, information system risk, operation and management risk, and legal and regulatory risk. Among them, there are several risks identified, such as organizational structure design risk, personnel resistance decline risk, unqualified staff quality risk, and personnel assessment risk.

4.3.2 Pearson correlation analysis

Pearson correlation analysis is a statistical method used to measure the linear relationship between two variables. Its main function is to determine whether a correlation exists between two variables and the strength and direction of the correlation. The correlation between two variables is calculated using the Pearson correlation coefficient formula. The correlation coefficient (r) takes values between -1 and 1, where 1 indicates a perfect positive correlation, -1 indicates a perfect negative correlation, and 0 indicates no linear correlation. Based on the calculated correlation coefficient, the strength and direction of the correlation between the two variables are determined. A positive correlation indicates that when one variable increases, the other also increases, while a negative correlation indicates that when one variable increases, the other decreases. Pearson's correlation analysis can help determine if there is a linear relationship between two variables. This is very useful in understanding the correlation between variables. By understanding the correlation between variables, one can better control the variables that affect the results of the study, thus improving the accuracy of the study.

Table 4.2 Pearson Correlation

	The risk management	Organizational risk	Business process risk	Information systems risk	Operational management risk	Legal and regulatory risk

The risk management	1	.311**	-0.087	-0.018	.336**	-.124*
Organizational risk	.311**	1	-0.075	0.031	.150**	-0.044
Business process risk	-0.087	-0.075	1	.482**	0.004	.506**
Information systems risk	-0.018	0.031	.482**	1	0.023	.364**
Operational management risk	.336**	.150**	0.004	0.023	1	0.018
Legal and regulatory risk	-.124*	-0.044	.506**	.364**	0.018	1

NOTE：*P<0.05, **P<0.01, ***P<0.001

According to the results of the analysis, it can be seen that Pearson's correlation coefficients of organizational risk, business process risk, information systems risk, operational management risk, legal and regulatory risk are 0.311, -0.087, -0.018, 0.336, and -0.124 respectively, and the P-values of business process risk, information systems risk are not significant, which means that there is no correlation. Organizational risk, operational management risk, and risk management are correlated with P<0.01. Meanwhile, business process risk and information systems risk are correlated with Pearson. Risk has a correlation, and the Pearson correlation coefficient is 0.482 with P<0.01. Legal and regulatory risk has a correlation with business process risk, and the Pearson correlation coefficient is 0.506 with P<0.01. Legal and regulatory risk has a correlation with Legal and regulatory risk is correlated with information systems risk, and Pearson's correlation coefficient is 0.364, P<0.01.

Organizational risk positively affects the risk management of CCFGCL General Contracting Company. The Pearson correlation coefficient is 0.311 and P<0.01, indicating that there is a correlation between Organizational risk and risk management, and H1a holds.

Business process risk positively affects the risk management of CCFGCL General Contracting Company. The Pearson correlation coefficient is -0.087, and the p-value does not hold, indicating that there is no correlation between Business process risk and risk management, and H1b does not hold.

Information systems risk has no effect on the risk management of CCFGCL General Contracting Company. The Pearson correlation coefficient is -0.018, and the p-value does not hold, indicating that there is no correlation between Information systems risk and risk

management, and H1c does not hold.

Operational management risk positively affects the risk management of CCFGCL General Contracting Company and H2a holds. The Pearson correlation coefficient is 0.336, and the p-value does hold, indicating that there is a correlation between Operational management risk and risk management.

Legal and regulatory risk has not positively affected the risk management of CCFGCL General Contracting Company. The Pearson correlation coefficient is -0.124, and the $P<0.05$ indicates that there is a correlation between Legal and regulatory risk and risk management, but not a positive effect, and H2b does not hold.

Chapter 5 Conclusion and Recommendation

5.1 Conclusion

Financial sharing services are the primary way to transform the financial management of large enterprises today. They are an essential driving force on the path of enterprise development. Establishing economic sharing services involves various aspects such as business processes, organizational structure, and operation management of enterprises. At the same time, in the process of implementing financial sharing services, risks are also potential. The enterprise economic sharing service model is in the stage of gradual development. The business is becoming increasingly proficient, the advantages of the financial sharing service model are gradually showing, and good results have been achieved in processing efficiency and standardization.

5.1.1 The Risk Management Conclusion

Existing problems include organizational structure, business processes, information system construction and maintenance, operation management, and laws and regulations. Financial shared service model risks for construction enterprises are divided into five categories: organizational personnel risk, business process risk, information system risk, operation management risk, and legal and regulatory risk. Under five risk categories, 15 risks were identified, including organizational structure design risk, personnel resistance loss risk, employee quality failure risk, and personnel assessment risk.

5.1.2 Factors influencing the risk management

Pearson's correlation coefficients of organizational risk, business process risk, information systems risk, operational management risk, and legal and regulatory risk are 0.311, -0.087, -0.018, 0.336, and -0.124, respectively. In the context of the Company implementing financial sharing services to reduce costs, improve efficiency, and optimize processes for enterprises, this article starts with the risks that may exist during its implementation.

The influencing factors that affect the risk management of CCFGCL General Contracting Company are organizational risk, operational management risk, and legal and regulatory risks.

The business process risk and information systems risk do not affect risk management.

Organizational risk positively affects the risk management of CCFGCL General Contracting Company.

Operational management risks positively affect the risk management of CCFGCL General Contracting Company.

Legal and regulatory risks hurt the risk management of CCFGCL General Contracting Company.

5.2 Recommendation

Research has determined that optimizing financial shared service centers' operation and risk reduction requires careful consideration.

(1) Organizational risk

Regarding organizational structure changes, enterprises should comprehensively consider internal and external factors, actively guide and manage the change process, and ensure that the changes proceed smoothly and achieve the expected results. Clarify goals and motivations: Before changing the organizational structure, clarify the goals, reasons, and desired outcomes. Ensure all stakeholders understand why change is needed and the value of change. Formulate a change strategy: Develop a detailed change strategy, including the scope of change, timeline, resource allocation, communication plan, etc. The process should consider factors within and outside the organization's environment and the impact of changes on employees and the business. Conduct Assessment and Planning: Evaluate the existing organizational structure to determine the specific changes needed. Develop detailed plans for changes, including corporate restructuring, job changes, division of responsibilities, etc. Establish a change team: Set up a dedicated or project team responsible for planning, implementing, and overseeing the change process. Team members should have the right skills and experience to lead change effectively. Gradual implementation: According to the plan, gradually implement organizational structure changes to avoid changes that are too rapid or aggressive to reduce instability and resistance. Monitoring and adjustment: Monitor the implementation process of changes, gather feedback, and adjust change strategies and plans promptly. Ensure that change has the desired results and is flexible to respond to issues. Continuous improvement: Change is not a one-off event but an ongoing process. Businesses should establish learning and improvement mechanisms and continuously optimize organizational structures and business processes to adapt to changing environments.

To prevent the loss of personnel, enterprises should strengthen communication skills with employees when implementing financial sharing services. When optimizing the employee management system, you should fully communicate with

employees throughout the change process to explain the purpose of the change, the benefits it will bring to the enterprise, and its impact on the future. Establish convenient communication channels so employees can ask questions and provide feedback. It is necessary to consider their situation from the employees' perspective, talk to resistant employees, and train employees involved in transformation to promote change for the better. In terms of personnel development, to actively establish and improve career development channels for employees in enterprises and subordinate units, enterprises must step up efforts to train outstanding financial personnel so that they can realize their value, provide them with a clear direction for career development, open up a green channel for promotion, and avoid talent loss.

In terms of personnel quality, enterprises can change this disadvantage by introducing highly qualified and competent financial managers. At the same time, we are continuously improving the comprehensive capabilities of our financial personnel to improve enterprises' financial management fundamentally. Specific measures include broadening the channels for recruiting talents to attract professionals by providing competitive remuneration, focusing on cultivating talents within the enterprise and providing valuable skills training courses for financial personnel to master professional competencies and techniques in competition actively.

(2) Operational Management risk

Regarding capital management and control, enterprises can set up professional fund management departments to formulate detailed budget plans, including plans for income, expenditure, investment, etc. Implement effective cash flow management to ensure that enterprises have sufficient working capital to support daily operations and development; in terms of cooperation with suppliers and customers, supply chain finance methods can be adopted to extend the payment cycle, shorten the receipt cycle, and improve capital turnover efficiency; also, do not rely too much on a single source of funding, diversify financing channels, conduct regular capital risk assessments, identify potential capital risks, and take appropriate measures to avoid them; relevant fund managers should also be regularly trained to raise their understanding and awareness of capital management risks and promote risk prevention and management culture.

In terms of supervising subordinate units, a supervision mechanism should first be established, and clear supervision policies and procedures should be formulated to ensure that the supervision work has rules to follow. The business activities of subordinate units should be identified and assessed to determine possible risk points and potential risks; at the same time, compliance reviews of subordinate units should also be carried out regularly to ensure that their business activities comply with laws, regulations, and internal organizational policies.

In terms of internal control and supervision and inspection, enterprises should strengthen the internal control systems of subordinate units, establish a sound and complete internal control system, ensure business processes and operating standards, transparency, and reduce potential errors and fraud; they also need to use data analysis tools to monitor and analyze the business data of subordinate units, discover abnormal situations, formulate corresponding risk response strategies for different risk situations, and establish emergency response plans. All departments also need to collaborate closely with risk management, internal audit, and legal affairs to jointly carry out supervisory risk management work. While supervising subordinate units, enterprises must also continuously summarize lessons learned, carry out continuous improvements in risk management work, and adapt to changes in the business environment.

In terms of inventory control, search for differences in accounting accounts and related ledgers between various subordinate units, understand the reasons for their establishment, and study whether the different detailed accounts of each subordinate unit have an impact on first-level accounting. On the basis of first-level accounting, it is necessary to make the use of accounting accounts and ledgers consistent as much as possible. Enterprises should standardize the use of accounting accounts. For example, transactions within an enterprise must initiate internal transactions through the "receivable/payment of internal unit payments" accounts; profits and losses from internal transactions are recorded in the "main business income" and "main business costs" accounts; initialization and application of new accounts are carried out uniformly as required to avoid inconsistent initialization of various units and standardize the use of auxiliary accounting.

(3) Laws and Regulations risk

Risks in terms of laws and regulations mainly come from tax risks. The case enterprise is a construction enterprise with construction projects all over the world, so during its project construction process, there will be different tax standards due to different laws and regulations in different countries or regions. Enterprises should establish relevant tax management platforms based on this situation, hire a team of professional tax personnel, and thoroughly study the laws, regulations, and tax policies of different countries and regions. At the same time, tax commissioners should also be set up to study local tax policies and report to financial sharing service centers at the same time. Finally, a compliance control department should be established to prevent situations where enterprise process operations do not comply with local laws, regulations, tax policies, etc., and to ensure that the enterprise complies and legally advances the project process. This kind of tax audit service can not only guarantee the effective promotion of projects and projects in different regions and effectively solve tax problems but also guarantee the tax compliance of enterprises, enhance the construction of an enterprise compliance culture, and resolve some corporate tax legal risk issues.

(4) Business Process risk

Enterprises should unify accounting subjects and enterprise systems, clarify current business, and establish a complete process structure; design work standards for specific positions; processes should match job responsibilities; and, at the same time, enterprises should prepare job manuals to ensure standardization of operations. Standardization of business processes is the foundation for the specialized division of labor and efficient operation of financial sharing service centers. Financial sharing service centers are encouraged to clarify the current situation and standardize business through a clear and process structure, and at the same time, reduce risks through specific and standardized steps.

In terms of improving the efficiency of business processes, enterprise management fully considers conditions such as the current state of internal corporate reforms, formulates financial work methods that are more suitable for the enterprise, strictly controls every aspect of the enterprise's operation, ensures that enterprise resources such as manpower, material resources, and financial resources are fully utilized and that the financial work process is in an orderly manner. In terms of business process supervision, enterprises should clarify the main control points of each business process and formulate corresponding management measures to control risks, follow up, and check the daily business of the enterprise in a timely manner. Once problems are discovered, they must inform the manager and order rectification. Enterprises can also use the PDCA Quality Cycle Management Law (Plan; Do; Check; Action) to regularly check the quality of financial sharing center processes.

(5) Information Systems risk

In terms of system integration and operation, enterprises should optimize the interface between FMIS (Financial Management Information System) and front-end system integration and build a complete management platform for business system information processing. The enterprise's existing ERP (Enterprise Resource Planning) system, subordinate unit asset system, contract management for each subordinate unit, enterprise MDM (Master Data Management) platform, enterprise standardized platforms, and enterprise sharing platforms are managed centrally. In terms of financial data, it is necessary to connect all systems one by one and establish an integrated operation platform. In terms of continuous system optimization, enterprises can first build the main and necessary parts of the system and then improve the entire system. In this way, from point-to-point construction, the financial sharing service process is progressively promoted step by step rather than building the entire system from the beginning. Continuous optimization of the system in this form can not only reduce the difficulty of system integration in the early stages of the project but also improve resource utilization, especially in terms of capital; secondly, it can also discover problems and avoid problems during use, thereby promoting system

integration and optimization. Through the connection between front-end business systems and financial systems, in-depth data mining and visual analysis results are displayed to give full play to the synergy between systems.

In terms of information security management and control, it is mainly considered from a macro perspective. First, add audit links to the entire business process to prevent errors in the automation process and improve data accuracy and security; second, set permissions for employees in different departments and levels and carry out hierarchical processing. In particular, system managers and department leaders should regularly review the usage of their permissions; thirdly, enterprise file transmission must be encrypted to prevent hacker interception and ensure their security; then, relevant data recovery rules should be formulated according to enterprise conditions to prevent information loss. At the same time, back up in a timely manner; finally, do a good job of knowledge about big data, information technology, etc. The popularization work incorporates advanced technology into the construction and maintenance of information systems.

References

Alkhateeb, F. M., Clauson, K. A., Khanfar, N. M., & Latif, D. A. (2008). Legal and regulatory risk associated with web 2.0 adoption by pharmaceutical companies. *New York*, *8*(4), 311–318. https://doi.org/10.1057/jmm.2008.20

Becker, G. S. (2021). Crime and punishment: An economic approach. *Journal of Political Economy*, *76*(2), 169–217.

Bray, R. E., & Rejda, G. E. (1976). Social insurance and economic security. *The Journal of Risk and Insurance*, *43*(4), 727. https://doi.org/10.2307/252038

Brenner, H. (2002). Long-term survival rates of cancer patients achieved by the end of the 20th century: A period analysis. *The Lancet*, *360*(9340), 1131–1135. https://doi.org/10.1016/s0140-6736(02)11199-8

Buhalis, D., & Law, R. (2022). Progress in information technology and tourism management: 20 years on and 10 years after the internet—the state of eTourism research. *Tourism Management*, *29*(4), 609–623. https://doi.org/10.1016/j.tourman.2008.01.005

Chapman, C. A. (1993). Perspectives in tropical forestry. *Ecology*, *74*(3), 973–974. https://doi.org/10.2307/1940830

Chen, T., & Guestrin, C. (2016). XGBoost: A scalable tree boosting system. *Proceedings of the 22nd ACM SIGKDD International Conference on Knowledge Discovery and Data Mining - KDD '16*, *23*(33), 785–794. https://doi.org/10.1145/2939672.2939785

Cohen, W. M., & Levinthal, D. A. (2017). Absorptive capacity: A new perspective on learning and innovation. *Administrative Science Quarterly*, *35*(1), 128–152. https://doi.org/10.2307/2393553

Conforti, R., de Leoni, M., La Rosa, M., van der Aalst, W. M. P., & ter Hofstede, A. H. M. (2015). A recommendation system for predicting risks across multiple business process instances. *Decision Support Systems*, *69*(12), 1–19. https://doi.org/10.1016/j.dss.2014.10.006

Denrell, J. (2005). Organizational risk taking: Learning versus variable risk preferences. *SSRN Electronic Journal*, *12*(22). https://doi.org/10.2139/ssrn.864284

Engel, J. (2001). A proposed diagnostic scheme for people with epileptic seizures and with epilepsy: Report of the ILAE task force on classification and terminology. *Epilepsia*, *42*(6), 796–803. https://doi.org/10.1046/j.1528-1157.2001.10401.x

Fama, E. F., & Jensen, M. C. (2021). Separation of ownership and control. *The Journal of Law and Economics*, *26*(2), 301–325.

Frank, F. K. (1928). Our Fallen Leaders. *Religious Education*, *23*(7), 637–640. https://doi.org/10.1080/0034408280230706

Hotelling, H. (2021). The economics of exhaustible resources. *Journal of Political Economy*, *39*(2), 137–175. https://doi.org/10.1086/254195

Howard, R. A., & Matheson, J. E. (2005). Influence diagrams. *Decision Analysis*, *2*(3), 127–143. https://doi.org/10.1287/deca.1050.0020

Jia, Y., Qi Yulu, Shang Huaijun, Jiang, R., & Li, A. (2018). A practical approach to constructing a knowledge graph for cybersecurity. *Engineering*, *4*(1), 53–60. https://doi.org/10.1016/j.eng.2018.01.004

Jiang, S. (2021). Research on big data audit based on financial sharing service model using fuzzy AHP. *Journal of Intelligent & Fuzzy Systems*, *34*(56), 1–10. https://doi.org/10.3233/jifs-189646

Kelley, L. A., Mezulis, S., Yates, C. M., Wass, M. N., & Sternberg, M. J. E. (2015). The phyre2 web portal for protein modeling, prediction and analysis. *Nature Protocols*, *10*(6), 845–858. https://doi.org/10.1038/nprot.2015.053

Klein, B., Crawford, R. G., & Alchian, A. A. (2020). Vertical integration, appropriable rents, and the competitive contracting process. *The Journal of Law and Economics*, *21*(2), 297–326. https://doi.org/10.1086/466922

Kowalkowski, C., Gebauer, H., Kamp, B., & Parry, G. (2017). Servitization and deservitization: Overview, concepts, and definitions. *Industrial Marketing Management*, *60*(23), 4–10. https://doi.org/10.1016/j.indmarman.2016.12.007

Kramer, G. M., Kinn, J. T., & Mishkind, M. C. (2015). Legal, regulatory, and risk management issues in the use of technology to deliver mental health care. *Cognitive and Behavioral Practice*, *22*(3), 258–268. https://doi.org/10.1016/j.cbpra.2014.04.008

Kramer, G. M., & Luxton, D. D. (2016). Telemental health for children and adolescents: An overview of legal, regulatory, and risk management issues. *Journal of Child and Adolescent Psychopharmacology*, *26*(3), 198–203. https://doi.org/10.1089/cap.2015.0018

Kuznietsova, N. V., & Bidyuk, P. I. (2018). System approach to financial risks management. *System Research and Information Technologies*, *0*(2), 124–140. https://doi.org/10.20535/srit.2308-8893.2018.2.12

La Porta, R., Lopez‐de‐Silanes, F., Shleifer, A., & Vishny, Robert W. (2018). Law and finance. *Journal of Political Economy*, *106*(6), 1113–1155. https://doi.org/10.1086/250042

Leggett, B., & Whitehall, V. (2010). Role of the serrated pathway in colorectal cancer pathogenesis. *Gastroenterology*, *138*(6), 2088–2100. https://doi.org/10.1053/j.gastro.2009.12.066

Lévesque, E., Kirby, E., Bolt, I., Knoppers, B., de Beaufort, I., Pashayan, N., & Widschwendter, M. (2018). Ethical, Legal, and Regulatory issues for the implementation of omics-based risk prediction of women's cancer: Points to consider. *Public Health Genomics*, *21*(1-2), 37–44. https://doi.org/10.1159/000492663

Li, Y., & Dai, H. (2014). Recent advances in zinc–air batteries. *Chem. Soc. Rev.*, *43*(15), 5257–5275. https://doi.org/10.1039/c4cs00015c

Liang, H., & Renneboog, L. (2017). On the foundations of corporate social responsibility. *The Journal of Finance*, *72*(2), 853–910. https://doi.org/10.1111/jofi.12487

Lieder, M., & Rashid, A. (2016). Towards circular economy implementation: A comprehensive review in context of manufacturing industry. *Journal of Cleaner Production*, *115*(115), 36–51. https://doi.org/10.1016/j.jclepro.2015.12.042

Mahmoodzadeh, E., & Jalalinia, Sh. (2019). A business process outsourcing framework based on business process management and knowledge management. *Business Process Management Journal*, *15*(6), 845–864. https://doi.org/10.1108/14637150911003748

Mitchell, V.-W. (1995). Organizational risk perception and reduction: A literature review. *British Journal of Management*, *6*(2), 115–133. https://doi.org/10.1111/j.1467-8551.1995.tb00089.x

Munir, M., Jajja, M. S. S., Chatha, K. A., & Farooq, S. (2020). Supply chain risk management and operational performance: The enabling role of supply chain integration. *International Journal of Production Economics*, *227*(107667), 107667. https://doi.org/10.1016/j.ijpe.2020.107667

Nelson, P. (2021). Information and consumer behavior. *Journal of Political Economy*, *78*(2), 311–329. https://doi.org/10.1086/259630

Price, W. N., & Cohen, I. G. (2019). Privacy in the age of medical big data. *Nature Medicine*, *25*(1), 37–43.

Raghupathi, W., & Raghupathi, V. (2014). Big data analytics in healthcare: Promise and potential. *Health Information Science and Systems*, *2*(1). https://doi.org/10.1186/2047-2501-2-3

Robert, D. F., Schurr, P. H., & Oh, S. (2020). Developing buyer-seller relationships. *Journal of Marketing*, *51*(2), 11–27. https://doi.org/10.2307/1251126

Rosen, S. (1974). Hedonic prices and implicit markets: Product differentiation in pure competition. *Journal of Political Economy*, *82*(1), 34–55.

Saberi, S., Kouhizadeh, M., Sarkis, J., & Shen, L. (2019). Blockchain technology and its relationships to sustainable supply chain management. *International Journal of Production Research*, *57*(7), 2117–2135.

Teece, D. J. (2019). Dynamic capabilities: Routines versus entrepreneurial action. *Journal of Management Studies*, *49*(8), 1395–1401.

Tiebout, C. M. (2020). A pure theory of local expenditures. *Journal of Political Economy*, *64*(5), 416–424.

Tinnilä, M. (2020). Strategic perspective to business process redesign. *Business Process Management Journal*, *1*(1), 44–59. https://doi.org/10.1108/14637159510798202

Verhoef, P. C., Broekhuizen, T., Bart, Y., Bhattacharya, A., Qi Dong, J., Fabian, N., & Haenlein, M. (2021). Digital transformation: A multidisciplinary reflection and research agenda. *Journal of Business Research*, *122*(7), 889–901. Sciencedirect. https://doi.org/10.1016/j.jbusres.2019.09.022

Wamba, S. F., Gunasekaran, A., Akter, S., Ren, S. J., Dubey, R., & Childe, S. J. (2017). Big data analytics and firm performance: Effects of dynamic capabilities. *Journal of Business Research*, *70*(1), 356–365. https://doi.org/10.1016/j.jbusres.2016.08.009

Warner, M. E. (2011). Club goods and local government. *Journal of the American Planning Association*, *77*(2), 155–166. https://doi.org/10.1080/01944363.2011.567898

Williamson, O. E. (2020). Transaction-Cost economics: The governance of contractual relations. *The Journal of Law and Economics*, *22*(2), 233–261.

Zairi, M., & Sinclair, D. (1995). Business process re-engineering and process management: A survey of current practice and future trends in integrated management. *Business Process Management Journal*, *1*(1), 8–30. https://doi.org/10.1108/14637159510798248

Appendix Questionnaire

Dear Sir/Madam,

Thank you for your participation in this questionnaire survey. The survey will be conducted anonymously, and your relevant information will be kept confidential. Thank you again for your cooperation.

Part Ⅰ:

1. Gender? A Male B Female

2. Age? A 18-25 B26-35 C36-45 D46-55 E above 55

3. Monthly disposable income?

A Below 2000yuan B 2001-4000 C 4001-6000 D 6001-8000 E 8001-10000 F More than 10000 yuan

4. Education? A Undergraduate B Master's degree C Others

5. Duration of work in the enterprise? A under1 year B 2-3 years C 4-5 years D 6-7 years E more than7 years

6. Position in the enterprise?

A Financial Department B Human resources department C Sales Department D Production Department E Other departments

Part Ⅱ: Please judge to what extent you agree with the following statement; choose the most appropriate option, and mark the corresponding number " √. " The questionnaire used a Likert scale, ranging from 1 to 5 in which one indicates strongly disagree (or strongly disagree), two indicates relatively disagree (or relatively disagree), three indicates neutral, four indicates relatively agree (or relatively agree), and five indicates strongly agree (or strongly agree)

Measuring item	Strongly disagree	Disagree	General	Agree	Strongly agree
Organizational risk					

1. are you satisfied with the company's risk management policies and processes?					
2. do you think the company's response to strategic risks is adequate?					
3. do you feel that risk information is effectively communicated within the company?					
4. do you feel that the company's risk identification capabilities are adequate?					
5. does the company's risk culture promote reporting of risk events by employees?					
6. are you satisfied with the transparency of the company's risk reporting?					
Business process risk					
1. do you see potential risks in the company's business processes?					
2. does the company adequately understand and manage its supply chain risks?					
3. are you satisfied with the company's project management risks?					
4. do you think the company's financial processes are secure enough?					
5. does the company pay enough attention to employee safety and health risks?					
6. are you satisfied with the company's business process risk assessment process?					
Information system risks					
1. are you satisfied with the company's data security measures?					
2. are there adequate controls to protect customer information?					
3. are the company's information					

systems adequately protected against cyber security threats?					
4. are you satisfied with the company's data backup and recovery program?					
Operational management risks					
1. do you think the company's project management capabilities are strong enough to mitigate risk?					
2. does the company pay enough attention to employee training and development risks?					
3. is there a supplier relationship management risk?					
4. are you satisfied with the company's equipment and asset management?					
5. do you think the company pays enough attention to environmental sustainability risks?					
Legal and regulatory risks					
1. are you satisfied with the company's compliance with laws and regulations?					
2. is there a potential risk of legal action?					
3. are you satisfied with the company's contract management and compliance controls?					
4. do you believe the company is sufficiently concerned about intellectual property risks?					
The risk management					
1. are you very satisfied with the company's risk management?					
2. does the company have a professional risk management team?					
3. is there a culture of continuous improvement in risk management?					
4. are you satisfied with the company's risk management training and					

education?					
5. does the company respond to emerging risks in a timely enough manner?					
6. are you satisfied with the firm's risk management reporting and feedback mechanisms?					
7. do you feel the firm is flexible enough to respond to changing risks?					