



**THE INFLUENCING FACTORS OF FINANCIAL RISK
MANAGEMENT OF SHANGHAI WEI LAI AUTOMOBILE
COMPANY**

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**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR THE DEGREE OF
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This Independent Study has been Approved as a Partial Fulfillment of the
Requirements for the Degree of Master of Business Administration

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ABSTRACT

Research on the influencing factors of financial risk management in enterprises can help them more accurately identify potential financial risks and take measures to prevent and deal with identified risks in advance. This not only helps to improve the financial stability and market competitiveness of enterprises, but also promotes the healthy development of the new energy automobile industry. The purpose of this study was to explore the effect of financial risk identification, financial risk evaluation and financial risk control on financial risk management of Shanghai Wei Lai Automobile Company.

This study adopted the quantitative research method. A total of 400 questionnaires were sent out during the investigation, and 341 were valid, with a validity of 85.2%. This study found that financial risk identification, financial risk evaluation and financial risk control have a positive affect on the financial risk management of Shanghai Wei Lai Automobile Company. Through the analysis, the following suggestions are put forward: (1) Enrich financial risk identification methods; (2) Rationally control investment behavior and establish investment risk evaluation mechanisms; (3) Establish a professional risk control team and set up a risk management department.

Keywords: financial risk management, Shanghai Wei Lai Automobile Company, influencing factors

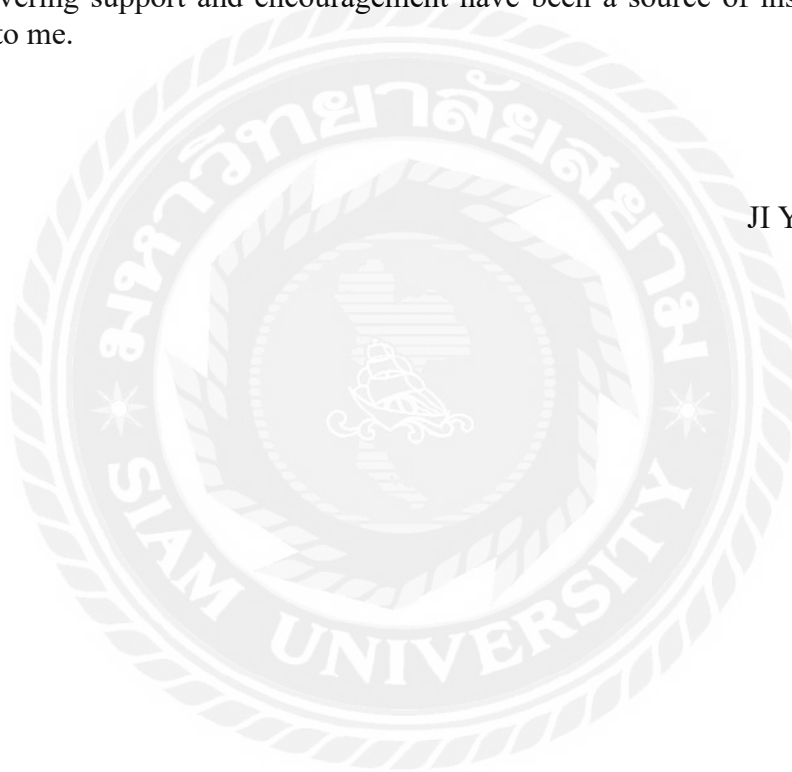
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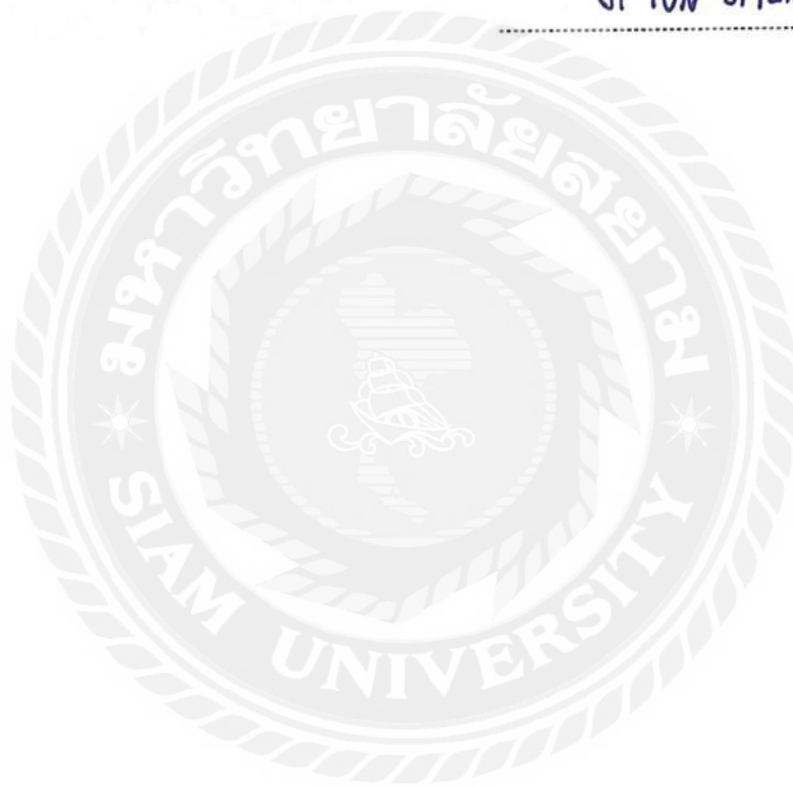


DECLARATION

I, JiYunSheng, hereby certify that the work embodied in this independent study entitled “The Influencing Factors of Financial Risk Management of Shanghai Wei Lai Automobile Company” is result of original research and has not been submitted for a higher degree to any other university or institution.

JI YUN SHENG

(Ji YunSheng)
Sep 25, 2024



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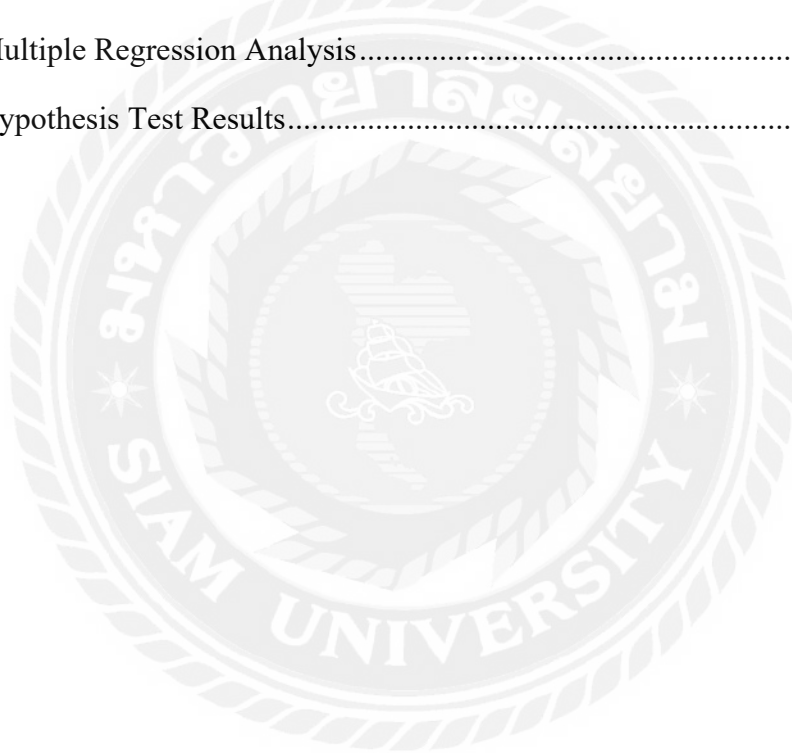
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Chapter 1 Introduction

1.1 Background of the Study

According to data released by the China Association of Automobile Manufacturers, new energy passenger vehicles would achieve retail sales of 6.887 million units in 2023, an increase of 130.41% year-on-year (Jin, T., Jiang, Y., & Liu, X., 2023). However, at the same time, the development of the new energy automobile industry was not mature, and there were many uncertainties in policy subsidies, production, and marketing. The "Notice on the Promotion and Application of Financial Subsidy Policies for New Energy Vehicles" issued at the beginning of 2022 clearly stated that the subsidy standard was 30% lower than that in 2021 (Xian et al., 2022). At the same time, as market competition is becoming increasingly fierce, with traditional car manufacturers turning to the new energy field and the rise of new Internet car manufacturing forces, and Tesla building a factory in Shanghai to seize the Chinese market for mass production, new energy vehicle companies are facing severe financial risks, including continued losses, excessive reliance on external financing, and long capital recovery cycle (Su et al., 2021).

As a typical representative of the new power of new energy automobile enterprises, Shanghai Wei Lai Automobile Company was established in November 2014, focusing on intelligent and connected high-end electric vehicles, and developed the leading NIOPIlotADA automatic driving assistance system and NOMI artificial intelligence assistant, and has been applied on a large scale (Chen et al., 2020). Shanghai Wei Lai Automobile Company successfully listed on the New York Stock Exchange on September 12, 2018, raising about \$1 billion. Shanghai Wei Lai Automobile Company is a new energy vehicle manufacturer integrating research and development, production, and sales (Taylor, 2021). It has gathered thousands of top talents in automotive technology, software technology, user experience, and other fields, initially established a user service system covering China, and has become a leader in China's new energy vehicle industry (Chen et al., 2020). However, its current stage due to order delivery problems led to a lack of hematopoietic capacity, as well as support for research and development sales expenditures led to large-scale continued cash burning, and the loss is increasing. Since its establishment, Shanghai Wei Lai Automobile Company has still suffered losses of 11.3 billion yuan, 5.304 billion yuan, and 4.017 billion yuan respectively in 2019-2021 (Lv & Li, 2021). In the case of the company's continuous large-scale investment, has generated great risks and uncertainties for future development.

Shanghai Wei Lai Automobile Company, as the leader of the Internet car manufacturing enterprises, has been given high expectations by the industry, and even some people think that Shanghai Wei Lai Automobile Company is one of the most likely to survive the wave of integration and elimination of new energy vehicles (Sinha & Brophy, 2021). With its ability to provide high-tech products and the ultimate user

experience, Shanghai Wei Lai Automobile Company has attracted the attention of a large number of consumers and occupied the first-mover advantage in the market (Sinha & Brophy, 2021; Taylor, 2021). However, at this stage, due to the lack of hematopoietic capacity caused by the order delivery problem and the large-scale continuous burning of cash to support the research and development sales expenditure, the financial situation of Shanghai Wei Lai Automobile Company has been faced with great risks and uncertainties. Based on this background, this study takes Shanghai Wei Lai Automobile Company as the research object to study the company's financial risk management, explore the influencing factors of financial risk management, and put forward countermeasures.

1.2 Questions of the Study

As an emerging industry, the development of new energy vehicles is not yet mature. In recent years, the problems caused by the tightening of policy subsidies and the increase of related preferential thresholds have gradually become prominent, coupled with the rise of new forces of Internet car manufacturing, increasingly fierce market competition, and are facing severe financial risks, and to find the drivers of financial risk is a key step to control corporate financial risk, to help enterprises prevent financial risk from the source (Ma et al., 2023). As a new power enterprise, the essence of Shanghai Wei Lai Automobile Company's financial risk is the imbalance of profit and loss, and the traditional single evaluation of financial risk results cannot guide it, so it needs to link operation and strategy to accurately evaluate. In essence, financial risk evaluation is a risk treatment mechanism to identify, evaluate, and deal with the uncertain factors that may affect the realization of the strategic goals of the enterprise in order to achieve the overall strategic goals of the enterprise (Li et al., 2020). Therefore, the analysis from the perspective of enterprise strategy is more helpful to comprehensively evaluate the financial risks of the enterprise. Enterprise financial risk management includes financial risk identification, financial risk evaluation, and financial risk control. Therefore, this study raises the following research questions:

(1) Does financial risk identification affect the financial risk management of Shanghai Wei Lai Automobile Company?

(2) Does financial risk evaluation affect the financial risk management of Shanghai Wei Lai Automobile Company?

(3) Does financial risk control affect the financial risk management of Shanghai Wei Lai Automobile Company?

Enterprise financial risk management plays a crucial role in the operation and development of enterprises, its importance is reflected in many aspects, one is to ensure the steady operation of enterprises. By identifying, evaluating, and controlling potential

risk factors, financial risk management ensures that enterprises maintain financial stability in the face of market fluctuations, economic environment changes, policy adjustments, and other uncertain factors, and avoids business difficulties caused by capital chain break and debt crisis. The second is to improve the quality of decision-making. Effective financial risk management requires enterprises to collect and analyze a large amount of financial data and market information to provide a comprehensive and accurate decision-making basis for management. This will help the management to make more scientific and reasonable decisions in the aspects of strategy formulation, investment planning, financing arrangements, etc., and improve the overall operating efficiency and market competitiveness of the enterprise. The third is to optimize resource allocation. Through financial risk management, enterprises can better understand their financial situation and capital flow, rationally arrange the use of funds, and optimize the allocation of resources. This will help enterprises improve the efficiency of capital use, reduce operating costs, and enhance profitability. The fourth is to boost investor confidence. Good financial risk management can improve the credibility and market image and enhance investors' confidence in enterprises. This will help enterprises attract more investment, broaden financing channels, and provide strong financial support for their long-term development.

1.3 Objectives of the Study

With the strong support of China's policies, the green and clean new energy automobile industry has flourished, and at the same time, traditional automobile companies have also noticed the broad development prospects of new energy vehicles and have joined the new energy automobile industry in large numbers (Jin et al., 2023). Competitors continue to pour in, the scale of the industry expands, the market is divided, and the profit space of the original enterprise is reduced, which intensifies the financial risk of the enterprise (Ma et al., 2023). This study puts forward control measures for the existing financial problems of Shanghai Wei Lai Automobile Company and hopes to enhance the ability of Shanghai Wei Lai Automobile Company to deal with risks. This study provides a reference for new energy vehicle companies to carry out financial risk evaluation and risk control.

(1) To explore the effect of financial risk identification on financial risk management of Shanghai Wei Lai Automobile Company.

(2) To explore the effect of financial risk evaluation on financial risk management of Shanghai Wei Lai Automobile Company.

(3) To explore the effect of financial risk control on financial risk management of Shanghai Wei Lai Automobile Company.

1.4 Scope of the Study

The scope of this study was Wei Lai Automobile Company in Shanghai, and Wei Lai Automobile Company in other regions was not included in the research scope. The subjects of the study were employees of Wei Lai Automobile Company in Shanghai. The employees to be investigated had a full understanding of the financial risk status of Shanghai Wei Lai Automobile Company and were able to make a reasonable evaluation of the financial risk status. The study included age, gender, income, and education of the employees. The research included a comprehensive assessment of the company's financial structure, capital operation, profitability, and the risks posed by market competition. At the same time, the study combined the characteristics and policy support environment of Shanghai Wei Lai Automobile Company, analyzed the weak links in financial management, and put forward corresponding control measures and improvement suggestions.

1.5 Significance of the Study

The emerging group of Internet car manufacturers not only has to face fierce competition from the market but also has to face the transformation and upgrading of traditional automobile companies, penetration, and layout of the new energy vehicle field. At the beginning of entering the market, a large amount of investment is needed (Sinha & Brophy, 2021). If such emerging groups want to maintain a neutral footing in the increasingly narrow development space of the new energy market, they should analyze their existing or possible financial risks and conduct effective financial risk management and control.

In recent years, due to the strong development of the green and clean new energy automobile industry, the research attention of the industry has continued to increase, but the discussion and analysis of relevant issues are still mainly concentrated on marketing, industry development strategy, enterprise performance evaluation, and other fields, and the research results on financial risk control are relatively few. The early investment of new energy vehicle companies is large, especially the research of core technologies, which requires huge investment, and due to the long research and development cycle and slow profit growth, its financial risk is high (Li et al., 2020; Ma et al., 2023). Therefore, this paper takes Shanghai Wei Lai Automobile Company as the industry representative to research financial risk control and hopes to enrich the case study library.

Shanghai Wei Lai Automobile Company, as a representative enterprise in the field of new energy vehicles in China, is a typical example of China's new energy industry and has played a certain demonstration effect on the development of the new energy automobile industry. The operation and development of Shanghai Wei Lai Automobile Company are also a reflection of the status quo of the operation and development of the

entire industry (Lv & Li, 2021). Therefore, it is of great significance to study the financial risk control of Shanghai Wei Lai Automobile Company. This paper identifies the existing financial risks of Shanghai Wei Lai Automobile Company and analyzes the influencing factors of its financial risks, to obtain more targeted management and control strategies, and to provide certain reference significance for the company and other Internet car-making enterprises in the field of new energy vehicles.

1.6 Definition of Key Terms

Financial risk management refers to the process of identifying, evaluating, and controlling potential uncertainties or losses caused by capital activities in the course of an enterprise's operation. Financial risk management includes the company's measures in financing, investment decisions, cost control, cash flow management, etc., to prevent financial difficulties caused by poor capital flow, market fluctuations, policy changes, or industry competition.

Financial risk identification is the first step of financial risk management, which refers to the systematic identification and disclosure of the financial risk sources that Shanghai Wei Lai Automobile Company may face in the course of its operation.

Financial risk evaluation is the quantitative and qualitative measurement and analysis of identified financial risks to judge the severity and possible impact of risks.

Financial risk control refers to taking appropriate measures to mitigate or eliminate the impact of risks based on risk identification and assessment.

Chapter 2 Literature Review

2.1 Introduction

The literature review of this study is based on the risk management theory to analyze the factors affecting the financial risk management of Shanghai Wei Lai Automobile Company. The literature review explains the relevant research on financial risk identification, financial risk evaluation, and financial risk control. According to the relationship between variables, a conceptual model is constructed to determine the influence of each factor on the financial risk management of Shanghai Wei Lai Automobile Company.

2.2 Literature Review

2.2.1 Financial Risk

(1) Definition of Financial Risk

Financial risk can be divided into broad sense and narrow sense according to the different scopes involved (Andriichenko, 2020). In a broad sense, financial risk refers to the loss caused when the relevant financial activities of an enterprise are affected by changes in the internal and external environment or various unforeseen economic conditions, resulting in the actual earnings of the enterprise failing to achieve the set goals. In the narrow sense, risk refers to the rise of the risk coefficient caused by excessive indebtedness of enterprises and the risk of poor financial condition, which is usually called debt risk (Lew, 2022). Although debt can enable enterprises to obtain more funds and provide financial support for the rapid development of enterprises, the corresponding capital cost increases, the pressure of debt repayment is great, and the excessive debt will lead to a crisis of investor trust and increase the difficulty of financing (Chance, 2024). The financial risk studied in this paper is a kind of financial risk in a broad sense, which is divided into financing risk, investment risk, and liquidity risk.

(2) Financial Risk Management

Financial risk management refers to the appropriate adjustment and management of the financial behavior of enterprises through the control of financial information and the adoption of specific management methods in the process of operation, to reduce the possibility of risk occurrence and facilitate the realization of financial objectives (Offiong et al., 2019). If the operator adopts the correct and effective financial risk management means, it can not only improve the control of the enterprise but also effectively and reasonably avoid the risk (Sunday et al., 2022). Apply modern

technology to the financial projects of the company, effectively ensuring the company completes the financial plan and the overall strategic objectives. For the operation and development of the company, modern companies pay more and more attention to financial risk management, including budget control and in-process monitoring, and further standardize corporate management to ensure the good operation of the company (Wei & Wang, 2024).

2.2.2 Risk Management Theory

(1) Content of Risk Management Theory

With the endless financial problems of enterprises, scholars began to explore how to prevent and avoid risks, and risk management theory came into being. The theory of risk management mainly refers to the process of identifying, evaluating, and managing business risks to reduce the risks formed in the company's business decision-making through an in-depth study of the law of the formation of business risks. The risk management theory can achieve the effect of early warning (Ma, 2023). After systematically identifying and analyzing various uncertain factors that may have negative effects on enterprises, appropriate methods can be adopted to control risks, optimize the operation of enterprises, and achieve the financial goals of enterprises. With the gradual deepening of the research on risk management theory, corporate risk management has gradually become a key step for many companies to prevent business risks (Bojnec & Žampa, 2021).

Generally, financial risk management can be divided into three important stages: financial risk identification, evaluation, and control. Financial risk identification: Through rational cognition, discover and identify various factors lurking in the company's business activities that may cause direct or indirect losses to the company's business activities in the future (Xu, 2023). Financial risk evaluation analyzes the identified risks to determine the extent to which they hurt the company's operating conditions. Financial risk control, based on risk identification and evaluation, implements control measures for identified financial problems to avoid or reduce risks as far as possible (Ma, 2023).

(2) Financial Risk Identification

Financial risk identification is the first step of financial risk management, only by identifying the problem, can we further find the financial pain points of enterprises, and put forward control measures to improve business conditions (Wang, 2022). Through the analysis of financial data, we can preliminarily judge the business risk of enterprises. Financial risk identification data analysis of the company's debt repayment, profit, operation, and growth ability, clearly and directly show the company's general

operational risks, to have a preliminary understanding of the risk status of the enterprise (Razali et al., 2022).

With the complexity of the business environment, the study of financial risk has been paid more and more attention by academic and practical circles. Financial risk identification, as one of the key steps of risk management, aims to reveal potential financial threats through a systematic method to help enterprises prevent and deal with possible financial losses in advance. Financial risk is regarded as the possibility that a company will not be able to meet its debt obligations on time, that is, traditional liquidity risk (Zeb & Rashid, 2019). However, with the globalization of the market and the diversification of financial instruments, the scope of financial risk has gradually expanded to include market risk, credit risk, operational risk, and other types. Modern financial risk theory emphasizes the multi-dimensional characteristics of risk, taking into account external market fluctuations, internal mismanagement, and uncertainty of the financial market (Xu, 2023). In terms of financial risk identification methods, scholars have proposed a variety of models and tools. From classic financial ratio analysis to modern statistical models, artificial intelligence, and big data techniques, researchers have tried to use more sophisticated and comprehensive methods to identify risks (Bojnec & Žampa, 2021).

With the development of data analysis technology, machine learning, and artificial intelligence have gradually become important tools for financial risk identification. Analytics based on big data can process massive amounts of unstructured data and uncover hidden risk patterns from it (Ma, 2023). For example, researchers use neural networks and support vector machines to build financial risk prediction models, which have obvious advantages compared with traditional statistical methods in dealing with complex nonlinear data. Although the research on financial risk identification has made remarkable progress, it still faces many challenges in practical application (Wei & Wang, 2024). The accuracy and stability of financial risk identification models often depend on the quality and quantity of data. The financial data of the enterprise may have a lag or be incomplete, which will affect the predictive effect of the model (Offiong et al., 2019). With the increasing complexity of the global financial market, cross-border capital flows and changes in the external economic environment make it more difficult to identify financial risks. To address these challenges, future research needs to develop dynamic risk identification models and strengthen the consideration of external uncertainties.

(3) Financial risk evaluation

Financial risk evaluation is the core factor of enterprise risk management. Financial risk evaluation involves quantitative and qualitative measurement and judgment of potential financial risks faced by enterprises. In recent years, with the intensification of uncertainty in the financial market, the acceleration of globalization, and the complexity of corporate financial structure, financial risk evaluation has

gradually become an important research field for scholars and practitioners (Du et al., 2021). This study summarizes the theoretical basis of financial risk evaluation, the evolution of assessment methods, the innovation of model application, and the future research direction, to reveal the latest trends and development trends of the current research on financial risk evaluation (Kang, 2019).

The theoretical basis of financial risk evaluation originates from risk management theory. In the theory of risk management, scholars believe that the idea of reducing risk through diversification of investment provides a theoretical basis for the multi-factor analysis in the subsequent financial risk evaluation (Wang, 2021). Financial risk evaluation gradually develops from a single financial index analysis to a multi-dimensional and multi-level system analysis. Financial risk evaluation methods rely more on financial ratio analysis (Wang, 2022). Because of the complexity of financial risk, the limitations of single index evaluation gradually appear, and it is difficult to fully cover the diversified risks faced by enterprises. Therefore, researchers have introduced more statistical analysis tools and econometric models to form a more systematic financial risk evaluation method (Razali et al., 2022).

Financial risk evaluation methods are gradually developing in the direction of intelligence. The introduction of artificial intelligence and machine learning techniques provides new tools for financial risk evaluation. The accuracy of financial risk evaluation is greatly improved by identifying complex nonlinear relationships in financial risk evaluation (Kang, 2019). For example, a risk assessment model based on neural networks can learn risk patterns from complex historical data to make accurate predictions about future financial risks. Decision trees and other methods are also widely used in the classification and prediction of financial risks (Bojnec & Žampa, 2021; Razali et al., 2022; Wang, 2021; Xu, 2023). Compared with traditional statistical methods, machine learning methods have stronger adaptability and can handle large-scale and multi-dimensional data, especially suitable for complex and dynamic financial market environments (Razali et al., 2022; Wang, 2021).

(4) Financial Risk Control

Financial risk control is a crucial part of enterprise management, its purpose is to reduce or avoid the financial risk faced by enterprises through effective management means to ensure the stable operation and sustainable development of enterprises. The research on financial risk control relies on the theory of risk management (Ouyang, 2024). The early risk management theory focuses on how to reduce financial uncertainty by avoiding and transferring risks, while the modern corporate governance theory emphasizes the internal control mechanism to strengthen the enterprise's monitoring and management of risks. Enterprises should identify, assess, and respond to financial risks through institutionalized internal control processes (Smarra, 2024). Among financial risk control methods and tools, internal control systems, risk assessment models, financial audits, and early warning systems have been widely used.

The internal control system is the basis for enterprises to deal with financial risks. It ensures that the financial information of enterprises is true, and accurate and meets the requirements of laws and regulations by formulating systematic processes, policies, and procedures. The development of information technology makes the financial audit system gradually intelligent. Enterprises can monitor and control financial risks in real time through financial software and ERP systems (enterprise resource planning) (Li, 2022).

In the empirical study of financial risk control, a questionnaire survey is a common research method. Through the investigation of enterprise managers, financial personnel, auditors, and other relevant practitioners, researchers can obtain direct data on the status quo of enterprise financial risk control and its influencing factors (Li, 2022). A questionnaire survey can not only reflect the cognition and attitude of enterprises to financial risk control but also reveal the differences in risk control measures of different enterprises and the reasons behind them (Smarra, 2024).

In the research of financial risk control based on a questionnaire survey, method design, and data processing are also very important. In questionnaire design, researchers usually measure enterprises' cognition and implementation of risk control through the Likert scale and set open questions to obtain more qualitative data (Ouyang, 2024; Smarra, 2024). In addition, questionnaire survey data are often analyzed by statistical methods, such as multiple regression analysis, structural equation model, etc., to reveal the driving factors of financial risk control and their effects. The research on financial risk control has been continuously expanded and deepened from theory to empirical method (Ouyang, 2024). As an important research tool, a questionnaire survey provides valuable first-hand information for the empirical study of financial risk control. With the development of information technology, financial risk control models based on big data will also become an important direction of future research, providing more accurate and timely support for enterprises to cope with complex financial environments (Smarra, 2024).

2.3 Company Profile

Wei Lai Automobile Company in Shanghai, the main company of Wei Lai Automobile, is a smart electric vehicle manufacturer with global influence. Wei Lai Automobile Company was officially established in November 2014, while Wei Lai Automobile Company in Shanghai was established on May 7, 2015. The registered capital is \$300,000. The business scope includes investment activities with own funds, wholesale and retail of auto parts, sales of new energy vehicles, import and export of goods and technologies, etc. In addition, Wei Lai Automobile Company is involved in technology development, technical services, technology transfer, and technical consulting of new energy vehicles and related parts. Wei Lai Automobile Company has set up R&D, design, production, and commercial offices in 13 cities around the world,

including SAN Jose, Munich, London, and Shanghai, to create a comprehensive global user service system. Wei Lai Automobile Company is the first automobile company in the world to be listed in the United States, Hong Kong, and Singapore, and this achievement demonstrates the strength and influence of the company. Wei Lai Automobile Company's product lineup is extensive, including several high-end smart electric models. These models have market recognition for their superior performance, intelligent driving experience, and comfortable space design. Wei Lai Automobile Company focuses on user experience and provides users with a full range of car purchase and use services through offline experience centers such as NIO House. In addition, Wei Lai Automobile Company has also launched several innovative services, such as battery rental, power change services, etc., to provide users with a more convenient and flexible way to use cars.

Wei Lai Automobile Company attaches great importance to technological innovation and adheres to the positive research and development of core technologies. By the end of June 2024, the Company had applied for and obtained more than 9,000 patents. The patents cover batteries, motors, and electronic control systems as well as various fields such as smart gateways, smart cockpit, and smart assisted driving. The intelligent system independently developed by Wei Lai Automobile Company includes three major systems: intelligent gateway, intelligent cockpit, and intelligent assisted driving. These systems provide users with a more intelligent, convenient, and safe driving experience. Wei Lai Automobile Company has achieved remarkable results in both domestic and foreign markets. As of July 31, 2024, the Wei Lai brand has delivered more than 550,000 new vehicles to users, continuously leading the high-end pure electric market. Wei Lai Automobile Company has been recognized and awarded by authoritative institutions at home and abroad many times, such as Forbes China's Most Innovative Enterprises List and the World's Top 100 Best Sustainable Development Enterprises. To sum up, Wei Lai Automobile Company in Shanghai, as the main Company of Wei Lai Automobile Company, has strong strength and influence in the field of intelligent electric vehicles. The company will continue to adhere to the concept of innovation and excellence, to provide users with better products and services.

2.4 Conceptual Framework

This study analyzes the impact of financial risk identification, financial risk evaluation and financial risk control on the financial risk management of Shanghai Wei Lai Automobile Company. Through literature review, a model is constructed and hypotheses are proposed. The model is shown in Figure 2.1.

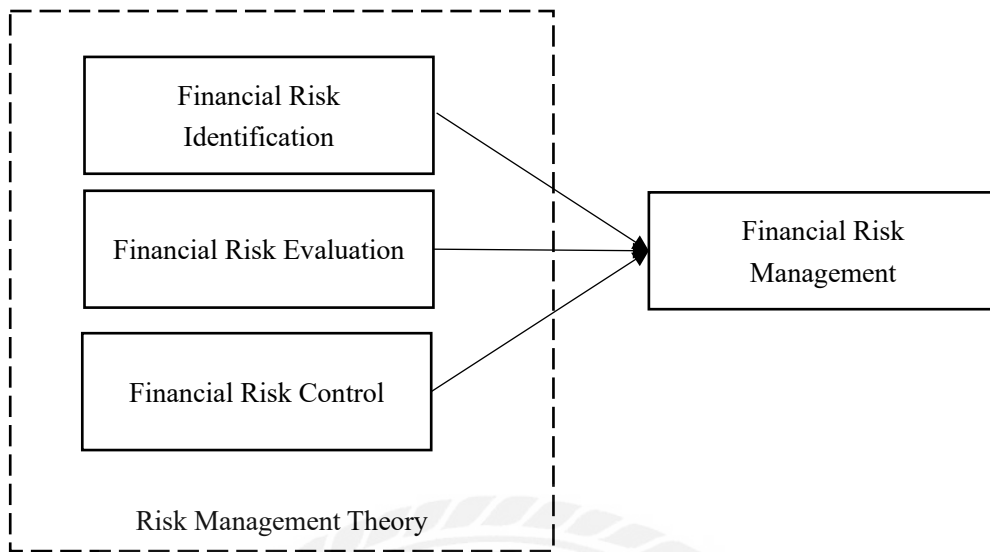
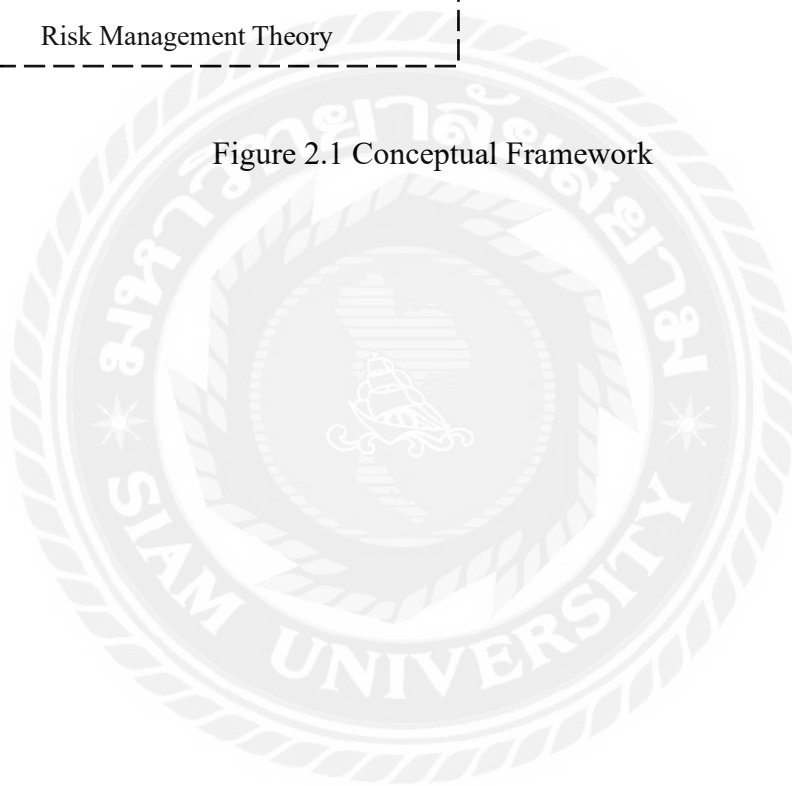


Figure 2.1 Conceptual Framework



Chapter 3 Research Methodology

3.1 Research Design

This study designed a conceptual model of the factor influencing the financial risk management of Shanghai Wei Lai Automobile Company. This study designed three independent variables, namely financial risk identification, financial risk evaluation and financial risk control, and one dependent variable, financial risk management. This study adopted a questionnaire survey and quantitative analysis. A total of 21 questions were designed for the questionnaire. The measurement was designed based on a five-point Likert Scale.

3.2 Population and Sample

The population of this study was the employees of Shanghai Wei Lai Automobile Company. The employees participating in this study were required to be regular employees who have a full understanding of the financial risk situation of Shanghai Wei Lai Automobile Company and can make a reasonable evaluation of the financial risk situation. In order to ensure the representativeness of samples, the random sampling method was adopted in this study. In the process of random sampling, a certain number of employees from Shanghai Wei Lai Automobile Company were randomly selected to reduce sample bias and ensure the universality and reliability of the research results. The company had a total of 1,350 permanent employees in 2024. With the sample extraction reliability of 99.9%, the sample size was calculated.

$$N = \frac{r^2 * \rho(1 - \rho)}{\beta^2}$$

The maximum permissible difference between the sample mean and the population mean is set at 0.05. It is calculated that the sample size of this sample survey is 399.89, so the sample size is 400.

3.3 Hypothesis

This study aims to verify the specific impact of financial risk identification, financial risk evaluation and financial risk control on the financial risk management level of Wei Lai Automobile Company through empirical analysis, and provide theoretical support and practical guidance for optimizing the company's financial risk management strategy. Therefore, the following hypotheses are proposed in this study:

H1: Financial risk identification has a significant effect on the financial risk management of Shanghai Wei Lai Automobile Company.

H2: Financial risk evaluation has a significant effect on the financial risk management of Shanghai Wei Lai Automobile Company.

H3: Financial risk control has a significant effect on the financial risk management of Shanghai Wei Lai Automobile Company.

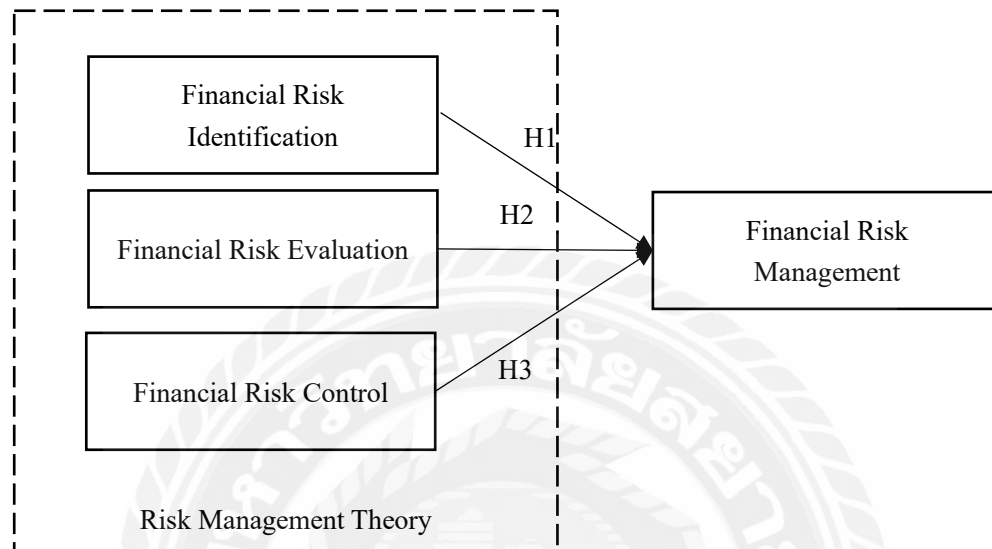


Figure 3.1 Hypotheses

3.4 Research Instrument

A questionnaire was designed based on a five-point Likert Scale. In this study, item design was carried out according to three variables. In the questionnaire, five questions are set for financial risk identification covering a comprehensive assessment of Wei Lai Automobile Company's ability and performance in financial risk identification, including comprehensiveness, accuracy, timeliness, tool advancement, and utilization and feedback mechanism of identification results. The financial risk evaluation consists of five items covering a comprehensive assessment of how Wei Lai Automobile Company implements and optimizes financial risk management according to the results of financial risk evaluation, reflecting the company's performance in management strategy formulation, measure effectiveness, resource allocation, continuous improvement and overall risk control contribution. Five questions are set for financial risk control. The design content aims to evaluate the impact of financial risk control of Wei Lai Automobile Company on the overall financial risk management from multiple dimensions, reflecting the company's performance in the aspects of control strategy contribution, control measures effectiveness, process perfection and execution efficiency, as well as the compatibility with the company's strategic objectives and the improvement of financial stability.

Six questions are set for financial risk management, which are designed to comprehensively evaluate the performance of Wei Lai Automobile Company in financial risk management, including the clarity and pertinence of the strategy, the strength and effect of the implementation of measures, the soundness and adaptability of the system, the effectiveness of the early warning and emergency response mechanism, and the importance and investment of the management. And contribute to the robustness of the company's operations. A total of 21 questions were designed for the questionnaire, as shown in Table 3.1.

Table 3.1 Measurement Items

Measurement Item	NO.
Financial Risk Identification	
The extent to which financial risk identification influences management strategy formulation.	Q1
Timeliness and efficiency of financial risk identification mechanism.	Q2
Timeliness and efficiency of financial risk identification mechanism.	Q3
Advanced nature and applicability of risk identification tools.	Q4
Utilization and feedback mechanism of risk identification results.	Q5
Financial Risk Evaluation	
The impact of financial risk evaluation results on management strategy formulation.	Q6
Effectiveness of financial risk management measures based on evaluation results.	Q7
The guiding effect of financial risk evaluation on management resource allocation.	Q8
Continuous improvement of financial risk management and feedback of risk evaluation.	Q9
The contribution of financial risk management to the overall risk control of the company.	Q10
Financial Risk Control	
The contribution of financial risk control to the overall management strategy.	Q11
The effectiveness of the implementation of control measures to reduce financial risk.	Q12
The perfection and execution efficiency of financial risk control process.	Q13
The alignment of financial risk control with the company's strategic objectives.	Q14
The effect of financial risk control on improving the financial stability of the company.	Q15
Financial Risk Management	
Clarity and pertinence of financial risk management strategy.	Q16
The implementation strength and effect of risk management measures.	Q17
The soundness and adaptability of financial risk management system.	Q18
The effectiveness of risk early warning and emergency response mechanism.	Q19
The importance and commitment of management to financial risk management.	Q20
The contribution of financial risk management to the robustness of a company's operations.	Q21

3.5 Reliability and Validity Analysis of the Scale

3.5.1 Questionnaire Reliability Analysis

Reliability analysis is a statistical process that reflects the degree of the measured characteristics based on the consistency or stability of the test scale results. The more unified the test results are, the more representative the data are of the overall, and the higher the reliability is. Through reliability analysis, we can understand whether the questionnaire design is reasonable and make corrections to avoid classification errors. Cronbach's alpha evaluated the internal consistency of test items. The higher the value of Cronbach's alpha, the higher the degree of consistency among items. When the reliability coefficient of the subscale is above 0.7, the reliability coefficient of the questionnaire is good; when the reliability coefficient of the subscale is between 0.6 and 0.7, it is also acceptable; when the reliability coefficient of the total scale needs to reach 0.8 or higher, it proves that the overall reliability is good.

In this study, Cronbach's Alpha was adopted as the detection index of questionnaire reliability. A Cronbach's Alpha value greater than 0.8 indicates that the scale is reliable. The closer the value of Cronbach's Alpha is to 1, the higher the reliability and the smaller the error of the measured results is. Through data analysis, the Cronbach's Alpha values of financial risk identification, financial risk evaluation, financial risk control, and financial risk management were 0.891, 0.894, 0.889, and 0.878, respectively. The internal consistency of the questionnaire is good, and the reliability of the questionnaire is high, as shown in Table 3.2.

Table 3.2 Variable Reliability Test

Item	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
Q1	0.778	0.866	0.891
Q2	0.733	0.885	
Q3	0.743	0.876	
Q4	0.754	0.855	
Q5	0.722	0.866	
Q6	0.755	0.823	0.894
Q7	0.722	0.845	
Q8	0.715	0.844	
Q9	0.777	0.834	
Q10	0.745	0.844	
Q11	0.722	0.867	0.889
Q12	0.705	0.866	
Q13	0.712	0.868	
Q14	0.719	0.881	
Q15	0.713	0.891	

Q16	0.733	0.877	0.878
Q17	0.712	0.822	
Q18	0.733	0.811	
Q19	0.756	0.813	
Q20	0.776	0.833	
Q21	0.774	0.841	

3.5.2 Questionnaire Validity Analysis

The Kaiser-Meyer-Olkin value (KMO) compares the simple and partial correlation coefficients between variables, ranging from 0 to 1. A KMO value should be greater than 0.7, and a KMO value of 0.9 or higher indicates that the data on the scale are "well suited" for factor analysis. The survey data showed that the overall KMO value was 0.889, with a significance of 0.000, which is less than 0.05, reaching a significant level, indicating that factor analysis could be conducted. Confirmatory factor analysis (CFA) was conducted in this study. From the results of the factor analysis of the variables, it is known that the cumulative explanatory rate of financial risk identification, financial risk evaluation, financial risk control, and financial risk management are 78.845%, respectively, more significant than 0.5. This indicates that they are suitable for factor analysis. Four valid factors were obtained from the factor analysis: financial risk identification, financial risk evaluation, financial risk control, and financial risk management.

Table 3.3 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.889
Bartlett's Test of Sphericity	Approx. Chi-Square	3332.747
	df	123
	Sig.	0.000

All the question items were divided into three dimensions by Confirmatory factor analysis, and from the results of the independent variable factor analysis, a total of four items with eigenvalues greater than 1 were extracted, which was consistent with the original topic division. And the factor loadings of the questionnaire measurement items are all greater than 0.5, and the differentiated validity between each dimension is better, indicating that each dimension is better independent. It indicates that the overall validity of the questionnaire is good.

3.6 Data Collection

In this study, employees of Wei Lai Automobile Company in Shanghai were selected as subjects, and data were collected between March 2024 and June 2024. With the cooperation of enterprise managers, the study randomly selected enterprise employees as the investigation objects, distributed questionnaires to employees of

different departments, and explained the purpose and filling requirements of questionnaires to employees in detail to ensure that employees could accurately understand and fill in carefully, to ensure the quality and authenticity of data. A total of 400 questionnaires were distributed.

During the questionnaire recovery process, the research team conducted rigorous checks to eliminate invalid questionnaires, including those that were incomplete or had significantly inconsistent answers. In the end, a total of 341 questionnaires were recovered, with an effective rate of 85.0%. The efficient questionnaire collection process ensures the adequacy and representativeness of the data and provides a solid foundation for subsequent analysis. Through this process, the research team successfully obtained a large amount of valuable data, which enabled in-depth analysis of the company's strategy effectiveness in managing financial risks and the implementation effect of control measures.

3.7 Data Analysis

3.7.1 Descriptive Statistics

The software used in the descriptive statistics includes Excel and SPSS, and the statistical analysis on the mean, standard deviation, percentage, normal distribution, kurtosis value, and skewness value were mainly conducted on the demographic characteristics of sample. Descriptive statistics provide basic support for further analysis of the data.

3.7.2 Factor Analysis

Exploratory factor analysis was conducted on the survey data through SPSS to extract common factors and determine the common dimensions of financial risk management. The reliability and validity of the constructed model are determined, which provides a theoretical basis for the improvement of the financial risk management system.

3.7.3 Multiple Regression

In research, the multiple regression method is a comprehensive and in-depth exploration approach, which significantly enriches the dimension and accuracy of the research. Through the multiple regression method, the research can overcome the limitations of univariate model analysis, which not only enriches the content and level of the research but also improves the accuracy and practicality of the research, providing strong support and guidance for the company's financial risk management.

Chapter 4 Findings and Discussion

4.1 Findings

4.1.1 Demographic Characteristics of Participants

This study adopted the online survey method. A total of 400 questionnaires were sent out, and 341 valid questionnaires were recovered, with an effective rate of 85.2%. Descriptive statistical analysis was performed on the collected data. The gender survey showed that there were 181 males (53.1%) and 160 females (46.9%). The gender distribution of the participants in this study was balanced. The age distribution of the participants showed a relatively even spread, with those aged over 45 slightly more prevalent at 45.2%, participants aged 26 to 45 accounted for 42.8%, and those under 25 accounted for 12.0%. The income distribution of the participants was diverse, with the highest proportion (28.7%) earning between 6,001 to 10,000 yuan; 8.9% earning below 3,000 yuan; 25.5% earning between 10,001 to 20,000 yuan; 16.1% earning over 20,000 yuan; and 20.8% earning between 3,001 to 6,000 yuan. The education of the participants was relatively balanced: 11.7% had a high school education or below; 24.0% had a bachelor's degree; 36.7% had a master's degree; and 27.6% had other educational levels (which may include doctoral degrees, vocational education, etc.). The survey data in this study show a balanced gender distribution and diverse distributions of age, income, and education level. Gender-wise, males and females evenly distributed; age-wise, each age group is evenly distributed; income-wise, all income levels from low to high are represented; education-wise, participants from all educational backgrounds are included. These diverse characteristics provide a comprehensive perspective for the study, aiding in the in-depth analysis of the impact of financial risk management, as shown in Table 4.1.

Table 4.1 Descriptive Statistical Analysis of Participants

Item	Options	Frequency	Percent%
Gender	Male	181	53.1
	Female	160	46.9
Age	Under 25	41	12.0
	26-45	146	42.8
	Above 45	154	45.2
Income	below 3000	30	8.9
	3001-6000	71	20.8
	6001-10000	98	28.7
	10001-20000	87	25.5
	Above 20000	55	16.1
Education	High school and below	85	11.7
	Undergraduate	82	24.0
	Master's degree	69	36.7

	Others	86	27.6
Total		341	100.0

4.1.2 Correlation Analysis

In this study, Pearson's correlation analysis was used to explore the relationship between financial risk identification, financial risk evaluation, financial risk control, and financial risk management. The Pearson's correlation coefficient (r) is used to measure the strength and direction of the linear relationship between two variables and takes values ranging from -1 to 1, where: 1 indicates a perfect positive correlation, i.e., when one variable increases, the other also increases; -1 indicates a perfect negative correlation, i.e., when one variable increases, the other decreases; 0 indicates no correlation.

This study analyzed the relationship between variables, which included financial risk identification, financial risk evaluation, financial risk control, and financial risk management. The correlation coefficients illustrate the factors that influence the financial risk management. The results of the analysis showed that the Pearson correlation coefficients for financial risk identification, financial risk evaluation, financial risk control, and financial risk management ranged from 0.683 to 0.732, which is less than 0.9 with $P < 0.01$, indicating that there is a correlation between the variables and that it is positive but not extremely strong (i.e., the correlation coefficient is less than 0.9). All correlation coefficients have a P-value of less than 0.01, indicating that these correlations are statistically significant. The P-value (probability value) less than 0.01 implies that the possibility that these correlations are due to random chance can be ruled out at a 99% confidence level and that the correlations are real.

Correlation between financial risk identification and financial risk management ($r = 0.699$). There is a positive correlation between financial risk identification and financial risk management with a correlation coefficient of 0.699. Correlation between financial risk evaluation and financial risk management ($r = 0.705$). There is also a positive correlation between financial risk evaluation and financial risk management, with a correlation coefficient of 0.705. This suggests that enhanced financial risk evaluation measures can positively influence financial risk management and enhance financial risk management effectiveness. Correlation between financial risk control and financial risk management ($r = 0.732$). The positive correlation between financial risk control and financial risk management indicates that financial management can be improved by implementing financial risk control. This correlation coefficient of 0.732 indicates that financial risk control has a significant effect on financial risk management.

The results of the correlation analysis indicated a significant positive correlation between financial risk identification, financial risk evaluation, financial risk control,

and financial risk management. Despite the moderate strength of the correlation, the impact of these factors on financial management is statistically significant, indicating that they play an important role in improving financial management. Based on the results of the analysis in Table 4.2, the relationships between the variables were derived.

Table 4.2 Correlation Between Variables (Pearson Correlation Matrix)

	Financial Risk Identification	Financial Risk Evaluation	Financial Risk Control	Financial Risk Management
Financial Risk Identification	1			
Financial Risk Evaluation	.689**	1		
Financial Risk Control	.683**	.712**	1	
Financial Risk Management	.699**	.705**	.732**	1

NOTE: *P<0.05, **P<0.01, ***P<0.001

4.1.3 Multiple Regression Analysis

The regression equation was significant, $F=47.33$, $p<0.001$. The Durbin-Watson test value was 2.011, which is between 1.8 and 2.2. The data were independent and consistent with linear regression. In the diagnostic results of covariance, the VIF values of financial risk identification, financial risk evaluation, financial risk control was 1.131, 1.022, and 1.011, respectively. The VIFs were close to 1, which meets the requirement and indicates no covariance in the data. The financial risk identification ($\beta=0.786$, $P<0.001$), financial risk evaluation ($\beta=0.675$, $P<0.001$), financial risk control ($\beta=0.669$, $P<0.001$) significantly and positively affect the financial risk management. These variables together explain the financial risk management. Together, the variables explained the weight of 79.9% of the financial risk management, which meets the requirement.

Table 4.3 Multiple Regression Analysis

Item	Unstd. B	Std. Beta	t	Sig.	VIF	F	Durbin-Watson
C	0.766		7.193	0.000		47.33 ***	2.011
Financial Risk Identification	0.786	0.723	8.097	0.000	1.131		

Financial Risk Evaluation	0.675	0.633	6.417	0.000	1.022		
Financial Risk Control	0.669	0.659	6.624	0.000	1.011		
R Square	0.799						
Adjusted R Square	0.792						

NOTE: *P<0.05, **P<0.01, ***P<0.001

Therefore, according to the results of the data analysis, financial risk identification has a significant effect on financial risk management of Shanghai Wei Lai Automobile Company, which supports Hypothesis 1. Financial risk evaluation has a significant effect on financial risk management of Shanghai Wei Lai Automobile Company, which supports Hypothesis 2. Financial risk control has a significant effect on financial risk management of Shanghai Wei Lai Automobile Company, which supports Hypothesis 3.

4.2 Discussion

4.2.1 Financial Risk Identification Has a Significant Effect on the Financial Risk Management of Shanghai Wei Lai Automobile Company

Financial risk identification plays an important role in the financial risk management of Shanghai Wei Lai Automobile Company. The results show that the Pearson correlation coefficient between financial risk identification and financial risk management is 0.699, the P value is less than 0.001, and there is a significant positive correlation between the two. Financial risk is not only the cornerstone of the risk management system but also directly related to the realization of the company's strategic objectives and sustainable development. Through accurate and comprehensive financial risk identification, Shanghai Wei Lai Automobile Company can timely discover and evaluate potential capital liquidity risks, market volatility risks, credit risks, exchange rate risks, and other financial uncertainties in the course of operations. This process helps the company's management formulate more scientific and reasonable financial strategies, optimize the capital structure, improve the efficiency of capital utilization, and effectively cope with the challenges brought by changes in the external environment.

4.2.2 Financial Risk Evaluation Has a Significant Effect on the Financial Risk Management of Shanghai Wei Lai Automobile Company

Financial risk evaluation plays an important role in the financial risk management of Shanghai Wei Lai Automobile Company. The results show that the Pearson correlation coefficient between financial risk evaluation and financial risk management is 0.705, the P value is less than 0.001, and there is a significant positive correlation between the two. Financial risk evaluation can not only help the management of the company to fully understand the robustness of the current financial situation but also predict the risks and challenges that may be faced in the future, to plan and take preventive measures. The results of financial risk evaluation provide an important basis for companies to set risk tolerance, formulate risk mitigation measures and resource allocation schemes, and help optimize financial structure, improve operational efficiency, and enhance market competitiveness. In addition, the financial risk evaluation also promotes the communication and collaboration between Shanghai Wei Lai Automobile Company and other stakeholders, including investors, creditors, suppliers, etc., through transparent financial risk management information, enhancing their confidence and support for the long-term development of the company. At the same time, this has also won more market opportunities and cooperation resources for the company, laying a solid foundation for the sustainable and healthy development of the company.

4.2.3 Financial Risk Control Has a Significant Effect on the Financial Risk Management of Shanghai Wei Lai Automobile Company

Financial risk control plays an important role in the financial risk management of Shanghai Wei Lai Automobile Company. The results show that the Pearson correlation coefficient between financial risk control and financial risk management is 0.732, the P value is less than 0.001, and there is a significant positive correlation between the two. Through the implementation of effective financial risk control, Shanghai Wei Lai Automobile Company can accurately identify and manage various financial risks, including but not limited to capital liquidity risk, credit risk, market risk, exchange rate risk, and operational risk, to ensure the reasonable allocation and efficient use of the company's financial resources. Financial risk control not only requires the company to establish a sound risk management system, including risk identification, assessment, monitoring and response, and other aspects but also requires the company's management to have a high degree of risk awareness and decision-making ability and be able to respond quickly to market changes and flexibly adjust financial strategies to cope with potential risks and challenges. Therefore, financial risk identification, financial risk evaluation, and financial risk control have a positive impact on the financial risk management of Shanghai Wei Lai Automobile Company, as shown in Table 4.4.

Table 4.4 Hypothesis Test Results

NO.	Hypothesis	Result
H1	Financial risk identification has a significant effect on the financial risk management of Shanghai Wei Lai Automobile Company.	Supported
H2	Financial risk evaluation has a significant effect on the financial risk management of Shanghai Wei Lai Automobile Company.	Supported
H3	Financial risk control has a significant effect on the financial risk management of Shanghai Wei Lai Automobile Company.	Supported



Chapter 5 Conclusion and Recommendation

5.1 Conclusion

The influencing factors of financial risk management of Shanghai Wei Lai Automobile Company were sorted out through a literature review. The quantitative research methods were used to analyze the collected questionnaires to determine the reliability and validity of the collected data. Descriptive statistics, correlation analysis, and regression analysis were performed on the data to examine the relationship between the variables. Through the analysis, the hypotheses were verified and the interaction between the variables in the model was clarified.

The results show that financial risk identification, financial risk evaluation, and financial risk control have a positive effect on the financial risk management of Shanghai Wei Lai Automobile Company. Financial risk identification, financial risk evaluation, and financial risk control, as the core links of the financial risk management framework of Shanghai Wei Lai Automobile Company, have a far-reaching positive impact on improving the company's financial health, stable operation, and sustainable development. Through financial risk identification, Wei Lai Automobile can timely find and accurately judge various financial risk factors such as potential capital liquidity risk, market fluctuation risk, credit risk, and operational risk, laying a solid foundation for the formulation of effective risk management strategies. Then, the financial risk evaluation process uses scientific methods and models to conduct a quantitative analysis of the identified risks, assess the extent of its possible impact on the company's financial status, operating results, and future development, and help the company's management to make more intelligent risk response decisions. Finally, as a key link of risk management, financial risk control can effectively reduce the occurrence probability and potential loss of financial risks and guarantee the financial safety and steady development of Wei Lai Automobile Company by formulating and implementing a series of targeted control measures, such as optimizing capital structure, strengthening cash flow management, improving internal control system and establishing risk early warning mechanism.

Therefore, financial risk identification, financial risk evaluation, and financial risk control complement each other and together constitute an important financial risk management system of Wei Lai Automobile Company, which plays an irreplaceable positive role in improving the company's risk resistance ability, enhancing market competitiveness, protecting shareholders' interests and promoting the long-term healthy development of the enterprise.

5.2 Recommendation

(1) Enrich Financial Risk Identification Methods

To identify and evaluate financial risk more comprehensively, enterprises should adopt a series of rich and diverse financial risk identification methods, which not only cover the traditional financial analysis means but also integrate modern management technology and innovative thinking. Specifically, enterprises can deepen the analysis of financial statements, not only limited to the basic ratio analysis, but also adopt diversified methods such as trend analysis, structural analysis, and comparative analysis to dig deeper into the economic essence and potential risks behind financial statements. Enterprises can introduce a combination of quantitative and qualitative analysis, based on quantitative analysis, combined with industry trends, market environment, policy changes, and other qualitative factors, to conduct a more comprehensive risk assessment.

Enterprises can use big data and artificial intelligence technology to automatically identify and predict potential financial risk points through big data mining and machine learning algorithms to improve the accuracy and timeliness of risk identification. Enterprises can establish a cross-departmental collaboration mechanism to encourage close cooperation between the finance department and other business departments (such as sales, purchasing, production, etc.) to jointly identify and analyze the financial risks that may arise from business activities. Enterprises should strengthen the collection and monitoring of external information, pay attention to the macroeconomic situation, industry dynamics, competitors, and other external information, and timely capture the external risk factors that may have an impact on the financial situation of enterprises. Enterprises can use expert consultation and collective discussion to identify risks, regularly organize expert consultation meetings or cross-departmental seminars, invite internal and external experts to conduct in-depth discussions on specific risk issues, and pool their wisdom to improve the comprehensiveness and depth of risk identification. Through the above rich and diverse financial risk identification methods, enterprises can identify potential financial risks more comprehensively and accurately, and provide strong support for the formulation of effective risk management strategies, to ensure the steady operation and sustainable development of enterprises.

(2) Rationally Control Investment Behavior and Establish Investment Risk Evaluation Mechanisms

Enterprise managers should adhere to the correct investment concept from the strategic point of view. Enterprises should find a balance between short-term and long-term return on investment. When making investment decisions, enterprises should pay attention to the optimization of investment structure and grasp the changing law of investment risk in time. In this way, the enterprise can avoid the investment risk at all

stages, to improve the company's operating ability. Wei Lai Automobile Company should build a sound investment risk assessment system, establish a long-term investment concept, avoid blindly pursuing short-term returns, and invest more stably. Before making investment decisions, enterprises must fully understand the market environment, master relevant policies and regulations, and scientifically analyze and evaluate investment risks. More importantly, after the project investment, the enterprise should carry out real-time monitoring, and develop an appropriate stop-loss mechanism, timely risk control, and management, to avoid further expansion of losses and reduce the investment risk of the enterprise as much as possible.

According to the actual development needs of enterprises, Wei Lai Automobile Company should determine a reasonable proportion of internal and external investment, coordinate the development of internal investment and external investment, make full use of the pulling effect of investment, establish institutional guarantee for effectively reducing the risks of internal and external investment of enterprises, allocate funds to different projects according to their risk tolerance, to effectively reduce investment risks and promote the balanced development of enterprises Exhibition. In addition, Wei Lai Automobile Company should strengthen the benefit analysis of investment, improve the utilization rate of funds, and avoid ineffective and inefficient investment, to more effectively play the driving role of investment in the economy. Enterprises should prudently select investment projects, fully measure the results and returns brought by their investment behaviors, take into account the balance of internal and external investment, and avoid excessive use of funds by investment projects.

(3) Establish a Professional Risk Control Team and Set Up a Risk Management Department

To build an efficient and comprehensive risk management system, enterprises should commit to establishing a professional and experienced risk control team and formally establish an independent risk management department. This team and department will assume the important responsibility of enterprise risk management, ensuring that all investment project decision-making processes are rigorously and systematically reviewed and evaluated.

To establish a professional risk control team, we first need to select professionals. Professionals with deep professional knowledge and rich practical experience can be recruited from finance, finance, law, industry research, and other fields to form a diversified team structure. Secondly, it is necessary to continue training and development and provide regular professional training for team members, including the latest risk management theory, case analysis, skill improvement, etc., to keep the team professional and cutting-edge. Third, it is necessary to clarify the division of responsibilities, according to the professional background and expertise of the team members, to make clear the division of responsibilities, and to ensure that each key link is responsible for the formation of an efficient collaborative work mechanism. The

established risk management department should be independent and authoritative, and the risk management department should be directly subordinate to the senior management of the company to ensure its independence and authority and be able to objectively and impartially assess and manage various risks faced by the company. At the same time, it is necessary to formulate and implement a comprehensive risk management framework, covering the strategic risk, market risk, credit risk, operational risk, liquidity risk, and other risks of the enterprise, to ensure the comprehensiveness and systematization of risk management. It is necessary to establish a risk monitoring system, continuously track and monitor investment projects, and timely discover and report potential risks. Regularly submit risk reports to the company's senior management and board of directors to provide strong support for the company's strategic decisions. Through such efforts, enterprises can not only build a professional and efficient risk management team and departments but also significantly improve the quality of investment project decision-making and risk control capabilities, laying a solid foundation for the sustainable development of enterprises.

5.3 Further Study

The limitations of this study are mainly reflected in data availability, industry particularity, and external environment changes. As the company belongs to a specific industry, some of the financial information may involve trade secrets, resulting in the completeness and accuracy of the data being limited. Since the control of financial risk is not only to analyze and identify financial data, if you want to propose constructive and feasible specific financial risk control measures, you also need to have a deep understanding of all aspects of the enterprise. The new energy automobile industry has developed rapidly, and the market competition pattern has changed greatly. The research conclusion may only apply to the current market environment, and it is difficult to provide an accurate prediction of long-term changes in the future. Policy support is an important factor in the new energy automobile industry, but the uncertainty of the policy and the speed of change are difficult to accurately grasp, so the prediction of policy risk in financial risk management may not be sufficient. This study mainly focuses on Shanghai Wei Lai Automobile Company, and the applicability of the research conclusions to different enterprises in other regions or industries may be limited, so it is difficult to comprehensively cover the financial risk management status of the entire industry.

Therefore, future studies should continue to pay attention to Wei Lai Company, research in-depth and research on the relevant theoretical basis of corporate financial risk management, multi-channel research to obtain first-hand information of enterprises, accumulate more corporate financial risk management practices, master more financial risk evaluation methods, to improve the scientific and rational selection of financial risk evaluation indicators, and ensure the authenticity, reliability, and

timeliness of research data put forward more reasonable and targeted financial risk prevention and control suggestions.



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Appendix

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 Under 25 B 26-45 C Above 45
3. Your monthly income? A below 3000 B 3001-6000 C 6001-10000 D 10001-20000 E Above 20000
4. Your level of education?
A High school and below B Undergraduate C Master's degree D Others

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	Very low	Low	Average	High	Very high
Financial Risk Identification					
The extent to which financial risk identification influences management strategy formulation.					
Timeliness and efficiency of financial risk identification mechanism.					
Timeliness and efficiency of financial risk identification mechanism.					
Advanced nature and applicability of risk identification tools.					
Utilization and feedback mechanism of risk identification results.					
Financial Risk Evaluation					

The impact of financial risk evaluation results on management strategy formulation.					
Effectiveness of financial risk management measures based on evaluation results.					
The guiding effect of financial risk evaluation on management resource allocation.					
Continuous improvement of financial risk management and feedback of risk evaluation.					
The contribution of financial risk management to the overall risk control of the company.					
Financial Risk Control					
The contribution of financial risk control to the overall management strategy.					
The effectiveness of the implementation of control measures to reduce financial risk.					
The perfection and execution efficiency of financial risk control process.					
The alignment of financial risk control with the company's strategic objectives.					
The effect of financial risk control on improving the financial stability of the company.					
Financial Risk Management					
Clarity and pertinence of financial risk management strategy.					
The implementation strength and effect of risk management measures.					
The soundness and adaptability of financial risk management system.					
The effectiveness of risk early warning and emergency response mechanism.					
The importance and commitment of management to financial risk management.					

The contribution of financial risk management to the robustness of a company's operations.					
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