THE INFLUENCING FACTORS OF FINANCIAL RISK MANAGEMENT OF SHANGHAI GENERAL MOTORS COMPANY

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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

In 2022, all government financial subsidies for new energy vehicles in China ceased. China's new energy vehicles industry has entered a period of numerous new models and products emerging, with capacities and brands that have grown reliant on subsidies but lack competitiveness. Despite the significant reduction in operating losses for Shanghai General Motors Company(GM) in recent years compared to 2023, the company remains exposed to risks. Shanghai GM faces high debt and loss issues. The company must address its sluggish operations and underwhelming performance to avoid significant financial risks moving forward. The purpose of this study was to explore the effect of financing risk, profit risk, operational risk and development risk on the financial risk management of Shanghai General Motors Company.

This study adopted the quantitative research method. A total of 350 questionnaires were distributed during the investigation, and 270 were valid, with a validity of 77.14%. This study found that financing risk, profit risk, operational risk and development risk positively impact the financial risk management of Shanghai General Motors Company. From the findings, the following suggestions are put forward: (1) Addressing financing risk; (2) Mitigating profit risk; (3) Controlling operational risk;(4) Avoiding development risk.

Keywords: financial risk management, Shanghai General Motors Company, influencing factors

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DECLARATION

I, Wang Yilin, hereby certify that the work embodied in this independent study entitled "The Influencing Factors of Financial Risk Management in Shanghai General Motors Company" is result of original research and has not been submitted for a higher degree to any other university or institution.

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1.1 Background of the Study

China's automobile manufacturing industry is pivotal in national economic development and industrial construction, serving as a crucial indicator for assessing a country's industrial strength and technological innovation capabilities. As one of the largest automobile production and consumption markets, the rise of China's automotive industry has fueled the country's rapid economic growth and facilitated the deep integration of upstream and downstream sectors within the supply chain. Alongside the rapid expansion of the traditional automotive industry, issues such as resource depletion and environmental pollution have become increasingly prominent, particularly exerting tremendous pressure on energy consumption and carbon emissions. According to statistics, China is the second-largest carbon, after the United States (Shao et al., 2021). To address these challenges, China is promoting the traditional automotive industry towards new energy vehicles (NEVs).

The development of China's NEV industry has received substantial policy support. The government has encouraged technological innovation and product research and development through various measures such as financial subsidies, tax incentives, and infrastructure construction. These initiatives have accelerated the promotion of NEVs and paved the way for sustainable development and the application of clean energy. In recent years, the Chinese government has emphasized green GDP and sustainable economics, regarding the NEV industry as a crucial pillar for achieving carbon peaking and carbon neutrality goals (Liu & Yi, 2020). According to predictions by the Global Electric Vehicle Council, by 2025, China's annual sales of electric vehicles are expected to reach 9 to 10 million units, demonstrating immense market potential (Yu et al., 2020).

However, in 2022, the Chinese government officially announced the cessation of all financial subsidies for NEVs. This policy adjustment marks the entry of the NEV market into a new competitive stage. Absence of policy support, market competition has intensified, particularly in technology, product innovation, and brand building (Qian, 2023). With the elimination of subsidies, some enterprises that were overly reliant on government support face risks of overcapacity, market contraction, and insufficient competitiveness, increasing the operational risks within the NEV industry (Ye et al., 2021). Facing a complex and volatile market environment, NEV enterprises need to possess risk management capabilities, enhancing their risk awareness and preventive measures. Sources of risk encompass not only the macroeconomic environment and market changes but also endogenous risks arising from enterprises' strategic decisions and management measures. Against this backdrop, automotive enterprises, need to deeply optimize their financial management and operational efficiency to cope with potential business challenges.

Taking Shanghai General Motors (GM) as a case, the company experienced continuous operating losses before 2023. Although recent reform measures have improved its operating losses, high debt and inadequate profitability continue to plague its development (Guo et al., 2023). Currently, Shanghai General Motors faces significant financial pressure, and if it fails to improve its operating conditions and performance, it may encounter financial risks in the future. Therefore, strengthening financial risk management is particularly important for Shanghai General Motors. By optimizing its asset-liability structure, enhancing capital utilization efficiency, and tightening cost control, the company can effectively mitigate potential risks and ensure its healthy development in the fiercely competitive market. China's NEV industry is undergoing profound changes. In this process, enterprises must rely on technological innovation and product upgrades to prioritize risk management and strategic planning. Only by doing so can they secure a place in the global NEV market and achieve long-term sustainable development.

1.2 Questions of the Study

The following research questions are posed in this study:

(1) Does financing risk affect the financial risk management of Shanghai General Motors Company?

(2) Does profit risk affect the financial risk management of Shanghai General Motors Company?

(3) Does operational risk affect the financial risk management of Shanghai General Motors Company?

(4) Does development risk affect the financial risk management of Shanghai General Motors Company?

1.3 Objectives of the Study

This study aims to conduct an in-depth analysis of the financial risk management situation of Shanghai General Motors (GM) in the current market environment, with a particular focus on exploring the impact of four major risk factors on its financial management: financing risk, profit risk, operational risk, and development risk. By analyzing and discussing these risks, this study hopes to provide substantial recommendations for financial strategies for GM Shanghai and offer insights into the financial management of China's new-energy automobile enterprises. The specific research objectives are as follows:

(1) To explore the effect of financing risk on the financial risk management of Shanghai General Motors Company.

(2) To explore the effect of profit risk on the financial risk management of Shanghai General Motors Company.

(3) To explore the effect of operational risk on the financial risk management of Shanghai General Motors Company.

(4) To explore the effect of development risk on the financial risk management of Shanghai General Motors Company.

1.4 Scope of the Study

The scope of this study is focused on Shanghai General Motors, excluding automotive manufacturing enterprises in other regions and other types of companies. This study has enterprise and industry limitations. The research subjects are the finance department and related management personnel of Shanghai General Motors. These individuals must possess a professional background with a deep understanding of the company's financial operations and be capable of objectively analyzing and evaluating risks in financial management as well as their corresponding countermeasures. The research participants should have the ability to provide insights based on their work experience to ensure that the collected data are highly reliable and representative. The research framework encompasses financing risk, profit risk, operational risk, and development risk.

1.5 Significance of the Study

1.5.1 Theoretical Significance

In terms of theoretical significance, this study further enriches the research in financial risk management. This study enriches the theoretical research on financial risk management. It reinforces the construction of the company's risk management system. Financial issues represent the challenges in their operational management and business processes. Financial risk management is intricate and highly destructive. Characterized by its comprehensive and cumulative nature, its impacts are uncontrollable and inevitable, posing substantial shocks (Guo et al., 2023; Ye et al., 2021). Traditional financial risk management theories primarily focus on risk factors. However, this study conducts a comprehensive analysis of financial risks by integrating multiple dimensions, including financing risk, profit risk, operational risk, and development risk, highlighting the cumulative and complex nature of these risks. Through an in-depth

analysis of the typical case of Shanghai General Motors, this study reveals the systemic impact of financial risks, complements the deficiencies of existing theoretical frameworks, and provides new perspectives and references for future academic research.

Financial risks can lead to losses and financial crises for companies, thus necessitating in-depth exploration. The automotive industry has been a focal point of public attention. Taking Shanghai General Motors as a case study, this research aims to improve financial risk management. Shanghai General Motors has a thorough understanding of its financial status. This study also provides theoretical support for the financial assessment and control measures implemented by Shanghai General Motors. Shanghai General Motors has a valuable opportunity to strengthen and refine its financial management and risk management systems, ensuring stability and success in a competitive market. By doing so, the company can enhance the risk awareness of its corporate management (Qian, 2023). This study not only helps the company gain market share in the intense market competition but also assists in promptly investigating and identifying potential financial issues. The management can make timely judgments and adopt corresponding control measures, which will help Shanghai General Motors reduce financial risks and operational losses. The results of this study contribute to enhancing the financial management level of Shanghai General Motors and provide practical cases and management experiences for other similar enterprises to draw upon. In the context of the rapid development of the new-energy automobile industry, timely identification and resolution of potential financial issues will help enterprises enhance their market competitiveness, optimize resource allocation, and improve overall operational efficiency. By improving the financial risk management system, the company can reduce financial risks and operational losses, laying a solid foundation for the long-term stable development of the enterprise.

1.6 Definition of Key Terms

Financing risk refers to the potential risks during the raising of funds, which may stem from the inability to obtain sufficient funds, rising financing costs, or changes in the financing environment. At Shanghai General Motors (GM), financing risks are manifested in fluctuations in loan interest rates due to changes in the capital market environment, credit tightening, and restrictive changes in the availability of funds from the parent company or external capital sources, all of which can impact the company's cash flow and operational plans.

Profit risk refers to the risk that an enterprise's actual profits fail to meet expected targets. For Shanghai General Motors, profit risks may arise from various factors such as fluctuations in market demand, failed product pricing strategies, and rising raw material costs, all of which can lead to a decline in the company's profitability.

Operational risk refers to the risk of business process errors or inefficiencies due to internal management or external environmental factors, which affect an enterprise's production and sales. At Shanghai General Motors, operational risks may include production line stagnation, supply chain disruptions, employee management errors, or product recalls due to quality issues.

Development risk refers to the uncertainties and challenges encountered in strategic planning, product innovation, and market expansion. For Shanghai General Motors, development risks include failures in entering new markets, delays in new product development, and lagging technological innovation, all of which can hinder the company's long-term growth.

Financial risk management refers to the systematic approach employed by enterprises to identify, assess, and address various financial risks, to ensure sustainable development. At Shanghai General Motors, the core of financial risk management lies in controlling aspects such as exchange rate fluctuations, interest rate changes, and cash flow management, and reducing risks through hedging, financial planning, and other means.

Chapter 2 Literature Review

2.1 Introduction

This study focuses on identifying the risk factors in financial risk management of Shanghai General Motors Company (GM). The literature review elaborates on related research concerning financing risk, profit risk, operational risk, and development risk. Based on the relationships among these variables, a conceptual model is constructed to ascertain the impact of each factor on the financial risk management of Shanghai General Motors Company (GM).

2.2 Literature Review

2.2.1 Financial Risk Management

Corporate financial risk refers to the uncertainties in their daily operations and development processes. Financial risks encompass improper financial management and unstable market conditions. Fluctuations in financial markets and intensifying competition can also induce financial risks (Dyer & Singh, 2020). When a company is established, it faces the risk of changes in its financial condition. In a broader sense, from the inception of a company to its engagement in various production and operational activities, competition for market share, and industry competition, every decision or execution action taken during these processes can cause significant or minor changes to the company's financial condition, bringing both positive and negative impacts (Friedman & Savage, 2020). Due to the dual influence of internal and external environments, many changes are unforeseeable and unavoidable by company management promptly, yet they are not uncontrollable or unidentifiable once discovered. Therefore, companies strive to minimize the occurrence of financial risks. In a narrower sense, the company's investments generate financial risks (Shorokh, 2021). Automobile manufacturers need capital investments, sourced from shareholder and internal financing, which increases their debt burden. A reduction in borrowing can significantly decrease the company's operational processes, cash flow, profits, and profitability (Friedman & Savage, 2020; Shorokh, 2021). Changes in a company's financial condition will be reflected in its financial data. This represents the monetized expression of corporate financial risk, which, while not eradicable, can be mitigated through risk transfer to reduce losses.

2.2.2 Financing Risk

The impact of corporate financing risk on financial risk management is a significant topic of concern in academic and practical fields (Meucci & Parlapiano,

2021). The literature points out that financing risk is a crucial component of financial risk management, as enterprises' choices of financing channels on capital structure directly affect their financial stability and sustainable development (Zhang, 2023). Financing risk arises from factors such as fluctuations in financing costs, excessively high debt ratios, and unreasonable financing structures. This risk is particularly acute in capital-intensive industries, such as the automobile manufacturing industry, where the capital demands exacerbate this risk. Research shows that excessively high financial leverage significantly increases corporate financial pressure, adversely affecting the company's debt repayment ability and cash flow stability (Yang, 2023). Scholars emphasize that financing risk is particularly prominent, leading to difficulties for enterprises in obtaining necessary financing support (Meucci & Parlapiano, 2021). Financing risk leads to a significant rise in financing costs, which affects enterprises' liquidity management and investment choices. Different financing strategies have varying effects on corporate financial risk management (Meucci & Parlapiano, 2021; Zhang, 2023). Companies should balance equity capital and debt capital to achieve a robust financial structure. By utilizing supply chain finance to optimize capital allocation, businesses can significantly bolster their resilience against potential risks. Scientific and effective financing strategies, combined with comprehensive risk management mechanisms, are key to addressing financing risks and ensuring corporate financial health.

Regarding the impact of financing risk on financial risk management, an extensive literature has explored the relationship between financing structure and corporate financial stability (Yang, 2023). Traditional capital structure theories (such as the Modigliani-Miller Theorem and Trade-off Theory) argue that a reasonable capital structure can optimize a firm's financial leverage, reducing its overall financial risk. Especially in the automobile manufacturing industry, where significant capital investments are often required, the rationality of the financing structure directly affects a company's liquidity and debt-paying ability. In recent years, scholars have also noted that uncertain financing environments (such as interest rate fluctuations and rising financing costs) may increase corporate financial pressure, leading to higher financial risks (Zhang, 2023). Thus, the influence of financing risk significantly shapes the financial risk management strategies at Shanghai General Motors.

2.2.3 Profit Risk

In markets with high levels of uncertainty, profit risk has a profound impact on a company's financial health. The literature indicates that profit risk primarily refers to significant fluctuations in a company's profitability due to changes in external market conditions, decreased operational efficiency, cost fluctuations, or intensified industry competition (Bharadwaj, 2020). Such profit risk affects a company's cash flow and capital accumulation capabilities, further constraining its ability to manage and respond to other financial risks. Research emphasizes that profit risk impacts a company's

decision-making capacity and the stability of its financial planning (Choi et al., 2019). When companies face substantial profit declines, their risk tolerance diminishes, making it difficult to maintain operational and investment plans, and they may even face debt default or refinancing difficulties (Choi et al., 2019; Safiullah & Shamsuddin, 2019). Therefore, profit risk emerges as a core challenge in corporate financial risk management, necessitating corresponding risk mitigation strategies. In addressing profit risk, companies must employ various financial risk management tools, such as cost control, revenue diversification, and market hedging strategies, to enhance financial stability (Qu et al., 2019). Profit risk increases the uncertainty in corporate financial management, making traditional budget management and financial forecasting more challenging. Many companies leverage data analysis and dynamic risk management tools to adjust their financial strategies and enhance management flexibility (Safiullah & Shamsuddin, 2019).

Profit risk, as a source of uncertainty in a company's profitability, similarly garners considerable attention regarding its impact on financial risk management. Profit risk primarily manifests as fluctuations in profitability triggered by external factors such as market demand volatility, raw material cost changes, and competitor behavior (Bharadwaj, 2020). Existing research shows that when facing profit uncertainty, companies tend to adopt more conservative financial strategies for financial stability. Such strategies include establishing profit volatility buffering mechanisms and controlling fixed-cost investments (Qu et al., 2019). Especially in capital-intensive enterprises like Shanghai General Motors, profit risk management is particularly crucial, as profit instability can directly affect a company's cash flow and reinvestment capabilities.

2.2.4 Operational Risk

The impact of operational risk on corporate financial risk management has become a significant area of focus in management and financial research. Operational risk encompasses uncertainties related to a company's daily business activities, such as supply chain disruptions, production process issues, information system failures, human resource management deficiencies, and compliance problems (Qu et al., 2019). These risks can lead to financial losses for the enterprise and indirectly exacerbate financial risks by affecting the company's profitability and cash flow stability (Yan et al., 2013). Operational risk can render a company unable to respond promptly to unexpected events (Scott et al., 2024). Operational risk hurts financial stability. For example, supply chain issues can affect product delivery and reduce sales revenue in capital-intensive industries. Operational risk affects a company's short-term liquidity pressures and long-term capital allocation strategies. Frequent operational disruptions or unexpected costs can severely undermine the company's ability to repay its debt and threaten its financial stability (Scott et al., 2024). Comprehensive operational risk management strategies can reduce the probability of financial losses and enhance a

company's risk resistance and financial stability. In uncertain environments, financial risk management must be closely integrated with operational risk management, employing dynamic adjustment strategies to address potential threats (El Hajj & Hammoud, 2023). Incorporating operational risk into the financial risk management system and establishing an integrated risk control mechanism have become necessary measures to address a company's comprehensive risks.

Regarding operational risk, the literature review indicates that the uncertainty and complexity of the operating environment often increase the difficulty of corporate financial management. Operational risk encompasses multiple factors, including internal management efficiency, production plan changes, and external market environment variations (Scott et al., 2024). In recent years, supply chain issues in the automotive industry (such as chip shortages) and the cross-border operational challenges posed by globalization have further exacerbated operational risks, requiring companies to adopt more flexible and comprehensive financial management strategies to address them (El Hajj & Hammoud, 2023). For instance, companies may increase liquidity reserves and adjust working capital strategies to enhance their resilience against operational risks.

2.2.5 Development Risk

Development risk encompasses the uncertainties and their financial consequences during expansion and strategic transformation. It arises from strategic initiatives such as new market exploration, mergers and acquisitions (M&A) integration, investment in technological innovation, and business diversification. These risks lead to improper capital allocation, tight cash flow, and uncertain investment returns, impacting a company's financial robustness (Chiu & Lee, 2020). When implementing expansion strategies, enterprises often encounter a surge in funding requirements. Failure to accurately assess development risks may result in excessive capital investment or project failures, further increasing financial pressure. In economic competition, development risks pose higher demands on a company's financial management capabilities (Chiu & Lee, 2019). Development risks affect a company's capital structure; inadequate financing channels or excessively high financing costs can make it difficult for enterprises. If development strategies fail to generate expected returns, they will directly impact a company's profitability and debt repayment ability, further exacerbating financial risks. Enterprises need to integrate development strategy factors into financial risk management. They should adopt more flexible management approaches to address potential risks (Alsagr & van Hemmen, 2021). Diversified investments and maintaining liquidity reserves are effective strategies to mitigate the impact of development risks, helping enterprises maintain financial robustness even in the face of uncertainties. By establishing a comprehensive risk assessment and response mechanism, enterprises can more effectively balance growth and risk in complex environments, laying the foundation for long-term stable development.

Development risk involves the uncertainties of expansion and innovation. This risk is often viewed in the literature as an inevitable challenge in pursuing long-term growth but is also a significant consideration in financial risk management. Large enterprises like Shanghai General Motors typically focus on long-term strategies such as new product development, market expansion, and technological upgrades (Chiu & Lee, 2019). These strategies often require significant investments and carry uncertain market returns. Existing research shows that when formulating long-term development plans, companies will pay more attention to financial robustness to mitigate the impact of investment failures or market fluctuations (Alsagr & van Hemmen, 2021).

2.3 Profile of Shanghai General Motors

Shanghai General Motors (GM) is a joint venture established with the joint investment of SAIC Motor Corporation Limited and General Motors Company of the United States. Headquartered in Pudong New Area, Shanghai, GM is the earliest Sino-foreign joint venture automobile company, witnessing the entire process of China's automobile industry from its inception to prosperity. GM encompasses three renowned brands: Buick, Chevrolet, and Cadillac, offering a diverse product line that, in recent years, has been expanded to include new energy vehicles, covering various market segments.

GM penetrated the Chinese market by introducing the Buick brand, becoming a representative of mid-to-high-end sedans. As market demands evolved, the company gradually expanded to include the Chevrolet and Cadillac brands, catering to the diverse needs of more consumers. Cadillac targets the high-end market, renowned for its luxury and high performance, while Chevrolet appeals to younger consumers with its affordable prices and fashionable designs. The Buick brand has shown strong performance in the commercial and family car markets, becoming a crucial pillar for stable sales. Entering the 2010s, GM accelerated its transformation towards new energy vehicles and intelligence. The company invested heavily in research and development, launching a series of hybrid and pure electric vehicles, such as the Buick VELITE series, and unveiling the Ultium battery technology platform, marking GM's deep involvement in the electrification field. The company not only focuses on producing electric vehicles but also actively explores intelligent connectivity and autonomous driving technologies, striving to take a leading position in the future transformation of the automotive industry.

Despite its solid position in the Chinese market, GM faces competition from emerging electric vehicle companies. To address these challenges, the company is constantly adjusting its strategies, increasing investments in new energy vehicles, promoting green manufacturing and sustainable development, and adapting to the global trend of the automotive industry transitioning towards low-carbon and intelligent

operations. As an exemplary Sino-American joint venture, GM has deep accumulations in technology, branding, and market operations, serving as a participant and driver in China's automotive industry. Shanghai General Motors will continue to lead market trends and seek new development opportunities in change and innovation.

2.4 Conceptual Framework

This study examines the influencing factors of financial risk management in Shanghai General Motors Company. Through literature review, a model is constructed and hypotheses are proposed. The model is shown in Fig2.1.

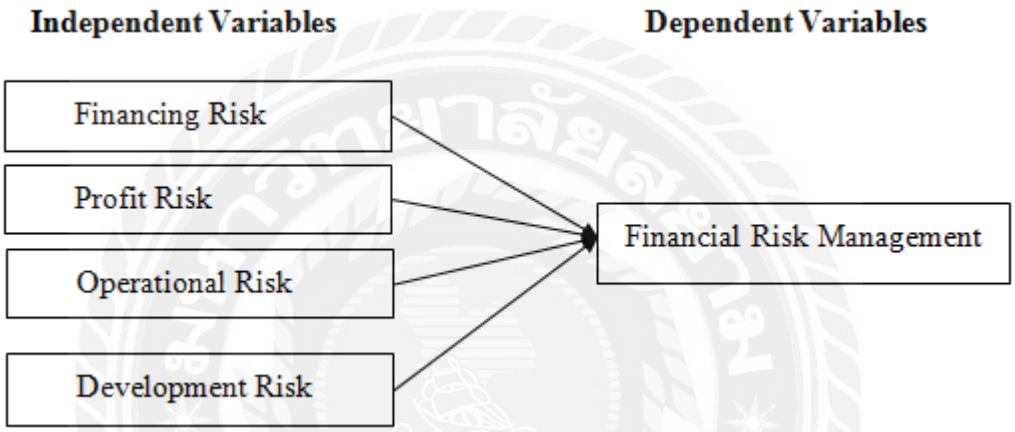

Figure 2.1 Conceptual Framework

Chapter 3 Research Methodology

3.1 Research Design

This study designed a conceptual model for the financial risk management of Shanghai General Motors Company. The independent variables consist of financing risk, profit risk, operational risk, and development risk. The dependent variable is financial risk management. This study employs a quantitative approach to obtain practical feedback and data support from the company's managers. A designed questionnaire consists of 25 questions, utilizing a Likert five-point scale, to ensure operability and consistency in evaluating the various risk factors.

3.2 Population and Sample

The survey targeted the financial management in related departments, with data collection conducted between May 2024 and August 2024. With the assistance of the company management, eligible employees were randomly selected to participate in the survey. The research team distributed questionnaires to the respondents and provided detailed explanations of the research purpose and completion requirements, ensuring that participants fully understood the questions and could provide truthful answers, thereby enhancing the accuracy and representativeness of the data. A total of 350 questionnaires were distributed for this study. The research team conducted a rigorous data review, excluding invalid questionnaires with incomplete answers or inconsistencies. A total of 270 questionnaires were collected, representing an effective response rate of 77.14%.

3.3 Hypothesis

The relationship between the variables is set through hypotheses. Therefore, hypotheses are formulated:

H1: Financing risk positively impacts the financial risk management of Shanghai General Motors Company.

H2: Profit risk positively impacts the financial risk management of Shanghai General Motors Company.

H3: Operational risk positively impacts the financial risk management of Shanghai General Motors Company.

H4: Development risk positively impacts the financial risk management of Shanghai General Motors Company.

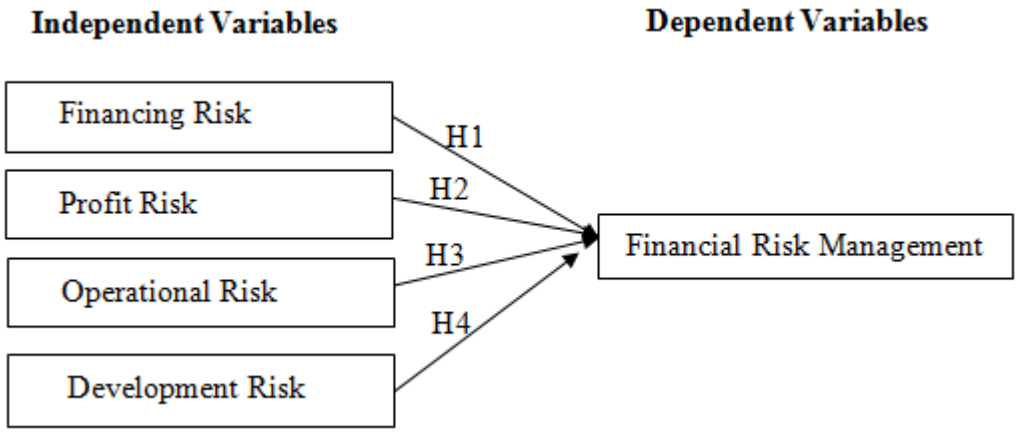

Figure 3.1 Hypotheses

3.4 Research Instrument

A questionnaire was designed based on the Likert five-point scale. Financing risk refers to the potential issues and uncertainties faced by enterprises during fund-raising. This dimension delves into the company's dependence on bank loans and whether financing costs are excessively high, among other issues. There are five items for assessing financing risk. Profit risk examines the instability factors in a company's profitability. Profits are influenced by factors, such as the intensity of market competition and the company's cost control efficiency. There are five items for profit risk. Operational risk encompasses the uncertainties and potential losses in its business activities. This dimension focuses on whether production processes are susceptible to unexpected events, the stability of the supply chain, internal management efficiency, the impact of raw material price fluctuations, and the accuracy of market demand forecasting. There are five items for operational risk. Development risk pertains to the challenges a company may face during its long-term strategic planning and market expansion processes. This dimension explores technical difficulties in new product development, inadequate innovation capabilities, uncertainties in market expansion, deficiencies in strategic planning, and restrictions imposed by industry policy changes on the company's development speed. There are five items for development risk.

Financial risk management, as the dependent variable, measures a company's ability to respond to various financial risks. This dimension examines whether the company possesses a systematic risk management strategy. There are five items for financial risk management. This study designed 25 measurement items. For each variable, a question item was designed, and the coding of the items is shown in Table 3.1.

Table 3.1 Measurement Items

No.	Dimension	Measurement Item	NO.
1	Financing Risk	Our company is highly reliant on bank loans.	Q1
2		Our company often faces higher financing costs.	Q2
3		Our company has an excessively high proportion of short-term debt.	Q3
4		Our company's financing channels are limited.	Q4
5		Our company's capital structure is relatively unstable.	Q5
6	Profit Risk	Our company's profits are impacted by competition.	Q6
7		Our company's profitability is unstable.	Q7
8		Our company's profit levels frequently fall below the industry average.	Q8
9		Our company lacks effective cost control measures.	Q9
10		Our company experiences excessive profit volatility.	Q10
11	Operational Risk	Our company's production is disrupted by unexpected events.	Q11
12		Our company's supply chain is unstable.	Q12
13		Our company has cases of inefficient internal management.	Q13
14		Our company is susceptible to fluctuations in raw material prices.	Q14
15		Our company's ability to forecast market demand is weak.	Q15
16	Development Risk	Our company faces significant technical challenges in new product development.	Q16
17		Our company lacks sufficient innovation capabilities.	Q17
18		Our company encounters significant uncertainties when expanding into new markets.	Q18
19		Our company has deficiencies in strategic planning.	Q19
20		Our company's development is constrained by policies.	Q20
21	Financial Risk Management	Our company lacks a systematic financial risk management strategy.	Q21
22		Our company is unable to identify potential financial risks.	Q22
23		Our company cannot promptly adjust measures to address financial risks.	Q23
24		Our company's monitoring of financial risks is inadequate.	Q24

25		Our company's financial risk management system needs improvement.	Q25

3.5 Reliability and Validity Analysis of the Scale

3.5.1 Questionnaire Reliability Analysis

The Cronbach's Alpha coefficients and corresponding number of measurement items for the five variables used in the study are as follows. Cronbach's Alpha was used to assess the internal consistency of various sections of the questionnaire, thereby evaluating the reliability of the scales. The Cronbach's Alpha coefficient for financing risk is 0.772, indicating good internal consistency and high measurement stability for this scale, which comprises 5 items. The Cronbach's Alpha coefficient for profit risk is 0.761, demonstrating relatively reliable internal consistency and suggesting that the scale has a certain degree of credibility when measuring profit risk, containing 5 items. The Cronbach's Alpha coefficient for operational risk is 0.723, slightly lower than the other variables but still within an acceptable range, indicating that this section of the scale has appropriate reliability in assessing operational risk, with 5 items. The Cronbach's Alpha coefficient for development risk is 0.788, the highest among the five variables, indicating excellent internal consistency and high reliability for the development risk scale, which includes 5 items. The Cronbach's Alpha coefficient for financial risk management is 0.753, showing robust reliability in measuring the level of financial risk management, with 5 items set up.

All variables have Cronbach's Alpha coefficients above 0.7, indicating that each scale has acceptable internal consistency and high reliability. Generally, Cronbach's Alpha values between 0.7 and 0.8 are considered reliable, suggesting that the various sections of the questionnaire in this study are designed reasonably and that the measurement tools can effectively reflect financial risk factors and management levels. The close reliability among different variables reflects the consistency and coordination of the scale in its overall design, providing reliable data support for the study, as shown in Table 3.2.

Table 3.2 Variable Reliability Test

Variables	Cronbach's Alpha	N of Items
Financing Risk	0.772	5
Profit Risk	0.761	5
Operational Risk	0.723	5
Development Risk	0.788	5
Financial Risk Management	0.753	5

3.5.2 Questionnaire Validity Analysis

The Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO) value is 0.756, indicating the adequacy of the sampling. The range of the KMO value is from 0 to 1, and a value greater than 0.5 is generally considered suitable for factor analysis. A result of 0.756 suggests that this dataset is well-suited for factor analysis and falls within a good quality range. Bartlett's test of sphericity is used to detect whether the correlations between variables are significant, which is suitable for factor analysis. The Approximate Chi-Square value is 2133.22. The degrees of freedom (df) are 76. The significance level is less than 0.05 ($p<0.05$), indicating that the null hypothesis (that the correlation matrix is an identity matrix, i.e., the variables are uncorrelated) is rejected. This implies that there is sufficient correlation among the variables in the data, and factor analysis is applicable. Factors with eigenvalues greater than 1 were extracted, and the total cumulative explained variance reached 77.333%.

Table 3.3 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.756
Bartlett's Test of Sphericity	Approx. Chi-Square	2133.22
	df	76
	Sig.	0.000

3.6 Data Collection

This study designed a conceptual model of factors influencing the financial risk management of Shanghai General Motors (GM). The independent variables include financing risk, profit risk, operational risk, and development risk, with financial risk management as the dependent variable. The study adopted a quantitative research approach to obtain practical feedback and data support from the company's finance and management personnel.

The questionnaire consists of 25 items measured using a Likert five-point scale to ensure operability and consistency in evaluating various risk factors. The survey targeted financial management in related departments, with data collection conducted between May 2024 and August 2024. With the assistance of the company management, eligible employees were randomly selected to participate in the survey.

The research team distributed questionnaires to the respondents and provided detailed explanations of the research purpose and completion requirements, ensuring that participants fully understood the questions and could provide truthful answers, thereby enhancing the accuracy and representativeness of the data. A total of 350 questionnaires were distributed for this study. The research team conducted a rigorous data review, excluding invalid questionnaires with incomplete answers or

inconsistencies. A total of 270 questionnaires were collected, representing an effective response rate of 77.14%.

3.7 Data Analysis

3.7.1 Descriptive Statistics

The software used in the descriptive statistics included 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 provided 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 marketing strategy. The reliability and validity of the constructed model are determined, which provided a theoretical basis for the improvement of the financial risk management.

3.7.3 Correlation Analysis

Correlation analysis is a statistical method used to assess the strength and direction of the relationship between two or more variables. In research, correlation analysis was employed to explore whether there exists an association between different variables and whether this association is positive, negative, or indicates no significant relationship.

Chapter 4 Findings and Discussion

4.1 Findings

4.1.1 Demographic Characteristics of Participants

The sample characteristic data of the research on the financial risk management of Shanghai General Motors Corporation reveals that 270 respondents participated, with a relatively balanced gender ratio, where males accounted for 48.89%, and females accounted for 51.11%. Regarding age distribution, the highest proportion of respondents was those under 25, reaching 35.56%. The age group of 26 to 45 years old accounted for 32.96%, while those over 45 years old represented 31.48%, indicating a nearly balanced age distribution. Regarding income distribution, 16.67% of respondents earned below 3,000 yuan, 21.85% earned between 3,001 and 6,000 yuan, 17.41% earned between 6,001 and 10,000 yuan, 22.96% earned between 10,001 and 20,000 yuan, and those earning over 20,000 yuan accounted for 21.11%. The high-income group (earning over 10,000 yuan) accounted for approximately 44.07% of the sample, demonstrating a significant shift towards the middle to high-income bracket. In educational background, the respondents held a bachelor's degree (69.26%), followed by those with a high school diploma or below (12.59%). Master's degree holders comprised 10.74%, while other degrees accounted for 7.41%. These indicate that the sample group has a relatively high level of education, with most possessing a bachelor's degree or above, reflecting the high educational attainment of the research subjects, as shown in Table 4.1.

Table4.1 Descriptive Statistical Analysis of Participants

Item	Options	Frequency	Percent %
Gender	Male	132	48.89
	Female	138	51.11
Age	Under 25	96	35.56
	26-45	89	32.96
	Above 45	85	31.48
Income	below 3000	45	16.67
	3001-6000	59	21.85
	6001-10000	47	17.41
	10001-20000	62	22.96
	Above20000	57	21.11
Education	High school and below	34	12.59
	Undergraduate	187	69.26
	Master's degree	29	10.74
	Others	20	7.41
Total		270	100.0

4.1.2 Correlation Analysis

Table 4.2 Correlation Between Variables (Pearson Correlation Matrix)

	Financing Risk	Profit Risk	Operational Risk	Development Risk	Financial Risk Management
Financing Risk	1				
Profit Risk	.722**	1			
Operational Risk	.710**	.732**	1		
Development Risk	.720**	.680**	.675**	1	
Financial Risk Management	.685**	.692**	.661**	.663**	1

NOTE：*P<0.05, **P<0.01, ***P<0.001

The data reveals correlations among the different financial risk factors, including financing risk, profit risk, operational risk, development risk, and financial risk management. All correlation coefficients reached a significant level ($p<0.01$), indicating that the correlations between these variables are statistically meaningful.

There is a significant positive correlation between financing risk and profit risk (0.722). This implies that as a company's financing risk increases, so does its profit risk. A financing structure reliant on debt or external financing can expose a company to higher interest burdens and financing costs, affecting its profitability. A strong positive correlation exists between financing risk and operational risk (0.710). This suggests that when a company's financing risk rises, its operational risk tends to increase. This may be because high financing risk often reflects inadequacies in the company's fund management and financial planning, which can impact its normal operations, such as production, inventory management, and supply chain management. The positive correlation between financing risk and development risk (0.720) underscores their close connection. Increased financing risk often constrains a company's investment capabilities and impacts its long-term development strategies. When expanding or entering new markets, companies facing high financing risk may struggle to secure sufficient funding, adversely affecting their growth and innovation. The correlation between financing risk and financial risk management is 0.685, indicating a moderate level of connection. Financial risk management can help companies identify and control financing risks.

Profit risk has the highest correlation with operational risk (0.732), suggesting that a company's operational performance significantly influences its profitability. Operational inefficiencies and poor cost control directly affect a company's profit levels. The positive correlation between profit risk and development risk is 0.680, indicating that changes in a company's profitability affect its development potential. Companies with low profitability often lack sufficient funds for reinvestment and expansion, limiting their ability to position themselves in new markets and innovate

technologically. The correlation between profit risk and financial risk management is 0.692, showing that profit risk is an important consideration in financial risk management. By adopting risk management measures such as optimizing cost structures and adjusting financing strategies, companies can mitigate profit risk to a certain extent.

The correlation between operational risk and development risk is 0.675, indicating that operational efficiency plays a significant role in a company's development. High operational risk often implies problems in production, supply chain management, or human resource management, which can weaken a company's expansion and innovation capabilities. The correlation between operational risk and financial risk management is 0.661, suggesting that financial risk management can help companies identify and mitigate operational risks to a certain extent. The correlation between development risk and financial risk management is 0.663, indicating that companies should integrate financial risk management measures when formulating long-term strategies and development plans. Effective financial risk management can provide funding support and risk control mechanisms for a company's long-term development, especially in market volatility and economic uncertainties.

This correlation analysis demonstrates that there are positive correlations among different financial risk factors. This suggests that in actual operations and management processes, various risks often do not exist in isolation but are interconnected and influence each other. Companies should assess and manage risks rather than focusing solely on a single type of risk. Highly correlated risk factors require companies to adopt comprehensive and integrated risk management strategies, reducing overall risk levels through coordinated management to enhance financial stability and long-term competitiveness.

Based on the results of the analysis in Table 4.2, the relationships between the variables were derived. Therefore, according to the results of the data analysis, financing risk positively impacts the financial risk management of Shanghai General Motors Company, which supports Hypothesis 1. Profit risk positively impacts the financial risk management of Shanghai General Motors Company, which supports Hypothesis 2. Operational risk positively impacts the financial risk management of Shanghai General Motors Company, which supports Hypothesis 3. Development risk positively impacts the financial risk management of Shanghai General Motors Company, which supports Hypothesis 4.

4.2 Discussion

4.2.1 Financing Risk Positively Impacts the financial risk management of Shanghai General Motors Company

The verification results indicate that financing risk has a significant positive impact on financial risk management. This implies that as financing risk increases, companies will pay more attention to financial risk management. Financing risk primarily stems from a firm's debt structure, financing costs, and fluctuations in the external capital market environment. Due to the capital-intensive nature of the automotive industry and its substantial capital requirements, Shanghai GM may face higher financing risks, such as rising interest rates or tightened credit, which could lead to increased funding costs and subsequent financial pressure. For financing risks, companies will strengthen financial risk management measures, such as optimizing debt structures, reducing debt ratios, or utilizing hedging and other financial instruments to mitigate interest rate risks. Additionally, firms may adjust financing strategies by increasing the proportion of equity capital and reducing reliance on external financing. Such strategies not only mitigate financing risks but also enhance overall financial stability. Therefore, the research findings support Hypothesis H1, demonstrating that financing risk is essential for companies to enhance financial risk management.

4.2.2 Profit Risk Positively Impacts the financial risk management of Shanghai General Motors Company

The increase in profitability risk has a positive impact on financial risk management, supporting Hypothesis H2. Profitability risk is closely related to a firm's profit volatility, cost control, and market competition dynamics. If Shanghai GM experiences a decline in profitability, it may face operational pressures and financial risks. Uncertainties in the automotive market, changes in consumer demand, and fluctuations in raw material costs can all impact the company's profitability. For profit risks, companies need to enhance their financial risk management capabilities. For instance, through budget control, cost optimization, and revenue diversification strategies, firms can mitigate risks associated with profit volatility. Simultaneously, enterprises may adopt financial analysis tools and forecasting models to monitor profitability indicators and identify risks in advance. This risk warning and management mechanism helps maintain stable profits amidst market fluctuations. Therefore, the profit risk prompts companies to strengthen financial risk management.

4.2.3 Operational Risk Positively Impacts the financial risk management of Shanghai General Motors Company

The research finds that operational risk has a positive impact on financial risk management, validating Hypothesis H3. Operational risk mainly involves internal production processes, supply chain management, inventory control, and other aspects within a company. In the industry, factors such as production efficiency, raw material supply, equipment maintenance, and human resource management can all affect a firm's normal operations. Disruptions in production or supply chain issues can lead to financial losses and profit declines. For operational risks, Shanghai GM will strengthen financial risk management by implementing internal control systems and risk assessment processes to ensure the stability of production and supply chains. The company may adopt a multi-supplier strategy to diversify raw material supply risks while optimizing inventory management to reduce financial pressures caused by excessive inventory. Additionally, the company will introduce digital management tools to enhance operational transparency and efficiency, thereby better monitoring and controlling risks. These measures demonstrate that the presence of operational risk drives companies to invest and improve in financial risk management.

4.2.4 Development Risk Positively Impacts the financial risk management of Shanghai General Motors Company

The research results show that development risk also has a positive impact on financial risk management, supporting Hypothesis H4. Development risk is typically associated with a company's expansion strategies, innovation investments, market development, and other long-term strategic objectives. For Shanghai GM, expanding into new markets, launching new models, or pursuing technological innovations entails significant uncertainties and market risks. If a company's development strategies are not effectively assessed and controlled for risks, it may lead to investment mistakes, improper market positioning, and other issues, affecting financial stability. For development risks, companies often integrate financial risk management into strategic decision-making. Specific measures include conducting detailed financial feasibility analyses before initiating new projects, using sensitivity analysis and scenario analysis to assess potential risks, and establishing risk buffer funds for key projects. Additionally, companies regularly monitor market dynamics and adjust strategies to adapt to rapidly changing market environments. These financial risk management measures help reduce development risks and provide financial support and guarantees for long-term strategies.

Table 4.4 Hypothesis Test Results

NO.	Hypothesis	Result
H1	Financing risk positively impacts the financial risk management of Shanghai General Motors Company.	Supported
H2	Profit risk positively impacts the financial risk management of	Supported

	Shanghai General Motors Company.	
H3	Operational risk positively impacts the financial risk management of Shanghai General Motors Company.	Supported
H4	Development risk positively impacts the financial risk management of Shanghai General Motors Company.	Supported

The verification results of the above four hypotheses demonstrate the significant positive impacts of various risks on financial risk management. This finding reflects Shanghai GM's strong emphasis on systematic risk management in complex market and operational environments. The automotive industry is capital-intensive and faces external risk factors such as market demand fluctuations, technological changes, and policy adjustments. Companies must rely on a robust financial risk management system.

Chapter 5 Conclusion and Recommendation

5.1 Conclusion

The literature review was conducted to analyze the factors that influence the financial risk management of Shanghai General Motors Company. The quantitative method was employed to analyze the collected questionnaires, ensuring the reliability and validity of the data. Descriptive and correlation analyses were conducted on the data to examine the relationships among the variables. Through analysis, the hypotheses were validated, and the interactions among the variables in the model were clarified. This study found that financing risk, profit risk, operational risk, and development risk positively impact the financial risk management of Shanghai General Motors Company.

The research indicates that financing risk plays a significant role in corporate financial risk management. During the company's financing process, fluctuations in interest rates and irrational financing structures can increase financial pressure on the enterprise, thereby elevating financial risk. The profit risk affects profitability, and uncertainty in profits often leads to tension in the enterprise's capital chain, further increasing financial risk. Operational risk is a factor influencing financial risk management. Mistakes in business decision-making and changes in the market competitive environment can lead to instability in the company's operating conditions, thus increasing financial risk. Development risk is closely related to a company's strategic decisions and innovative investments; aggressive development strategies may lead to increased financial pressure, while reasonable risk management helps to reduce financial risk. This study validated the significant impact of the factors on financial risk management.

The results suggest that Shanghai General Motors needs to comprehensively consider the synergistic effects of financing, profit, operational, and development risks in its financial management and optimize management strategies to control financial risk. This conclusion provides empirical support for the company's future financial decisions and serves as a reference for formulating more robust risk management policies.

5.2 Recommendation

5.2.1 Addressing Financing Risk

Beyond traditional bank loans, Shanghai General Motors needs to adopt diversified financing strategies to enhance capital stability and risk resistance. A sole reliance on bank loans makes the enterprise vulnerable to interest rate fluctuations and

changes in credit policies, limiting its funding sources. To mitigate this risk, Shanghai General Motors can consider diversifying its funding sources by issuing corporate bonds, conducting equity financing, and introducing strategic investors. Issuing corporate bonds can help the company secure long-term, low-cost capital, avoiding the issue of rising financing costs due to interest rate fluctuations. Equity financing eliminates the need for the company to bear fixed interest payments and repayment pressures, and by introducing new shareholders, the enterprise can obtain additional capital support to facilitate its development. Meanwhile, introducing strategic investors provides financial support to the enterprise bringing more industry resources and strategic cooperation opportunities, enhancing the company's competitiveness and market position.

Shanghai General Motors should optimize its capital structure, balancing the ratio of debt capital and equity capital reasonably. An excessively high debt ratio increases the company's financial leverage, exposing it to financial pressure during economic changes or operational fluctuations. By optimizing the capital structure and reducing the proportion of debt, the enterprise can strengthen its resilience to changes in the external financing environment, maintaining financial flexibility and stability. Additionally, a sound capital structure enhances the company's credit rating and market image, further broadening financing channels and lowering financing costs. By diversifying funding sources and optimizing its capital structure, Shanghai General Motors can effectively address financing risks and improve its financial robustness across different economic environments. This comprehensive financing strategy reduces the risk of short-term capital shortages and provides solid financial support and guarantees for the company's long-term development.

5.2.2 Mitigating Profit Risk

Shanghai General Motors needs to adopt systematic measures to enhance efficiency, optimize resource allocation, and advance technological upgrades to boost the company's profitability. Profit risks are related to a firm's cost structure, market environment, and product competitiveness. Therefore, Shanghai General Motors must devise corresponding strategies from the perspectives of internal operational management and market strategic adjustment.

Enterprises should reduce overall costs and enhance profitability by improving production efficiency and optimizing resource allocation. With intensifying market competition and rising cost pressures, traditional production and operational models may fail to meet the demands of sustained enterprise growth. Through process reengineering, the introduction of automation technology, and supply chain management optimization, Shanghai General Motors can reduce waste in production, enhance resource utilization rates, and subsequently lower the production cost per unit. Technological upgrades are crucial for reducing production costs and enhancing market

competitiveness. With the continuous development of the automotive industry, the application of new technologies such as automated production and intelligent manufacturing can significantly improve production efficiency and reduce labor and material waste. Shanghai General Motors should increase investment in technology research and development, further optimize production processes by introducing advanced production equipment and intelligent manufacturing systems, and reduce losses and variable costs in production. Meanwhile, technological innovation can also improve product quality, and strengthen the enterprise's brand value and premium pricing power in the market, thereby capturing more profit margins in fiercely competitive markets.

A product diversification strategy is a significant measure to mitigate profit fluctuation risks. A single product line is vulnerable to impacts when market demand changes, whereas a diversified product portfolio can effectively disperse market risks. Shanghai General Motors could consider developing new vehicle models, particularly making strategic investments in the new energy vehicle sector. The new energy vehicle market has grown rapidly in recent years and holds broad prospects for future development. By establishing a presence in this sector, the enterprise can seize new market opportunities and diversify risks from fluctuations in demand for traditional fuel vehicles. Entering new market segments can meet the needs of different consumers, expand the enterprise's market share and brand influence, and stabilize profit sources. Shanghai General Motors should reduce profit risks by enhancing production efficiency, advancing technological upgrades, and implementing a product diversification strategy. These measures will help the company optimize its cost structure, improve profitability, maintain a competitive edge in market changes, and lay a solid foundation for sustainable enterprise development.

5.2.3 Controlling Operational Risk

Managing operational risks is crucial for Shanghai General Motors to achieve stable development in the fierce market competition and complex economic environment. To effectively reduce operational risks, the enterprise must adopt comprehensive measures in supply chain management, production process optimization, and the application of intelligent manufacturing technology.

Supply chain management is one of the core aspects of controlling operational risks. In the context of globalization, enterprises are vulnerable to the impacts of international logistics, geopolitics, and supplier issues, leading to supply chain disruptions or cost increases. To address this challenge, Shanghai General Motors needs to establish a diversified and resilient supply chain system to reduce dependence on single suppliers. For example, by increasing the proportion of local suppliers, the enterprise can mitigate the impact of overseas transportation delays and exchange rate fluctuations on production, while reducing risks associated with tariffs and import

restrictions. Furthermore, the enterprise should establish an emergency supplier network for unexpected needs. Such arrangements can find alternative solutions when major suppliers encounter problems to ensure uninterrupted production during emergencies, such as natural disasters or international trade restrictions.

Shanghai General Motors should leverage intelligent manufacturing and Industry 4.0 technologies to optimize production processes. By introducing advanced real-time monitoring systems, the enterprise can exercise precise control and management over production processes, thereby improving production efficiency and reliability. For instance, by utilizing the Internet of Things technology and big data analytics, the enterprise can collect and analyze data from various production nodes in real time, promptly identify and resolve potential process faults, and avoid shutdown risks caused by improper operations or equipment failures. Shanghai General Motors should establish a rigorous quality management system to ensure that each production process meets standards, reducing the risks of recalls and customer complaints due to quality issues. Meanwhile, the company should also strengthen employee training and skill enhancement, especially in automated and intelligent manufacturing environments, where employees should possess corresponding technical capabilities and awareness of operational norms. By cultivating a highly qualified production team, the enterprise can significantly reduce the probability of human errors and further decrease operational risks.

5.2.4 Avoiding Development Risk

Shanghai General Motors should focus on increasing research and development (R&D) investment in electric vehicles (EVs) and autonomous driving to align with industry trends and policy directions and seize a share of the emerging market. EVs and autonomous driving technology have emerged as significant directions for the global automotive industry's development. With the heightened awareness of environmental protection and the tightening of carbon emission restrictions by governments worldwide, the traditional gasoline vehicle market is gradually shrinking, while the EV market is welcoming opportunities for rapid growth. Shanghai General Motors should seize this trend by increasing R&D and production investment in the EV sector to develop efficient and eco-friendly models that meet market demands. Strengthening R&D in core areas such as EV battery technology, driving range, and charging efficiency will help enhance the market competitiveness of its products and win consumer trust. The enterprise should actively deploy autonomous driving technology to meet the needs of future mobility services.

Autonomous driving enhances vehicle safety and efficiency and provides opportunities for the company to explore new business models, such as autonomous taxi services and intelligent mobility solutions. In formulating its long-term strategy, Shanghai General Motors must also closely monitor changes in government policies

and the market environment. As countries increase support for new energy vehicles and advance carbon neutrality goals, enterprises need to promptly adjust their strategies to address potential risks arising from policy changes. For example, governments may introduce new subsidy policies, environmental regulations, or emission standards, which could significantly impact a company's production costs and market access. To mitigate the uncertainty risks associated with policy changes, the company should maintain active communication with government regulatory authorities, promptly obtain policy information, and swiftly adjust its products and production plans in response to market changes.

5.3 Further Study

Based on the results and analysis of this study, further research can delve into the following aspects to enhance the understanding of financial risk management for Shanghai General Motors and similar enterprises and provide more theoretical support and empirical evidence for industry practices.

This study primarily employed a quantitative research method, analyzing the impact of financing risk, profit risk, operational risk, and development risk on financial risk management through questionnaire surveys. However, the limitation of quantitative research lies in its inability to deeply uncover the specific mechanisms and complex relationships behind each risk factor. Future research can adopt a mixed-methods approach, combining qualitative research with in-depth interviews of corporate management and risk, to explore how various risk factors are identified and addressed in actual management processes. Through case studies and in-depth interviews, researchers can obtain more insights into the logic and strategic details behind corporate decisions. Future research can expand the scope and sample diversity of the study.

The sample data in this study mainly originated from Shanghai General Motors Limited, which has certain limitations and may not fully reflect the financial risk management practices across the entire automotive industry. Future research can broaden the sample size by including more automotive manufacturing enterprises of different sizes and types for comparative analysis, exploring the differences and commonalities in financial risk management strategies among enterprises. This diversified sample design can help researchers gain a more comprehensive understanding of risk management dynamics within the industry and provide more universally applicable conclusions. Future research can deepen its focus on methodological diversification, sample expansion, incorporation of external factors, and application of technological innovations, further enriching the theoretical and practical understanding of financial risk management and providing more comprehensive support for enterprises to enhance their risk management capabilities in a complex and volatile market environment.

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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 B26-45 C Above 45

3. Your monthly income?
A below 3000 B 3001-6000 C 6001-10000 D 10001-20000 E Above20000

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)

No.	Dimension	Measurement Item	1	2	3	4	5
1	Financing Risk	Our company is highly reliant on bank loans.					
2		Our company often faces higher financing costs.					
3		Our company has an excessively high proportion of short-term debt.					
4		Our company's financing channels are limited.					
5		Our company's capital structure is relatively unstable.					

6	Profit Risk	Our company's profits are impacted by competition.					
7		Our company's profitability is unstable.					
8		Our company's profit levels frequently fall below the industry average.					
9		Our company lacks effective cost control measures.					
10		Our company experiences excessive profit volatility.					
11	Operational Risk	Our company's production is disrupted by unexpected events.					
12		Our company's supply chain is unstable.					
13		Our company has cases of inefficient internal management.					
14		Our company is susceptible to fluctuations in raw material prices.					
15		Our company's ability to forecast market demand is weak.					
16	Development Risk	Our company faces significant technical challenges in new product development.					
17		Our company lacks sufficient innovation capabilities.					
18		Our company encounters significant uncertainties when expanding into new markets.					
19		Our company has deficiencies in strategic planning.					
20		Our company's development is constrained by policies.					
21	Financial Risk Management	Our company lacks a systematic financial risk management strategy.					
22		Our company is unable to identify potential financial risks.					
23		Our company cannot promptly adjust measures to address financial risks.					
24		Our company's monitoring of financial risks is inadequate.					
25		Our company's financial risk management system needs improvement.					