

# Research Center for Enterprise Risk Management, UIBE

## 1 Basic Information

Research Center of Corporate Inner Control and Risk Management of University of International Business and Economics was set up in 2011 in order to build up a research platform, on which production, learning and research could be communicated and various disciplines could intersect and interact with each other and theories and practice of corporate inner control and risk management could be studied and discussed.

Together with the globalization and IT revolution, problems of politics, economics and society all around the world intersect and affect each other seriously. Under such a condition dynamics and uncertainty of corporate management environment is complex unprecedentedly, which has brought great challenge to firms' operation and development. A series of influential events, Barings Bank's closing down, the bankruptcy of Federal National Mortgage Association and Freddie Mac, the overturn of Enron and Stone Group as well as British Petroleum Company's oil spill in Gulf of Mexico, have alerted us to see how harmful risk events are and how serious its influence is, whose degree is really far beyond human being's expectation and control. As a consequence, risk has been paid great attention again in both academic world and industrial circle and risk management practice has been upgraded from tactic problems of reducing losses to strategic issues closely related to companies' survival and extinction. Meanwhile regulators require firms to assure their financial reports' reliability and control a series of inner risk efficiently, aimed to keep the stability of markets and protect investors' interests. With the experience from abroad State-owned Assets Supervision and Administration Commission came up with *Guidance of Central Enterprises' Comprehensive Risk Management* in 2006, Ministry of Finance, together with Audit Administration, CIRC, CBRC and CSRC, published *Basic Regulation of Firms' Inner Control* and *Matched Guidance of Firms' Inner Control* in 2008 and 2010 respectively, all of which marked the beginning of comprehensive risk management and inner control system in China.

However, there exists evident deficiency on the development of risk management and inner control, from both theoretic study and practical analysis. From the theoretic side, this topic is of strong comprehensiveness, and it is involved with so many disciplines, such as management, finance, insurance, economics and psychics, that knowledge from various disciplines should be used to form a qualitative and quantitative method comprehensively. And from the practical aspect, this issue is involved with all the staff of every class and every department in the enterprise and it needs efficient mechanism of risk management which could coordinate interests of all parts. There is no doubt that this is a complicated systems engineering.

## **1.1 Aims**

This research center is aimed to bring forth new ideas of theory, technology and tools and carry out new practice of risk management using comprehensive thoughts and ideas based on system theory. And the center will research on methods, models and tools of control and risk management of new high-tech enterprises with Chinese characteristics, mainly surrounding the problems on the inner control and risk management of new high-tech enterprises in the seven strategically newly-developing industries established by our government, in order to help enterprises timely recognize, scientifically analyze and accurately evaluate various uncertainty during enterprises' development, construct firms' efficient firewalls to deal with risk. By this way, firms' capacity of operation and management, profitability, as well as its ability of sustainable development will be enhanced significantly. And a platform for communication of risk management in both industrial circle and academic world will be set up through the integration of production, learning and study.

## **1.2 Scope**

The study on risk management asks for the intense combination of theories and practice. In the view of theories, different disciplines should be integrated comprehensively to structure new theories in inner control and risk management. From the practical side, the system, mode and culture of inner control and risk management should be exploited. Hence, the research field of this center will involve these aspects mainly:

- Basic theories of inner control and risk management
- Driving factors of corporate risk management
- Culture of inner control and risk management
- Performance of inner control and risk management
- Organizational problems on corporate comprehensive risk management
- Decision problems on corporate comprehensive risk management
- Coupled problems of risk factors in corporate system
- Modes of risk management of new high-tech corporations
- Cases of Chinese firms' risk management
- Indexes of Chinese firms' risk management

### **1.3 Nature**

This center is a nonadministrative institution of research and consult, without independent legal qualification. When there exists any communication requiring for independent legal personality, it should be approved by International Business School of UIBE.

### **1.4 Plans**

To drive the development and interaction of theoretical study and corporate practice of inner control and risk management, this center will work according to the following gist:

Firstly, during the preparation for the center, we will intense the communication with corporations and relative offices of the government to pursue for some horizontal services sponsors.

Secondly, organize high-lever symposiums and forum on communication between production and learning will be held regularly, in which famous national and international specialists, managers of inner-control department and risk-management department will be invited to share their ideas and experience on theoretical and practical cutting-edge issues.

Thirdly, the staff of the center will take part in international academic forum actively to intense the communication with international research institutions and create a capacious platform for development.

Fourthly, the staff will strengthen scientific research and publish papers of high quality on national and international core journals to enhance the academic impact of the center.

Fifthly, communication with business circles will be strengthened. On-site investigation will be valued and database based operating practice will be built up.

Sixthly, the center will organize staff and some other professionals to provide corporations with diagnosis, consultancy and training services in risk management.

## 2 Organizational Structure

This center is in the charge of the Director of the Center and is under the lead of Academic Board, which consist of national and international specialists and scholars in the field of risk management. There exists a Chairman of the Board to organize, formulate academic management plans and acting schemes, set business objectives and identify and choose achievement of academic research. Beneath the Board, Director of the Center is set to be responsible for the center's daily operation, outside communication and the organization of academic activities. What's more, Secretary-general is to assist the Director of the Center with daily management.

Chairman of Academic Board: Yu Jingyuan(outside school)

Members of Academic Board:

Wang Huacheng(outside school)	Li Fuqiang(outside school)
Liu Youjin(outside school)	Cao Xing(outside school)
Wu Juan(outside school)	Liu Qiyang(outside school)
Yang Meiyong(outside school)	Lv Yongbo(outside school)
Lv Wendong	Pan Huifeng

Director of the Center: Lv Wendong

Secretary-general of the Center: Lv Wendong

Members of the Center: Zhao Yang      Yang Haiyang      Liu Xitong

Funding of the research center will come from these four sources mainly: (1) funds from the university (UIBE); (2) funds of the International Business School; (3) funds from provincial, ministerial-level national-level research projects applied by center's staff; (4) developing projects under horizontal cooperation with firms.

## 3 Activities

### 3.1 Research Projects

#### **(1)Research on the Assessment of Credit Risks in Microcredit Companies**

Funded by HANHUA Micro-credit Co. Ltd

Project duration: 2011-2012

This project selects the credit risk faced by China's commercial microcredit companies as a research object, and focus on credit risk assessment of SME corporate customers. this project combines with the specific characteristics of the microcredit company, designs a credit risk assessment system for the SME corporate

clients. Lastly, the paper uses the credit risk assessment system in a specific case, to provide some guidance to credit decision — making and prevent credit risk. designing the credit risk assessment system for SME corporate clients, determining the weights of assessment indicators and marking credit rating of SMEs and credit level criteria.

## **(2) Study on the Policies to Promote the Purchase of S & T Insurance by High-tech Enterprises**

Funded by Beijing Municipal Science & Technology Commission

Project duration: 2011-2012

This project selects risk perceived and intention of high-tech enterprise to purchase science and technology as a research object. At the same time, the project analyzes the difference of remand of high-tech enterprise to science and technology insurance. And point out that insurance enterprise must provide variety of science and technology insurance and empirical research that the positive effect of the heterogeneity of science and technology insurance to high-tech enterprise.

## **(3) Performance Evaluation and Development Strategies of Science & Technology Insurance in Beijing**

Funded by the Ministry of Education

Project duration: 2013-2014

This project has mainly research on the present situation and problem of science and technology policy in Beijing. And we analyze the reason to question generation. And based on public governance theory, an analysis framework of scientific and technology insurance is built including agencies. Furthermore, a comprehensive evaluation index system is designed to assess the implementation performance of scientific and technology. And we compare the implement of science and technology policy in other region to provide some advices for Beijing.

## **(4) Study on the Financial Incentives to Promote the Transfer of Scientific and Technological Achievements**

Funded by Beijing Municipal Science & Technology Commission

Project duration: 2013-2014

This project selects finance incentive method and policies as a approach to promote the application of scientific and technological achievements in production and to product the economic and social benefits. The synergistic reaction of varieties methods, including venture investment, loan of science and technology, multi level capital market, science and technology insurance and financial service platform, can share risk which generate in the financing process of small technology-based firms in the process of the commercialization of research findings. At the same time, we investigate the current situation of the commercialization of research findings in Beijing, and compare with Chongqing, Shenzhen, Zhejiang, Shanghai to give some advices for Beijing.

### **3.2 Published Papers**

- [1] Zhao Y, Lv W D. Study on ERM Evaluation and Capability Improvement of Beijing High-Tech Enterprises[J]. Scientific Decision, 2011 (1): 10-53
- [2] Zeng L X, Sun L J, Lv W D. Influence factors and encouraging measures of initiative in disaster reduction under catastrophic insurance experience based on catastrophic insurance programs in the United States[J]. Journal of Natural Disasters, 2011(3):38-46
- [3] Zhao Y, Lv W D. Status, Problems and Countermeasures of Technology Insurance: Basing on Investigations in Beijing, Shanghai, Tian, Chongqing[J], 2011(12):1-24
- [4] Lv W D, Xiao Y, Zhao Y. Assessment of Credit Risks about Microcredit Companies' Small and Medium Corporate Clients[J]. Scientific Decision, 2012 (8): 17-30
- [5] Pan H F, Lv W D, Shi Z C. Oil Markets' Reactions to Significant Supply Shocks[J]. Journal of Management Science, 2012(4): 111-120
- [6] Zhao Y, Lv W D, Huang L. Evaluation on Implementation Performance of Scientific and Technology Insurance Based on AHP Method[J]. The Theory and Practice of Finance and Economics, 2013 (5): 43-47

### **3.3 Academic Conferences**

- [1] Attend the meeting named "The First Chinese Technology Finance Promotion Summit Forum and the Internet Technology and Financial Innovation Development Conference", 2013(10) in Shenzhen
- [2] Attend the meeting named "International business and Public Management Institute Annual Meeting in 2013", 2013(7) in Turkey
- [3] Attend the meeting named "The Second International Symposium on Chinese Management Research", 2012(8) in Singapore
- [4] Attend the meeting named "The first International Symposium on Chinese Management Research", 2011(7) in Singapore

### **3.4 Corporate Investigation**

#### (1) Investigation of SANY Group in Hunan

We investigate the implement of risk management in operation process in Sany Heavy Machinery in 2012. And we visit the office space and situation of Sany. We also discuss some relative question with their leader and employees.

#### (2) Investigation of HANHUA Micro-credit Co. Ltd in Chongqing

We investigate HANHUA Micro-credit Co. Ltd in Chongqing in 2012. The investigation includes the operation approach and organization system of petty loan company, how to control credit risk and how to evaluate petty loan credit risk of small enterprise customers. And we know the development history of petty loan

company and the difference between it and bank.

### (3) Investigation of Technology Finance in Shenzhen

We attend the meeting named The First Chinese Technology Finance Promotion Summit Forum and the Internet Technology and Financial Innovation Development Conference in Shenzhen in 2013. We listen to the technology finance report from other experts and regional leaders. It includes that the current situation of technology finance in some region, the suggestion of the development of technology finance, how to resolve the difficult finance problem of small technology-based firms by technology promoting finance and finance promoting technology and how to establish effective finance system and mechanism. We also investigate the current situation of venture investment, loan of science and technology, multi level capital market and so on.