

Ministry of Education of the Republic of Belarus  
Educational Institution "Polotsk State University"

Chai Huiting

**ANTI-CRISIS PLANNING AND MANAGEMENT IN THE  
ORGANIZATION  
(ON THE EXAMPLE OF CHANGJIANG GROUP CO.LTD)**

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Research advisor  
Pavlov Konstantin  
Professor in Economics

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Head of the Department of Economics,  
PhD in Economics, Associate Professor  
\_\_\_\_\_ I. Ziankova

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## Directory

Abstract.....	4
Chapter 1: Theoretical presentation of the crisis of the enterprise.....	5
1.1 Theoretical concepts of enterprise surveillance.....	5
1.2. Enterprise policy idea.....	20
1.3 Internal control system in enterprise management.....	25
Chapter 2: Cheung Kong Group Development Strategy Analysis.....	33
2.1 Cheung Kong Group Economic Plan.....	33
2.2 "Strengths and Positives" and "Weaknesses and Negatives" of the Cheung Kong Group.....	40
2.3. Anti-crisis development plan.....	43
2.4 Cheung Kong Group Development Plan Problem Analysis.....	47
Chapter 3: Developing an Anti-Crisis Development Plan for the Cheung Kong Group.....	50
3.1 Goals of the Anti-Crisis Development Plan.....	50
3.2 Perfect the anti-crisis development plan of Cheung Kong Group Company.....	53
3.3. Development of conceptual models.....	56
3.4 Development of anti-crisis measures.....	60
Conclusion.....	66
Reference.....	73

## **Abstract**

The development of the company's anti-crisis development plan is a process influenced by people at different levels in a unit, and this process is to achieve the effect and efficiency of the operation; Reliability of financial reports; Provide reasonable assurance of compliance with existing regulations. Good internal control is the guarantee of healthy operation of an enterprise. At present, the internal anti-crisis plan of enterprises in the People's Republic of China is very deficient, which has affected the survival and development of enterprises. To improve the economic benefits of enterprises, it is necessary to strengthen the anti-crisis ability of enterprises and formulate anti-crisis development plan.

Based on the law of the People's Republic of China enterprise crisis situation and the economic situation of the People's Republic of China, analyzes our country enterprise in the business operation practice in anti-crisis development planning problems, from the present situation of internal control, internal control and function, improve the corporate governance structure, the concept of the company's internal management system and strengthen the accounting control system, Several problems of internal control are discussed, and corresponding countermeasures are put forward in order to achieve a sound enterprise internal control environment.

Key words: anti-crisis, development status, countermeasures

## **Chapter 1: Theoretical presentation of the crisis of the enterprise**

### **1.1 Theoretical concepts of enterprise surveillance**

Business is not just a series of actions for profit, it is a way of executing a plan. Every business owner may have different plans, but they all boil down to one thing - developing and strengthening the company's position in the market . That's what business concepts are for.

Broadly speaking, a business philosophy is the owner's vision of how the business will operate and grow. At this stage, the following types of concepts are most commonly used:

Positive - In this context, the process of doing business is considered an event useful to society. This activity is carried out entirely on the initiative of the business owners. In this case, the main objective of the business is to produce goods or provide services to the population.

This approach assumes that commerce is the economic foundation of society, especially the nation as a whole. All actions for business development, promotion and implementation are aimed at improving the Socio-economic environment of the country.

Critical - This concept is based on the understanding of business as the for-profit activity of a group of people.

The caveat here is that the pursuit of profit can take any form. Entrepreneurs often impose their own interests on others in order to profit.

Pragmatic - In this case, business acts as a necessary activity on which every society is built. Business is necessary for entrepreneurs and others. Merchants make a profit by selling goods or providing services. Consumers meet their needs with the help of goods and services.

A business is a for-profit organization, which is the definition of a business. The word "enterprise", Zhansir, is understood as an organization formed by people to carry out business, which represents integrity and value. There are differences between enterprises. First-class companies rely on culture, second-class companies rely on processes, and third-class companies rely on capable people. It will be explained below.

#### **1.1.1 An enterprise is an organization for profit**

There are bosses, leaders, and employees in the enterprise, and they have their own families behind them. They operate the enterprise or obtain income or

remuneration when the basic needs of the enterprise work. If there is no income and remuneration, they cannot guarantee survival, so the enterprise is for profit of.

### 1. Definition of business

An enterprise generally refers to a legal person or other society that uses various production factors (land, labor, capital, technology and entrepreneurial talent, etc. ) for the purpose of making profits to provide goods or services to the market, and implement independent management, self-financing, and independent accounting, economic organization.

### 2. Positioning of the company

(1) Customer positioning. The type of customer the business provides goods or services to. Customers are the cornerstone of an enterprise's survival and development. Every enterprise must analyze market data and consumption data, accurately locate and segment customers, conduct customer portraits, and sort out the basic indicators of customers. Modern enterprises can use big data technology to more accurately locate customers and provide development models for later product development.

(2) Market positioning. The region in which the company develops and operates its business. Whether the company operates locally, nationally, or globally. This is an important part of corporate strategic development planning. Based on the local, we must be refined and thorough, we must continue to exert our efforts to expand the country, and we must have a high position and a large pattern when we look at the world.

(3) Product positioning. The product is to meet the needs of the customer. Whether the product is mainly cost-effective, high-quality, or high-end, this must be matched with the customers of the enterprise. Researching and developing products based on customer needs is the basic action of enterprises. Now more and more enterprises let customers participate in the research and development process in various forms, provide experience data for research and development, and facilitate the development of products that better meet the needs of customers.

#### 1.1.1 An enterprise is an organization for profit

There are bosses, leaders and employees in an enterprise, and they have their own families behind them. They get profits or rewards when they run the enterprise or work for the basic needs of the enterprise. If there is no income or reward, they cannot guarantee their survival, so the enterprise is for profit.

### 1. Definition of enterprise

Enterprises generally refer to legal persons or other social and economic organizations that use various factors of production (land, labor force, capital, technology and entrepreneurial ability, etc. ) for the purpose of making profits to provide commodities or services to the market and carry out independent operation, self-financing and independent accounting.

## 2.Positioning of the enterprise

(1) Customer positioning. What kind of customers does the enterprise provide goods or services to?Customers are the cornerstone of the survival and development of enterprises. Every enterprise needs to analyze market data and consumption data to accurately position and segment customers, carry out customer portraits and sort out basic indicators of customers. Modern enterprises can use big data technology to locate customers more accurately and provide development models for later product research and development.

(2) Market positioning. In which area does the enterprise develop and operate its business?Whether the company operates locally, nationally, or globally. This is an important part of the enterprise strategic development plan. Based on the local to do fine do thoroughly, to expand the national to continue to send force, look to the global to stand high pattern to be big.

(3) Product positioning. The product is to meet customer needs. Product is the main cost performance, or high quality, or sophisticated, this should match the enterprise's customers. Developing products based on customer needs is the basic action of enterprises. Now more enterprises let customers participate in the research and development process through various forms, providing experience data for research and development, and facilitating the development of products, more in line with customer needs.

### 1.1.2 Five Characteristics of Enterprise Concept

An enterprise is a basic economic unit engaged in the production and operation of commodities in order to meet the needs of society and obtain profits, implement independent management, take responsibility for profits and losses, independent accounting, and have legal personality. From this enterprise concept we can find five characteristics of the enterprise.

#### 1.A business is an economic organization

People understand the economy as "economic benefits for the people", which means to use as little input as possible to create as much social wealth as possible under the condition of limited resources, so as to meet the growing material and cultural needs of society.

As an economic organization, an enterprise first shows that it is an

input-output system, that is, it engages in economic activities.

The specific performance is the production and marketing activities, which are all transforming the resources into acceptable products and services according to the needs of users. Secondly, it shows that it has the goal of pursuing economy, that is to realize the maximization of "output/input" in the process of running the enterprise. Specifically, enterprises are different from administrative undertakings and welfare institutions, and they must make profits. Profitability is an integral part of an enterprise's creation of added value, and it is also the recognition and reward of the society for whether the products and services produced by the enterprise can meet the needs of the society.

Under a well-developed market system, the profit and remuneration obtained by an enterprise is directly proportional to its contribution to the society; an enterprise that does not make profit or loss can be considered to be occupying, wasting and damaging social resources, and should not be allowed to continue to exist.

The economy or profitability of an enterprise also means the government's taxation, the welfare of the people, the development of public welfare undertakings, as well as the expansion and reproduction of the enterprise itself, and the continuous improvement of the living standards of employees. For the vast majority of today's enterprises, economics is not only a requirement, it is often regarded as the highest and only purpose of corporate actions: to maximize profits.

## 2. An enterprise is a social unit

An enterprise is not only an economic organization but also a social organization; and in modern society, the social function of an enterprise is no longer simply subordinate to its economic function, and is not simply reflected in the morality of "take it from the society and use it for the society". aspect requirements.

Modern enterprise is a system that is fully open to the society, and the social and political responsibilities it undertakes sometimes even have a decisive impact on its economic behavior. Therefore, "to meet the needs of society" in the enterprise concept not only refers to meeting the needs of users and even the market, but also includes meeting the needs of the shareholders of the enterprise and the "related parties" of all operations and their results. These related parties are in different aspects, To varying degrees, it is related to the enterprise, and affects, helps or restricts the behavior of the enterprise. This has formed the social environment in which enterprises operate, and enterprises cannot escape from this environment anyway. It should be noted that the social



responsibilities and functions of enterprises sometimes conflict with their economic responsibilities and purposes, and the result is often forcing enterprises to compromise in economic terms. Therefore, the goal of maximizing corporate profits is generally difficult to achieve. The social nature of an enterprise requires its managers not only to have economic acumen, but also to solve social and political problems.

### 3. The enterprise is an independent legal person

Enterprises have their own independent property and organization, can carry out civil activities and assume responsibilities in their own name, and enjoy civil rights and obligations.

The characteristics of an enterprise as a legal person stipulate that it must establish an organization in accordance with legal procedures. If it must be registered with the government department, it should have a special name, a fixed work place and articles of association, have independent properties, implement independent accounting, and be fully independent and autonomous, operating, etc.

At the same time, as a legal person, an enterprise is only legally responsible for its "limited" self. For example, the behavior of the enterprise does not harm its employees, and the liquidation of enterprise assets is only valid for the registered capital and liabilities of the legal person, and does not involve the investor's other assets. property issues.

Therefore, the characteristics of an independent legal person determine that the enterprise must be responsible for its own profits and losses, independent accounting and self-management. Enterprise managers and factory directors are legal representatives, and should have a full understanding of their rights and responsibilities.

### 4. The enterprise is an autonomous operating system

In addition to the independent actions required by the independent rights and responsibilities of an independent legal person, since enterprises operate in the market, they are faced with various needs, fleeting opportunities, and the competition of survival of the fittest. Effectiveness is required, and the high efficiency of action must also be emphasized, which also requires enterprises to have full autonomy in their operations and should not be directly interfered by other parties.

At the same time, for business operators, in addition to the autonomy of action, self-management also means "conscious" responsibility corresponding to self-management, including "self-responsibility, self-accumulation, self-development and self-discipline", which are all After the separation of

ownership and management rights, business management should undertake the obligations.

In order to make good use of self-management and make the enterprise develop long-term and stable, managers must also establish a scientific management system for the enterprise, including an effective enterprise organization and leadership system, and a high-efficiency operation decision-making mechanism.

#### 5. Enterprise is a product of historical development

Enterprise is not born, it is the product of commodity economy, and it also marks a certain level of productivity development.

In slave society and feudal society, the main economic form was a self-sufficient natural economy. The family was the basic unit of society and the economy, including a few industrial workshops at that time. The production was not for exchange, but mainly for itself or for itself. Consumption for slave owners and feudal lords, so this form of self-sufficient production organization based on households and handicraft workshops is not called an enterprise.

Only when commodity exchange develops to a certain extent, especially when middlemen intervene between production and exchange, does the most primitive enterprise organization begin to emerge: simple cooperative production system. The core of this form of production is that middlemen control the production of households or workshops. The purchase and sale of raw materials are disconnected from production. Although production tools and labor are still mainly dominated by households or workshops, producers have already In the transition to hired labor, production is no longer dominated by individual or family consumption, and the organization of production is also evolving towards a socialized collaboration.

With the implementation of the industrial revolution and large-scale machine production, the middlemen who hold the market, raw materials and a large amount of circulating capital began to make direct productive investment. It can be imagined that in the era when machines are used in production, what will definitely happen is that the machine will no longer enter the family, but the family as an economic cell will be completely broken, and the producer will completely become a hired worker and a proletarian. At this time, the enterprise is the first. Factory production enterprises based on the sub-industrial revolution.

It can be seen that the enterprise has been burdened with "hope and evil" since the day it was born. It not only represents a new mode of production, but also the beginning of socialized production. It means the endless improvement

of production efficiency and management efficiency, innovation and creative activities. At the same time, the utilitarian orientation of the enterprise enables the operators to unscrupulously extract the residual value, make huge profits, and use all means to achieve the goal under the cover of the rationality of the method, and make it a professional norm. Although there are essential differences between socialist enterprises and capitalist enterprises, in the primary stage of socialism, more importantly, as a product of historical development, people must have a comprehensive understanding of it, especially for managers. In addition to having a wise mind, it is also necessary to have correct values.

### 1.1.3 The development concept of the enterprise

When crises in the economy occur more and more frequently, it is particularly important to articulate the concept of enterprise development. Unfortunately, until now, not many companies were thinking about developing a development concept, as well as creating an implementation mechanism. This article discusses the concept of corporate development philosophy, as well as techniques for corporate development.

Many company owners may not consider the lack of a clear development philosophy to be a serious problem. After all, they have a certain idea of how the company should develop.

In addition, some owners believe that only large corporations need to consider developing a concept of organizational development. In fact, if we're talking about a very small business that doesn't have any growth plans, this view makes some sense.

That is, if a startup was originally launched in a small (or even micro) business space and its founders have no plans to grow that business. After all, one of the owners might be content that his business is very small and he doesn't want to grow it. In this case, perhaps there is really no need to develop a concept of development.

But even if it is a small business, its founders have plans to create a larger company, then in this case it is best to develop a development concept right away at the stage of creating a business.

If the company has passed the stage of a small business and intends to grow further, the existence of a development concept can be said to be a prerequisite for future success.

#### 1.1.4 The formulation and implementation of enterprise development concepts and programs

Generally speaking, any company can independently develop a concept and a development scheme and implement it using the development management mechanism (it can also be developed and implemented by the company itself). If you do all of this with a consultant, you save time and increase the likelihood of success for all of this work, because the consultant has the right skills and experience. External consultants can be included in the AWG to develop concepts and development plans.

But in order for consultants to work as efficiently as possible, they need to study the activities of the company and those developments related to the development ideas the company may have had before the project started.

Therefore, the first stage that needs to be implemented is the problem statement. During this period, the consultant will conduct a full investigation of the organization. Furthermore, within the framework of this phase, the concept and the composition and format of the corporate development plan will be agreed with the company. In addition, it is necessary to set up an ad hoc working group to further develop the concept and development plan.

In the next phase, it is necessary to develop a concept for the development of the company in the format approved in the previous phase of the project. The composition and format of the development plan also needs to be clarified and agreed and briefly described.

In the third stage of the project, a detailed development plan should be developed, including a detailed description of all development projects and their quantitative models, according to which it is necessary to formulate the company's strategic development budget.

Another important outcome of the third phase was the development of a development management system. After all, it is not only necessary to formulate high-quality development programmes, but also to achieve their effective implementation. To this end, it is necessary to establish a mechanism to manage the development of enterprises.

Strategic management is a rapidly evolving field of science and management practice that has emerged in response to an increasingly dynamic external business environment. Strategic planning and management theory was developed by American business researchers and consulting firms, and then this tool entered the arsenal of in-company planning methods in all developed countries.

Production-oriented concept. One of the oldest business theories, the essence of which is that consumers prefer products that are more affordable.

The main task of the managers of production enterprises is to achieve high production efficiency products and their optimal distribution. The production-oriented concept involves increasing labor productivity and reducing production costs associated with product launches. This is because consumers are primarily interested in products that are readily available at low prices. Achieving high volumes can lower product prices, increase market share, and dominate. This philosophy is followed not only by many manufacturing companies, but also by service industry companies.

Develop global goals and standards for assessing the effectiveness of logistics system operations. In order to formulate the overall goal of the enterprise logistics system and select the criteria for evaluating the effectiveness of the logistics system, it is necessary to understand the characteristics of the logistics business, the system theory and the functional technology of the research object. Usually this type of object is responsible for coordinating that part of the process that is in direct contact with the client. Each specific client should have as little contact with the company as possible. However, this does not contradict the business theory that advises the employee of the company to be closer to the customer, but simply means that his contact with the company should be as simple and infrequent as possible for the benefit of the customer.

Game theory was originally developed by the military so that strategies could take into account possible actions by the enemy. In business, game models are used to predict competitor responses to price changes, new promotions, value-added services, product upgrades, and new product introductions. For example, if management determines through game theory that competitors will not do the same when raising prices, they should probably forgo this step so as not to be at a competitive disadvantage. Researching why certain methods work and reasoning about how best to perform your functions are fun but purely intellectual exercises. However, management theory has never been known for inciting action. When leaders leave the ivory tower and enter the real world, the leader's job is to get others to do things the way the business wants them to. What really matters, these critics say, is the effective use of leadership, influence and power. Courses are linked to disciplines such as accounting, auditing, financial statement analysis, taxation, statistical theory and mathematical statistics, financial mathematics, micro and macroeconomics, business fundamentals, and more.

Marketing courses are based on the categories and conclusions of economic theory ("Theory of Economics"), based on theoretical premises and

provisions considered in courses "Economic Theory", "Microeconomics", "Market Statistics", in conjunction with courses in Business Theory, Business and Management closely related. The study of marketing is supported by the student's knowledge of computer technology. The placement of marketing courses in the scientific system with topics such as economic theory, business, management, business theory, markets and market processes in accounting, statistics, etc.

The study of markets and market processes is a necessary condition for marketing operations. The transparency of the market and the predictability of market development are indispensable conditions for marketing theory and practice. From an entrepreneur's perspective, marketing research is a pilot that allows you to confidently steer the boat of your business to its desired goals. Literally, no marketing campaign needs information and analytics support. It should be remembered that any business that operates in a marketplace operates in a marketing environment. , is the sum of the forces and factors that affect its activity. Controlling the microenvironment and adapting to the requires ongoing research into the nature and magnitude of this effect.

Marketing and . Generally speaking, entrepreneurship is a comprehensive and objective report of the market process, a reliable prediction of the likely development of the market. The concept of marketing research, its role in business and meeting the informational and analytical needs of marketing. The place of marketing research in the development of marketing strategies, marketing plans and controls. Topics and objects of marketing research. Objectives of marketing research. Principles of Marketing Research. Two areas of marketing research are formal and qualitative evaluation. The strengths and weaknesses of each of them. the possibility of their merger. Fundamentals of Marketing Research Methodology. The special role of statistics and econometrics in marketing research.

The theoretical and practical courses are designed to familiarize students with the main areas - real estate appraisal, mechanical equipment, business appraisal, revaluation of fixed assets, and to develop an understanding of the main appraisal activities.

Marketing research, as a separate phase of the marketing cycle, has become an independent scientific and practical discipline with its own disciplines and methods. However, it is important to emphasize that marketing research is subordinate to the overarching goals of marketing and business as a whole. The methodology of marketing research is comprehensive, combining methods such as statistics, econometrics, and quality econometrics into a whole.

It also relies on the conclusions of informatics theory, using its techniques.

However, under modern conditions, it is not only necessary to produce, but also to sell. Therefore, when building a market-oriented joint-stock company, the first thing to do is to carry out organizational changes. New organizational structures created based on OBE theory will exist in business management, focusing on production-market scenarios.

#### 1.1.5 Business management methods and their impact on accounting paradigms

The development of any economic science and the practice of informing the task of managing the process of creating and adding value is the result of the doctrinal thinking based on scientific methodologists, one of which is the definition of paradigms of scientific knowledge. Defined as "a general method for making evolutionary decisions, an epistemological model of evolutionary activity. Paradigms can be absolute, scientific, national, individual (personal, subjective) and generally accepted. " Commonly accepted paradigms include exemplary decision-making methods, models of the world or parts of it (industries, areas of knowledge, areas of life and activity) recognized by the majority of the population.

To construct the paradigm or core idea of the scientific view of modern enterprise management, the management theory of economic system, business process and business relationship and the assumptions, concepts and concepts of its operation should be considered at the same time. The concept of "paradigm" allows us to pick out the general but also fundamental (fundamental principles) that determine the basis for the functioning of real economic entities, and to develop conceptual solutions for identifying and solving problems with respect to the needs of time and the economic interests of users.

In our opinion, the development of management and accounting paradigms should be synchronized and adapted to each other, enrich their contents, and finally form a phenomenon of a fusion system that provides information support for corporate value management. The emergence of this phenomenon is based on the scientific research methodology, which is a set of modern unified theories in the field of management and accounting, which is embodied through a specific set of time and space (in practice). Adaptive technologies (or organizational and functional mechanisms). On this basis, we will first consider the modern requirements for the content of the management paradigm, since it is difficult to understand the characteristics of the particular (accounting paradigm) without knowing the general situation.

With the rapid development of capitalism and the market, the paradigm

of managing human factors has emerged, which takes the activities of "economic man" as the basis for constructing a scientific view of management. This has dramatically changed the direction of the management paradigm. The term "economic man" has only recently appeared in scientific research, however, there has been considerable research devoted to the new roles of managers and entrepreneurs in the development of national and global economic systems. Not only the functional expansion of specific management entities and management decision makers (company's accountants and internal controllers), but also their coordinated actions require the corresponding development of applied concepts for managing the company's business value.

In the modern management paradigm, factors such as preferences, motivations, interests, values, fears, goals, etc. of human behavior play a decisive role, and the effectiveness of a modern economic system at the macroeconomic and firm level depends largely on density. The invention process of new products and technologies. Thus, under these conditions, the management of business structures begins to behave in new ways, focusing on new knowledge and the information generated by them. Cost management in a modern enterprise is first and foremost a fruitful interaction of engineers, accountants, personnel specialists, sales and marketing, and information technology specialists.

Currently, new value is generated less from "material" resources than from knowledge manifested in new products, new technologies, new skills, and new relationships with consumers. In the 21st century, knowledge has become the dominant resource and basic means of achieving social and economic results in business management. Scientific knowledge of the laws of the circulation of value in various currency shells and types, its implementation in the concept of accounting applications can rightfully be considered as a guarantee to enhance the competitiveness of companies, regional economies and countries as an all. This fundamental feature of the modern world has led us to re-evaluate many traditional economic theoretical ideas, classical management methods and accounting methods,

The evolution of management paradigms has occurred under the influence of corporate management practices known for their high performance and sustainable competitiveness. Modern management paradigms are based on multiple elements of managing influence: traditional (adequacy of power, unquestioned authority, personal dependence, motivation) and relatively new (creative involvement of people in business value management, team management styles, teams Commitment to value) Thinking, innovation in



making management decisions based on the latest knowledge).

Currently, the business of any economic entity is constantly and significantly affected by the changing factors of the external environment, differentiated by type and intensity. However, all these influencing factors, one by one, directly or indirectly affect the cost parameters of the company's business development. Therefore, it must be identified, evaluated and considered in the entire forming chain of the main information block of the management system: the formulation of the company's accounting policy mission financial strategy.

As turbulence in socio-economic processes creates uncertainty and financial risk, management models must constantly change. In other words, the management paradigm is no longer an unshakable theory and its corresponding rigid scheme for identifying problems and their solutions. The concept of the modern management paradigm is a set of flexible rules and adaptive models that allow the current business value management system to be adapted to the influence of external economic environmental factors without losing significant material benefits.

A feature of the modern management paradigm is the recognition of the priority of strategically oriented planning approaches in business value management, some of which have been brought into normative procedures. As our findings show, many companies have successfully transitioned to project-oriented corporate management systems, which include setting clear and concise goals that describe the necessary end states of managed objects, goal hierarchies, Participate in the process of setting goals for everyone who will strive to achieve them. Procedures for evaluating efficiency and effectiveness. The successful operation of such a business value management system, other things being equal, is ensured by the use of modifications of the information carrier, the most important of which, if not, the main places are accounting, financial analysis and internal finance Control System.

Under the new enterprise management conditions, the content of the accounting system is not limited to the formulation and use of accounting standards, the preparation methods of accounting systems, and the preparation rules of financial statements. A strategic vision of the content and function of an accounting system requires a rethinking of the main accounting paradigms: single graph, camera, and double graph. We distinguish five accounting paradigms. The first paradigm (simple physical accounting) constitutes the first elements of accounting: the inventory account and the register of accounting objects by natural measurement. Accounting for receivables and payables

presents certain difficulties at this stage because coins have not yet been invented. However, even in appearance, currency remains a separate accounting object for a long time, just like any other type of property. There is still an unresolved dispute as to which registration method is the first. Because of the above, most authors tend to think of this as a checklist. Accounting techniques within the framework of simple natural accounting are now used in statistics, including simple counting of objects and phenomena. The second paradigm (desk accounting) was formed with the advent of money, when income and expense records from inventory accounts were transferred to cash accounting. The books of receipts and payments of ancient Roman banks became a general register, used not only for banking, but also for trade and households. The development of budget accounting is facilitated by the accounting of revenue and expenditure transactions in currency at the scale of the national economy, the specific elements of which are: reporting period and estimates. The second paradigm is the origin of income and expense reporting, which represents the modern form of the income statement. The third paradigm (simple monetary accounting) is a parallel (with office accounting) development of a simple natural paradigm under the conditions of forming monetary settlement relationships and single cost accounting measurement. Unlike budget accounting, which focuses on cash accounting, simple monetary accounting was developed for the purpose of business activities, and its accounting subject is the result of property and its use. In simple currency accounting, the simple entry principle works, however, all accounts are ultimately held in currency. In this paradigm, accounting concepts have emerged: debit and credit. The correspondence between the balance and expenditure inventory account and the individualized settlement account is also distributed here, modified in the Middle Ages to a system of coherent accounts and double-entry bookkeeping. The third paradigm is the origin of the emergence of the balance sheet, made possible after the introduction of inventory and settlement accounts, own funds accounts into the system. This means the birth of fourth normal form (double bookkeeping). Both the technique and accounting principles of double static bookkeeping are attributed to the Roman legal tradition. The idea behind double static bookkeeping is that the businessman's assets should be sufficient to repay his debts and repay his loans. In this paradigm, the concept of a balance sheet is formed, which reports the state of a business at a certain point in time. According to Roman legal tradition, merchants were only able to determine the outcome of their activities after the business was completely closed. In the context of the ongoing operation of the business, it was decided

to describe the results of its activities with the help of "fictitious periodic liquidations". Both the technique and accounting principles of double static bookkeeping are attributed to the Roman legal tradition. The idea behind double static bookkeeping is that the businessman's assets should be sufficient to repay his debts and repay his loans. In this paradigm, the concept of a balance sheet is formed, which reports the state of a business at a certain point in time. According to Roman legal tradition, merchants were only able to determine the outcome of their activities after the business was completely closed. In the context of the ongoing operation of the business, it was decided to describe the results of its activities with the help of "fictitious periodic liquidations". Both the technique and accounting principles of double static bookkeeping are attributed to the Roman legal tradition. The idea behind double static bookkeeping is that the businessman's assets should be sufficient to repay his debts and repay his loans. In this paradigm, the concept of a balance sheet is formed, which reports the state of a business at a certain point in time. According to Roman legal tradition, merchants were only able to determine the outcome of their activities after the business was completely closed. In the context of the ongoing operation of the business, it was decided to describe the results of its activities with the help of "fictitious periodic liquidations". The businessman's assets must be sufficient to repay his debts and repay the loans taken. In this paradigm, the concept of a balance sheet is formed, which reports the state of a business at a certain point in time. According to Roman legal tradition, merchants were only able to determine the outcome of their activities after the business was completely closed. In the context of the ongoing operation of the business, it was decided to describe the results of its activities with the help of "fictitious periodic liquidations". The businessman's assets must be sufficient to repay his debts and repay the loans taken. In this paradigm, the concept of a balance sheet is formed, which reports the state of a business at a certain point in time. According to Roman legal tradition, merchants were only able to determine the outcome of their activities after the business was completely closed. In the context of the ongoing operation of the business, it was decided to describe the results of its activities with the help of "fictitious periodic liquidations". According to Roman legal tradition, merchants were only able to determine the outcome of their activities after the business was completely closed. In the context of the ongoing operation of the business, it was decided to describe the results of its activities with the help of "fictitious periodic liquidations". According to Roman legal tradition, merchants were only able to determine the outcome of their activities

after the business was completely closed. In the context of the ongoing operation of the business, it was decided to describe the results of its activities with the help of "fictitious periodic liquidations".

In the fiercely competitive market, the deviation trend of enterprise asset management is more obvious, and market players need to accurately assess the relationship between enterprises and the balance of financial and other property interests to predict the future to stand out. This change predetermines the need to change, or in extreme cases, rethink the existing accounting paradigm for the facts of economic life to better inform business value management purposes. Today, there are different conceptual views on the definition of the fundamental interests of shareholders, managers, and the substantive assessment of profit capitalization models based on revised accounting information, which is in fact the essence of the new accounting paradigm.

As the economy developed and external disturbances intensified, scientists around the world turned to find a new theory to explain these events. The result was a positive accounting theory (1978), the concept of which was published in *Accounting Review*. R. Watts and J. Zimmermann stated that the purpose of creating a positive theory requires justifying the pressure on the accounting standardization process to explain the impact of various accounting standards on the financial interests of individual entities. In order to develop accounting theory in the context of harmonizing various models and tools to reflect the facts of economic life, a fusion of normative and positive accounting theory is necessary, as Professor O. I. Kolvakh rightly believes, also proposed by E. . Hendrickson, considering that "no theory (positive or normative) is accepted as the only possible theory. Both scientists support evidence-based eclecticism, using any known concept, depending on Which is more appropriate in a given situation. " The main goal of this is to provide a set of logical principles for the evaluation and development of accounting practices and procedures.

research relevance. Improving the quality of life, national wealth measured by human capital, and social responsibility are priority areas for social development, and the interaction between business, government and society constitutes the basis for the sustainable development of the social and economic system. Companies with substantial resources (mainly human capital) are increasingly interested in using these resources effectively to create consumer value, developing them through mutually beneficial relationships with various economic entities, thereby demonstrating corporate social responsibility (corporate social responsibility).

## 1.2 Enterprise policy idea

In the tide of market economy, any enterprise may have a crisis anytime and anywhere. The so-called "sudden" occurrence is because the enterprise lacks a plan to fight the crisis. The production and management activities of enterprises will inevitably encounter some problems. If crises are mishandled, they can undo years of hard work to build a good image. It is a problem that modern enterprises should pay attention to to set up crisis consciousness and nip in the bud. This article will be several links in the development of enterprises, taking the Yangtze River Group Co.LTD, focusing on the possible crisis and its prevention countermeasures.

Enterprise regardless of size, business size or industry categories, face various crises of every day, the event of a crisis, if unable to properly handle, not only will bring financial loss for the enterprise, further influence the public and the rights and interests of consumers and the life and property safety, and will damage the image of the enterprise, and even shake the foundation of the enterprise management.

### 1.2.1 The concept of enterprise crisis

A crisis is a special situation and an emergent event, triggered by a state of imbalance and chaos. Enterprise crisis is also called the sudden events in the business activities of enterprises. It refers to the serious accidents that seriously threaten the safety of public life and property and produce serious social impact. These accidents and impacts are directly related to the survival and development of enterprises.

Enterprise crisis is actually an unconventional state caused by the intensification of contradictions in several aspects in the process of enterprise development, which is not completely equivalent to difficulties and catastrophic events. Enterprise crisis is the existing or potential factors that threaten the survival and development of an enterprise. It is an unconventional state that needs to be overcome by effective reform.

Enterprise crisis refers to a series of harmful behaviors caused by sudden changes in the macro environment (such as the exposure of national standards and industrial problems) and the failure of enterprises to carry out production and operation in accordance with norms in the process of operation in order to meet the requirements of customers. Of course, there are major safety accidents,

key talent job-hopping, capital chain fracture and other emergencies.

### 1.2.2 Types of enterprise crisis

Different types of crisis, there are great differences in handling methods. Before dealing with the crisis, the enterprise first determines the type of crisis so as to take targeted countermeasures to deal with the crisis. Therefore, it can be divided into internal crisis and external crisis.

#### 1. Credibility crisis

It is the overall impression and evaluation of the public on the products and services of an enterprise in the long-term production and operation process. Enterprises do not fulfill the contract and its commitment to consumers, and a series of disputes, and even to partners and consumers caused significant losses or harm, corporate credibility decline, lose the public trust and support caused by the crisis.

#### 2. Decision crisis

It is a crisis caused by the failure of business decision-making. The enterprise can not correctly formulate the management strategy according to the changing trend of environmental conditions, which makes the enterprise unable to operate when encountering difficulties, and even to the end of the road.

#### 3. Economic management crisis

(1) Product quality crisis + Enterprises ignore product quality problems in production and operation, so that unqualified products flow into the market, damaging the interests of consumers, some product quality problems even caused personal injury accidents, thus causing consumer panic, consumers will inevitably demand to investigate the responsibility of the enterprise and the crisis.

(2) Environmental pollution crisis enterprises "three waste" treatment is not thorough, harmful substances leakage, explosion and other malignant accidents caused by environmental harm, so that residents everywhere dissatisfaction and environmental protection department's intervention caused by the crisis.

(3) Relationship dispute crisis + the crisis caused by relationship disputes is caused by wrong business ideas, improper business modes, neglecting business ethics, and poor service attitude of employees. Such as the transport industry of malignant traffic accidents, food poisoning in the catering industry, commercial sales of fake commodities, the banking industry of improper business scandals, hotel industry of customer financial loss, postal transmission is not smooth, tourism cheating.

#### 4. Financial crisis

The enterprise investment decision mistake, capital turnover, stock market fluctuation, loan interest rate and exchange rate adjustment and other factors make the enterprise temporary capital flow, it is difficult to make the normal operation of the enterprise, serious eventually cause the paralysis of the enterprise.

#### 5. Legal crisis

Refers to the weak legal awareness of the senior leaders of the enterprise, which is suspected of tax evasion in the production and operation of the enterprise, and the use of power for personal gain. After the incident is exposed, the enterprise is in crisis.

#### 6. Talent crisis

The crisis caused by the frequent brain drain. In particular, the core employees leave the company, and there is no suitable candidate for their posts, which brings a more serious crisis phenomenon to the enterprise.

#### 7. Business crisis

For enterprises, management is the unification of introverted activities and extroverted activities of the enterprise, with the purpose of profit, and by means of intelligence, experience and property. The business environment of an enterprise includes two levels: the microeconomic environment and the macroeconomic environment. The microeconomic environment includes factors such as product pricing, product benefits, production costs, and enterprise employees. These micro-factors affect the business activities of individual companies in the market. The macro environment includes not only social conditions and the contradictory movement of total social supply and demand, but also the formulation and implementation of government macro-fiscal, monetary, industrial, and regional policies. At the same time, domestic and international political, economic structural, legal, and cultural factors are also important factors in the macro environment. constituent parts. In modern society, unprecedented changes have taken place in the political, economic, cultural and social environment, and business operations are always faced with crises. Enterprise management must adapt to the dual changes of the micro environment and the macro environment, in order to resolve the crisis in the fierce market competition and remain invincible.

#### 8. Institutional Crisis

Enterprise system refers to the system and combination of property rights composition, organization and management methods of an enterprise, which is one of the main contents of enterprise culture. Enterprise system is a powerful

measure and means to achieve enterprise goals. A reasonable enterprise system can ensure the normal operation of enterprise activities, coordinate the relationship between leaders, management and employees, as well as between the enterprise and other enterprises, and mobilize the enthusiasm and creativity of all parties, so as to achieve enterprise goals. On the contrary, if the enterprise system is unreasonable, it will disrupt the normal operation of the enterprise, and even seriously weaken the market competitiveness of the enterprise, resulting in the failure of the enterprise operation.

The traditional enterprise system is facing more and more challenges, and the crisis faced by enterprises is deepening. The main crisis manifestations are:

(1) The property rights structure and governance structure of the traditional enterprise system are difficult to adapt to the needs of the knowledge economy era.

(2) The social division of labor is more refined, the links between various departments and industries in the economic system are more closely, and the externalization of transaction behavior is more obvious, which makes the traditional cost-benefit relationship of enterprises encounter challenges. The serious asymmetry and fragmentation of the relationship between costs and benefits makes the relatively stable, unified and institutionalized enterprise system unable to fully adapt to the changing needs.

(3) The flow of factors is accelerated, the effective time of resource allocation is shortened, and capital agglomeration, flow and transfer are more frequent, and the traditional enterprise system can no longer meet the needs of this change. The emergence of some flexible enterprise organizations, virtual enterprises, interest alliances, and smart enterprise organization forms inevitably brings challenges to traditional institutionalized enterprise organizations.

(4) The capitalization of knowledge, and the diversification of capital sources and belongings make corporate activities transcend national and national boundaries and further globalize and internationalize. The legal jurisdiction and regulation of many corporate behaviors no longer fall within the sovereign scope of a country, which also brings challenges to the corporate system.

(5) The capital rights and interests are further separated in space and time, and the transaction costs within the enterprise increase. The principal-agent problem is prominent, and the agency cost is on the rise. The traditional enterprise system has been difficult to solve the problem of rising agency costs, therefore, enterprise system innovation must be carried out.



## 10. Manage crises

Enterprise management activities in the modern economy are no longer purely microscopic enterprise behaviors, but also involve social ethics and ecological environmental protection issues. In the social and economic system in which humanitarianism, democracy and liberalism are increasingly prevalent, enterprise management is facing unprecedented pressure and crisis.

(1) The "ethical crisis" of enterprise management. Corporate ethics refers to the sum of ethical standards, social justice and behavioral norms that should be followed in the process of corporate economic activities, including fairness and efficiency, social expectations, equal competition, advertising, public relations, social responsibility, consumer sovereignty, and corporate behavior. Ways and many other value norms.

(2) The green environmental crisis of enterprise management. The ecological crisis facing human beings includes population crisis, resource crisis, environmental crisis, capital and technology crisis. Enterprise managers must face the challenges brought about by the above crisis, such as increasing population pressure, insufficient resources, environmental damage, insufficient funds, backward technology, and shortage of materials. The more serious the ecological crisis, the greater the management crisis.

### 1.2.2.2 External Crisis

#### 1. Disaster crisis

It refers to the unpredictable and irresistible force of manpower, such as earthquakes, typhoons, floods and other natural disasters, wars, major industrial accidents, economic crises, traffic accidents and other crises that cause huge losses. The crisis has brought huge property losses to enterprises, making it difficult to carry out business operations.

#### 2. Media crisis

Authenticity is the basic principle of news reporting, but due to the complexity and variability of objective things and environments, as well as the different perspectives of reporters in observing issues, errors in media reporting are common. One is the incomplete or inaccurate coverage of the company by the media. The media does not know the truth, and reports cannot objectively reflect the facts, which leads to a corporate crisis. The second is to distort the facts. Due to the introduction of new technologies, the media still analyzes and views events according to their original concepts and attitudes, which cause corporate crises. The third is reporting errors. Artificially framed, so that the media deceived, causing the crisis of the enterprise.

### 3. Competitive crisis

The competition crisis is mainly manifested in the competition of knowledge and technology, the competition of talents, the competition of information occupation and processing ability, the competition of enterprise forecasting and decision-making ability, and the competition of ability to cope with crisis. In short, the crisis facing a company can be simply manifested.

## 1.3 Internal control system in enterprise management

Under the conditions of innovation and development, enterprises must control and ensure the current and strategic interaction of management tasks and functions. A proprietary method of enterprise management control system formation was developed.

The concept of analysis and interaction matrix between various functions of enterprise management is introduced. The operational control and management matrix, strategic control and management matrix, and comprehensive control and management matrix are considered in this paper.

This paper considers the concept of enterprise management control. The objectives of the management control system in the modern economy are expounded. The critical role of control in the implementation of current and strategic objectives of business management is demonstrated.

Suggestions are made to improve enterprise control functions by using new information technology. Based on the matrix analysis method and the method of the interaction between the objectives and functions of the enterprise management system, the formation algorithm of the integrated flexible internal control system is proposed.

### 1.3.1 Operational Control and Management Matrix

The perfection of the modern enterprise internal control system should be linked with the attribution of the flexibility (adaptability) attribute of the internal control system. This study identifies those responsible for the functional areas of activity by analyzing the organization's management and control structure of the enterprise and ensures their close relationship in the external and internal change control processes. In other words, a flexible internal control system should be "embedded" into an enterprise's existing management system, so that the time between violations (differences) discovered in the control process and the management system's response to them is as short as possible (Table 1).

<b>Directions of analysis</b> <b>Objects of analysis</b>	<b>Cost and profit centers</b>	<b>Map of internal control processes</b>	<b>Business process efficiency indicators</b>
Stages of ongoing production projects	Example: composition, structure and dynamics of project budgets	Example: persons in charge for control and control procedures for projects	Example: labor productivity and cost-effectiveness of projects
Stages of innovation projects	Example: monitoring of resources and motivations at the current stage of projects	Example: persons in charge for development and implementation of project stages	Example: effectiveness of activities and costs by stages in projects

Table 1. Operational control and management matrix

Source: European Research Studies Journal Volume XXI, Issue 2, 2018

In modern conditions, in addition to the control of the current economic activity indicators, the control of the innovation and development of enterprises is also very important. Innovation is an activity with a high degree of uncertainty. When we consider the various stages of the innovation process and try to control the achievement of target indicators, first of all, the goal is to control the uncertainty of the innovation project, that is, the level of risk. In this regard, a new autonomous goal is to form an internal control system for the risks of the company's innovation activities. To this end, the various stages of an innovation project must be combined with international internal control standards and risk management rules. Risk management should include the following elements of internal control standards: internal environment, objective setting, event identification, risk assessment, risk response, controls, information and communication, and monitoring.

### 1.3.2 Strategic Control and Management Matrix

From the perspective of strategic management, effectiveness, efficiency, economy and motivation are the indicators of the efficiency of the internal control system. These indicators have been developed primarily to monitor strategic indicators categorized by areas such as finance, markets and customers, business processes, development and human resources. This will allow strategic (innovation) development to ensure the success of the business through

systematic control and the adoption of tactical management decisions (Table 2).

<b>Directions of analysis</b> <b>Objects of analysis</b>	<b>Finance</b>	<b>Market and customers</b>	<b>Business processes</b>	<b>Development and Human Resources</b>
Stages of ongoing production projects	Example: composition, structure and dynamics of working capital and receivables of projects	Example: rates of sales growth and market share in projects	Example: benchmarks and indicators for functional areas in projects	Example: composition, structure and dynamics of the wage fund of projects
Stages of innovation projects	Example: composition, structure and dynamics of own and borrowed capital in projects	Example: quantity and quality of contracts with potential consumers of projects' products	Example: implementation of control measures for project stages according to the development strategy	Example: indicators of movement, rotation and training of personnel in projects

Table 2. Strategic control and management matrix

Source: Internal Control System in Enterprise Management.

When constructing the optimal management model of the flexible internal control system, the complexity of the flexible internal control system should correspond to the enterprise's characteristics such as the organizational structure, the number of employees, the number of branches and the level of their branch areas, and the degree of accounting concentration. The management mode of flexible internal control system is to use the advanced capabilities of information technology to organize the work of distributed groups and units in the enterprise. One of the communication tools for organizational structure and control processes is top management's accountability plan for the functional areas of the enterprise. When changing the organizational structure, the schema and description of the process should also change. Because organizational structures can change frequently, the process description should facilitate making necessary changes.

### 1.3.3 Integrated Control and Management Matrix

In order to implement the third type of matrix (Table 3), so that the business objectives and strategic objectives of economic activities can be combined, it is necessary to develop a comprehensive and flexible management model of internal control.

<b>Directions of analysis</b> <b>Objects of analysis</b>	<b>Operational objectives of economic activity</b>	<b>Strategic objectives of economic activity</b>
Stages of ongoing production projects	Example: ensure the placement of personnel and the implementation of the production plan	Example: ensure profitability of sales above the market average
Stages of innovation projects	Example: conduct a new product certification	Example: ensure a monopoly position in the market

Table 3. Integrated control and management matrix

Source: European Research Studies Journal Volume XXI, Issue 2, 2018

Integrated flexible internal control (fic for short) can be defined as a permanent element of activities in various fields of the enterprise, including the use of various information technology and management techniques to carry out various forms of cost optimization for key elements of the business model, cost optimization. It is a prerequisite for further innovation and development of enterprises. The basic IFIC program algorithm is shown in Figure 1.

Integrated flexible internal control (fic) refers to the overall complex of activities organized and carried out within a company (organization), the purpose of which is to achieve optimum efficiency through the execution of professional duties of personnel. The management model of an integrated, flexible internal control system acts as a single point of contact for user requests to choose responses to market or internal changes. Businesses must react immediately to day-to-day changes in the market or within in a controlled manner in order to carry out their work. In addition, there is a need to identify, analyze, and eliminate problems in the flexible internal control system information model infrastructure.

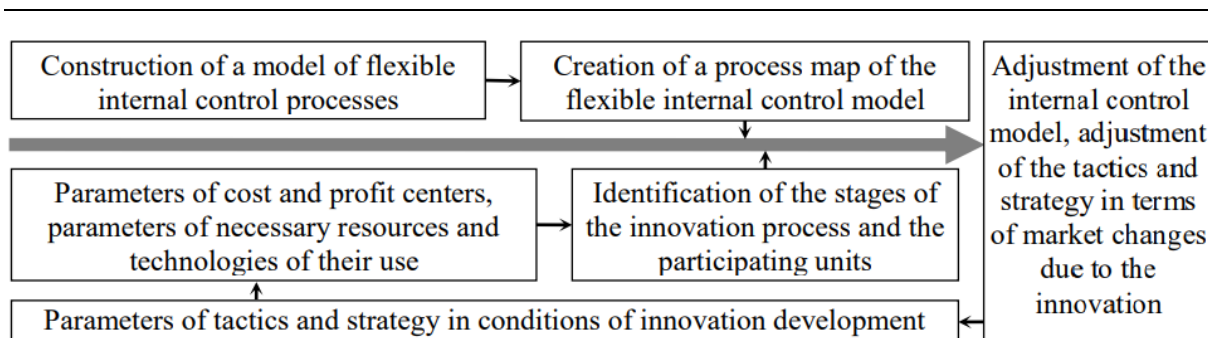


Figure 1. Algorithm of procedures for integrated flexible internal control

Source: The author is Elvir Munirovich Akhmetshin, Vladimir Lvovich Vasilev

The proposed integrated and flexible internal control system management model can automate the ongoing market (internal) changes and process management objectives of the enterprise, so that it can respond quickly and effectively manage in the event of a violation of the key control functions of the enterprise. . Figure 2 shows the operation of the integrated, flexible internal control system. The management process focuses on identifying the root cause of the problem and using the change management process to eliminate the root cause.

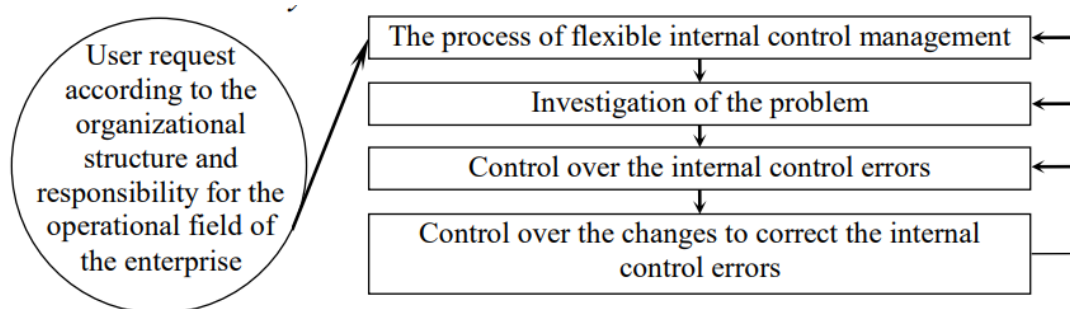


Figure 2. Relationship between the market (internal) changes and the integrated flexible internal control system

Source: European Research Studies Journal Volume XXI, Issue 2, 2018

The relationship between market (internal) changes and integrated flexible internal control system

The integrated flexible internal control (integrated flexible internal control, fic for short) system management process is designed to solve the problem as soon as possible according to the requirements of the user (individual, responsible for management and control).

#### 1.4.1 How to deal with cyber crisis events

Due to the rapid development of the Internet, Internet crisis events have almost become a normal and popular event, because the outbreak of corporate news crises often bring significant economic losses and image damage to companies, and even lead to corporate bankruptcy. In some ways, the corporate cyber crisis is unexpected and inevitable. Therefore, when the corporate news crisis comes, how to quickly overcome the difficulties, get the business operations back on track, and reduce economic losses, has become a real problem faced by the company. We believe that corporate crisis management can be considered from the following four points:

First, in corporate crisis management, speed is the key

Within 24 hours of the appearance of negative news in corporate network news, the negative news will spread rapidly in a viral way, and the society will be full of various rumors and speculations. This requires companies to seize the initiative in time, respond quickly to show their attitude, and avoid the widespread dissemination of bad information.

Second, corporate crisis management, become the media, lose the media

The era of social media has entered a period of development and prosperity. The media and the Internet have become the most important sources of crisis. Driven by new media and online media, every corporate crisis may spread overnight, causing heavy losses to the company. . Therefore, enterprises should make good use of this resource, so that enterprises can turn defeat into victory in crisis events.

Third, corporate crisis management, taking the initiative to take responsibility, and a sincere attitude can win trust

Corporate crisis management is the harm caused by the company to the public, the healing of the public's trauma, and the most important thing is to build trust. 99% of the public's trust in a company comes from the company's first reaction after the online news crisis. The public will use this reaction as a basis to judge the company's attitude towards things, and then determine whether it is trustworthy. In the process of building trust, first take responsibility, let go of your posture, and win the goodwill of the public, and then communicate sincerely with the media and consumers, and don't be evasive and deceive the public.

Fourth, corporate crisis management needs to take precautions before it happens

No matter how big a company is, it is impossible to predict and avoid a crisis. When a crisis occurs, how to make a reasonable response at the first time requires that the establishment of a corporate crisis management department is essential. A department specialized in dealing with crisis public relations, a set of mature network news crisis public relations handling mechanism, not only can help enterprises to quickly think of ways to deal with the crisis, but also can reduce some flaws in the process of dealing with online crisis, and avoid making a big taboo .

For enterprises, it is not terrible to deal with corporate crisis events. What is terrible is that enterprises do not reflect, wake up, and rectify after experiencing a crisis. The frequent occurrence of crisis events in major enterprises also reminds enterprises that they must strengthen their crisis awareness, establish a crisis early warning and response system, and improve their crisis handling capabilities.

#### 1.4.2 How to find the crisis in the enterprise?

When managing a company with the experienced manager above, whenever the internal conflicts in the company intensify, it is difficult to get the upper management to calm down. To a certain extent, the impact will be negative. small. So how should we find the crises and key points in the enterprise, and plan and guard against them in advance?

1. Pay more attention to how to promote change in the management process. In the process of management, many managers like to use the status quo as a reference, but they have never considered how to face the problem from the source and promote management progress through change. A point that is often overlooked when referring to the experience of others. To help the company successfully transform, we must identify and solve the problem at the source, instead of always trying to compare with others who managed better, which will only make the company fall into a quagmire by comparison.

2. Pay attention to the problems existing in the development of the company. There are too many crises in the management process. In the process of company development, when a key person (such as director, founder, etc. ) is in a life crisis or the company In a crisis, what should managers do to guard against? When they have a big crisis in the management process, as a manager, the most important thing to pay attention to is how to impress the senior managers to help solve the problems encountered in the company's development process, instead of choosing an endless solution to the crisis and falling into an endless vicious circle. , we must know that the effect of solving



the crisis is often not as good as improving the ability of the company system to withstand the crisis.

3. Pay attention to the problems that may exist in the company's personnel structure. In the management process, whether it is from power, finance, human resources, operations, main business, etc. , there may be problems, but most managers are easy to use their past when encountering a crisis. However, when faced with a crisis, they often do not know how to deal with it, and in the end they can only follow the crisis. In the process of management, we should pay attention to the subordinate's work ability, the department's ability, the boss's ability, the unity and cooperation in the team, etc. These should be taken seriously by us. Strengthening or strengthening the capabilities of the team is likely to bring the crisis to the fore when the new personnel structure is replaced.

## Chapter 2: Development Strategy Analysis of Cheung Kong Group

### **2.1 Cheung Kong Group Development Strategy Analysis**

#### **2.1. Cheung Kong Group Economic Plan**

Cheung Kong Holdings Limited (CHEUNG Kong) is the flagship property development and strategic investment company of cheung Kong Group, a multinational company based in Hong Kong, China. The group's members in Hong Kong include three listed companies listed on the Hang Seng Index: Cheung Kong, Hutchison Whampoa Limited and Power Assets Limited; Cheung Kong Infrastructure Group Limited, Cheung Kong Life Technology Group Limited, Hutchison Telecommunications Hong Kong Holdings Limited, Hutchison Mainland Limited and TOM Group Limited are listed on the Main board of the Stock Exchange of Hong Kong. As of April 30, 2014, the total market value of cheung Kong group's listed companies in Hong Kong is HK \$10,54 billion. Cheung Kong Group has operations in 52 countries and employs about 280,000 people. On March 10, 2015, the reorganization plan of Li Ka-shing's Cheung Ho Group (Cheung Kong and Hutchison Whampoa) was implemented.

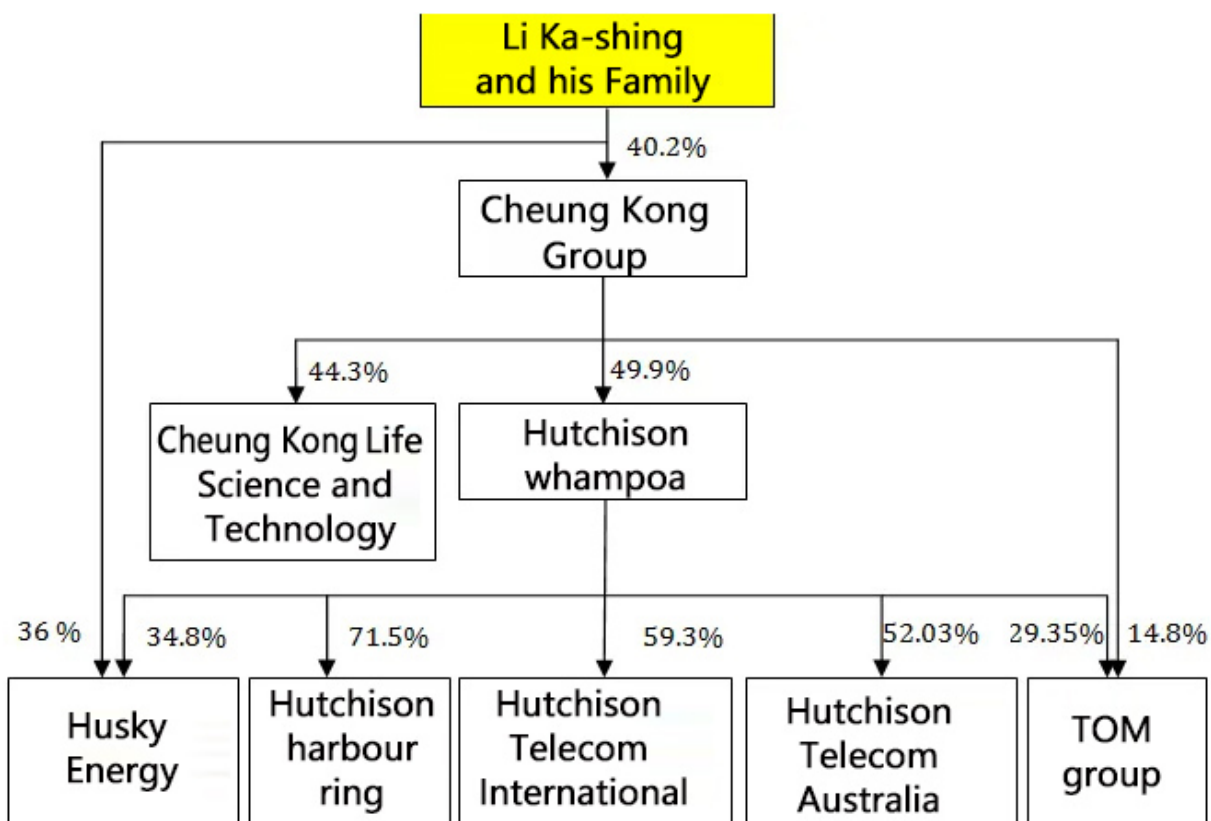


Figure: Corporate structure and holdings of Cheung Kong Group

Source: <https://www.tianyancha.com/company/3191406583>

### The company's performance

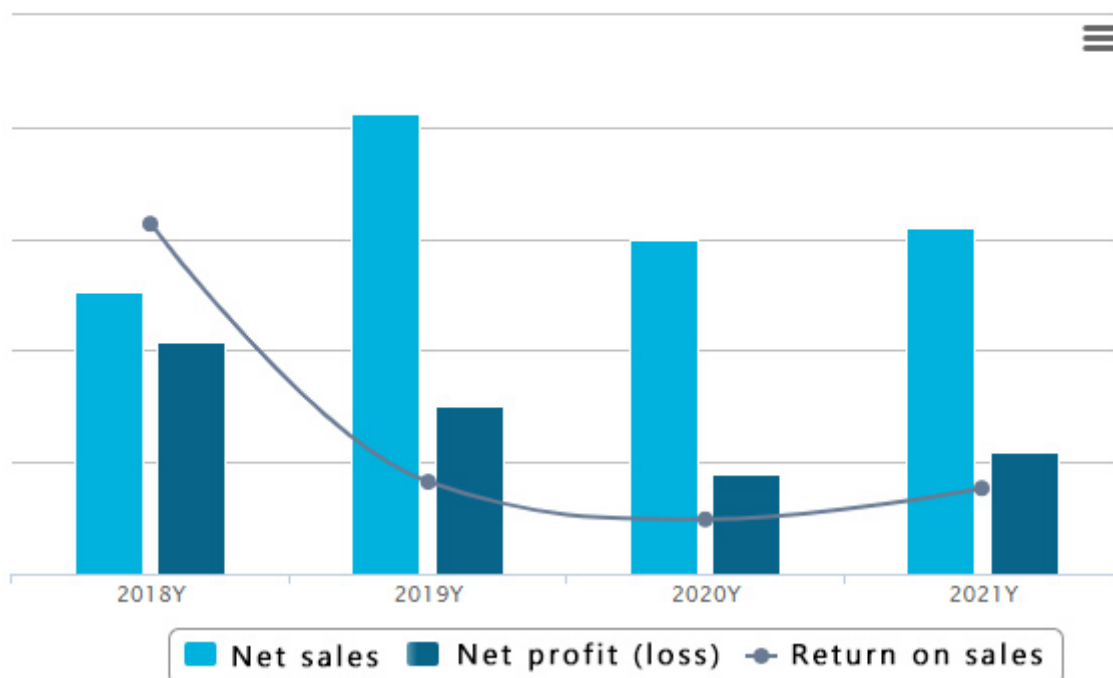


Figure: Company performance in recent four years

Source: Shanghai Sohu focus 2022-03-17

## 2.1.2 The economic plan of Cheung Kong Group

### Analysis of Diversification strategy of Cheung Kong Group

#### 1. The importance of "steadiness" to the diversification strategy of Cheung Kong Group

Enterprises implement diversification strategy, the purpose is to rapidly grow bigger and stronger through scale management, and maintain a sustainable and strong momentum of development. However, for a super-large enterprise group like Cheung Kong Group, it is not enough to maintain a fast development rate, and it is very important to be steady.

Cheung Kong Group has 10 listed companies in Hong Kong, and its main assets and core business are concentrated in these 10 listed companies. If the enterprise management ups and downs, the stock market will have a great impact, resulting in the stock price of listed companies ups and downs. This is very taboo for public companies. The 10 listed companies are concentrated in Hong Kong, and volatility in one or more of them could have a domino effect on the other listed companies. Moreover, Cheung Kong Group has 4 listed companies in Hong Kong which are also members of Hang Seng Index. If the stock market fluctuation of these 4 listed companies is too large, it is bound to affect Hang Seng Index, and then have an impact on the whole stock market.

To maintain steady and rapid development momentum is what Cheung Kong Group must take seriously in its diversification strategy.

#### 2. Traditional industries and emerging industries are promoted simultaneously, and the correlation degree of each industry is low

Cheung Kong Group's industries are divided into seven major sectors, namely, traditional industries: ports and related services, real estate, retail and manufacturing, energy and infrastructure, and emerging industries: telecommunications, Internet, and life technology. Both traditional and emerging industries will be promoted.

Moreover, the industrial correlation between traditional and emerging industries and between them is very low. It shows that the diversification strategy of Cheung Kong Group is carried out horizontally rather than vertically along the industrial chain.

Traditional industry has a long history of development, with rules to be found, and has accumulated experience in business model and risk avoidance. Therefore, it is relatively safe for enterprises to enter traditional industries, but the competition is sufficient and the profit space is limited. The more saturated

the market is, the more intense the competition is. It is risky to enter the emerging industry, but if it can occupy the emerging industry market first, it will occupy the advantage in market share and profit space, and become the leader. Both traditional and emerging industries can give full play to their respective advantages. There is a low correlation among various industries of Cheung Kong Group. If one industry is affected, it will not affect other industries, thus ensuring the stability of the enterprise. The layout of the industrial section of Cheung Kong Group is very thorough.

3. Scientific industrial collocation and strong anti-risk capability of enterprises

So many industries, how to resist the possible crisis through scientific collocation, in order to ensure the stability of listed companies' profits?

There are emerging industries in the sub-groups of Cheung Kong Group. The remaining one is a new industry as well as a traditional industry.

The number of listed companies in traditional industries is the same as that in emerging industries.

Through the organizational structure of enterprises, the traditional industry and the emerging industry are organically matched, which can give full play to the advantages of the two industries and enhance the anti-risk ability of enterprises.

4. Business globalization strategy responds to economic cycle and extends product lifeline

No business is immune to the economic cycle. But the economic cycle is different in different parts of the world due to different levels of economic development. Therefore, The business globalization strategy of Cheung Kong Group covers both developed and developing countries, in order to cope with the impact of economic cycle and mitigate the impact of regional economic crisis (such as the Asian financial crisis) on the enterprise.

Consider Cheung Kong Group's container terminal business. Its three terminals - Hong Kong International Terminals, Shenzhen Yantian Terminals and The UK's busiest Port, Fristdown - are located in Hong Kong, Mainland China and Europe. Smart arrangements in developed countries, regions (Europe, Hong Kong) and developing countries (China) to deal with the possible negative impact of the economic cycle on enterprises, effectively spread risks. Although each port business fluctuates, but overall is to maintain stable growth.

## Debt ratio (important account)

ATEGORY	RATIO (% OF TOTAL ASSETS)	2018	2019	2020	2021	2021-12
ASSETS	Cash and cash equivalents (%)	11.6	11.9	11.4	11.4	11.4
	Receivables (%)	0.1	0.3	0.5	0.3	0.3
	stock(%)	30.1	24.0	23.4	22.9	22.9
	Other current assets (%)	4.5	1.3	1.7	7.5	7.5
	Current assets (%)	46.4	37.5	37.0	42.1	42.1
	Non-current assets(%)	53.6	62.5	63.0	57.9	57.9
DEBT	Payables (%)	1.1	1.1	0.9	0.9	0.9
	Current liabilities(%)	11.4	9.8	13.6	14.1	14.1
	Non-current liabilities(%)	16.9	19.1	15.9	16.5	16.5
EQUITY	Shareholders' Equity (%)	71.7	71.1	70.5	69.4	69.4

Source:Earnings report - Cheung Kong group's original financial statements  
<http://caibaoshuo.com/companies/01113/financials>

## 2.1.3 Analysis of diversification strategy of Cheung Kong Group

## 1.Acquisition -- The theme of implementing diversification strategy

The history of Hong Kong Cheung Kong Group is a history of acquisition. From the acquisition of century-old "Hutchison Whampoa Co.LTD. ", Cheung Kong Group acquisition frequency is increasing, the scale is getting bigger and bigger. Its acquisition has the following three characteristics:

## (1) Acquisition initiative

The diversification strategy of Cheung Kong Group is meticulous, the target of acquisition is very clear, and the acquisition strategy is to take the initiative. Strong financial strength

It provides strong support for the implementation of Cheung Kong Group's acquisition initiative. Without such a strong proactive acquisition strategy, The diversification strategy of Cheung Kong Group would not have achieved such great success, especially in the aspects of industrial diversification and business globalization.

## (2) Seize the best time to acquire

To realize the initiative of acquisition, only financial support is not enough, and the choice of acquisition timing is also very important. Seize the best time to acquire, at a fraction of the cost to achieve success.

When it acquired Hutchison Whampoa Limited, Hutchison Whampoa Limited was the second largest British foreign bank in Hong Kong with assets of over HK \$6 billion, while Cheung Kong Group was only a small and medium-sized company with assets of less than HK \$700 million.

The stock market crash of 1973, followed by the world oil crisis, was followed by the Hong Kong property slump. Overinvested, overstretched and overburdened, Hutchison fell into financial trouble. In August 1975, HSBC injected HK \$150 million to acquire 33.65% equity of Hutchison Whampoa LTD. , becoming the largest shareholder of Hutchison Group, whampoa was thus separated from hutchison Group. At this time, Hutchison Whampoa Limited company holding structure has not been straightened between the interests of the shareholders. At the same time, HSBC has the intention to sell shares. Seizing the opportunity, Li bought HSBC's 22.4 percent stake in Hutchison Whampoa LTD. , which is 90 million ordinary shares, at 7.1 yuan a share. By November 1980, Cheung Kong Group and Li Ka-shing had increased their shareholding in Hutchison to 39.6%, firmly controlling hutchison Whampoa LTD.

The incident is known in the industry as "snake swallowing elephant". Li Ka-shing's strategy and shrewdness, in the acquisition of the timing and acquisition of operational skills to perform incisively and vividly, pure.

### (3) Acquisitions not only focus on breadth, but also on depth

Through a series of acquisitions, Cheung Kong Group has gradually formed several major industrial sectors and steadily consolidated its global strategic layout. In the acquisition war, Cheung Kong Group not only pays attention to the breadth, steadily promotes the diversification pace, but also pays attention to consolidate the achievements, to ensure the depth of diversification. Its performance has two aspects: first, through the acquisition of equity continuously increase the proportion of shares, constantly enhance the control of the enterprise; Second, through acquisition, we will constantly consolidate our achievements and make every industry bigger and stronger.

	TREND	2018	2019	2020	2021	LAST 12 MONTHS
<b>Opening balance of cash</b>		<b>5.64 billion</b>	<b>5.54 billion</b>	<b>6.03 billion</b>	<b>5.95 billion</b>	<b>6.34 billion</b>
Net cash flow from operating activities		1.4 billion	4.19 billion	2.43 billion	2.54 billion	2.54 billion
+ Net income (continuing operations)		4.92 billion	3.75 billion	2.52 billion	3.05 billion	2.15 billion
+ changes in accounts receivable		-2.808 billion	4.648 billion	-4.804 billion	5.777 billion	0.0 yuan
+ inventory changes		-9.797 billion	2.1 billion	3.674 billion	-5.33 billion	0.0 yuan
+ Changes in working capital		-1.3 billion	9.181 billion	2.332 billion	781 million	0.0 yuan
+ other cash flow		-2.4 billion	-6.968 billion	-6.686 billion	-9.432 billion	1.644 billion
Net cash flows from investing activities		-805 million	-1.48 billion	-7.264 billion	-3.771 billion	-3.771 billion
+ Purchase property, plant, equipment		-5.034 billion	-4.223 billion	-1.324 billion	-3.188 billion	0.0 yuan
+ Sale of property, plant, equipment		743 million	286 million	1.217 billion	0.0 yuan	0.0 yuan
+ buy business		0.0 yuan	0.0 yuan	0.0 yuan	1.423 billion	0.0 yuan
+ sell business		743 million	286 million	1.217 billion	0.0 yuan	0.0 yuan
+ investment spending		-1.05 billion	-16 million	-125 million	-1.559 billion	0.0 yuan
+ investment income		721 million	1.782 billion	276 million	71 million	0.0 yuan
+ Cash flow from other investing activities		1.52 billion	1.29 billion	-7.221 billion	179 million	0.0 yuan
Net cash flow from financing activities		-1.18 billion	-2.27 billion	-1.94 billion	-1.78 billion	-1.78 billion
+ share repurchase expenses		-232 million	0.0 yuan	0.0 yuan	-1.95 billion	-1.95 billion
+ Debt financing cash flow		-1.765 billion	-1.2 billion	-3.596 billion	1.03 billion	1.03 billion
+ Dividend Payment Cash Flow		-6.471 billion	-7.203 billion	-7.091 billion	-6.886 billion	-6.886 billion
+ Cash flow from other financing activities		-3.289 billion	-3.591 billion	-8.693 billion	-1.651 billion	-1.651 billion
Net increase in cash and cash equivalents (net cash flow)		1.048 billion	4.024 billion	-1.227 billion	4.353 billion	4.353 billion
capital expenditure		-5.034 billion	-4.223 billion	-1.324 billion	-3.188 billion	0.0 yuan
free cash flow		8.933 billion	3.77 billion	2.3 billion	2.22 billion	2.54 billion
<b>Closing balance of cash</b>		<b>5.54 billion</b>	<b>6.03 billion</b>	<b>5.95 billion</b>	<b>6.34 billion</b>	<b>6.34 billion</b>

Source: Earnings report - Cheung Kong group's original financial statements  
<http://caibaoshuo.com/companies/01113/financials>

## 2 Enterprise restructuring -- Steadily promoting the diversification strategy

The importance of "steadiness" to the diversification strategy of Cheung Kong Group has been analyzed above. In the acquisition war of diversification and globalization, Cheung Kong Group's steps are steady. Internally, Cheung Kong Group adjusted its organizational structure through corporate reorganization to ensure the steady development of the enterprise in the diversification strategy.

In 1997, for example, Cheung Kong Group underwent a major corporate restructuring. Before the restructuring, Cheung Kong Group had direct control



of CKI. Cheung Kong Group focuses on property development, mostly in Hong Kong but expanding into China; Cki is an infrastructure company with much of its business in Greater China. The two business types and business regional correlation degree is large, can not well spread the risk. As a result of the restructuring, Cheung Kong Group reduced its stake in CKI and was controlled by Hutchison Whampoa LTD. At the same time, the Hong Kong Electric Group under cKI.

After the reorganization, cKI and CKI were separated from each other, and the risks were well resolved. Hutchison Whampoa Co.LTD. is a company with diversified business and stable profit, which can play a good role in ensuring the stable profit of Cheung Kong Real estate, which is engaged in real estate investment and development with high risk.

Electricity demand in Hong Kong was stable, as was earnings at HongKong Electric. After the restructuring, the direct subordination of HongKong Electric to CKI will also ensure the stable profitability of CKI, which mainly invests in roads and Bridges in the mainland and has a high risk and long payback period. Hong Kong Cheung Kong Group Industrial Group diversification strategy analysis report after the reorganization, the enterprise is more stable, for the further implementation of the diversification strategy of Cheung Kong Group can play a very good guarantee role.

## **2.2 "Strengths and Positivity" and "Weaknesses and Negatives" of Cheung Kong Group.**

### 2.2.1 "Advantages and Positivity" of Cheung Kong Group

The reason why an enterprise can stand up in the fierce competition, and continue to develop and grow, is that the enterprise has more prominent and successful than its competitors. Similarly, Cheung Kong Group Industrial Group can achieve such great achievements, from its unique competitive advantage. In the author's opinion, the success of Cheung Kong Group Industrial Group lies in the following: in different periods of enterprise development, facing different competitive environments, the formulation and implementation of correct and effective strategies; Excellent and unique corporate culture: successful integration of corporate strategy and corporate culture. Formulate and implement the appropriate strategy for the Yangtze river industrial group in the competition to beat the competition, establish the status

of enterprise: high-quality corporate culture is to maintain competitive advantage, it is to build the core competitiveness of guarantee: the combination of strategy and culture, further enhance the competitive capability of the Yangtze river industrial group is the key to success. The following is a detailed analysis of the "advantages and positivity" of Cheung Kong Group Industrial Group:

### 1. Correct and effective strategies have been formulated and implemented

Enterprise strategy is the arrangement of specific business ideas based on the assumptions of the environment, goals and advantages, and is the overall planning for development under the changing environment. Strategy is the method by which an enterprise achieves its long-term goals. It includes: import strategy, growth strategy, stability strategy and contraction strategy. The role of strategy is reflected in: it can guide the implementation of specific policies of the enterprise, as a channel of cooperation and communication between various departments and units of the enterprise, enhance the adaptability of the organization, provide the overall idea of development, and thus establish the core advantages of the enterprise. Therefore, strategy is the key element of enterprise success, strategy is the long-term development of the enterprise navigation, enterprises want to overcome the fierce market competition, must develop effective strategy.

There is no doubt that Cheung Kong Group owes its brilliant achievements to its correct and effective strategy. In the course of its growth and development, it has adopted many successful strategies for different situations. This paper selects the strategy adopted by Cheung Kong Industrial Group in two important stages of its growth, analyzes its success in strategic management, and discusses its success.

### 2. Have excellent and unique corporate culture

Peter Drucker, the world-famous management guru, once said, "All successful companies are alike. "The term "same" does not refer to management techniques or products, but rather to the culture of excellence created by exceptional entrepreneurs behind successful companies. One of the most important reasons for the success of fortune 500 companies is that they have always been good at infusing good and dynamic cultural elements into their companies. Similarly, excellent and unique corporate culture is also an important reason for the success of Cheung Kong Group Industrial Group.

### 3. Core values of corporate culture of Cheung Kong Industrial Group

Enterprise culture refers to the spiritual wealth, thoughts, morals, values, interpersonal relationships, traditional habits, spiritual outlook and the

organizations and activities corresponding to it created and generated by the enterprise with its own characteristics. Corporate culture is the most valuable intangible asset and the spiritual wealth of excellent enterprises. We may not be able to say exactly what Cheung Kong Group products are, but we are impressed by the enthusiasm and strong cohesion of its employees. Cheung Kong Group employees share its values and management philosophy, and they are willing to work hard for its development. This is an important reason why Cheung Kong Group is strong. The following is the author's summary of the core values of Cheung Kong Group:

(1) "Steady development without forgetting steady development" is not only the core value of Cheung Kong Group Industrial Group, but also one of its most important business philosophies. In the course of Cheung Kong Group's development, we can find that it has no record of speculating in high-risk industries. Li Ka-shing believes that the development of enterprises should also follow a certain law. Gamblers invest in high-risk industries, although they may gain huge profits, but more often they end up in failure. The Hong Kong stock market was in a bull market in early 1987. People are always happy to invest in stocks, many companies even borrow money to speculate on stocks are more and more high, stock investors crazy trading, extremely active trading. Some companies took advantage of the opportunity to make huge profits. At that time, However, Cheung Kong Group industrial Group remained rational and did not follow the trend of investment, but continued to play steadily and operate the inherent business. A few months later, Hong Kong's stock market collapsed in an unprecedented crash. Many businesses and citizens have gone bankrupt and the stock market is jittery. However, Cheung Kong Group Industrial Group has not been affected and still maintains a good momentum of development. One might think Cheung Kong Group is too dry and conservative, but that is not the case. Cheung Kong Group industrial Group is precisely an enterprising enterprise, as can be seen from its wide range of business activities. Cheung Kong Group, for example, has shown tremendous boldness in its acquisitions of Hutchison Whampoa Ltd. and HongKong Electric co. Aggressive expansion may lead to windfall profits but that is the behavior of gamblers, not successful companies. "Steady development, development does not forget steady" embodies the materialist dialectical concept of development, is the essence of Chinese excellent culture.

(2) Honesty is based on righteousness. Integrity management has also made Cheung Kong Group reap huge rewards. Shen Bi, chairman of HSBC, was moved by Cheung Kong Group's good reputation when he bought

Hutchison. There was a time when a foreign head of state gave Cheung Kong Group the license to operate a casino for free, which meant huge profits. However, Cheung Kong Group flatly refused, because it is not their business to operate casinos, to profit from justice is the purpose of Cheung Kong Group business.

(3) Wise people know, respect can make wise. At Cheung Kong Group, any talent, Chinese or foreigners, will be highly valued. Cheung Kong Group is almost evenly split between foreigners and Chinese, who have come to work in their own right. Li Ka-shing, the manager of Cheung Kong Group Holdings, is hungry for talent. This is especially true in the appointment of British men and women. Mr Murray spent 14 years at rival Jardine Matheson, where he played a key role in the fight against Cheung Kong Group. Nonetheless, Mr. Li paid a fortune to hire Him when he left Jardine and appointed him managing director of Hutchison Whampoa LTD. It is this concept that makes Cheung Kong Group become a magnet for talents and provides good human resources for the development of the enterprise.

#### 2.2.2 "Weakness and Negativity" of Cheung Kong Group. -- Internal Crisis Status quo

In recent years, from the perspective of corporate culture, strategy, concept, structure and so on, some plans have been made for the development of enterprises against the crisis, which has provided some guidance for the internal group and solved the problems of heavy burden and less flexible mechanism in the group. In recent years, a series of management corruption cases, also exposed the company's internal anti-crisis development plan loopholes. In summary, there are the following aspects:

1. Internal crisis unclear. In the actual work, the goal of establishing and improving the internal crisis is reasonable, to ensure the legal compliance of enterprise operation and management, asset safety, financial reports and relevant information is true and complete, to improve the efficiency and effect of operation, and to promote the realization of the development strategy of enterprises. □

2. The company establishes an internal crisis control leading group headed by the general manager to be responsible for the establishment and improvement of the internal anti-crisis development plan of the unit. In future work, it should be noted that the board of directors should be responsible for supervising the establishment, improvement and effective implementation of the anti-crisis development plan, while the management is responsible for organizing and leading the daily operation of the internal crisis control of the

enterprise. □

3.The anti-crisis development plan can provide reasonable guarantee for the enterprise management to achieve the above-mentioned goals, but it is difficult to ensure the success of every enterprise due to the inherent limitations of internal control, the transgression and collusion of the management, etc. Therefore, the anti-crisis development plan should be implemented in every link of the company's production and operation to eliminate the possibility of any mistakes and frauds. □

4.The deputy general manager in charge of personnel shall be responsible for the evaluation of the company's anti-crisis development plan. He shall lead the managers of all departments to form the evaluation report of the anti-crisis development plan, which shall be reviewed and filed by the board of directors and the general manager. □ The person in charge of the evaluation and his/her members must have corresponding independence, good professional ethics and professional competence.

### **2.3. The anti-crisis development plan is inadequate**

The internal anti-crisis development plan of Cheung Kong Company is not perfect. The so-called imperfection refers to various factors that affect the efficiency of establishing, strengthening or weakening specific policies and procedures. It reflects the attitude, understanding and actions of the board of directors, general manager, owners and other personnel on internal control. Anti-crisis development plan is one of the important factors of enterprise internal control, is the engine to promote enterprise development, but also the core of all other factors, determines whether other control factors can play a role, is the basis of the role of other factors of internal control. The executive and related personnel can not well understand the importance and operation of internal control, internal control system is difficult to play its due role. Thus it can be seen that the control environment constitutes the atmosphere of an organization, which has a significant impact on the establishment and implementation of an enterprise's development plan, and its quality directly determines the effect of the implementation of the overall framework of an enterprise<sup>[8]</sup>.

#### Weak awareness of crisis control

Nowadays, society is a society full of fierce competition. Every enterprise is faced with the challenge of success and the risk of failure. The management of risk is one of the main themes of modern enterprises. With the rapid economic growth of the People's Republic of China, Cheung Kong Group is faced with increasing risks. There are serious problems in the understanding and grasp of risks. From the book, the economic benefits are good, but the amount of receivables is large and the time is longer. Even some of the arrears have been withdrawn, but these bad debts are still long-term. Without timely awareness of the risks of these accounts receivable, it will lead to the company's capital turnover difficulties and affect the company's development and operation.

The typical characteristic of our way of thinking is that crisis awareness and risk awareness are relatively weak, which is inevitable in the specific administrative hierarchy system. The system needs to show achievements to rally people and motivate them, so the other side of the scale is relatively weak when the balance is tilted in one direction. In a hierarchical, risk consciousness and crisis consciousness of distribution is not balanced, usually at the top because of the overall, great historical responsibility, a strong sense of risk and crisis consciousness, but we are at the grass-roots level are usually not take unable to effectively anticipate and resolve risks and consequences of the crisis consciousness, risk consciousness is relatively weak.

However, from the practice of economic and social development, crisis awareness and risk awareness is quite important. The development of human economy and society is realized by solving crisis and risk again and again. Every crisis, every risk is a metaphor for the problems that must be solved in the new historical stage. If a country or an enterprise is the first to anticipate and recognize crises and risks, and takes precautions to solve the problems it must face, its development will reach a new level. In this sense, we should cultivate a sense of crisis and risk. At any time, we should not only be aware of achievements, but also be aware of potential problems. Keynes observed that "the inevitable never happens, but the unexpected often does. "

From an institutional perspective, another risk is that the mechanisms for innovation are not in place. China's economy has become bigger, but it must become stronger if we want to sustain development and overcome the middle-income trap. Stronger can only be innovative. A huge innovation usually leads to the formation of a new industry and related industries, as well as the birth of a number of new enterprises, promoting the development of the

long-term economic cycle, such as the great Industrial Revolution. The innovation here is mass innovation. Mass innovation needs corresponding institutional arrangements. This institutional arrangement ensures that innovators are rewarded for their innovation, and that people are more likely to engage in industry and innovation than they are to rush into business. A culture that both rewards success and encourages some risk-taking and tolerates failure.

What is more important is an environment of equal access and competition, an environment that leads entrepreneurship to innovation and market-facing, rather than an environment that "induces" rent-seeking. Entrepreneurship is here to stay, and if there is no other way to achieve high returns than to innovate, they will innovate. If the return on rent-seeking is higher, entrepreneurship will be "coaxed" into rent-seeking by all means. We should channel entrepreneurship to innovation by combating corruption and building the rule of law to create an environment free of rent-seeking opportunities. With innovative mechanisms, we have a sharp tool to avoid all kinds of risks.

The anti-crisis development plan is not sound

The problems in the planning establishment of Cheung Kong Group are mainly reflected in the following aspects: only some anti-crisis development plans are mentioned scattered in other institutional norms, but there is no complete set of plans to regulate the whole process; Although a plan has been made, it is not comprehensive enough. For example, the lack of accounting control supervision system, cost control management system and so on, some internal control system focuses on late control, while ignoring the importance of control in advance and in the matter; Some internal control systems do not take into account the actual situation of the company, but mechanically copy the regulations in the basic norms or a complete set of copied other enterprises' anti-crisis development plan<sup>[9]</sup>.

There is little incentive to improve development plans against the crisis

The lack of external supervision makes the enterprise lack of motivation to improve the plan. China's legislative system is still in a process of continuous improvement, in many areas there is still a vacuum of institutional restrictions. For example, there is a lack of accountability system for major investment decision-making mistakes, and the construction of major investment reporting system and major investment post-evaluation system is not perfect. So that business operators are not intimidated by the corresponding legal system to

make them careful about their job responsibilities. In order to urge the enterprise legal compliance management, development plan, establish and improve the resistance to crisis has already formed the including government supervision of the People's Republic of China (such as financial, auditing, taxation, the supervision of the securities regulatory departments) and social supervision, such as supervision of the certified public accountants, public opinion, etc), the enterprise external supervision system, but its supervision effect is not satisfactory.

## **2.4 Cheung Kong Group Development Plan Problem Analysis**

### **2.4.1 Low quality of personnel and backward concept**

People are the most important resource of an enterprise, and also the core of internal control. However, judging from the current situation of Cheung Kong Group, the quality of enterprise personnel can not well meet the requirements. Since managers are mainly responsible for the establishment and improvement of anti-crisis development plans in enterprises, the quality of managers naturally becomes an important factor to determine the quality of anti-crisis development plans. The managers of enterprises lack the concept and technology of modern capital operation, and there are short-sighted behaviors in operation and management, as well as the concept of long-term anti-crisis development plan. For example, Chen Jiulin of "China Aviation Oil" knew that it was forbidden to engage in oil option investment trading, but he did not report to the parent company until the payment of option margin was difficult to solve, and tried to provide false financial reports to cover up his illegal behavior, which ultimately led to tragedy.

### **2.4.2 Lack of checks and balances, insider control is a serious problem**

The construction and effective operation of anti-crisis development plan depend on the good internal governance structure of the enterprise. The separation of the two rights in modern enterprises increases the scope of management, the number of management levels, and the gradual decomposition of management functions. Objectively, a standard governance structure is needed to clarify the rights and responsibilities of all parties, so as to protect the legitimate rights and interests of owners, operators, creditors and other related groups. At present, the corporate governance structure of our company is mostly "prepared but not implemented" to achieve the effect of internal power checks and balances. The phenomenon of "insider control" is serious, and the



board members and management personnel of many companies are highly overlapping, so it is difficult for the board of directors to play the supervisory role of supervisors.

#### 2.4.3 Information is not communicated properly

In the process of operation, enterprises need to identify, obtain and communicate precise information in a certain form so that employees can perform their duties. However, the current information provided by our company cannot meet the requirements of timely, complete and true. Some enterprises even regard the information system as the voice of the manager, and the information of the enterprise changes with his will. as the picture shows:

The company has a large number of business departments, which are independent of each other, with little communication and poor channels, resulting in untimely and inaccurate information collection, and their management activities will inevitably deviate from the expected goals, which will eventually lead to low work efficiency. It can be seen that information communication is of great significance to the strengthening of internal control of enterprises, and it is necessary to pay attention to information communication of enterprises.

#### 2.4.4 The supervision function of internal audit is weakened

To ensure that internal control is carried out, internal control can adapt to changes in the environment at any time, internal control must be supervised. However, there is a lack of supervision in our company, which is closely related to the weakening of the internal audit function. At present, there are various problems in the organizational structure, personnel quality and work setting of our company's internal audit, which affect the normal play of the supervision function. Most internal audit organizations are directly accountable to the business operators, and the leaders have no say in everything. Many auditors are "half-timers" who do not know much professional knowledge and lack the professional skills necessary for formal supervision function. Some auditors wear many hats without even a minimum of independence. In this case, the internal audit work can only be a formality, not to speak of effective supervision of internal control.

#### 2.4.5 The implementation and supervision of the anti-crisis development plan are inadequate

The improvement of the anti-crisis development plan is also meaningless

if it is not effectively implemented. In our company, on the one hand, the person responsible for each link of internal control did not pay enough attention to it, and only regarded the anti-crisis development plan as a superficial form to be inspected, so the necessary control links were not completed. On the other hand, although the anti-crisis development plan covers all departments and links of the enterprise's production and operation, the implementation of the anti-crisis development plan is not thorough due to the lack of coordination among departments.

Whether the anti-crisis development plan is effectively implemented can also be strengthened through the internal supervision mechanism, but there are many problems in the internal supervision mechanism itself. For example, the internal supervision system is not scientific enough, the scope of internal supervision is too narrow to cover all aspects of internal implementation, and the internal supervision institutions lack sufficient independence and so on.

## **Chapter 3: Improving the Anti-Crisis Development Plan of Cheung Kong Group**

### **3.1. The goals of the anti-crisis development plan**

From the perspective of the evolution process of the goals and contents of the anti-crisis development plan, the anti-crisis development plan under the modern enterprise system is no longer the traditional problem checking and error correcting, but involves all aspects of the enterprise and becomes the concrete embodiment of corporate control, which is consistent with the development of the evolutionary governance structure of the enterprise organizational form. In the sole proprietorship enterprise, there is no modern sense of internal control system, only to protect the owner's capital safety and set up internal check measures. In the partnership, although the residual claim and control right are unified, the limited liability company and the joint stock limited company can also achieve the unification of the residual claim and control right theoretically. After the emergence of corporate enterprises, residual claims and control rights were separated to a certain extent, and then the problem of agency authority and free-riding occurred. Internal control was born from this, but its function was only to protect assets and check and correct faults. From the end of the 19th century to the 1930s, the United States experienced two waves of mergers. Corporate governance structure has been put on people's agenda through mergers, increasing company size, further decentralization of equity, a high degree of separation between ownership and management and the formation of management levels. Under the modern corporations, in order to protect the company's assets and bad disadvantages for content of internal control obviously cannot meet the need of error correction, to update the development plan structure resistance crisis came into being as the main body of the internal control mechanism, the internal plan, its functions and powers include not only the safety and integrity of the guarantee property, check the accounting data accurate and reliable, Also will promote the implementation of business policies and improve operational efficiency into which the corporate governance structure of internal control requirements. As for the target and content composition of the anti-crisis development plan

structure, two American certified public accountants, David M. Willis and Susan S. Ightle, have conducted empirical research in the Internal Control Management Report recently, from which it is not difficult to see the latest development of the internal control structure. They surveyed 78 companies, including General Electric, and here's what they found:

<b>The objectives and contents of internal control</b>		<b>proportion</b>
<b>Th e target</b>	Verify the reliability of financial reports by	87%
	Protect the safety of assets	81%
	achieve consistency in business operations and management policies by	54%
	Improves moral character by	51%
<b>Co ntent</b>	Internal audit	78%
	Policies and procedures maintained	63%
	Separation of responsibilities	42%
	Codes of ethics and conduct	48%
	Selection and development of reliable staff	43%

Source: Fang Hongxing, CHI Guohua. Internal Control [M] Dalian: Dongbei University of Finance and Economics Press 2014.

The above survey results show that: As a contractual arrangements in the corporate governance control resistance crisis development plan regardless of the target and content are far beyond the traditional resistance crisis development plan, "humanism" as the doctrine of the build internal control mechanism has been more and more accepted by enterprises, morality is not just the internal control of environmental factors, It is also becoming an increasingly integral part of crisis-fighting development plans.

In a word, internal control is an important line of defense for enterprises to resist risks and prevent fraud, and the effectiveness of internal control is related to the healthy and stable development of enterprises. Enterprises should, according to the guidance of national policies and regulations, absorb advanced theories at home and abroad and combine with their own conditions as soon as possible to establish and improve their own characteristics of the anti-crisis development plan, and continue to grow.

### 3.1.2 Establish internal control system in enterprise management

The construction of enterprise internal control system should be constructed from the following five aspects:

#### 1.Strategy formulation

As the first stop of internal control management, the important position of internal control strategic planning lies in its impact on all aspects of the construction of the internal control system in the future. Reasonable strategic planning can greatly improve the internal control management efficiency of the enterprise and ensure that the enterprise's governance level can quickly reach the expected goals of the owners and management.

#### 2.Institutional settings

The main work of setting up an internal control organization includes: determining the name of the organization, its level, reporting objects, the specific names of professionals, setting up jobs, determining job content, personnel selection and quality requirements, and specific principles for work, etc. The following will mainly discuss the establishment of the organizational structure, the specific content of the internal control work and the determination of positions.

#### 3.System training

Before any enterprise implements a new management method, the biggest problem is how to quickly and effectively change the various traditional working methods and ideas that people have become accustomed to. Since the specific operation method of modern enterprise internal control management will directly affect the existing power structure of the enterprise, which means that it will encounter huge resistance.

To this end, the internal control managers of the enterprise must conduct systematic internal control training for all relevant stakeholders to minimize resistance before the system runs. The content of the training mainly includes: preparation of training materials, determination of training plan and implementation of training.

#### 4.Job implementation

Strictly speaking, since the enterprise planning internal control strategy, it can be regarded as entering the implementation stage of internal control operation, which refers to the specific implementation stage of internal control operation. The contents of internal control operations mainly include: (1) formulate internal control management procedures or operation management procedures of the enterprise; (2) evaluate and inspect the authorization management system of the enterprise; (3) investigate potential conflicts of

interest; (4) prepare annual internal control audit guidance and implement Internal control audit; (5) Organizational risk assessment; (6) Internal control problem investigation (ICRQ); (7) Fraud case investigation; (8) Evaluation and assessment of internal control work; The director puts forward suggestions on rewards and punishments on the implementation of internal control policies and compliance with authorized management; (10) organization of insurance business; (11) training of senior management personnel of the enterprise; (12) internal control work report.

#### 5. Check evaluation

According to the explanation of the five elements of internal control, inspection and evaluation are part of the internal control framework system. In addition to the daily inspection and evaluation of various business operations of the enterprise, the inspection and evaluation here also includes the inspection and evaluation of the internal control system being implemented. The internal control department and external auditors (including the independent internal control system evaluation institutions established in the future) will constitute the main body of inspection and evaluation.

## **3.2 Perfect the anti-crisis development plan of Cheung Kong Group Company**

To improve the company's anti-crisis development plan, there is still a long way to go, which requires a lot of human, material and time resources, the need for continuous supervision and review of internal control, so as to reduce risks and achieve the purpose of enterprise planning. Here are the steps businesses need to take when building a crisis-resistant development plan:

### 3.2.1 To raise the awareness of enterprises on the development plan against the crisis

According to the basic Norms of Anti-crisis Development Plan, anti-crisis development plan is a process jointly implemented by the management and employees of the company. Therefore, the measures to improve the enterprises' awareness of the anti-crisis development plan should start from two aspects: on the one hand, the ideological work of the enterprise management should be emphasized. On the other hand, all employees of the enterprise should be clear about the role and importance of the enterprise's anti-crisis development plan. On the one hand, all employees should realize that the anti-crisis development plan is the common responsibility of every employee, not the work of one

department or one employee; on the other hand, they should realize that although the anti-crisis development plan will form a constraint mechanism in the enterprise, this constraint mechanism is based on the maximization of enterprise interests. The efficiency of the enterprise has been improved, and the working environment and welfare treatment of each employee will also be improved accordingly.

### 3.2.2 Establish sound development plans to combat the crisis

The Accounting Law clearly stipulates the requirements for enterprises to formulate their own anti-crisis development plans, which points out the direction for enterprises to formulate internal anti-crisis development plans. Establish and improve the restriction mechanism of crisis development plan, in particular, is to clear the responsibility and authority of the accounting work related personnel, work discipline and discipline requirements, its purpose lies in through the establishment of sound anti-crisis development plan, clear in the link of the enterprise production and business operation procedures, requirements and responsibilities, to handle affairs by the chapter, reduce the influence of artificial factors, and improve accounting work efficiency and quality, Prevent the occurrence of business risks. The improvement of the anti-crisis development plan can be carried out from two aspects: accounting control system and financial management system.

### 3.2.3 Improve the quality of management and financial personnel

The quality of managers plays a vital role in the operation and management of enterprises. Managers with different qualities have different effects on the development of enterprises, which will affect the efficiency and effect of the enterprise's anti-crisis development plan. Second is to improve the quality of financial personnel, will work hard to professional ethics education, people from the two aspects of positive and negative discipline, ZhengJi, such as the ideological and political education, improve their self-discipline ability and high sense of responsibility, consciously abide by and implement all laws, regulations and the relevant system, serious and responsible, law-abiding, honesty and self-discipline.

### 3.2.4 Establish a good information communication system

To establish a good information communication system, create enterprise innovation culture, improve the effect of internal control, ensure the implementation of internal control. Scientific internal control system is effectively supervise every link of enterprise management system, it greatly breaks through the knowledge of financial accounting, investment, financial, market, marketing, legal, material, information fusion of many aspects, there is no corresponding knowledge support, resistance crisis development plan can't completely in place. At the same time, the anti-crisis development plan is mainly the work of human beings, which requires the corresponding ability to organize, command and coordinate work. It obviously needs a long process to cultivate a large number of such "all-talents". The anti-crisis development plan does not have an automatic function, and its control function needs to be integrated into every business process and every operation link from the board of directors down to every employee, so as to give full play to its due role.

### 3.2.5 Establish and improve internal audit

Internal audit is an activity in which an enterprise performs its own independent evaluation. Internal audit contributes to the establishment of a good control environment by assisting management in monitoring the effectiveness of its control policies and procedures. Establish an audit committee which is directly under the management of the board of directors and independent of the department being audited, based on the existing auditing, auditing and discipline inspection departments. The audit committee implements internal control over the accounting department by means of routine internal audit, implementation of reporting, supervision and examination of the enterprise's accounting statements, and establishes an effective line of supervision based on inspection. The establishment and perfection of internal control is a system engineering, and the internal control environment is the foundation of the establishment of the internal control system. A sound and effective anti-crisis development plan not only depends on the optimization of the macro environment, but also depends on the improvement of the enterprise's own micro environment.

### 3.2.6 Enhance corporate culture construction

Corporate culture has an invisible influence on the development plan of an enterprise against the crisis. As one of the environments of the development



plan against the crisis, the construction of corporate culture should take full account of the situation of the enterprise itself and not be uniform. According to the current reality, it can be mainly considered from the following aspects: first, pay attention to the construction of moral norms. When every employee in the enterprise has a clear goal and positive thinking, internal control will be more effective; The second is to reflect the thought of people-oriented. In the anti-crisis development plan, the emphasis on communication and communication can reduce the friction between the control subject and the controlled object, and can more effectively motivate the enthusiasm of employees; The third is to strive to achieve "hands-off governance". In the construction of corporate culture, it is emphasized that every member should exercise self-control and practice self-management, and act spontaneously in accordance with norms and goals. When the behavior of each member reaches the goal, the overall goal of the enterprise anti-crisis development plan is naturally achieved.

### **3.3. Develop conceptual models**

1. Develop accounting and analytical support conceptual models for CSR management and ensure the preparation of integrated corporate reports in the CSR and its audit areas.

The object of the study is the process of managing corporate activities as a socially responsible organization, taking into account the needs and expectations of stakeholders.

The topic of the study is the management relationship emerging in the CORPORATE social responsibility management system, which ensures the formation and auditing of comprehensive corporate reports to improve the reliability of corporate social responsibility performance evaluation.

The methodology, theory and empirical basis of the research. The methodological basis of this study is dialectics. This paper uses the general scientific cognitive methods, including induction and deduction, analysis and synthesis, structural analysis, system analysis and situation analysis, collaborative method, as well as corporate governance, strategic management, accounting, audit and other theoretical methods. The theoretical basis of the research is the scientific provisions contained in the basic works of scientists at home and abroad. Based on the interaction between enterprises and

stakeholders and based on the principle of corporate social responsibility, the sustainable development model of organizational system is taken as the research paradigm.

The scientific innovation of this paper lies in the development of a corporate social responsibility management mechanism based on performance indicators, including related accounting and analytical support, which can evaluate the effectiveness of corporate social responsibility during audit, which helps to improve corporate transparency and achieve sustainable success.

### 3.3.2 Establish an industry social responsibility management mechanism

Establish an industry social responsibility management mechanism, as an integral part of the company's strategic management system, its mandatory and inseparable components are functional, evaluation and support subsystems, take into account the needs and expectations of stakeholders, implement the quality management system, including accounting and analysis, in accordance with the following principles, Ensure that CSR meets the requirements of relevance, reliability, timeliness, comparability and verifiability.

### 3.3.3 Conduct multi-level structured evaluation

Based on general and specific principles, this paper puts forward a kind of orderly on the performance of the corporate social responsibility in a multi-level structured assessment methods, including a set of private and comprehensive performance index, according to the level of activity of enterprise in the field of corporate social responsibility, the procedure of generating synthetic company reports, and considering the different stakeholder needs and expectations.

1. In order to regulate corporate values and professional business ethics, a methodical approach to the development, approval and application of corporate codes is proposed, which contributes to a unified attitude and a common identity of employees. Develop key competencies and ensure increased predictability of the company's behaviour in its interactions with stakeholders.

2. Developed a conceptual model of accounting and analytical support for the CORPORATE social responsibility management system, on the one hand differentiating the details of accounting, analytical and control operations, on the other hand integrating them into a single system to ensure disclosure of relevant information in the consolidated corporate reports under audit, This helps improve transparency in the company's interactions with stakeholders, including internal and external auditors

3. A methodical approach to corporate comprehensive report audit in the field of corporate social responsibility is proposed, which is developed on the basis of basic concepts of audit, including procedures for checking performance indicator values, analyzing and evaluating the effectiveness of internal audit. Auditing, the interaction between auditors and experts in specific fields (quality management, ecology, energy, etc.) to ensure the verifiability and transparency of the reports provided to stakeholders (report users) of the theoretical and practical significance of the paper research. The theoretical significance of this work lies in the development of concepts and methodologies to prove the rationality of strategic management system according to corporate social responsibility principles, to form an assessment of the effectiveness of corporate social responsibility during the audit taking into account the interests of stakeholders, and based on the author's method, Preparation and presentation of QI based on relevant AIM created to improve quality corporate social responsibility performance audit. The practical implications of the study lie in the use of developmental organizational and methodological tools to develop CSR plans, assess their effectiveness, determine procedures for disclosing information about CSR in integrated corporate reports, and develop audit plans and plans.

For business, although theoretical discussions on the causes of crises and possible approaches to counter-crisis policies continue to this day, the existence and significance of certain issues are so obvious that they are recognized by almost everyone. One of these problems is the large number of inefficient firms, precisely because of their internal organization, not because of external (mainly macroeconomic) factors. The scale of the problem is so large that one cannot seriously count on an economic recovery without coming up with mechanisms to address it.

The persistence of the crisis and the lack of convincing signs that the possibility of an independent economic recovery requires stronger anti-crisis oversight. The improvement of his method is clearly a scientific problem, the solution of which has great theoretical and practical significance. This is all the more important for business because external regulation, primarily by the state, is a traditional tool and the need for it is unquestionable.

Regulatory issues have been considered in many general theoretical and applied studies, including studies conducted on materials in agro-industrial complexes. However, their analysis shows that current research on sustainable adaptation mechanisms of economic entities to crises has not paid enough

attention as it is a factor that has an independent influence on the effectiveness of counter-crisis measures (usually considered sustainable adaptation mechanisms) only as an effect properties and functions that affect object parameters). As a result, the proposed counter-crisis regulatory approach tends to have very limited applicability in practice and low effectiveness. The existence of this contradiction predetermines the relevance, state of knowledge of the problem, for work devoted to studying the impact of systemic crises on regulatory approaches. There are numerous scientific papers devoted to analysing the causes of crisis situations in companies and offering a variety of options for how to deal with them. These works cover everything from macroeconomic analysis to "technical" analysis of processes within an organization, where macro conditions are seen only as initial constraints, constants whose dynamics are negligible. At the same time, the use of a holistic approach to problem research is very limited.

Many companies entering times of crisis have corrected the situation through external management. However, this strategy does not always yield positive results. Getting through a crisis requires more than just defensive measures. It is necessary to coordinate measures to deal with strategic crises, make overall plans, and determine the timing and sequence. To this end, it is recommended to develop an anti-crisis business plan for the company.

On the basis of the anti-crisis plan, it is possible to develop more promising areas of business and get rid of those assets that impose additional costs on the company. This plan allows you to restructure debt and reduce costs.

Of course, it is worth considering its shortcomings when developing a counter-crisis plan.

First, a poorly designed anti-crisis plan can cause a company to go bankrupt, selling assets at below-market prices.

Second, even a very good plan requires competent implementation. If the company is not responsible for implementing the developed plan, then it will only remain on paper. Therefore, it is important to appoint the person who will carry out the plan, prepare a weekly report on the implementation phase and make necessary adjustments to the plan.

Third, it is important to make quick decisions when implementing a plan for counter-crisis measures. Therefore, when implementing anti-crisis plans, it is important to take into account that we usually do not have the opportunity to influence the situation (imposing sanctions, making decisions by governments or ministries, changing the exchange rate of the dollar or euro), but we can

respond quickly.

### **3.4 Develop anti-crisis measures**

After the cause of the crisis has been identified, ideas to address it need to be sought, usually in a strategy meeting (this stage can be combined with a diagnosis). Such a strategy meeting can build and utilize the experience and knowledge accumulated by management to formulate anti-crisis measures in a short period of time.

To emerge from the crisis, companies can:

#### 3.4.1 Cost Reduction

An important part of the anti-crisis planning program - measures to reduce costs. Many companies reject promising projects, business plans that require large financial investments. Particular attention should be paid to reducing investment costs arising from the implementation of investment projects related to the expansion of existing businesses or the creation of new ones.

The focus should be on low-budget and low-cost projects.

It is necessary to control the purchasing activities carried out within the company. On the one hand, in the purchase of fixed assets, stationery, etc. , the structural division cannot be restricted, but the stock and fixed assets should be controlled as strictly as possible. Many enterprises establish a unified and coordinated transaction process, plan the purchase of fixed assets in advance, and reduce the procurement cost of equipment and materials.

In order to reduce costs, it is recommended to involve all structural departments.

Another way to reduce costs is to sequester fixed assets that the company does not actually use in its activities. Protection is a set of measures designed to ensure the safety and availability of fixed assets during downtime.

In conclusion, we note that company managers and all employees should be involved in developing anti-crisis plans. Together, we can survive the crisis.

Cost-cutting (cost cutting) during a crisis is considered one of the most effective ways to increase economic efficiency. Now the question arises: What costs can be eliminated without harming the company? It should be understood that it is not enough to reduce all costs by a certain percentage, because the costs of the costs are different. During the crisis, suspend investment programs, lay off workers, and cut benefits used by pre-crisis employees.

In practice, negative and best ways to reduce company costs can be singled out. With a negative approach, costs will be reduced in the short term but lead to negative employee dissatisfaction in the long run.

One of the most common solutions is to reduce personnel and costs. As a contingency measure, this may work in the short term, but then it will inevitably increase the cost. Poorly considered cost item cuts and structural changes can trigger new spending and significantly impact a company's overall efficiency. In this regard, it is necessary to carefully analyze the company's current costs, highlighting these costs and reducing them without significant losses in the future.

The best way to reduce costs is based on employee participation in the savings process, active participation in the company's cost reduction programs, and ensuring long-term business efficiency. For example, instead of laying off staff, consider the possibility of moving employees to remote work, which would free up some of the rented space and reduce rental costs.

#### 3.4.2 Setting the goals of the anti-crisis business plan

##### 1. Use a rolling plan

Determining specific values for the target indicators of a business plan can be difficult in a context of rapidly evolving national or industry crises and high levels of uncertainty. In this case, tools such as rolling plans are often used, where established metrics are regularly reviewed (e. g. , next quarter), 1-2 times a month.

Or maybe there is no numerical value to set the target at all. In this case, the business plan should identify short- and medium-term trends, set priorities, and leave room for decision-making by top management.

##### 2. Cheung Kong Group should have more empathy.

Apathy kills a business, so companies can earn their customers' trust if they develop products and implement new services with empathy as a guide, and with changing customer needs in mind. A company that adjusts its actions from the customer's perspective to improve customer satisfaction is better able to weather a crisis.

##### 3. Business transformation.

Crises can force many companies to rethink their current business models and even try to fundamentally change their business strategies. However, a sharp turnaround in business during a crisis is only possible in the most extreme cases: firstly, if the crisis opens up new opportunities, and secondly, when major changes are critical. However, shifts in individual business processes will

help sustain sales during the crisis, for example, stores arranging home deliveries or offices, service companies entering the market for online services, etc.

#### 4. Business digitization.

During the coronavirus pandemic, opportunities to meet buyers face-to-face are limited, and the inability to meet face-to-face often hinders closing deals. The expansion of virtual or contactless infrastructure can boost sales not only during the current crisis, but also in the future, thanks to the digitalization of business.

Adjustment of company organization, HP, production and marketing activities during the crisis.

The main function of such a business plan is to ensure the coordination of the actions of the corporate structure departments within a given objective or development vehicle.

#### 5. Multi-scenario forecast

The development of an anti-crisis business plan should be based on at least two (but no more than three) main scenarios:

A "pessimistic" scenario may become a "basic" scenario when "the bottom has been reached and will be as it is";

The "optimistic" scenario is usually based on the likelihood of maintaining indicators from the previous pre-crisis period.

The current crisis is caused by a plethora of headwinds from sanctions to the coronavirus, so we recommend starting with a "pessimistic" scenario when developing a business plan to deal with the crisis. In our practice, when preparing a business plan, we typically offer 3 development scenarios - pessimistic, basic (or realistic) and optimistic.

### 3.4.3 Identify the risks of the Cheung Kong Group Company in each situation considered and the methods to minimize the risks

In addition to the risks that have sparked a crisis, consider other types of risks that businesses may face when implementing their anti-crisis plans. For example, in 2022, the main risks facing businesses may be:

The coronavirus pandemic remains the main external factor in the crisis, and while CK Group has largely adapted to working in the new conditions, fears of another wave of lockdowns and a new round of tightening of quarantine measures remain.

High gas prices in Europe have brought many energy-intensive industries

to a standstill, increasing demand for imports and leading to higher world prices for chemical and metallurgical products.

In the face of rising prices, falling household incomes will continue to impact consumer preferences, cutting back on fine dining, branded clothing, cars and expensive equipment. The observed annual increase in the population's real disposable income of about 2.5% in 2021 does not cover the long-term decline over the past eight years. Inflation expectations for the coming year also do not allow us to expect a significant increase in effective demand.

#### 3.4.4 The level of detail and optimal structure of the anti-crisis business plan of the Cheung Kong Group Corporation's management innovation system

In terms of details, the Cheung Kong Group Corporation's Operational Innovation System Anti-Crisis Business Plan deviates from the classical standard, because it actually deviates from a set of financial and production indicators and becomes an instruction for action.

The business plan should be detailed enough to allow management to make management decisions based on the direction identified in the plan. The low detail will provide the required freedom of maneuver in the event of changing external conditions.

Given the above, the anti-crisis business plan being developed will not be an official document. It will also be small and the content will only reach the goal, that is, to implement a set of anti-crisis measures according to the implementation scenarios developed by the company.

#### 3.4.5 Conceptual method of establishing the management innovation system of Cheung Kong Group Corporation

Active innovation is the basic condition for improving the management innovation system of Cheung Kong Group Corporation. The modernization of the manufacturing base, the informatization of production and management processes, and the increased share of service and technology-intensive manufacturing in the gdp structure will shape the new technology framework of the economy and build on it competitiveness. This is the only way to achieve export capacity building and sustainable gdp growth, and the only way to live standards of the population.

The main characteristic of a competitive economy is its ability to improve, update and innovate. But for this to happen, there must be a range of



incentives and incentives to ensure that industry is continually willing to innovate, modernize, and accelerate. In economically and technologically developed countries, this mix consists of two keys: market competition and national innovation systems. Market relations become the complex and multi-layered structure of the national innovation system and the framework for the growth of competitiveness. The national innovation system provides for the management of the influence process, the realization of the relationship within the traditional relationship and the possible constraints through the activities of the subject. This guarantees a unified form and condition of national interests, namely economic security at the national and subject level.

A basic condition for the formation of a national competitive environment is to create a demand, supply and interaction mechanism in the market of scientific and technological products.

The demand for scientific knowledge by economic actors is determined by macroeconomic factors such as relatively low inflation, low borrowing rates and equal access to credit, and the stable financial health of firms.

Building the institutional infrastructure of a competitive and innovative economy means reducing access to household subjects (notified registration principle, "single window registration"), ensuring freedom of economic action (adjusting, liberalizing and simplifying business licensing mechanisms), creating Equal management conditions (improving the efficiency of the rule of law system) fight corruption.

More specific steps could include the introduction of insolvency institutes, clear legal safeguards for private individuals and intellectual property rights, and improved legal, organizational and economic prerequisites for business development.

Breakthroughs in the post-industrial age demonstrate the ability of economic agents to respond quickly and adequately to threats posed by competition in national and global markets, as well as to risks posed by the regulatory features of national economies, and technological advances in the form of new technologies and products. progress. Economic agents respond to these threats and opportunities through innovative actions, not only by introducing new technologies and technologies into production, but also by changing patterns of economic activity (management styles), modernization of education systems, flexible tax policies, etc.

Innovation(ied), like other human activities, only happens when it is available: 1.desire, 2.skills and 3.The main body of the family has the opportunity to engage in these activities. These three conditions must be

fulfilled within the framework of the national innovation system, following the logical framework shown in Figure 5.3.1.

From this framework, it can be seen that the main elements of an innovation system are:

1. Programmatic (direct) and macroeconomic (indirect) management approaches that provide direction and incentives for innovative activity.

2. A training and retraining system consisting of participants in innovative activities to meet their knowledge, skills and skills.

3. Special forms and methods of finance and insurance to finance and reduce the risk of innovation.

## Conclusion

Making the anti-crisis development plan of a company is a process influenced by people at different levels of a company, and this process is to achieve the effect and efficiency of operation; Reliability of financial reporting; Provide reasonable assurance of compliance with existing regulations. Good internal control is the guarantee of healthy operation of an enterprise. At present, the internal anti-crisis plan of Chinese enterprises is very lacking, which has affected the survival and development of enterprises. To improve the economic benefits of enterprises, it is necessary to strengthen the anti-crisis ability of enterprises and formulate anti-crisis development plan.

At the same time, internal control as an important means of enterprise management, the establishment and improvement of enterprise internal control is the key to deepen enterprise reform, the establishment of modern enterprise system. Improving the internal control of enterprises has become one of the topics concerned by all circles. However, it should be pointed out that the strengthening of internal control can not be completed in a short period of time, nor can it be achieved by the efforts of enterprises alone. There are more and more enterprises in our country, and there are many difficulties in management. Therefore, we must fully recognize the various problems and their causes in the internal control of enterprises. Pay more attention to summary from the usual management, and gradually solve the existing problems. Only by improving the internal management level of the enterprise, can the economic benefits of the enterprise be improved. The economy has been rapidly developed, and the enterprise is bound to have a bright future. To sum up, enterprise internal control is a comprehensive whole, running through all aspects of the whole enterprise. To establish a perfect internal control system, the relevant personnel and departments need to cooperate with each other, only in this way, in order to maximize the change of the current enterprise internal control system weakened problem, so that the enterprise healthy and orderly development. Internal control is beneficial to enterprises to establish modern enterprise system, strengthen internal management, improve operating efficiency and financial accounting information quality, but also conducive to enterprises to prevent mistakes and fraud. Standardizing the internal control system of enterprises is not only conducive to promoting the good and fast development of enterprises, but also conducive to improving the status quo of China's internal control and

improving the internal control system. Therefore, the study of enterprise internal control problems and countermeasures have theoretical and practical significance.

In addition, to achieve such great achievements, enterprises must have their unique competitive advantages: Formulated and implemented correct and effective strategies in different periods of enterprise development and in different competitive environments; Excellent and unique corporate culture: successful integration of corporate strategy and corporate culture. Formulate and implement the right strategy to let the enterprise in the competition to defeat the opponent, establish the position of the enterprise: high-quality enterprise culture is to maintain its competitive advantage, to create the guarantee of core competitiveness: the organic combination of strategy and culture, to further enhance the competitiveness of the enterprise is the key to continuous success of the enterprise.

## **I. Pre-crisis prevention and management**

Crisis management focuses on crisis prevention. Just as the saying goes, "Rome wasn't built in a day", almost every crisis has an omen. If the enterprise management personnel have keen insight, can predict the possible crisis according to the daily collection of all aspects of information, timely warning work, and take effective preventive measures, it can completely avoid the occurrence of crisis or reduce the damage and impact caused by the crisis. Excellent crisis prevention management can not only predict the possible crisis situation and actively take pre-control measures, but also prepare for the possible crisis and make plans, so as to cope with the crisis calmly. Crisis prevention should pay attention to the following aspects:

1. Develop a correct sense of crisis. To be born in sorrow, to die in peace; Be prepared for a rainy day. This is where the idea of crisis management lies. Crisis prevention should be accompanied by long-term persistence of enterprise operation and development, and it is not advisable to treat crisis management as a temporary measure and expediency. In the production and operation of enterprises, we should attach importance to communication with the public and maintain good relations with all sectors of society. At the same time, enterprises should communicate smoothly to eliminate hidden dangers of crisis. All employees of an enterprise, from top managers to general employees,

should be prepared for crisis in times of peace and take crisis prevention as part of their daily work. The crisis consciousness of the whole staff can improve the ability of the enterprise to resist the crisis and effectively prevent the emergence of crisis.

2. Establish a crisis early warning system. Modern enterprise is an open system closely connected with the external environment, not an isolated closed system. To prevent crisis, a highly sensitive and accurate crisis warning system must be established to collect product feedback information at any time. Once there is a problem, immediately follow up investigation, to solve; To timely grasp the information of policy decision-making, research and adjust the development strategy and business principles of enterprises; To accurately understand the image of the enterprise's products and services in the eyes of users, analyze and grasp the public's evaluation of the enterprise's organizational structure, management level, personnel quality and service, so as to find the public's attitude towards the enterprise and change trend; We should carefully study the current situation, strength, potential, strategy and development trend of competitors, and often compare the advantages and disadvantages, so as to know the competitors; Attention should be paid to the collection and analysis of enterprise internal information, self-diagnosis and evaluation, find out the weak links, take corresponding measures.

3. Set up a crisis management team and develop a crisis management plan. The establishment of a crisis management team is an organizational guarantee for smooth handling of the crisis and coordination of relations between various parties. The members of the crisis management team should be familiar with the internal and external environment of the enterprise and the industry as far as possible, and there should be managerial personnel and professionals from public relations, production, personnel, sales and other departments with higher positions. They should be innovative, good at communication, rigorous and meticulous, calm, affinity and other qualities, in order to overview the overall situation, quickly make decisions. The team leader does not have to be the president of the company, but must be influential within the company and be able to effectively control and drive the team's work. The crisis management team should make plans to prevent and deal with a crisis according to the possibility of its occurrence. It includes two parts: the leading plan and the departmental action plan of different management levels. The crisis management plan enables the managers at all levels of the enterprise to have a clear idea. Once a crisis occurs, they can make decisions and take actions calmly according to the plan, master the initiative and respond to the crisis

quickly.

4. Conduct crisis management simulation training. The enterprise should conduct regular simulation training according to the crisis response plan. Simulation training should include psychological training, crisis handling knowledge training and crisis handling basic skills training. Regular simulation training can not only improve the quick response ability of the crisis management team, strengthen the awareness of crisis management, but also test whether the prepared crisis response plan is feasible.

5. Make good friends and make friends widely. Use public relations to build and maintain relationships with the public to gain more supporters.

## **li. Emergency handling in crisis**

Crisis events often have a tight time, large impact and high difficulty to deal with. Therefore, the following points should be paid attention to during crisis handling:

1. Calm and collected. After the crisis, the parties should keep calm, take effective measures to isolate the crisis, do not let the situation continue to spread, and quickly find out the cause of the crisis.

2. Good strategy. That is to choose the appropriate crisis management strategy. The main crisis handling strategies include:

-- Crisis termination strategy. According to the trend of crisis development, enterprises should evaluate the situation and take the initiative to stop undertaking some crisis losses. For example: close loss-making factories and departments and stop producing unsalable products.

-- Crisis isolation strategy. Because the occurrence of crises often has correlation effect, improper handling of one crisis will lead to another crisis. Therefore, when a crisis occurs, the enterprise should quickly take measures to cut off the connection between the crisis and other business areas of the enterprise, and isolate the outbreak of the crisis in time to prevent its spread.

-- Crisis utilization strategy. That is, after comprehensive consideration of the degree of harm caused by the crisis, the result is beneficial to the interests of some aspects of the enterprise. For example: in the weak market, some enterprises are not busy selling, reducing prices, but eyes inward, using the sense of crisis caused by the crisis, the staff to make reasonable suggestions, engage in technological innovation, reduce production costs, the development of new products.

-- Crisis elimination strategy. That is to take steps to defuse the crisis.

According to its nature, the measures to eliminate the crisis include engineering physics and employee behavior. The engineering physics method eliminates the crisis by material measures, such as investing in new factories and purchasing new equipment to change the direction of production and management and improve production efficiency. Employee behavior law is to improve morale and stimulate employee creativity through company culture and code of conduct.

-- Crisis sharing strategy. The main body of crisis will be changed from single enterprise to multiple subjects. In the case of joint venture, cooperative operation and stock issue, the crisis of the enterprise shall be shared by the partners and shareholders.

-- To avoid strength is to be weak. Because the degree of crisis damage is different, in the case of crisis cannot be eradicated, we should choose the strategy of less crisis damage.

3. React quickly. Initiate crisis response plans as quickly as possible. Action should be taken urgently and decisively to contain the crisis before the damage spreads. If the initial response is delayed, the crisis will spread and expand. In 1996, Lion Foods, an American supermarket chain, saw its share price plummet after a live TELEVISION programme accused it of selling spoiled meat. But Lion Foods was quick to respond to the crisis. They invited the public to visit the shop and erected a transparent glass wall in the meat production area for public inspection. At the same time, a series of measures, including better lighting, new uniforms for workers, enhanced staff training and deep discounts, have been used to lure customers back. In the end, the FOOD and Drug Administration gave it an "excellent" test. After that, sales quickly recovered to normal levels.

4. Think long term. In crisis management, more attention should be paid to the interests of the public and consumers, and to the long-term interests of the company, rather than just short-term interests. We should put ourselves in the position of the public affected by the crisis as far as possible to reduce or make up for the loss, and maintain a good public image of the enterprise. In the 1990s, the "three strains oral liquid" was very popular, because it was not clear about a cause; The improper handling of unexplained cases of life, indifference to the victims and disregard for the public interest eventually led to the company's unsustainable operation. Domestic enterprises make this kind of mistake frequently seen, how its profound lesson.

5. Information flow. Establish an effective information communication system, do a good job of communication after the crisis, and strive for the

understanding and cooperation of the press. This is also a key step in properly handling the crisis, and we should do the following: One is to gain the initiative in publicity, through held a press conference as well as the use of the Internet, telephone, fax, and other media, the public and other stakeholders in a timely manner to the society, specific and accurate inform crisis time, place, reason, current situation, the company's measures and other relevant and available information, To avoid misdirection and panic caused by gossip and rumors. Second, the caliber of information dissemination should be unified. For technical and professional issues, clear and unambiguous language should be used as far as possible to avoid suspicion and rumors. Third, a 24-hour crisis management information center will be set up to accept media and public access at any time. Fourth, we should carefully choose the spokesman. The official spokesman can usually be assigned to a person in charge, because they are able to accurately answer all aspects of the corporate crisis. If the crisis involves technology, it should be answered by the person in charge of technology. If the law is involved, corporate counsel may be the best spokespeople. The press spokesman should follow the principle of openness, frankness and responsibility, express apology with low posture, compassion and affinity, state position and explain the company's response measures. Offer to provide early answers to questions that are unclear. If you cannot provide information, politely state that you cannot tell and explain why.

6. Take advantage of the good image of the authority in the public mind. In order to enhance the public's sense of trust in enterprises, authorities (such as government authorities, quality inspection departments, public relations firms) and news media can be invited to participate in the investigation and handling of crises. When syringes of unknown origin were found in Pepsi's soft-drink cans in 1997, the company quickly invited five television stations, notaries and government quality inspectors to a public demonstration to prove that the objects could only have been put there by the buyer. As a result, due to proper and timely measures, the public uproar soon subsided.

### **lii. Summary of aftermath of the crisis**

Crisis summary is the last link of the whole crisis management. The huge losses caused by the crisis will bring necessary lessons to enterprises, so it is necessary to make a serious and systematic summary of crisis management. Crisis summary can be divided into three steps:

1. The investigation. It refers to a systematic investigation of the causes of



the crisis and all the measures taken to prevent and deal with it.

2.Evaluation. A comprehensive evaluation of crisis management. It includes the evaluation of the organization and work content of the early warning system, crisis response plan, crisis decision-making and treatment, and lists various problems existing in the crisis management work in detail.

3.The rectification. It refers to the comprehensive classification of various problems existing in crisis management, respectively put forward rectification measures, and charge relevant departments to implement item by item.

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