

## *Original Paper*

# On Financial Risks and Investment Management in Communication Engineering Projects

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### ***Abstract***

*Any enterprise to carry out business, one of the most important factors is undoubtedly to obtain considerable profits, make up for the cost of investment in management, to maximize the value of the enterprise. For the construction units mainly engaged in communication engineering projects, due to their relatively large scale of operation, the financial expenses are often high, but the gross profit rate is not very satisfactory. Therefore, cost control and appropriate reduction of expenses have become the top priority. However, in actual corporate governance, it is difficult to meet the actual needs of the market economy only by saving costs. What is more important is rational choice of investment projects, scientific scheduling of means of production, increase of income base, achieve open source and throttle, and maximize the scale economy and benefit of the enterprise as a whole.*

### ***Keywords***

*Communication engineering project, Investment management, Economic benefit*

## **1. Introduction**

With the rapid development of the scientific and technological revolution, the real economy industry is faced with unprecedented challenges. On the one hand, the blowout of emerging technologies such as big data cloud computing has liberated the traditional operation and management mode, greatly improved the efficiency of corporate governance, and greatly increased the requirements for business performance and capital return. On the other hand, with the liberation of productivity, The internal competition in the industry is becoming increasingly fierce, the business environment is gradually transitioning from the market system of perfect competition to the situation of monopoly competition, and the cost of means of production is rising steadily. Meanwhile, the international financial capital market is in turmoil, and the aftermath of financial risks after the subprime mortgage crisis in the United States is still enveloping the world. The high-quality use of funds and the improvement of profit

level have brought new problems. Therefore, rational economic investment management has emerged at the historic moment, which plays an important role in preserving and increasing the value of enterprises' funds, reducing financial risks and improving economic benefits.

## **2. Overview of Financial Risks in Communication Engineering Projects**

### *2.1 The Financial Leverage of the Communication Engineering Project is Higher, and the Foreign Exchange Profit and Loss is Larger*

Due to the large amount of capital in communication engineering projects, the proportion of creditor's capital is usually relatively high among the original capital. Meanwhile, as enterprises become bigger and stronger, foreign exchanges become increasingly close, attracting a large amount of foreign investment. Under this premise, the scale of engineering projects of enterprises continues to expand, and equity capital cannot meet the premise of financial budget. The proportion of financial leverage is increasing, and so is the proportion of financial bubbles. At the same time, due to the fact that most projects are mainly sold on credit, more accounts receivable factoring business is generated, but bad debts are still inevitable, resulting in cracks or even fractures in the capital chain of enterprises. On the other hand, it is difficult to ignore the rapidly changing market risks. If the financial bubble bursts, the loss is difficult to predict. Moreover, foreign capital is to some extent affected by the international financial storm, the depreciation speed is difficult to predict. If the project construction period is long, the exchange loss will undoubtedly make the operating profit of the enterprise worse.

### *2.2 The Rising Cost of Means of Production is Affected by the Economic Cycle at the Same Time, and the Financial Pressure of Enterprises is Significant*

Due to the vigorous development of the scientific and technological revolution has brought convenient channels to the industry, the productivity level of the communication engineering industry has been continuously improved, the market competition environment has become increasingly fierce, and the entire industry has formed a relatively obvious economic cycle. However, due to the inherent profit level of the real industry is not high, so although the economic cycle has experienced a spring in the narrow sense, However, due to the continuous rise in the prices of raw materials, human resources, working equipment and other assets, the operating costs of enterprises are facing high difficulties, on this basis, the economic cycle actually shows a long-term decline, in the premise of excess production capacity, equipment depreciation, technology impairment and amortization, have brought high financial pressure to the project that can not be ignored.

### *2.3 Information Barriers between Enterprises and Competitors, Resulting in the Blindness of Investment Projects*

In the specific practice of communication engineering projects, enterprises need to jointly bid with other competitors in the same industry to select construction sites and specific types of construction, and only after the game is successful can they sign construction contracts with the counterparty. However, in the game with competing enterprises, key indicators such as technical ability, debt ability

and profitability level have not been disclosed. In addition, business secrets are strictly kept, which often affects enterprises. In the side comparison, it is difficult for enterprises to make correct and reasonable judgments, and even they are surpassed by competitors and blindly choose irrational construction projects, thus reducing profits and exacerbating the risk of previously high inherent financial leverage. Moreover, if the construction period is longer, they will suffer from various unfavorable factors that are difficult to predict. A disadvantageous position resulting in heavy losses.

### **3. Analysis of Investment Management and Financial Means of Communication Engineering Projects**

#### *3.1 Rationally and Appropriately Regulate the Scale of Financial Leverage According to the Market Environment*

Financial leverage is a double-edged sword, but for enterprises that are mainly engaged in communication engineering projects, the adverse risks are often greater than or even far higher than the profit opportunities. Therefore, after entering the 14th Five-Year Plan, the important economic promotion of the supply-side structural reform that is fully implemented is to deleverage, reduce capacity, reduce the ratio of debt operations, and fight steadily. Eliminate financial speculation and excessive deficits, rationally calculate the cost of capital and the rate of return on investment according to the scale and proportion of future cash flows, effectively formulate scientific financial budget indicators, and improve the risk control mechanism to achieve timely feedback of financial information.

#### *3.2 Improve the System of Special Insurance Funds while Ensuring the Stable Allocation of Means of Production*

In the first-line construction process of communication engineering projects, the reserves of production factors such as raw materials, professional construction personnel, and efficient machinery and equipment are often difficult to meet the allocation and utilization of long-term engineering projects. Even in different construction periods, it is often necessary to rob East Wall to pay West Wall in the face of different production lines. The waste of raw materials, revolving materials, low-value consumables and other inventory occurs from time to time, and is often strained in the face of fund deficit. Under this premise, it is extremely necessary to set up a special insurance fund and supervise it by professional managers, and improve and perfect it reasonably according to the actual situation of the enterprise scale and project. The means of production must establish a good planning and deployment system, strictly eliminate the occurrence of waste, so as to reduce a series of unnecessary additional inventory expenses, improve the economic level, moreover, in order to reduce the storage cost and holding cost of inventory, must strictly strengthen and improve the procurement contract with raw material suppliers, and urge the procurement department to carry out procurement activities in accordance with economic orders. At the lowest possible cost.

### *3.3 According to the Business Information of Competitive Enterprises in the Industry, the Establishment of a Special Investment and Financial Strategy Department*

Competition between industries is difficult to avoid, but it must not violate the anti-monopoly law and the company's legal system. Therefore, for enterprises that are mainly engaged in communication engineering projects, under the premise of complying with relevant laws and regulations, real-time attention should be paid to the operating and financial information of competitors, and a high degree of vigilance and sensitivity must be maintained to key signals. The core competitiveness of competitors and the sophisticated technology of the enterprise should be reasonably estimated and evaluated, and a special investment strategy department should be set up to carefully consider it, so as not to fall behind in the competition with competitors, and even occupy a dominant position, so as to ensure that the enterprise can continue to survive and continue to grow bigger and stronger in the face of the rapidly changing market competition pattern. Create a considerable return on capital, promote the maximization of enterprise value, and spare no effort for the market economic construction of our country.

## **4. Conclusion**

With the rapid development of China's socialist market economy, the proportion of the real economy industry in the national economy is increasing day by day. At the same time, after the beginning of the 14th Five-Year Plan, it is urgent to fully implement the supply-side structural reform. On this basis, as an important part of the real economy industry, communication engineering projects should improve economic benefits. In the face of the competitive environment full of risks and opportunities, from the financial perspective to improve their own investment management, to ensure the long-term stability of enterprises, improve their own profit level and economic scale, and then drive our residents to achieve full employment, to achieve the social welfare of communications engineering, to help build a well-off society of economic civilization in an all-round way, to contribute to China's macroeconomic construction.

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