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Analysis of Financial Risk Avoidance in the Film and TV Industry Based on Big Data

Yasong Zhang[1,a,*]

[1]W. P. Carey School of Business, Arizona state university, Tempe, U.S.A, 85281
a. yzhan964@asu.edu
*corresponding author

Abstract: While the film and television industries are rapidly expanding, the industry's financial risks are also increasing. Mergers and acquisitions of shell capital are common, star shareholders are on the rise, stock pledges are in trouble, company stock prices are falling, and tax evasion and avoidance issues are having a negative impact. The current financial risks that the film and television industries face necessitate the development of new development paths and operating methods. The case study object in this paper is A Pictures. First, we examine the current state of corporate financial risk research, the impact of the big data era on corporate financial risk research, and the current state of research on financial risk early warning models by scouring the literature. Second, we identify A Pictures' investment, financing, cash flow, and operational risks. This paper concludes that A Film has some financial issues, including weak short-term solvency, unreasonable capital structure, imprudent investment, excessive reliance on subsidiaries, low inventory turnover, high lousy debt rate, and fluctuating cash flow, based on the analysis. Based on the above analysis, this paper makes recommendations for A Pictures to broaden financing channels, realize diversified financing, strengthen investment project review, conduct scientific project evaluation, strictly control project contents, improve the enterprise's credit review system, and improve the enterprise's financial risk prevention and control system, among other things.

Keywords: big data, film and television industry, financial risk avoidance

1. Introduction

With the acceleration and continuous improvement of information technology, we have entered a new era of big data. However, at present, some domestic enterprises have not made full use of big data. With the advent of big data and the changing market environment, enterprise financial management is becoming increasingly complex. Enterprises can use big data to analyze corporate financial risks from multiple perspectives and prevent them.

Zhang Yuqing considers the competitive product market as well as the role of the government as the influencing factors of corporate financial risk [1]. A study of A-share companies in Shanghai and Shenzhen found an external governance mechanism for product market competition and that a more decisive government role can reduce corporate financial risk [1].

Vander argues that the object of study should be the core, through the control of behavior, results, and humanities, to restrain individuals and thus ensure the correct behavior of people and guarantee

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the achievement of corporate goals [2]. It is believed that film and television groups should adopt a financial control system that combines centralization and decentralization [2].

On this basis, Niu Xia believes that the emergence of big data technology makes it possible to obtain comprehensive and objective information and proposes the idea of using Internet users as enterprise "sensors." That is, based on relevant online information on the Internet, through dynamic analysis and processing, as well as statistics on the frequency of information released by Internet users, the fusion of sensor signals is formed, and on this basis, combined with financial indicators, we try to establish a financial risk early warning model that introduces significant data indicators and we conduct a comparative analysis of the prediction effect of the model [3].

This paper takes A Pictures as a case study and does the following analysis: first, by combing through the literature, we analyze the current status of corporate financial risk research; the impact of the significant data era on corporate financial risk research; and the current status of research on financial risk early warning models; second, we identify the risks of A Pictures in terms of investment, financing, cash flow, and operations. Finally, based on the above analysis, suggestions are made for A Film and TV to broaden financing channels, realize diversified financing, strengthen the audit of investment projects, conduct a scientific evaluation of projects, strictly control project contents, improve the credit audit system of the enterprise, improve the financial risk prevention and control system of the enterprise, and provide ideas for reference for financial risk control in the film and TV industry, as well as provide new ideas and direction.

2. Financial Risk Analysis of the Film and Television Industry

2.1. Investment Risk

The costs and expenses of the film and television industries are very high. However, its revenue and operation cycle are very uncertain, and the revenue and expenses are not necessarily proportional. On the other hand, the film and television industries are affected by external factors. National policies are closely related to the development of the industry, such as the "Korean Restriction," which will affect a large number of TV dramas and TV series inventory. The launch of this year's bad artists means they are not allowed to act in TV dramas, which also means some TV dramas encounter the return and replacement of their leads; the industry's pricing standards are also relatively ambiguous. Film and TV companies can only estimate the price of their products from current trends and experience; as time goes by and people's lives accelerate, a good TV series often brings more attention and word of mouth to the audience. However, with the development of the Internet, the film and TV industries are getting bigger and bigger, and more and more sales of films and TV series are being made, which requires various kinds of marketing. for example, to increase ratings, increase popularity, and attract more people. This situation further increases the industry's investment risk.

2.2. Risk of Financing

The problem of "light assets" makes the liquidity requirements of film and television companies more demanding. As a result, the industry must raise large amounts of financing to ensure the company's cash flow during its ongoing production, operation, and expansion [4]. The main forms of financing for the film and television industries are bank financing in the form of real estate mortgages and copyright pledges; one-year working capital loans to film and television companies; pledges of accounts receivable; and equity financing. Currently, copyright pledges in the film and television industries are more common because their value is difficult to determine and there is a lack of industry regulations. Therefore, the requirements for raising funds in this way will be more demanding, and banks will be more cautious, so this does not mitigate the financing risks of film and television companies.

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2.3. Operational Risk

The uncertainty of the development cycle of the film and television industry has increased the number of accounts receivable of the company, and, due to the unique nature of its industry, the amount of its accounts receivable is also relatively large; this increases the operational risk of the film and television company. Due to the influence of external factors, long-term accounts receivable are challenging to make secondary sales. They will generate vast numbers of doubtful accounts if they are not operated properly [5].

2.4. Cash Flow Risk

Film and TV companies have high liquidity requirements because the revenue cycle of a film or TV is relatively long and most of them are on credit, so there is a big difference between the cash inflow and cash outflow of a film or TV company; this will cause an imbalance between income and expenditure. Due to the downturn in the film and TV market, most film and TV companies have adopted a diversification strategy and embarked on an entire industry chain; this also poses a severe challenge to the company's cash flow and capital management.

3. Use of Big Data to Prevent Financial Risk Prevention and Control Measures

3.1. Optimizing the Capital Structure

First, the capital market can be used for financing. The company can raise capital through a non-public offering for investment in film and television, thus promoting the company's sustainable development. Compared with bank loans, this method can incur a more considerable financing cost and does not incur the risk of principal and interest. Therefore, it can reduce the risk when A Film & TV makes large-scale investments in film, TV, and TV series [6].

Second, the budgeting and allocation of funds should be strengthened. In addition to strengthening the management of current accounts and accounts, it is essential to maintain a stable cash flow to increase the debt level further. Film and television company A can also increase its capital by making equity investments through internal personnel. This method is both flexible and low-risk, providing financial support and incentives for employees.

Third, the issuance of corporate bonds is legal. Bond issuance is much less constrained than debt financing, which allows for more capital to be raised. Currently, the most appropriate way to raise capital is being explored. A lower-risk financing method can be adopted in order to reduce the cost of capital. However, the available funds and their proper utilization should be ensured.

3.2. Strengthening the Audit of Investment Projects

Compared with other industries, the film and television industry has unique characteristics and is susceptible to external factors such as public opinion, industry competition, policy changes, etc. In addition to the risks arising from the above issues, all that enterprises can control is how to make their investments well [7].

Therefore, it is necessary to evaluate an investment project properly. First of all, it is necessary to be more prudent when making investments, have a high sense of risk, and base the evaluation on maximizing the company's profit and sustainable development. The investment in a film or television project is not proportional to the return and is of a high-risk nature, so a scientific and precise evaluation of whether it will be successful or not has to be made by the company's management.

Secondly, film and TV productions take a long time to operate, so it is important to pay attention to the progress of the whole project. For example, selecting a script, determining the actors, then

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post-production, and then the latest policies is real-time monitoring and cost control. Currently, many projects have a backlog of inventory due to the artists themselves and national policies, so there are problems in contracting and content control. Therefore, in order to reduce investment mistakes, strict audits must be conducted. Secondly, in the process of mergers and acquisitions, it is necessary to control costs reasonably and diversify investments; in recent years, large groups have developed into the whole industry chain, but blind expansion will have a significant impact on capital flow, especially in the film and television industries, which have a great demand for capital. Therefore, to do an excellent job in the central business, strengthen the audit of expansion projects to avoid the impact of goodwill impairment on the company [6].

3.3. Enhancing the Credit Auditing System

The operating cycle of the film and television industries is uncertain and usually long-term, so credit sales are inevitable. Therefore, the collectability of credit accounts depends to a large extent on the creditworthiness of customers. Film and television have many accounts receivable and a high alarming debt rate, so it is necessary to establish a perfect credit audit system when conducting credit business.

First, based on the information analysis, determine the amount of credit that can be used and control the credit limit in a reasonable range to ensure that excessive credit problems do not occur during the business.

Secondly, to establish a sound credit audit system within the company to classify the objects of transactions in order to evaluate whether customers can take credit and settle accounts receivable to different degrees based on their effectiveness.

Finally, the collection of accounts receivable should be strengthened. The sales recovery rate should be included in the critical assessment indexes of business divisions and project departments to improve the recovery rate [7].

3.4. Improving the Company's Financial Risk Prevention and Control System

Given the unique nature of the film and television industries, when establishing financial risk forecasts, it is essential to take into account not only financial data but also the external environment of the enterprise. The company should collect all kinds of information from the internal business of the company and the external environmental monitoring system and categorize the company's products through the network and data sources, taking the relevance and attributes of the data as the standard. A standard profile of information is created to exclude incorrect information. Companies can use web mining, categorization, prediction, correlation analysis, use value analysis, and other means to provide early warning of risks to the company. For unorganized information, companies must adopt a set of practices to analyze the information. Specific practices include correlation analysis, text content classification, sentiment analysis, critical feature selection, vocabulary frequency analysis, and information gathering. At the same time, data mining methods, risk warning indicators, and warning methods are systematically analyzed, and the most suitable methods are used for data mining. Introducing non-financial indicators into financial risk forecasting allows for early warning of financial risks [5]. By analyzing the financial and non-financial data of film and television companies, the financial risks of film and television companies can be effectively prevented.

4. Conclusion

In the era of big data, the large amounts of data and information have put forward new requirements for the financial management of enterprises. This requires that the company's control of financial risks be newly adjusted, and the company's financial risk forecasting model can make more accurate

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and efficient predictions with the support of big data and timely detection and prevention of the company's financial risks. In addition, using big data technology, the prediction accuracy of the company's financial risk can be improved through the use of non-financial data.

This paper conducts a detailed study of the risks in the film and television industries in the era of big data. Data is used to analyze the current financial risks of A Film and TV, including weak short-term solvency, unreasonable capital structure, the need for caution in investment, over-reliance on subsidiaries, low inventory turnover, high lousy debt ratio, and fluctuating cash flow. Film and TV currently have high financial risks, mainly because A Film and TV's financial risk prevention and control system is not complete and, in the big data environment, the data processing is complicated.

Third, this paper proposes preventive and control measures to address the financial risks of A Pictures. First, broaden financing channels; diversify financing; and strengthen the management of capital budget and capital allocation; second, strengthen the review of investment projects; conduct a scientific evaluation of projects; strictly control project content; and control costs to reduce the loss caused by goodwill impairment; third, improve the enterprise's credit review system, appropriately sell on credit, and strengthen the management of accounts receivable; Finally, improving the enterprise's financial risk prevention and control system, not limited to financial data, can use effective data means, through association analysis, text content classification, sentiment analysis, critical feature selection, word frequency analysis, and other methods to obtain non-financial data.

The case study companies selected in this paper have objective limitations. In addition, the research results will contain specific errors due to the large fluctuations in the film and television industries.

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