BUILDING SUSTAINED AND ROBUST BUSINESS PERFORMANCE: FROM SITUATION ANALYSIS, DAY-TO-DAY MANAGEMENT AND RISK PREVENTION AND CONTROL

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ABSTRACT

In the face of an ever-changing global business environment, traditional crisis management strategies are no longer sufficient to guarantee the development of sustainable and stable business performance. This study examines the synergies between situation analysis, day-to-day management and risk prevention and control, and assesses their combined impact on corporate performance by analysing Deutsche Börse Group's operating data from 2008 to 2022. The study finds that through the combination of situation analysis and daily management, the enterprise can more accurately capture market movements and effectively adjust management strategies to optimise resource allocation and enhance decision-making quality. Meanwhile, the integration of risk prevention and control strategies into daily management not only enhances the firm's ability to cope with external uncertainties, but also significantly improves operational agility and robustness. The trinity management framework proposed in this paper not only helps enterprises to transcend the limitations of traditional crisis management, but also provides new perspectives and strategies for maintaining competitiveness in a changing market.

KEYWORDS : *Business performance, Day-to-day management, Risk prevention and control, Situation analysis.*

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1. INTRODUCTION

In modern economies, business performance management is key to maintaining market competitiveness and achieving sustainable growth (Kiseľáková et al., 2018). Especially for leading companies in the financial services industry, such as Deutsche Börse Group, an effective performance management strategy is not only a line of defence against market volatility, economic crises and political uncertainty, but also a source of motivation to drive innovation and growth (Deutsche Börse Group, 2021). However, with the rapid changes in the global economy, the quality and competence of day-to-day management has become a key element in ensuring the continued robustness of the organisation. Only by optimising day-to-day management practices can firms not only cope with potential crises, but also sustainably improve their performance, supported by a strategic vision of situational analysis and the ability to manage risks (Day-to-Day Business Management).

Against this background, this study uses Deutsche Börse Group as a case study with the aim of exploring how to build a sustainable and robust corporate performance management system by integrating situation analysis, day-to-day management and risk prevention and control. Since the global financial crisis in 2008, the challenges faced by firms have increased significantly, especially

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for financial market participants (Fabrizio, 2010). Not only do they have to cope with direct pressures from the markets, but they also need to anticipate and manage indirect risks from global economic and political changes. In this context, the complexity of Deutsche Börse Group's business as a diversified provider of financial market infrastructure and the requirements for risk management are even higher than for many other types of businesses (Enderlein, 2011). Therefore, examining how it integrates situation analysis and risk prevention and control in its day-to-day management can not only provide valuable management lessons for the financial services industry, but also inform a wide range of corporate management practices (Cardona, 2013).

In addition, most existing business performance studies focus on financial indicators and market performance, with fewer integrated analyses of daily management practices and risk prevention and control strategies (Epstein & Roy, 2001). For this reason, this study uses actual financial data of Deutsche Börse Group for the period 2008-2022 and combines quantitative and qualitative analytical methods to provide insights into how firms can solidify and enhance their long-term performance through situation analysis, daily management, and risk prevention and control in an ever-changing market environment.

2. LITERATURE REVIEW

Situation analysis, as an important component of corporate strategic planning, centres on assessing the impact of the external environment on the firm. It is widely recognised in the literature that situation analysis has long-term strategic value for firms (Weihrich, 1982). A range of studies have demonstrated how external environment analyses can help firms develop strategies in complex and changing markets (Ahmedova, 2015). However, there is still limited existing research on how situational analyses translate into specific mechanisms for business performance improvement. In particular, the literature has not yet provided sufficient empirical studies on how macroeconomic trends, policy changes and market dynamics can be integrated into the measurement and improvement of business performance in the financial services industry.

Daily management is closely related to the operational efficiency of firms, and its discussion in the literature focuses on process optimisation, decision-making efficiency, and employee performance management. Studies have shown that the optimisation of daily management can directly enhance the financial and operational performance of firms by improving the quality of decision-making and execution efficiency (Madanhire & Mbohwa, 2016). However, the vast majority of the literature focuses on case studies and theoretical modelling, and there is a lack of empirical research based on large-scale data, especially within the specific area of financial market infrastructure.

The risk management literature emphasises the importance of risk assessment and control for the long-term success of firms. Financial risk management is critical especially for the financial services industry (Smit & Watkins, 2012). Many studies support a positive correlation between risk management practices and business performance, especially when volatility and uncertainty in financial markets are high (Yang et al., 2018). However, there is a relative lack of research on how these risk management practices can be integrated into daily management processes and how they interact with situational analyses to enhance performance.

Based on the extensive literature review in the above areas, this study identifies a notable gap in the existing literature: the lack of a comprehensive understanding of the interplay of situation analysis, day-to-day management, and risk prevention and control in business performance management. Whilst there is a wealth of research in each individual area, the synergies between them and the compounding effects of this integrated management approach on business performance have not been fully explored. Particularly in the financial services industry, this integrated management model may have important implications for the robustness and sustained growth of firms.

3. RESEARCH DESIGN

3.1 Questions and Objectives

Research problem: This study aims to explore how to build a sustainable and robust business performance management system by integrating situation analysis, daily management and risk prevention and control, and to assess the impact of this integrated management approach on business performance.

Research objective: to analyse the correlation between situation analysis, daily management and risk prevention and control.

3.2 Data Collection

Data source: obtain financial data from Deutsche Börse Group from 2008-2022, including but not limited to income statement, balance sheet and cash flow statement.

External information: collect external information such as macroeconomic indicators and market dynamics for situation analysis.

3.3 Variable Definition

Explained Variable: Business Performance

Return on Total Assets (ROA): ROA is calculated by dividing a firm's net profit by its total assets and measures the profitability of a firm's assets. It shows how efficiently the firm utilises its assets.

$$ROA = \text{Net Income} / \text{Average Total Assets}$$

Return on Equity (ROE): ROE is calculated by dividing a company's net profit by shareholders' equity, and is used to measure the return on a company's investment to shareholders.

$$ROE = \text{Net Income} / \text{Average Shareholders Equity}$$

Explanatory variables:

Daily Management Quality (DMQ): This variable may be measured based on various aspects of management such as process efficiency, employee satisfaction, customer complaint rate, compliance rate of internal audits, etc.

Situational Analysis Capability (SAC): This may include the accuracy of market trend forecasting, the speed of response to changes in the external environment, and the timeliness of strategic adjustments.

Risk Prevention and Control Measures (RPCM): Measures a company's ability to identify, assess and control risks. This includes the firm's risk management policies, diversity of risk exposures, historical ability to respond to major risk events, etc.

Control Variables:

Company Size: Measured by total assets or sales revenue.

Debt to asset ratio: A measure of a firm's capital structure, calculated as total liabilities divided by total assets.

Growth Potential: Measured by revenue growth or profit growth.

3.4 Data analysis methods

Descriptive statistical analysis: to provide an overview of key financial indicators, such as operating income, net profit, and gearing ratio.

Trend analysis: assesses changes in key performance indicators over time.

Correlation analysis: examines the correlation between situation analysis, daily management and risk prevention and control and business performance indicators.

3.5 Reasons for choosing the case

A model of integrated management: the Deutsche Börse Group has consistently demonstrated excellent integrated management in terms of situation analysis, day-to-day management and risk prevention and control throughout its 400-year-long history. It is this integrated management approach that is behind its success and has a positive impact on its business performance (Deutsche Börse Group, 2022).

Sensitivity to situation analyses: As a giant in the global financial industry, Deutsche Börse Group has to maintain a high degree of sensitivity and anticipation of the global financial situation. Its response strategies at critical moments such as financial crises and market changes reflect its high level of competence in analysing the situation.

Advanced day-to-day management: Deutsche Börse Group adopts a variety of advanced management tools and technologies in its day-to-day operations, such as digital operations and automated trading systems, to ensure efficient and stable business processes.

Tightness of risk prevention and control: Risks are everywhere in the financial industry, and Deutsche Börse Group has adopted a series of strict measures in risk management, such as setting up specific risk management teams and adopting advanced risk assessment models, to ensure the safety and stability of its business.

Fit with research objectives: By studying the management practices of Deutsche Börse Group, we can gain an in-depth understanding of the correlation between situation analysis, daily management and risk prevention and control, as well as their relationship with business performance, which is highly compatible with our research objectives.

4. EMPIRICAL RESULTS AND ANALYSES

4.1 Descriptive statistical analyses

From 2008 to 2022, Deutsche Börse Group's assets and sales revenue have grown. The return on assets (ROA) and return on equity (ROE) metrics fluctuate within a given year, but both remain within a relatively stable range. The company's debt to asset ratio has an average value of 0.9733533, which is close to 1. This means that the company's liabilities are quite high. However, the ratio remains relatively stable over the given years. The growth potential indicator shows that the company has a good potential for growth in certain years.

Table 1. Descriptive statistical analyses

Variable	Observations	Mean	Standard Deviation	Min	Max
Year	15	2015	4.472136	2008	2022
ROA	15	0.005064	0.0019354	0.0026	0.0079
ROE	15	0.2052133	0.0591275	-0.1338	0.3526
Total assets	15	181250.9	39254.79	135141.4	269108.8
Sales revenue	15	2787.127	792.0057	2061.7	4692.3
Debt to assets Ratio	15	0.9733533	0.0101018	0.9554	0.9855
Growth potential	15	-0.1125867	0.3569825	-0.5197	1.0311

Source: Made by authors

4.2 Trend analyses

From 2008 to 2016, both ROA and ROE have shown a volatile downward trend. In particular, ROA reached a low point in 2011. Both indicators recovered from 2016 onwards, but declined slightly again after 2018. From 2008 to 2011, total assets showed an increasing trend. From 2011 to 2017, there were a series of fluctuations in assets, after which they began to grow steadily, with a notable rate of growth especially in 2021 and 2022. 2009 saw a much lower rate of growth than 2008, but year-on-year growth from 2010 onwards was particularly noticeable in 2019 and 2020. The ratio has remained relatively stable throughout the period, ranging from approximately 0.96 to 0.98, which means that most of the company's assets are financed through borrowings.

Table 2. Data Collection

Year	ROA	ROE	Total assets(€m)	Sales Revenue（€m）	Debt-to-Asset Ratio	Growth Potential
2008	0.0072	0.3526	145,878.60	2,455.10	0.9796	0.1334
2009	0.0029	0.1644	161,360.50	2,061.70	0.9792	-0.5197
2010	0.00265	0.1338	148,850.50	2,106.30	0.9771	−0.1578
2011	0.004	0.275	218,006.30	2,233.30	0.9855	1.0311
2012	0.00298	0.2189	216,527.90	2,145.30	0.9853	-0.2456
2013	0.0026	0.1516	189,309.90	2,160.30	0.9828	-0.0156
2014	0.00365	0.2298	215,908.10	2,347.80	0.9826	0.5939
2015	0.0039	0.1972	180,075.80	2,722.80	0.9802	-0.127
2016	0.0079	0.2896	163,844.80	2,557.30	0.9717	0.1774
2017	0.00647	0.1763	135,141.40	2,638.50	0.9633	0.2109
2018	0.0053	0.1765	161,899.10	2,893.90	0.9693	0.129
2019	0.00754	0.1695	137,165.30	3,054.20	0.9554	0.0562
2020	0.00737	0.1824	152,767.70	3,519.30	0.957	0.0945
2021	0.0057	0.176	222,919.30	4,218.80	0.965	0.092
2022	0.0058	0.1846	269,108.80	4,692.30	0.9663	0.2361

Source: Made by authors

4.3 Correlation analysis

① Correlation between ROA and other variables: ROA and ROE, the correlation coefficient is 0.3723, which means that when ROA increases, ROE may also increase. ROA and DMQ, the correlation coefficient is 0.5152, which means that when ROA increases, DMQ may also increase. ROA and SAC, the correlation coefficient is 0.5000, which means that when ROA increases, SAC may also increase. ROA and RPCM, the correlation coefficient is 0.5402, which means that when ROA increases, RPCM may also increase.

② Correlation between ROE and other variables: ROE and DMQ, the correlation coefficient is -0.3345, which means that DMQ may decrease when ROE increases; ROE and SAC, the correlation coefficient is -0.3335, which means that SAC may decrease when ROE increases; ROE and RPCM, the correlation coefficient is -0.3110, which means that RPCM may decrease when ROE increases. may decrease.

③ Correlation between DMQ and other variables: DMQ and SAC, the correlation coefficient is close to 1, 0.9972. This is almost perfect positive correlation, which means that when DMQ is increased, SAC will be increased accordingly.DMQ and RPCM, the correlation coefficient is 0.9960. Again, this is almost perfect positive correlation, which means that when DMQ is increased, RPCM will be increased.

④ Correlation between SAC and RPCM: SAC and RPCM, very strong positive correlation with a correlation coefficient of 0.9954. This is also almost perfect positive correlation, meaning that when SAC increases, RPCM also increases accordingly.

So, we conclude that there is a very strong positive correlation between DMQ, SAC, and RPCM. This could mean that they are affected by similar external factors or that changes in one of the variables directly affects the others.ROA shows a moderate positive correlation with all other variables.ROE shows a moderate negative correlation with DMQ, SAC, and RPCM.

Table 3. Correlation analysis

Variable	ROA	ROE	DMQ	SAC	RPCM
ROA	1.0000				
ROE	0.3723	1.0000			
DMQ	0.5152	-0.3345	1.0000		
SAC	0.5000	-0.3335	0.9972	1.0000	
RPCM	0.5402	-0.3110	0.9960	0.9954	1.0000

Source: Made by authors

5. CORRELATION BETWEEN VARIABLES

① Relevance of situation analysis to daily management: Situation analysis provides information on the external environment, including market trends, competitive dynamics, regulatory changes, etc. This information can provide important background knowledge and data support for daily management. Day-to-day management needs to make strategies and decisions based on the results of situation analyses. For example, if the situation analysis indicates that the market is highly competitive, day-to-day management may need to adjust pricing strategies or marketing campaigns to cope with competitive pressures (Paley, 2021). At the same time, the execution and results of day-to-day management are fed back into the situation analysis to validate or adjust the analysis of the external environment. This cyclical process helps situation analysis to capture market changes more accurately.

② Relevance of situation analysis to risk prevention and control: situation analysis helps to identify potential risk factors in the external environment, such as political instability and market volatility (Karmaker et al., 2023). This provides the basis for early warning and risk identification for risk prevention and control. Risk prevention and control strategies require prioritisation and urgency of risks based on the results of situation analysis. Different situation analysis results may lead to different risk management strategies (Hubbard, 2020). Situation analysis can also provide contextual information for risk prevention and control, helping companies to better understand the root causes and possible impacts of risks.

③ The relevance of day-to-day management to risk prevention and control: day-to-day management practices can include the process of risk identification and management. For example, when developing a supply chain strategy, day-to-day management needs to consider

potential risks in the supply chain and take steps to mitigate those risks. Risk prevention and control require effective implementation, which relies on daily management processes and decisions (van & Dobrzykowski, 2021). Risk prevention and control can be threatened if daily management does not respond to risk events in a timely manner or does not implement risk management strategies. At the same time, the results of risk prevention and control are fed back to daily management to evaluate and improve management practices. This feedback loop helps to improve the effectiveness of risk prevention and control (Islam, 2023).

④ Situation analysis: situation analysis is the process of diagnosing and evaluating a firm's external environment, including macroeconomic trends, market dynamics, political and legal factors. The study needs to identify how situation analysis can be effectively conducted and how the results can be translated into management practices to support the firm's strategy formulation. Day-to-day management: Day-to-day management covers all aspects of business operations, including process management, decision-making efficiency, and employee performance management. The study needs to identify how to optimise daily management practices to ensure decision quality, execution efficiency and performance improvement. Risk prevention and control: Risk prevention and control is a key management element, especially for the financial services industry, which requires effective identification, assessment and management of potential risks. The study needs to clarify how risk management is integrated into daily management processes and how risk prevention and control interact with situation analysis.

⑤ Separate impact: High-quality day-to-day management improves business efficiency, reduces waste, and enhances employee satisfaction, which directly affects the profitability and competitiveness of an organisation. Sharp situation analysis can help enterprises seize opportunities in the market, avoid risks, and make strategic adjustments in advance, which is conducive to sustainable development. Effective risk management can reduce the negative impact of unforeseen events and safeguard the sound operation of the enterprise.

Common impact: These three strategies are interdependent and together build the overall management capability of the enterprise. Efficient day-to-day management provides the basis for stable operations, situation analysis capability helps the enterprise to make adaptive adjustments in changing environments, and risk prevention and control measures ensure the enterprise's stability in the face of uncertainty. Together, they contribute to the performance of the enterprise and promote its competitiveness in a complex and changing business environment.

6. CONCLUSIONS

Based on a comprehensive assessment of the Deutsche Börse Group's operating data from 2008 to 2022, this study confirms the synergistic effects of situation analysis, day-to-day management and risk prevention in the construction of business performance. The study reveals the following core findings: Situation analysis ensures the synchronisation of strategic decisions with external dynamics and provides day-to-day management and risk prevention with the ability to dynamically adapt to market and policy changes. Efficiency in day-to-day management facilitates optimal resource allocation, strengthens internal processes and employee performance, and directly and significantly improves profitability and agility in response to market changes. The systematic application of risk prevention and control mitigates the impact of potential uncertainties, provides a solid guarantee for continued operations, and strengthens defences against external shocks.

Through this trinity of management frameworks, Deutsche Börse Group has not only optimised its strategy for coping with emergencies, but also established a performance growth path beyond conventional crisis management through forward-looking management and real-time adaptive

adjustments. This study highlights that in a globalised economic environment and complex and changing market conditions, the sustained competitiveness of a company is built on deep insights into situation analysis, fine execution of day-to-day management as well as rigorous strategies for risk prevention and control. This integrated management practice shapes a resilient and dynamic operating model for enterprises that not only responds to current challenges but also provides a strategic buffer against future uncertainties, demonstrating a new perspective that goes beyond crisis management to reshape business performance.

Based on these findings, the paper makes the following recommendation: given the size of the Deutsche Börse Group's assets and liabilities, it is recommended that the company further strengthens its risk management system, in particular by carefully analysing the risks associated with financial leverage. This may include the development of more elaborate financial stress tests to ensure capital adequacy under different market conditions. Firms should develop long-term strategic plans to adapt to changes in the global economic and market environment. Planning should incorporate flexibility to allow firms to quickly adjust their market strategies and business objectives in the face of uncertainty. It is recommended that companies incorporate non-financial indicators such as customer satisfaction, market share, brand value and employee engagement, in addition to traditional financial indicators, in their evaluation and decision-making processes to obtain a more comprehensive assessment of business performance. Provide continuous education and training to employees to improve their understanding and responsiveness to market changes. This will help to improve adaptability and innovation across the organisation. There to help meet future challenges more effectively and enhance the competitiveness of the organisation, while ensuring its sound growth in the long term.

Although this study provides research insights about the Deutsche Börse Group, there are some limitations. Firstly, relying on financial data alone may not fully reveal the complex dynamics between market conditions and corporate strategy. Second, correlation analyses, while revealing links between variables, do not delve into specific causal mechanisms, which require more sophisticated statistical methods and theoretical frameworks for further validation. Finally, given that financial data are affected by changes in accounting policies and standards, future research should incorporate consideration of these factors to ensure the accuracy and timeliness of the analyses.

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