

# Application of Entropy Weight TOPSIS Method in Financial Risk Assessment of Liquor Listed Companies

-- Take Shanxi Fenjiu As an Example

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**Abstract:** Taking 14 financial indicators of Shanxi Fenjiu from 2012 to 2022 as samples, this paper uses entropy weight TOPSIS method to establish a financial risk evaluation system from profitability, operating ability, debt paying ability and development ability, and makes a comprehensive evaluation on the financial risk status of Shanxi Fenjiu in recent 11 years. The results show that profitability and operating ability are the first-level indicators that have the greatest impact on financial risk. From the perspective of sub-divided second-level indicators, operating cost rate in profitability, inventory turnover rate in development ability, asset-liability ratio in debt repayment ability, and the proportion of total assets growth rate in development ability have the highest impact on the ranking results. The overall trend of financial risk of Shanxi Fenjiu in the past 11 years has shown "M" type fluctuations, and the recent risk level is relatively low. In order to effectively prevent risks, Shanxi Fenjiu should effectively control the sales expenses, balance the volume and price of products, improve the turnover efficiency, maintain the brand image, maintain the asset-liability ratio within a reasonable range, and strive to resolve the financial risks from the root, so as to enhance the financial value. The research results have certain reference significance for liquor listed companies to formulate reasonable financial management plan.

**Keywords:** Liquor industry, Financial risk, Entropy weight method, TOPSIS.

## 1. Introduction

Enterprise financial risk refers to the risk that an enterprise's financial position is uncertain due to unpredictable or unexpected events in various financial activities, thus causing the economic interests of the enterprise to deviate from expectations. China's Ministry of Finance has carried out a lot of in-depth research on the promotion and application of enterprise risk management tools in "Management Accounting Application Guide—Risk Management". Among them, the entropy weight TOPSIS method is an effective risk management tool under the background of big data. With the help of the entropy weight TOPSIS method, the objective weighting and ranking of the index weights of evaluation and decision-making problems can be achieved, which is helpful for decision makers to make scientific decisions.

The entropy weight TOPSIS method is a multi-attribute decision analysis method, which introduces entropy bifurcation method to solve the weight distribution problem on the basis of TOPSIS method. TOPSIS is a sort method close to the ideal solution, and entropy weight method is a weight allocation method based on information entropy. It can determine the weight of each attribute by calculating the information entropy. Compared with the method of principal component analysis, which requires experts to score, it effectively avoids the influence of subjectivity and uncertainty, and organically combines the two, which is helpful for decision makers to make scientific decisions.

Shanxi Fenjiu is a liquor listed company. It once stood at the top of liquor stocks and was called "the boss of Fenjiu". However, the development of the company has not been smooth sailing all the time. The "Shanxi False Liquor Case" which caused a sensation in the country in 1998 caused it to lose its market outside the province, fell into a low ebb and

retreated to Shanxi. Although after the brand reconstruction, Shanxi Fenjiu experienced another brilliant year in 2012, with revenue even exceeding 11.2 billion yuan. However, the revenue in 2013 quickly dropped below 6 billion yuan and the revenue in 2015 exceeded 10 billion yuan. However, the revenue growth rate in 2016 fell into a weak state, even surpassed by Gujing Gongjiu. In 2017, Shanxi Fenjiu started the internal mixed ownership reform. In 2018, it began to implement equity incentives and introduce strategic investors. In 2019, Shanxi Fenjiu was exposed as a misnomer of "wine development". In 2022, it consolidated the reform achievements in an all-round way and achieved remarkable results in market expansion, with revenue exceeding 20 billion yuan. The performance of Shanxi Fenjiu in the past 11 years has experienced ups and downs, including years of excellent performance and years of sharp increase in risks. Timely detection of risks is helpful to timely response.

This paper takes Shanxi Fenjiu enterprise as the research object, builds a financial risk evaluation system with the help of the research results of the aforementioned scholars, and analyzes 14 financial indicators of Shanxi Fenjiu from 2012 to 2022 by using entropy weight TOPSIS method, in order to find out the changes of financial risk in the development of Shanxi Fenjiu in the past 11 years, in order to find out the indicators that affect the formation of financial risk and provide reference for other enterprises in the liquor industry to avoid financial risk.

## 2. Model Design

### 2.1. The basic principle of entropy weight TOPSIS method

The concept of entropy evolved from thermodynamics to evaluate the degree of chaos in a system. The more chaotic the system is, the higher the entropy value is, and vice versa.

According to the concept of information entropy, the entropy value can be used to judge the degree of dispersion of an index. The greater the degree of dispersion of an index, the greater the impact (i.e. weight) of the index on the whole. Entropy weight method is an objective weighting method. If each evaluation index is regarded as each state, the smaller the information entropy of the index, the greater the difference between the data, the more information it can provide, and the greater the weight it should be given in the evaluation process. Whereas less weight is given.

TOPSIS is a sort of approximate ideal value ordering method, whose basic principle is to define the optimal and the worst value for the problem decision on the basis of

establishing a standardized matrix. If the object to be evaluated is closest to the optimal solution length and farthest from the worst solution length, the evaluation result can be determined as the optimal value. Otherwise, the evaluation object is determined as the worst value. Other objects to be evaluated between the optimal value and the worst value are sorted according to their relative distances from the optimal solution or the worst solution.

The entropy weight TOPSIS method is to skillfully link the objective weighting method with the rigorous multi-attribute ranking, which is helpful for decision makers to make scientific decisions.

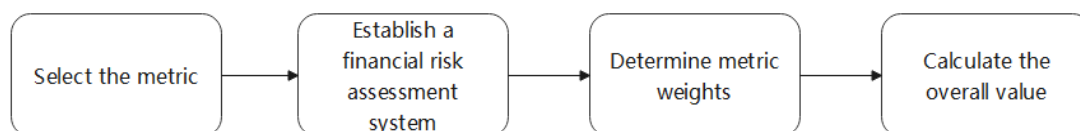


Figure 1. Entropy weight TOPSIS method

## 2.2. Evaluation model building

The entropy weight TOPSIS method is based on the calculation of the mathematical matrix, and the correct selection of index data is the key to the reasonable assessment of the financial risk of an enterprise. Based on the existing characteristics of the liquor industry and with the help of the research results of Zhao Teng and other scholars, this paper selects 14 financial indicators, the relevant indicators are derived from the traditional profitability, solvency and other four aspects, in order to analyze the financial risks of Shanxi Fenjiu in the past 11 years. Specifically, in terms of profitability, we need to focus on the higher gross profit and lower cost characteristics of liquor enterprises, so we select the operating gross profit margin, operating cost rate, and select the comprehensive profitability index of return on net assets; ② In terms of solvency, short-term solvency indicators

such as current ratio and cash ratio, and long-term solvency indicators such as asset-liability ratio are selected to analyze the combination of short-term and long-term, which is helpful to comprehensively measure the solvency of enterprises; ③ In terms of operation ability, for liquor-making enterprises, inventory, fixed assets and accounts receivable are three important assets, and the turnover efficiency of the three assets significantly affects the operation of the enterprise, so we select inventory turnover rate, fixed assets turnover rate and accounts receivable turnover rate; ④ In terms of capacity development, corporate revenue, net profit and total assets are the key items that investors pay attention to. Therefore, in terms of capacity development, we pay attention to the growth rate of operating income, net profit and total assets. The specific indicators are shown in Table 1.

Table 1. Financial indicator system

Level 1 indicators	Secondary indicators	symbol	Level 1 indicators	Secondary indicators	symbol
profitability	Operating gross profit margin (%)	A11	debt paying ability	Current ratio (%)	A31
	Return on net assets (%)	A12		Cash ratio (%)	A32
	Operating net interest rate (%)	A13		Asset-liability ratio (%)	A33
	Operating cost rate (%)	A14			
	Period cost rate (%)	A15			
operating capacity	Inventory turnover (%)	A21	Developing capacity	Growth rate of operating income (%)	A41
	Turnover rate of accounts receivable (%)	A22		total assets growth rate	A42
	Turnover rate of fixed assets (%)	A23		Net profit growth (%)	A43

## 3. Application of Entropy Weight TOPSIS Financial Risk Assessment Model

### 3.1. Shanxi Fenjiu profile

Shanxi Fenjiu, as the only famous liquor with a history of 24 years, has a brewing history of thousands of years. In 1985, the production of fenjiu accounted for half of the country's production of 13 kinds of liquor at that time, and was called

"the leader of fenjiu". In 1993, "Shanxi Fen Liquor" became the first liquor in China. At a time when the company was developing at a high speed, a serious fake liquor case broke out in Shuozhou, Shanxi Province in 1998. Shanxi Fenjiu was pushed into the air of public opinion, and Fenjiu fell into a low ebb. In 2012, after decades of development, Shanxi Fenjiu once again entered a turning point and began to seek institutional and internal reforms. In 2012, the sales volume of fenjiu exceeded 10 billion yuan. After a short period of glory, the liquor industry in China entered a severe winter in

2013, with the overall liquor business revenue showing a cliff-like decline. In 2013, the revenue of Shanxi Fenjiu dropped to less than RMB6 billion. In 2017, Shanxi Fenjiu began its drastic reform. In 2018, it began to implement equity incentives and introduce strategic investors. In 2022, Shanxi Fenjiu consolidated the reform achievements in an all-round way and achieved remarkable results in market expansion, with revenue exceeding RMB20 billion for the first time, up 31.26% year-on-year; Net profit attributable to the mother was RMB8,096 million, representing a year-on-year increase

of 52.36%, and Shanxi Fenjiu returned to the liquor head camp.

### 3.2. The use of financial risk assessment model

#### 3.2.1. Data selection

This paper takes the financial data of Shanxi Fenjiu from 2012 to 2022 as the analysis object, and the relevant data are derived from the compilation of annual reports of enterprises and CSMAR database. See Table 2 below for the specific data.

Table 2. Original Data Sheets

	A <sub>11</sub>	A <sub>12</sub>	A <sub>13</sub>	A <sub>14</sub>	A <sub>15</sub>	A <sub>21</sub>	A <sub>22</sub>	A <sub>23</sub>	A <sub>31</sub>	A <sub>32</sub>	A <sub>33</sub>	A <sub>41</sub>	A <sub>42</sub>	A <sub>43</sub>
2012	0.75	0.38	0.21	0.25	0.27	1.15	1.07	9.89	1.99	0.99	0.41	-0.14	0.24	-0.75
2013	0.75	0.25	0.16	0.25	0.34	0.81	0.06	7.74	2.11	0.48	0.33	-0.37	-0.05	-2.17
2014	0.67	0.09	0.09	0.33	0.39	0.67	0.13	5.09	2.06	0.40	0.32	0.28	-0.01	-2.34
2015	0.67	0.12	0.13	0.33	0.32	0.70	0.97	2.71	1.93	0.45	0.33	0.27	0.16	0.91
2016	0.69	0.13	0.15	0.31	0.27	0.72	5.12	2.58	1.86	0.44	0.35	0.03	0.11	0.69
2017	0.70	0.19	0.17	0.30	0.27	0.79	0.71	3.66	1.74	0.34	0.40	-0.18	0.21	-0.36
2018	0.66	0.24	0.17	0.34	0.24	1.00	0.42	5.87	1.70	0.21	0.45	0.32	0.24	-0.41
2019	0.72	0.27	0.17	0.28	0.28	0.63	0.19	7.33	1.51	0.41	0.53	0.00	0.30	-0.56
2020	0.72	0.31	0.22	0.28	0.24	0.61	0.04	7.94	1.64	0.35	0.49	0.04	0.18	-0.26
2021	0.75	0.35	0.27	0.25	0.21	0.61	0.02	8.89	1.77	0.42	0.48	-0.47	0.51	-0.66
2022	0.75	0.38	0.31	0.25	0.17	0.67	0.01	12.34	1.97	0.75	0.41	-0.40	0.22	-0.52

#### 3.2.2. Weight calculation

Through the entropy weight TOPSIS method, the weights of each financial risk evaluation index can be obtained as shown in table 2. The greater the weight, the greater the impact of this indicator on the financial risk of the enterprise. It is an indicator that needs to be focused on. The results show that, on the whole, the average weight of profitability and

operating ability is relatively large, which is the most influential indicator of corporate financial risk. From the perspective of segmentation indicators, the operating cost rate in profitability, the turnover rate of goods in development capacity, the asset-liability ratio in debt-paying capacity and the proportion of total assets growth rate in development capacity have higher weights, which have the greatest impact on the ranking results.

Table 3. Weight Table of Evaluation Indicators

Indicator category	Indicator name	Indicator nature	weight	Average weight
profitability	Operating margin	Positive indicator	9.11%	7.61%
	Net operating rate	Positive indicator	5.77%	
	Rate of Return on Common Stockholders' Equity	Positive indicator	7.97%	
	Operating cost rate	Positive indicator	10.26%	
	Period cost rate	Negative index	4.95%	
operating capacity	Inventory turnover	Positive indicator	8.47%	7.88%
	receivable turnover ratio	Positive indicator	7.93%	
	turnover of fixed assets	Positive indicator	7.23%	
debt paying ability	liquidity ratio	Positive indicator	6.00%	6.36%
	currency ratio	Positive indicator	5.68%	
	Asset-liability ratio	Moderate index	7.39%	
Developing capacity	Operating income growth rate	Positive indicator	5.03%	6.41%
	net profit growth rate	Positive indicator	5.94%	
	total assets growth rate	Positive indicator	8.17%	

#### 3.2.3. Calculation of relative distance and posted progress (financial safety)

After constructing the 14 financial index data of Shanxi Fenjiu from 2012 to 2022 into a decision matrix, the data are first subjected to forward and reverse processing, and then the dimensional influence is eliminated through data standardization processing. The weighted data after entropy weight method is used for TOPSIS analysis, and the positive and negative ideal solutions of each index of financial risk are determined according to the operation rules of entropy weight TOPSIS method, and then the distances D<sup>+</sup> and D<sup>-</sup> from the

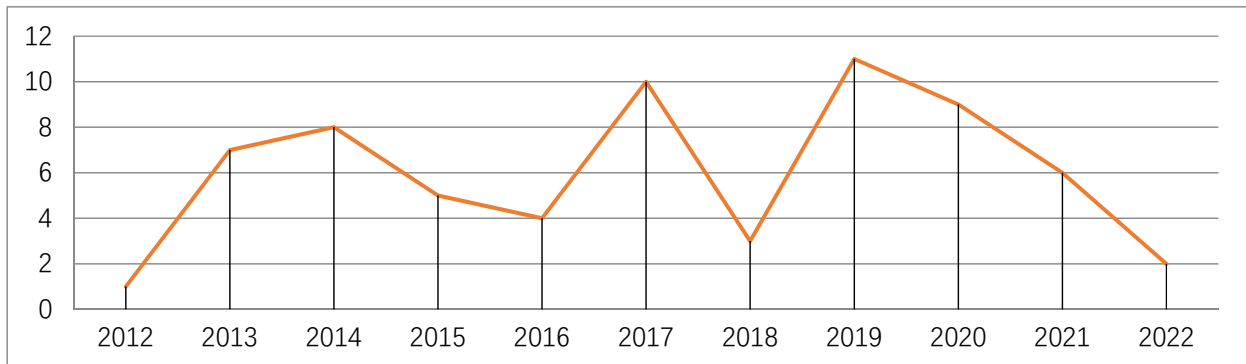
positive and negative ideal solutions of the data each year are calculated respectively, and then the proximity degree (value c) between each evaluation object and the optimal solution is obtained according to the Euclidean distance formula. In order to make it easier to understand, this paper uses the methods of Zhao Teng and other scholars. The financial risk safety degree is redefined as the sticking progress in the entropy weight TOPSIS method, i.e. the higher the relative sticking progress value obtained by using the entropy weight TOPSIS method, the higher the financial safety degree; otherwise, the lower the financial safety degree.

**Table 4.** Relative Distance and Financial Security of Shanxi Fenjiu from 2012 to 2022

age	Positive ideal solution distance d	Negative ideal solution distance D-	Relative Proximity C (Financial Security)	Risk ranking (1 indicates the least risk)
2012	0.14	0.189	0.575	1
2013	0.191	0.147	0.435	7
2014	0.202	0.152	0.43	8
2015	0.179	0.161	0.473	5
2016	0.163	0.16	0.494	4
2017	0.172	0.116	0.402	10
2018	0.167	0.167	0.5	3
2019	0.187	0.119	0.389	11
2020	0.177	0.133	0.428	9
2021	0.194	0.152	0.44	6
2022	0.176	0.181	0.507	2

The relative distance between a certain year's index and the negative ideal solution is 1, and the relative distance between the index and the positive ideal solution is 0, which means that each financial index in that year has reached the best state of each index over the years, i.e. the financial risk is at the lowest level; On the contrary, financial risk is at the highest level. Through the use of entropy weight TOPSIS method, the

financial risk level of Shanxi fenjiu in the past 11 years can be clearly and quantitatively described, which can effectively avoid the problems of unclear risk classification and improper response measures, and improve the ability of managers and financial staff to accurately resolve financial risks. the financial risk trend chart of Shanxi fenjiu over the years is as follows:

**Figure 2.** Ranking Chart of Financial Risks of Shanxi Fenjiu from 2012 to 2022

The overall financial risk of Shanxi Fenjiu in the past 10 years has shown an "M" type, with the lowest financial risk in 2012 and the second-highest financial risk in 2022 after 2012. The highest level of financial risk was in 2019. In 2012, Fenjiu Group achieved a revenue of 10 billion yuan, and Fenjiu became the sixth liquor company in China with a sales of over 10 billion yuan. At this time, the financial risk of Fenjiu is relatively low. In 2014, the industry transformation intensified, and the industry entered a "new normal" period of slower growth and lower profit. Fenjiu shares quickly entered a bottleneck period, with revenue reduced to RMB3,916 million and financial risk increased. In 2017, Shanxi Fenjiu and Shanxi SASAC signed a responsibility document for the assessment of operating performance targets, which opened the way for the reform of mixed ownership. The pilot reform has just begun, and the financial risk of Shanxi Fenjiu increased in 2017. In 2019, Fenjiu Group was exposed by the media as "developing wine". Although its revenue increased in 2019, its overall growth rate slowed down and its production and sales volume fell sharply. The growth rate of its sales expenses was significantly higher than the growth rate of its revenue. Its inventory increased by 152%, its asset-liability ratio increased, and its financial risk increased significantly.

#### 4. Causes of Financial Risks

By using the entropy weight TOPSIS model, the weight of the evaluation index and the financial risk of the company over the years can be obtained, based on which the key factors that lead to the increase of financial risk can be determined, and the root cause of financial risk can be revealed, which is convenient for financial workers to find problems in a timely manner. From the evaluation system, it can be seen that, in general, the average weight of profitability and operating ability is relatively large, which is the index that has the greatest impact on the financial risk of the enterprise. From the perspective of breakdown indicators, the operating cost rate in profitability, the inventory turnover rate in development capacity, the asset-liability ratio in debt repayment capacity and the proportion of total assets growth rate in development capacity have higher weights, which have the greatest impact on the ranking results.

By observing the original financial data of Shanxi Fenjiu in 2019, we can see that its operating cost rate is in the middle and later value in 11 years, its asset-liability ratio is at the highest position in nearly 11 years, its inventory turnover rate is the third from bottom in nearly 11 years, and its total assets growth rate is at a normal level. Correspondingly, in 2012, when the financial risk was the smallest, its operating cost rate,

inventory turnover rate and total assets growth rate were almost at the first three levels of nearly 11 years, and the asset-liability ratio also maintained a good level, which made the company's financial security the highest.

Therefore, on the whole, the decrease in profitability and operating ability in 2019 is the main reason for the increase in financial risk of Shanxi Fenjiu. Specifically, the increase in operating cost rate, asset-liability ratio and the decrease in inventory turnover rate are the reasons for the increase in financial risk of Shanxi Fenjiu in 2019. This paper will analyze these three indicators of Shanxi Fenjiu Year in 2019.

(1) The increase in operating cost rate reflects the decrease in cost control efficiency

Operating cost rate is an important indicator to reflect the cost control and profitability of the enterprise. For wine enterprises, the cost of control is the "king". The lower the operating cost rate, the better the cost control, the stronger the profitability and the lower the financial risk. The operating cost of Shanxi Fenjiu in 2019 was RMB3,336 million, representing a year-on-year increase of 12.77%. For other expenses, the sales expenses increased by 55.74% to RMB2,581 million year-on-year, which was much higher than the revenue growth rate. Among them, the advertising expenses accounted for more than 64% and RMB1,605 million in 2019, representing a year-on-year increase of 58.55%. Management expenses amounted to RMB855 million, representing a year-on-year increase of 22.53% to RMB855 million, and staff remuneration amounted to RMB490 million, representing an increase of RMB151 million. Research and development expenses amounted to RMB22.25 million, up 83.11% year-on-year. The significant increase in operating costs reflects the decrease in cost control efficiency, the decrease in profitability and the increase in financial risk of Shanxi Fenjiu.

(2) The low turnover rate of inventories reflects the decline in product recognition

Inventory turnover rate is an index that reflects the sales ability and inventory management level of an enterprise. In the internal management of enterprises, inventory is one of the most important and important assets of liquor-making enterprises, and inventory management is the focus of attention of each enterprise. The faster the turnover of inventories, the less capital they occupy, the higher their reproduction capacity and the less financial risk they have. In 2019, when the Company's financial risk was relatively high, its inventory turnover rate was the third lowest in the past 11 years. Compared with the value of 1.004 in 2018, it decreased by 36% in 2019 year-on-year. The main reason is that while the operating revenue increased by 24%, its inventory increased by 152%, and the growth rate of inventory obviously exceeded the growth rate of revenue, indicating that the sales of Shanxi Fenjiu products were hindered in 2019. Through reading the report, it was found that in 2019 Fenjiu Group was exposed by the media as a "wine development" brand confusion. The "OEM" model dilutes brand power and leads to confusion in the price system, which leads to a decline in product recognition.

(3) The increase in asset-liability ratio reflects the increase in debt-servicing pressure

Due to the special nature of the liquor industry, the general asset-liability ratio is at a low level. The higher the asset-liability ratio, the greater the debt-servicing pressure of Shanxi Fenjiu and the higher the financial risk. In 2019, the asset-liability ratio of Shanxi Fenjiu reached its highest level

in 11 years at 52.54%, representing a year-on-year increase of 15% as compared with 2018. The sharp increase in asset-liability ratio in 2019 was mainly due to the fact that the growth rate of its assets was much lower than that of its liabilities. Compared with 22.49% of Guizhou Maotai, 28.48% of Wuliangye, 32.38% of LU ZHOU LAO JIAO CO.,LTD and 31.71% of Yanghe, which were comparable companies in the same industry in the same period, Shanxi Fenjiu borrowed too much financial leverage to operate enterprises in 2019, significantly increasing its risk of debt.

## 5. Recommendations and Conclusions

### 5.1. Recommendations

Entropy-weighted TOPSIS method is helpful for the management of an enterprise to understand the financial risk level of the enterprise in each period and each stage, and is helpful for the management to identify larger risk factors and control the financial risk of the enterprise. From the foregoing analysis, it can be seen that the most critical factors affecting corporate risks are corporate profitability and operating ability. Therefore, first, corporate finance personnel should have an in-depth understanding of the operating process and profit-making process of the enterprise and participate in the production, management and operation of the enterprise. Second, the management should pay attention to the key indicators of the enterprise in a timely manner, the risk assessment report of the finance personnel, timely assessment of the risk level of the enterprise, suit the remedy to the case, significantly reduce the financial risk of the enterprise, and reasonably and properly operate the enterprise, specifically:

(1) Control the sales expenses so as to control the operating costs of the enterprise and improve the dilemma that the enterprise will not increase the expenses but increase the profits.

Financial personnel only have more in-depth business level to understand the profit transformation process of the enterprise, in order to better help the enterprise to prevent the occurrence of risk points and provide help for the management to operate the enterprise. For example, from the perspective of the application of this article, the operating cost rate is the key element of the enterprise operation, and its value can reflect the problems existing in the production, supply and sales of the enterprise. Through analysis, it is found that the sales expense rate of Shanxi Fenjiu has been higher than that of Guizhou Maotai, Wuliangye and Yanghe in the past three years, especially in 2019, with a year-on-year increase of 55.74% to 2,581 million yuan, higher than the revenue growth rate. Among them, the advertising expenses in the sales expenses amounted to RMB1,605 million, representing a year-on-year increase of 58.55%, but the profit of the enterprise did not increase significantly as a result. The significant increase in sales expenses significantly reduced the profit margin of the enterprise. Therefore, the management of the enterprise should analyze the use efficiency of the sales expenses, ban the inefficient sales expenses in time, and better control the cost of the enterprise in order to reduce the financial risk of the enterprise.

(2) Balance volume and price, improve inventory turnover efficiency and maintain brand image

Blindly raising prices is tantamount to drinking poison to quench thirst. In 2019, in order to achieve the result of gambling, Shanxi Fenjiu began to discount bills to press the distributors and raise the prices of its products. In the first half

of 2019, "Blue and White 30" was priced at 698 per bottle, which rose to about 800 in the third quarter and reached 1,059 yuan at the end of the year. However, the market did not buy it, and dealers could only clear their inventories through "price inversion". For Fenjiu, perhaps the most critical issue is not whether to raise prices, but how to maintain a competitive advantage and restructure the relationship with channels. Control the goods to stabilize the price and digest the inventory in a healthy way, so as to prevent the price from falling into the mire of upside down and prevent the "empty fat" of Shanxi Fenjiu.

(3) Control the debt level of the enterprise and keep it within a reasonable range.

The asset-liability ratio is the most important indicator to reflect the financial risk of an enterprise. The greater the asset-liability ratio, the greater the risk of debt. Shanxi Fenjiu should use its liabilities rationally and should not increase its financial risk by borrowing heavily for the sake of enterprise development.

## 5.2. Conclusion

This paper explains the principle and application of entropy weight TOPSIS method. Through the establishment of financial risk assessment index system, it is concluded that the year with the highest financial risk of Shanxi Fenjiu is 2019, and the year with the lowest financial risk is 2012, and the financial risk of Shanxi Fenjiu has gradually decreased in recent years. By comparing with the actual situation, it is found that the research results are in line with the actual situation. In the study, we found that in the evaluation of Shanxi Fenjiu, overall, the average weight of profitability and operating capacity is relatively large, which is a first-level indicator that needs Shanxi Fenjiu to focus on. From the perspective of segmentation indicators, the operating cost rate in profitability, the inventory turnover rate in development capacity, the asset-liability ratio in debt-paying capacity and the proportion of total assets growth rate in development capacity account for a high proportion, which are secondary indicators that Shanxi Fenjiu needs to pay significant attention to. Therefore, Shanxi Fenjiu should strengthen the control of the enterprise cost,

such as controlling the enterprise's sales expenses, improving the enterprise's operating efficiency, and improving the situation that Shanxi Fenjiu's sales expenses have increased significantly while its inventory has increased significantly. In addition, it should strengthen the operation and management of the enterprise's inventory, not to raise the price significantly in order to increase the enterprise's performance, reasonably plan the production capacity and output of Shanxi Fenjiu, and reasonably control the asset-liability ratio to keep it in a stable range.

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