

Financialization Motives and R&D Investment in Strategic Emerging Enterprises: A Test Based on Multiple Mediation Effects

Lingyun Liu*

School of Economics and Management, China University of Petroleum, Qingdao, China

Email address:

liulingyun77@163.com (Lingyun Liu)

*Corresponding author

Abstract

In recent years, real enterprises have found it challenging to swiftly derive benefits from high-risk and long-cycle R&D activities. Consequently, there has been a notable increase in their investment within the financial field, leading to continuous enhancements in the breadth and depth of enterprise financialization. Strategic emerging enterprises, acting as the driving force for the formation of new quality productivity, hold crucial significance for optimizing and transforming China's industrial structure. Given their emphasis on scientific and technological innovation, it becomes imperative to carefully consider the impact of financialization on the R&D investments of these enterprises. Taking listed companies in strategic emerging industries from 2015 to 2022 as a sample, this paper employs a two-way fixed effects model to empirically analyze the general impact of financialization on R&D investment. Additionally, by categorizing the sample into preventive and speculative motive groups based on structural differences in financial asset allocation, the study empirically examines the impact and mechanism of different financialization motives on R&D investment of strategic emerging enterprises by using the multiple mediation effect model. Furthermore, the paper analyzes the heterogeneity of the impact of financialization on R&D investment from the perspectives of different economic regions and ownership properties. It is found that financialization of strategic emerging enterprises has a dampening effect on R&D investment, but there are significant differences in the relationship between the two due to different motives for financialization. The mechanism analysis reveals that enterprise financialization has an inverted U-shaped relationship with R&D investment by affecting cash liquidity under the prevention motive, and the mediating effect of financial channel profits is not significant. Under the speculative motive, enterprise financialization has a dampening effect on R&D investment through over-reliance on financial profits, increasing the level of corporate risk-taking, and exacerbating financing constraints. Furthermore, R&D investment of enterprises in the central and western regions and state-owned enterprises appears less susceptible to the inhibitory effects of financialization. In conclusion, this study finds that the financialization of strategic emerging enterprises with different motives yields distinct impacts on R&D investment through various mechanisms. Consequently, it is imperative for the government to devise tailored regulatory policies for financialization with different motives and optimize the enterprise financing environment. Additionally, the enterprises should establish diversified financing channels and flexible financing structures, optimize the internal financial management, and establish a comprehensive and effective risk management system.

Keywords

Financialization Motives, R&D Investment, Strategic Emerging Enterprises, Multiple Mediating Effects