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The Impact of the Financialization of Entity Enterprises on the Financial Risks of Enterprises

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Abstract: ***Based on the current phenomenon of the financialization of entity enterprises, this paper studies the impact of entity enterprise financialization on corporate financial risks. Taking China's A-share listed companies from 2013 to 2019 as a sample, we constructed various indicators to measure the financialization of real enterprises, and used the panel two-way fixed effects model for regression analysis. The regression results show that the financialization of real enterprises will increase the financial risks of enterprises. At the same time, it also shows that the motives of corporate financialization are mainly "replacement" motives. This article provides micro-level empirical evidence for studying the impact of financialization on the real economy. At the same time, the conclusions of this article also have a certain enlightenment for the government to guide the real enterprises to "remove from the virtual to the real".***

Keywords: Financialization, Financial risk, Equity participation in financial institutions

1. Introduction

After the outbreak of the global financial crisis in 2008, the trend of my country's economic financialization has continued to deepen. In recent years, this phenomenon has intensified. In this context, the macro-level economic financialization and the micro-level phenomenon of real companies turning from reality to virtuality have been highly valued by the country. General Secretary Xi Jinping once stated that "my country is a big country and must develop the real economy, continuously promote industrial modernization, and raise the level of manufacturing. At the same time, Premier Li Keqiang also emphasized the need to do a good job in the reform of the financial system, "enhancing the ability to serve the real economy, and preventing the real economy from becoming virtual." Feng Zhao and Jiahe Tian (2015) found that before the outbreak of the global financial crisis in 2008, both the level of financialization and the speed of financialization in China were lower than that of the United States, but after the outbreak of the global financial crisis, the level and speed of China's financialization had increased. Improve faster. Judging from the current stage, the trend of my country's economic financialization is very obvious and is constantly deepening. Its manifestation at the micro level is the financialization of my country's entity enterprises.

The financialization of real enterprises has a significant impact on my country's future economic development, so this issue has aroused widespread concern in the academic community. Although scholars have different descriptions of the definition of financialization, the connotations they express are all similar. Among these viewpoints, Krippner (2005) and Palley (2008) have received more recognition. Their point of view is that financialization means that the profits or growth of real companies are more derived from the financial sector, rather than the real companies' own production and trade areas. That is to say, companies have shifted their business focus from the physical field to the financial field, which has led to the improvement of the financial sector's position in economic development, and thus the social wealth and income have gradually shifted from the real economy field to the financial field. The phenomenon of falling from the real to the virtual. With reference to this view and integrating other views of existing scholars, this article defines financialization as the increasing importance and status of financial systems and institutions in social and economic development, while entity companies gradually increase their investment in the financial field, and Through this behavior, more significant returns have been achieved in the financial field.

Existing scholars have richly studied the phenomenon of the financialization of entities, but they pay less attention to the impact of financialization of entities on corporate financial risks, and their conclusions are different. Cheng Li and Yijie Zhao (2019) believe that entity enterprises Increasing the degree of financialization can generally reduce financial risks, and most scholars believe that the financialization of physical enterprises will increase financial risks. Yao Qi (2019) believes that financialization of physical enterprises will significantly increase corporate risks. Research by Xianhuan Huang et al. (2018) shows Companies holding long-term financial assets will form a "crowding-out effect" on real economy investment, which is an act of "deciding what to do". The financialization of real enterprises is a microscopic manifestation of the financialization of the real economy, and the real economy is the cornerstone of my country's economic growth and an important force in China's economic development. Therefore, the phenomenon of the financialization of real enterprises will affect the development of my country's economy. The study of phenomena is imperative. In addition, while my country's supply-side reforms continue to deepen, the development of the real economy and the financial industry has been greatly out of balance. This status quo also puts forward requirements for the research on the financialization of real enterprises. This paper uses the data of China's A-share listed companies from 2013 to 2019 as a sample, constructs various indicators to measure the financialization of physical enterprises, and uses the panel two-way fixed effect model to conduct an empirical study on the relationship between the level of financialization of physical enterprises and corporate financial risks. , Reached a conclusion and put forward

corresponding policy recommendations for this issue.

2. Theoretical analysis and hypothesis

Yiming Hu et al. (2017) believe that the motives for the financialization of entity companies can generally be divided into two categories, one is "reservoir" motives, and the other is "replacement" motives. The former is mainly for the purpose of preventive reserves. When a company has insufficient liquidity or encounters financial difficulties, it can reduce the financial constraints of the company by selling financial assets in the financial market to realize its financial risk, thereby reducing the company's financial risk. In addition, Stulz (1996) found that some companies also use financial derivative products to increase investment and save taxes. The latter refers to the fact that in order to obtain more returns, the company transfers the funds that should have been invested in the main business to the financial sector with a higher return on investment, which forms a "crowding out" effect on the funds of the company's main business , Has caused a very negative impact on the physical field. It can be seen from this that entity companies have different motives for holding financial assets and their impacts are also different.

If the entity company holds financial assets based on the "reservoir" motive, then the main purpose is to prevent reserves. When the company is in short of funds or encounters financial difficulties, it can realize rapid realization by selling financial assets in the financial market. Relieve the operating pressure faced by enterprises and reduce financial risks. At the same time, based on the "reservoir" motivation, companies are only for the purpose of preventing reserves, and will not allocate too many financial assets, because this will increase the financial risks faced by the company. If entity companies hold financial assets based on the “substitution” motive, then the main purpose is to obtain more profits. Therefore, they prefer financial assets with high return on investment. When the company allocates a large number of financial assets, it will force the company to reduce its main business investment. Therefore, the enterprise's allocation of a large number of financial assets has caused a "crowding out" effect on the investment funds of the main business. The reduction of the investment in the main business of the enterprise will lead to the reduction of the profitability and growth ability of the main business in the future, and it will also increase the financial risks faced by the enterprise in the future. In addition, if an entity company holds too many financial assets, then financial assets in the volatile financial market may face the risk of impairment at any time. Previously, the company's investment in the main business was insufficient, and the profitability of the main business It has also been lowered. At this time, both the financial and physical sectors suffer losses, which greatly increases the financial risks faced by the enterprise, and even leads to bankruptcy in severe cases.

In summary, put forward the research hypothesis of this article:H_0: If the company holds financial assets mainly for the "reservoir" motivation, then the financialization of the entity company will reduce the company's financial risk;H_1: If companies hold financial assets mainly for "substitution" motives, then the financialization of real companies will increase corporate financial risks.

Nowadays, the management of many companies is under greater pressure for short-term assessment, and more and more companies are constantly emphasizing shareholder value orientation, and entity companies are no exception. Therefore, in order to pass the short-term performance assessment, the management of the company also aims to achieve shareholder The requirements of business performance of enterprises will tend to invest their funds in the financial market with a shorter term and higher return on investment, rather than in the main business, which has led to the holding of large amounts of financial assets by enterprises. Therefore, most entity companies now hold financial assets for the purpose of obtaining more profits, that is to say for "substitution" motives, which will increase the financial risk of the company.

3. Research design

3.1 Data Sources

This article uses the data of China's A-share listed companies from 2013 to 2019 as a sample. The data are processed as follows: (1) Because the research object of this article is entity enterprises, enterprises in the financial and real estate industries are excluded; (2) In order to ensure the validity of the data, ST enterprises are eliminated; (3) In order to ensure the integrity of the data In 2013-2019, companies with major financial data missing during 2013-2019 were excluded. After the above processing, a total sample of 2041 companies was finally obtained, of which the number of non-listed financial institutions was 513, and the number of non-shared companies was 1528. Because the indicators for measuring the financialization of entities are different, there are two samples used in the data analysis of this article: sample 1 and sample 2, where sample 1 includes all companies, while sample 2 only includes non-listed financial Institutional business. The data in this article comes from the Wind database, and the data analysis software used is stata15.

3.2 Main variable

1) Explained variable: corporate financial risk level (Z). Corporate financial risk can be divided into narrow sense and broad sense. The narrow sense refers only to leverage risk, while the broad sense refers to the actual income of the enterprise due to various factors in the complex and changeable internal and external environment during the operation of the enterprise. The difference with the expectation covers a wide range, such as financing risks and operating risks. Because the latter contains more systematic and comprehensive risks, most scholars use generalized financial risks in their research. This article is the same, and chooses the Z value that is often used in quantitative analysis to measure the financial risk of enterprises. Level. The Z value is calculated by the American scholar Altman's Z value model. It is a total discriminant score obtained by weighted aggregation of a variety of financial indicators. It is a combination of the solvency, profitability and operating ability of the company. The indicators of comprehensive analysis are used to predict the possible

financial crisis of the enterprise and judge the possibility of enterprise bankruptcy. The specific calculation is as follows: $Z=1.2X_1+1.4X_2+3.3X_3+0.6X_4+0.999X_5$. Among them, X_1=working capital/total assets, X_2=retained earnings/total assets, X_3=profit before interest and taxes/total assets, X_4= stock market value/total liabilities, X_5=sales/total assets. Generally speaking, when the Z value is less than 1.81, it indicates that the enterprise may go bankrupt; when the Z value is greater than 2.99, it indicates that the enterprise is currently in a normal operating state; when the Z value is between 1.81 and 2.99, it indicates that the enterprise is in A "grey area" with unstable financial conditions.

2) Explanatory variable: degree of financialization (Fin).This article draws on the practices of Demir (2009) and Yong Du et al. (2017), and measures the degree of corporate financialization by the proportion of financial assets held by companies to total assets. According to the company's balance sheet, this article will include transactional financial assets, net available-for-sale financial assets, derivative financial assets, net held-to-maturity investments, net loans and advances, investment real estate, and long-term equity investments. (Financial Institution Equity) These seven items are defined as financial assets.

3) Explanatory variable: a classified measure of the degree of financialization. Drawing on the research of Jun Song (2015), YuchaoPeng (2015), etc., this article divides the financial assets held by entities into four main categories: First, transactional financial assets, which mainly include transactional financial assets and available-for-sale financial assets. Net assets, derivative financial assets, net held-to-maturity investments, loans issued and net advances are measured by their proportion to the total assets of the enterprise (Fin_1); the second is investment real estate, because in recent years In recent years, China's real estate market has developed rapidly and has an efficient return on investment. However, the real estate industry has become more and more detached from the real economy and has the characteristics of independence and virtuality. Most of the funds entering the real estate are for speculation purposes, which makes It has gradually become a relatively special financial asset, so this article also incorporates investment real estate into financial assets. This part of the measurement is also carried out based on its proportion to the total assets of the enterprise (Fin_2); the third is in long-term equity investment. Participation in non-listed financial institutions, including participation in banks, insurance, securities, etc., this article constructs three indicators to measure them, one is whether to participate in a financial institution dummy variable (Dum), if the company participates in a non-listed financial institution, then The value is 1, otherwise the value is 0; the second is the investment breadth (Num), that is, the number of non-listed financial institutions that the company participates in; the third is the investment depth (CorfinShare_Ratio), which represents the shareholding ratio of the company's participation in non-listed financial institutions. When there are more than one non-listed financial institutions that the company participates in, the largest value among them shall be used. The fourth is entrusted wealth management, which mainly includes entrusted credit, trust product investment, and wealth management products. This part of the data can be obtained from the list of "other current assets", but because of its small proportion, this article will not discuss it in detail.

The specific definitions of the above variables and control variables are shown in Table 1.

Table 1: Variable definitions

Variable type	*symbol*	*Variable description*
Explained variable	Z	Financial risks in a broad sense, including financing, financing and operating risks, etc.
Explanatory variables	Fin	Financial assets as a percentage of total assets.
	Fin_1	The proportion of trading financial assets in total assets.
	Fin_2	Investment real estate as a proportion of total assets.
	Dum	If the company participates in a financial institution, the value is 1, otherwise the value is 0.
	Num	Number of corporate financial institutions
	CorfinShare_ Ratio	Shareholding ratio of financial institutions.
Control variable	Size	Logarithm of total corporate assets
	Lev	total liabilities/total assets.
	Roa	Return on enterprise total assets.
	Growth	Corporate net profit growth rate.
	Accumulation	corporate retained earnings/total assets.
	Age	The number of company establishment years is logarithmic.
	q	fixed assets/total assets
	Year	
	Industry	Classify industries according to the "Guidelines for Industry Classification of Listed Companies" issued by the China Securities Regulatory Commission

3.3 Model design

In order to study the impact of the financialization of entity enterprises on corporate financial risks, this paper establishes the following model:

$$Z_t = \alpha_0 + \alpha_1 Fin_{t-2} + \alpha_2 Control_{t-2} + \sum Year + \sum Industry + \varepsilon_t$$

In the model, Z represents the level of corporate financial risk; Fin represents the degree of financialization of the entity enterprise; Control represents the control variable. In addition, this article also controls the year variable (Year) and industry variable (Industry), and ε is a random disturbance term. In addition, because the financialization of an entity enterprise has a time lag in its future financial risks, in order to ensure that the selected data can fully and truly reflect its impact, the data used in the explanatory variable Z value in this article is the t period. The data used for the explanatory variables and control variables is the t+2 period, which

mainly examines the data of two periods lagging behind the financialization.

4. Empirical Results and Robustness Test

4.1 Descriptive statistics

4.1.1 Descriptive statistics of variables in sample 1

Table 2: Descriptive statistics of variables in sample 1

Variable	*N*	*mean*	*sd*	*min*	*max*
Z	14,287	8.390	137.3	-14.68	16,106
Fin	14,287	0.0482	0.0777	0	0.981
Fin_1	14,287	0.0249	0.0580	0	0.859
Fin_2	14,287	0.0121	0.0446	0	0.981
Dum	14,287	0.0834	0.277	0	1
Size	14,287	13.14	1.305	5.731	19.43
Lev	14,287	0.429	0.212	0.00797	4.596
Roa	14,287	0.0525	0.0820	-1.840	1.651
Growth	14,287	-8.598	950.2	-113,551	505.8
Accumulation	14,287	0.116	1.653	-162.0	0.807
Age	14,287	2.895	0.295	0.687	4.157
q	14,287	0.233	0.170	0	0.954

It can be seen from Table 2 that the mean value of the explained variable Z is 8.39, which shows that the entity enterprise is in a normal operating state as a whole, but its standard deviation is large, indicating that the financial risk level of entity enterprises is quite different. The mean of the explanatory variable Fin in sample 1 is 4.82%, and the mean values of Fin_1 and Fin_2 are 2.49% and 1.21%, respectively. Although the mean values of these three variables are small, that is, the overall level of financialization of entities is not very high, but The maximum values of these three variables are all high, indicating that the degree of financialization of some entities is too high.

4.1.2 Descriptive statistics of variables in sample 2

Table 3: Descriptive statistics of variables in sample 2

Variable	*N*	*mean*	*sd*	*min*	*max*
Z	3,591	4.514	9.989	-9.914	433.9
Num	3,591	0.469	0.821	0	7
CorfinShare_Ratio	3,591	0.0303	0.0892	0	1
Size	3,591	13.73	1.472	9.860	19.43
Lev	3,591	0.481	0.200	0.0156	3.262
Roa	3,591	0.0537	0.0700	-0.726	1.199
Growth	3,591	-0.393	10.35	-459.2	96.01
Accumulation	3,591	0.157	0.211	-3.879	0.762
Age	3,591	2.950	0.294	1.089	3.968
q	3,591	0.249	0.177	0	0.876

It can be seen from Table 3 that the mean value of the explained variable Z is 4.514, which shows that the entity companies that have participated in non-listed financial institutions are generally in normal operating conditions, but the standard deviation is large, indicating that they have participated in non-listed financial institutions. The level of financial risk varies greatly among entities. The mean values of the explanatory variables Num and CorfinShare_Ratio are 0.469 and 3.03%, respectively. Although the mean values are small, the maximum number of entity companies' equity participation in non-listed financial institutions is 7, and the maximum equity participation ratio is 100%. This indicates that some entity companies have excessive equity participation in non-listed financial institutions. The phenomenon of listed financial institutions.

4.2 Model regression results

In order to confirm the model regression method, this paper has done F test and Hausman test on sample 1 and sample 2 respectively. The test results indicate that both sample 1 and sample 2 should adopt fixed-effects models. At the same time, for panel data, time effects usually need to be considered. Therefore, this article adds annual dummy variables, so both sample 1 and sample 2 finally adopt two-way fixed-effects models. Can help solve some endogenous problems.

4.2.1Regression result of sample 1

Table 4: Sample 1 regression result

Variable	(1)	(2)	(3)	(4)
Fin_{t-2}	-7.369**			
	(-2.30)			
Fin_{1t-2}		-6.575*		
		(-1.87)		
Fin_{2t-2}			13.177	
			(0.96)	
Dum_{t-2}				-1.905***
				(-4.20)
$Size_{t-2}$	-2.288	-2.248	-2.155	-2.132
	(-1.64)	(-1.62)	(-1.54)	(-1.53)
Lev_{t-2}	2.127	2.025	2.118	2.216
	(1.15)	(1.10)	(1.15)	(1.21)
Roa_{t-2}	6.642**	6.459**	6.867**	6.667**
	(2.43)	(2.41)	(2.46)	(2.43)
$Growth_{t-2}$	-0.023	-0.022	-0.022	-0.022
	(-1.02)	(-0.99)	(-1.01)	(-1.00)
$Accumulation_{t-2}$	-1.371***	-1.373***	-1.378***	-1.376***
	(-31.58)	(-32.82)	(-33.16)	(-33.42)
Age_{t-2}	-8.862*	-9.509*	-9.775**	-8.488*
	(-1.80)	(-1.93)	(-1.99)	(-1.72)
q_{t-2}	3.152	3.249	3.753	3.531
	(1.13)	(1.17)	(1.34)	(1.28)
Year	YES	YES	YES	YES
Industry	YES	YES	YES	YES
Constant	62.393***	63.589***	62.742***	59.565***
	(4.00)	(4.03)	(3.95)	(3.78)
Observations	10,205	10,205	10,205	10,205
Number	2,041	2,041	2,041	2,041
R-squared	0.073	0.073	0.073	0.074
F test	0	0	0	0
r2_a	0.0721	0.0716	0.0718	0.0724
F	1838	1799	1713	1779

Note: ***, ** and * indicate significant at the 1%, 5%, and 10% levels respectively.

From the column (1) of Table 4, it can be seen that Fin is negatively correlated with the Z value and is significant at the 5% level. This means that the more financial assets the entity holds, the lower the Z value of the enterprise, and the greater the financial risk of the corresponding enterprise. And from this, it can be concluded that the motive of the entity enterprise to hold financial assets is mainly the "replacement" motive, which increases the financial risk of the enterprise.

At the same time, this article classifies the financialization of entity enterprises, and discusses three types of transaction

financial assets, investment real estate, and participation in non-listed financial institutions. Generally speaking, compared with companies' fixed assets, intangible assets and other transactional financial assets, the holding period is shorter. When companies face financial difficulties, they can quickly cash in the capital market at any time to alleviate financial difficulties. Therefore, companies hold transactional financial assets. The purpose of financial assets is generally mainly motivated by "reservoir". However, judging from column (2) of Table 4, it is still negatively correlated with the Z value, which is significant at the 10% level. The reason is that although in theory, companies hold transaction financial assets mainly for Pool" motivation, but when its proportion of total assets is high, it will still cause a crowding out effect on the investment in the main business, resulting in the reduction of investment by the entity enterprise in the main business, which will lead to the future profitability of the main business of the company. Decreased growth ability increases the financial risks faced by enterprises. Therefore, the larger the proportion of transaction financial assets in total assets, the smaller the Z value, the greater the financial risk of the enterprise. Judging from the regression results in column (3) of Table 4, Fin_2 has an insignificant positive correlation with Z value, which may be related to the particularity of my country's real estate industry. Although entity companies allocate investment real estate more out of "substitution motivation", which squeezes out the company's investment in its main business, the real estate market in my country has developed rapidly in recent years, with a relatively stable and extremely high rate of return on investment Therefore, there is no evidence to prove that the allocation of investment real estate by enterprises will affect the financial risk level of enterprises. It can be seen from the column (4) of Table 4 that the index for measuring equity participation in financial institutions has a negative correlation with the Z value, and it is significant at the 1% level. This also shows that entity companies' equity participation in financial institutions is mainly motivated by "substitution", which will reduce the Z value, which will increase the financial risk of the company.

Therefore, the regression results (1), (2), and (4) all verify the hypothesis H_1, that is, entity companies hold financial assets mainly for "substitution" motivation, so the increase in the level of financialization will increase corporate financial risks. The hypothesis H_0 is rejected.

4.2.2Regression result of sample 2

Table 5: Sample 2 regression result

Variable	(1)	(2)
Num $_{t-2}$	-0.400***	
	(-3.15)	
CorfinShare_Ratio $_{t-2}$		-5.217***
		(-4.51)
Size $_{t-2}$	-1.097	-0.967
	(-1.38)	(-1.23)
Lev $_{t-2}$	1.791	1.460
	(1.29)	(1.07)
ROA $_{t-2}$	-1.824	-1.783
	(-0.60)	(-0.58)
Growth $_{t-2}$	0.030*	0.030*
	(1.85)	(1.80)
Accumulation $_{t-2}$	0.968	0.662
	(0.55)	(0.39)
Age $_{t-2}$	-3.513	-3.569
	(-0.65)	(-0.66)
q_{t-2}	4.962	5.145
	(1.32)	(1.37)
Year	YES	YES
Industry	YES	YES
Constant	29.044	27.527
	(1.32)	(1.26)
Observations	2,565	2,565
Number of code	513	513
R-squared	0.082	0.086
F test	0	0
r2_a	0.0781	0.0816
F	15.43	14.94

Note: ***, ** and * indicate significant at the 1%, 5%, and 10% levels respectively.

Table 5 reports the regression results of the impact of entity companies' equity participation in financial institutions on the level of corporate financial risk (Z). From the column (1) of Table 5, we can see that the regression coefficient of Num is significantly negative at the 1% level, that is, the more the number of financial institutions that a company participates in, the smaller the Z value, the greater the financial risk of the company. It can be seen from column (2) of Table 5 that the estimated value of the CorfinShare_Ratio coefficient is -5.217, which is negatively correlated with the Z value and is significant at the 1% level, that is, the higher the proportion of entity companies' equity participation in financial institutions, the smaller the Z value. The greater the corporate financial risk.

Therefore, the regression result of sample 2 again verified the hypothesis H_1, that is, the entity enterprise's participation in financial institutions is mainly motivated by "substitution", so the increase in the breadth and depth of equity participation in financial institutions will increase the financial risk of the enterprise, and the hypothesis H_0 is rejected.

4.3 Robustness test

4.3.1Select sub-samples for regression analysis

The manufacturing industry is the main body of the real economy and can best represent the real economy. Therefore, this article selects the manufacturing enterprises in sample 1 and sample 2 as subsamples 1 and 2, and uses the same model to perform regression analysis on subsamples 1 and 2, as Robustness test. The direction of the test results obtained is consistent with the previous article, and does not change the research conclusion of this article.

4.3.2Endogenous problems

For the sake of robustness, all explanatory variables in this paper are selected two-period lag data, and seven control variables are added to the model design. In addition, the model selected in this article is a two-way fixed-effect model, which can also help solve some endogenous problems.

5. Conclusion

In the context of the ever-increasing trend of economic financialization in China, this article uses the panel two-way fixed effect model to perform regression analysis by constructing various indicators to measure the

financializationof entity enterprises to explore the impact of financialization of entity enterprises on corporate financial risks. The study of the impact of financialization on the real economy provides empirical evidence at the micro level. It also helps us distinguish whether the current financialization of China's entities is correct. At the same time, it has a certain degree of support for the country to formulate and implement relevant policies of "removing from the virtual to the real" at this stage. The reference value of the company has important guiding significance for the entity enterprises to make reasonable investment decisions.

The main conclusions of this paper are as follows: At this stage, my country's entity companies hold financial assets mainly based on "substitution" motivation. Therefore, the financialization level of an entity enterprise has a significant negative correlation with the financial risk level (Z) value of the enterprise, that is, the higher the financialization level of an entity enterprise, the more financial assets it holds, and the smaller the Z value of the enterprise, the corresponding enterprise faces The greater the financial risk.

The conclusion of this article also has certain enlightenment for us: First, financial regulatory agencies should strengthen the supervision of the financial field to prevent corporate risks. Although real enterprises can diversify their risks through diversified investments and obtain higher returns in the financial sector, this also inhibits their productive investment in their main business, which will lead to hollowing out of real enterprises and ultimately lead to virtual asset prices. High, and the risk in the financial sector is volatile, which may further increase the financial risk of the enterprise. Second, we must deepen the reform of the financial system and enhance the ability of the financial sector to serve the real economy. One of the basic functions of the financial sector is to serve the real economy and should not turn the cart before the horse. Third, improving the rate of return on investment in the physical sector is the key. Most of the financialization of physical enterprises is based on "substitution" motives. The fundamental reason lies in the low rate of return on investment in the physical field, so companies will invest more funds in the financial field with higher return on investment. Therefore, the government can formulate relevant policies to guide entity companies to appropriately hold financial assets based on the "reservoir" motivation, and urge them to return to their main business, strengthen investment in technological innovation and research and development, and help entity companies complete industrial transformation as soon as possible And upgrades to promote the sound development of physical enterprises.

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