



**RESEARCH ON THE INFLUENCE OF FINANCIALIZATION
ON THE INVESTMENT EFFICIENCY OF INVESTMENT
EFFICIENCY OF NON -FINANCIAL LISTED COMPANIES**

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Thematic Certificate

To

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This Independent Study has been Approved as a Partial Fulfillment of the Requirement of International Master of Business Administration in International Business Management

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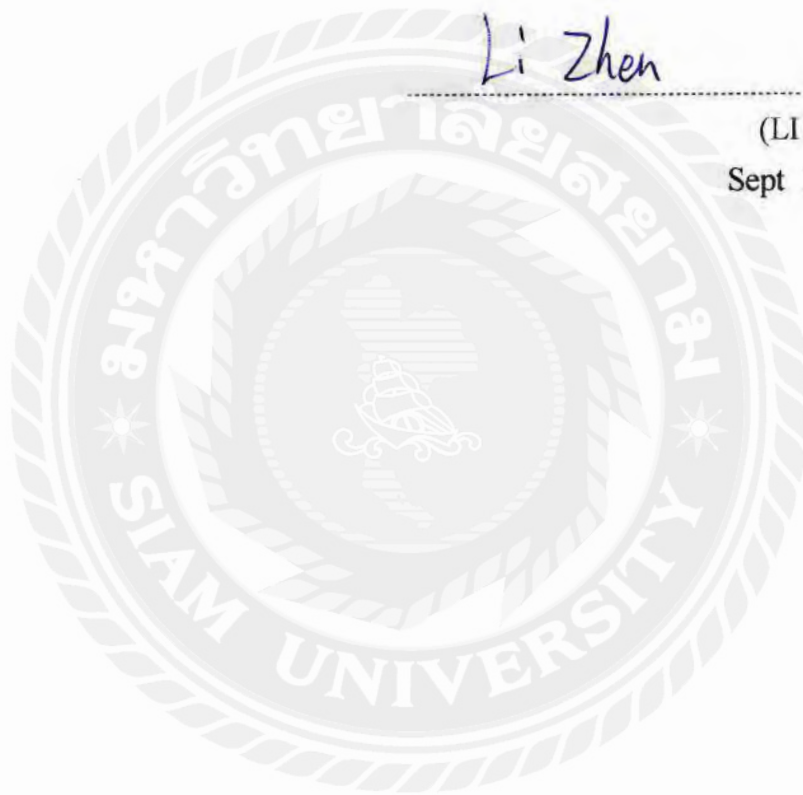
Declaration

I, LI ZHEN, hereby certify that the work embodied in this independent study entitled "RESEARCH ON THE INFLUENCE OF FINANCIALIZATION ON THE INVESTMENT EFFICIENCY OF NON-FINANCIAL LISTED COMPANIES" is result of original research and has not been submitted for a higher degree to any other university or institution.

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ABSTRACT

In order for entity enterprises to better adapt to the new requirements of high-quality economic development of China's economy, the state has continuously implemented new policies to carry out supply-side reforms to revitalize the real economy, providing direction for entity enterprises and effectively promoting the transformation and upgrading of entity enterprises. However, the country's entity enterprises still possess problems such as over capacity and insufficient technological innovation, which have led to a significant decline in the return on investment of enterprises. A large amount of industrial capital is concentrated in the financial industry and real estate industry, resulting in a structural imbalance between the real economy and the virtual economy. The trend of financialization of entity enterprises is obvious, and for non-financial enterprises, how to make financial investment better serve industrial investment and rationally allocate corporate financial assets has become an important research topic.

This paper sorts out relevant research literature and summarizes the current research problems of scholars. Secondly, this paper analyzed the reasons for the formation of corporate financialization and the current situation of corporate financialization. The analysis results showed that the trend of corporate financialization is obvious. Although there is no serious reduction in industrial investment, it's a growing trend that cannot be ignored. The paper suggests that the relatively high-yield characteristics of the financial industry are the main external reasons for the increasing financialization trend of the country's real enterprises, and the internal reason is that the real enterprises have problems such as excess capacity, high operating costs, and insufficient profit margins of industrial assets. The departure of capital from real and virtual is just an objective reflection of difficulty in implementing capital, insufficient industrial investment and low investment efficiency

at the level of real enterprises. The study then conducted mechanism analysis and heterogeneity analysis on the impact of corporate financialization on industrial investment efficiency. This is vital for guiding funds to return to the real economy, promoting the transformation and upgrade of entity enterprises, and promote high-quality economic development.

The paper selected non-financial listed companies in the A-share market from 2008 to 2020 as a sample, and used unbalanced panel annual data. The paper built an OLS model to study the relationship between corporate financialization and investment efficiency. The Richardson model was used to calculate the residual value, and the data was processed as the explained variable industrial investment efficiency.

The paper chose the level of corporate financialization as an explanatory variable. Then, it explored the impact of the financial asset allocation of entity enterprises on the efficiency of industrial investment, and conducted robustness and endogeneity tests to ensure the accuracy of the empirical results. The study conducted deep analysis of whether different enterprise characteristics will strengthen or weaken the relationship between the above variables from the perspective of heterogeneity such as property rights, industries, and technological innovation degrees. This research reached the following main conclusions: (1) There was an inverted U-shaped relationship between the financialization of non-financial enterprises and the efficiency of industrial investment; (2) The financialization level of state-owned enterprises and private enterprises has a significant inverted U-shaped relationship with industrial investment efficiency. Compared with private enterprises, state-owned enterprises were more sensitive to change in the level of financialization; (3) For manufacturing and information technology enterprises, the relationship between the degree of enterprise financialization and the efficiency of industrial investment was the same as above, with an inverted U-shape. Compared with manufacturing enterprises, the information technology industry was more sensitive to changes in the level of financialization; (4) Enterprises with a high level of technological innovation can solve a certain degree of over capacity and low added value of products through their own technological innovation, and there is an inverted U-shaped relationship between their level of financialization and industrial investment efficiency; (5) The occupation of industrial funds by enterprises investing in real estate led to a downward trend in the industrial investment efficiency of enterprises. The level of investment in real estate was negatively correlated with the efficiency of industrial investment.

Keywords: financialization, non-financial listed companies, investment efficiency



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1. Introduction

1.1 Research Background

In recent years, with the intensification of financialization, non-financial listed companies have gradually participated in financial activities(Bertrand, &Mu, 2003). Under this trend, the asset liquidity of non-financial listed companies tends to improve. However, since the nature of this type of company is the real economy, if the company holds too many financial assets, it will inevitably lead to the squeezing of operating costs, which will hinder the improvement of the economic efficiency of the company, and directly affect its investment efficiency(Liu, &Zhang, 2015).

Although the financial development of non-financial enterprises has promoted the prosperity of the financial industry, and also brings certain cash flow and possible benefits to the enterprise itself, over-investment financial products will not only bring higher risks to the enterprise, but also will also be right. The main business of physical enterprises has a certain negative impact, which has led to problems such as insufficient industrial investment funds and high investment efficiency(Ke, & Jiang, 2014). Especially in recent years, the overall growth of the global economy has been weak. At the same time, my country is facing a critical period of market economy development and industrial transformation and upgrading. In this context, the profit growth rate and industrial capital yield of physical enterprises in my country have continued to decline(Chen, 2018). The company's production and operation and survival capabilities are facing greater challenges. In view of the possibility of profitable funds in the financial sector, more and more enterprises choose to invest in the capital market, which has triggered it, which has triggered it, which has triggered a triggering. In the market, the investment behavior of "not doing business" in the market and the concerns of the industrial funds "from reality"(Li, & Shen, 2016). At the same time, investing in the financial market will also bring greater risks to enterprises, affecting the survival and development of the enterprise.

1.2 Research Problems

Through the exploration of the investment efficiency of non-financial listed companies(Bertrand, &Mu, 2003), we found the impact of financialization on it, and provided suggestions for determining the investment direction of non-financial listed companies, thereby promoting the improvement of the company's economic benefits.

In the context of the continuous strengthening of China's financial trend and the overcapacity of physical enterprises, and the continuous deepening of the national supply-side structural reform, the traditional theory and summary of the existing research results through literature reading and theoretical analysis, from physical enterprises The perspective of supply side analyzes the cause of the financial melt of Chinese enterprises and combines the current status of corporate financial melt and the current status of industrial investment(Liu, &Zhang, 2015). It will focus on the relationship between finance and investment efficiency, making the research of this article more practical.

First of all, in accordance with the total amount of different financial products holding different financial products, this article measures the financial melting, and refers to the research of industrial investment efficiency models by reference to the research of Richardson (2006) and others, and the impact of empirical inspection of the investment ratio of financial asset investment on investment efficiency(Ke, & Jiang, 2014). Secondly, this article further distinguishes the residual values calculated by the Richardson model(2006). Non-financial listed enterprises are divided into investment in investment excessive investment and insufficient investment enterprises respectively(Zhang, 2014). Third, this article conducts heterogeneous analysis on the basis of the return of the Lord to explore the different relationships between different industries, property rights and different technologies, making the research of this article more targeted.

1.3 Objectives of the Study

The problems to be studied in this article:

(1) Non-financial enterprise finance and the efficiency of industrial investment are in the U-shaped relationship (Qiu, &Li, 2015).

(2) For over-investment enterprises, its financial level and industrial investment efficiency have a reversal U-shaped relationship, and for enterprises with insufficient investment, their financial levels are negatively related to the efficiency of industrial investment(Qiu, &Li, 2015).

(3) For non-financial listed enterprises with different properties of property rights, there are differences in the relationship between the level of finance with the efficiency of industrial investment(Cai, &He, 2015).

(4) For non-financial listed enterprises in different industries(Cai, &He, 2015), the relationship between its finance is different from industrial investment efficiency.

1.4 Scope of the Study

In order to clearly understand the impact of finance on the investment efficiency of non-financial listed companies, this subject selected A-share listed companies from January 2016 to January 2018 in China(Source: GTAFE).

In the financial environment, non-financial listing the company's investment efficiency changes were analyzed. This paper uses Winsorize tail treatment to solve the problem of extreme value, and the processing range is 1%to 99%. At the same time, through the establishment of a model, the data is brought in to the variables of research, the results are calculated through the model, and the impact of finance on the efficiency of industrial investment through analysis of the results.

In order to avoid the existence of relevant factors, the accuracy of the analysis results affects the accuracy. This topic removes the following analysis data:

(1)the research objects of this topic are mainly non-financial listed companies. Therefore, it is necessary to first mention the financial listed company of A shares.

(2) The content studied in this topic has continuous characteristics. Therefore, if a non-financial listed company in A shares has been terminated, it should be removed.

(3) In order to make the sample data comprehensively reflecting the production of financial melt, the impact on the investment efficiency of non-financial listed companies. Companies with liability ratio <0 or > 1 should be excluded.

(4) The total assets are 0, indicating that the company's current assets have no assets for investment. Therefore, the company should also be excluded from research.

1.5 Research Significance

Through the study of "the impact of financialization on the investment efficiency of non-financial listed companies", it(Cai, &He, 2015) provides suggestions for the determination of the investment direction of non-financial listed companies, which can play a certain role in promoting the economic efficiency of the company. In the future, non-financial listed companies can use the financial trend to promote the development of the real economy(Liu, &Zhang, 2015).

From a practical perspective, with the increasing efforts of "re-production capacity" at all levels, the path of physical enterprises with transformation and conspiracy has

become an inevitable choice(Miao, 2016). For non-financial enterprises, how to invest in two aspects of industry and finance, The close combination of financial asset allocation is reasonable to allow financial investment to better serve the industry investment(Ke, &Jiang, 2014), which has now become an important research topic. In the environment of mature financial markets and weak real economy, although the main business operation is still the main theme of the business activities of physical enterprises, the situation of large-scale allocation of financial assets has basically occurred, but physical enterprises will still tend to configure more financial finance Assets, this trend is worthy of attention(Cai, & He, 2015). Visible, corporate finance is to treat the double-edged sword, looking at the accurate, correct, and rational eyes, and master the financial melting of physical enterprises. This article studies the impact of non-financial enterprises' financialization on the efficiency of industrial investment, starting with the proportion of financial asset allocation, in order to promote the development of the real economy, effectively use financial resources, fully improve the efficiency of industrial investment, and better grasp corporate operations for national regulatory agencies. To better fulfill the regulatory functions and provide a reference for promoting the safe and healthy development of physical enterprises(Liu, &Zhang, 2015). It has important practical significance.

2. Literature Reviews

2.1 Financialization

Baman & Sweezy, (1996) first proposed the concept of "financial", so many experts have used financial capital to discuss economic dominance since the beginning of the twentieth century. Chinese scholar Huang, (2012) defines finance as the particularity of finance shown by economies throughout the economic operation, that is, productivity and monetary.

In fact, corporate finance can be regarded as a micro -expression form derived from the perspective of an enterprise. Zhang and Zang, (2015) used the HP filtering method to study the related issues of US financial melting. They believed that the pros and cons of the phenomenon of financial melting was actually based on whether it could support the development of the real economy as the standard. At present, the trend of finance is becoming more and more obvious in the non-financial sector, and the structure of the financial assets is gradually securitized. From the perspective of the accumulation of profits, Peng, (2018) proposed to develop to the present, and it has no longer relying on

the surplus value created by investment entity business, but relying on the use of financial capital for investment. Value -added income has accumulated profits.

Gu, (1994) believes that corporate financial melt means that a company does not rely on its main business to obtain income, but uses financial methods to obtain income, increase corporate value, and achieve profit growth. Ozgur, (2008) believes that corporate finance is for non-financial enterprises. It refers to a dependence of the above-mentioned enterprises for the financial market. More enterprises are increasingly dependent on the income increased in the financial market.

Krippner, (2005) and Demir, (2009) believe that corporate finance is that when enterprises invest in investment, they are more inclined to apply funds to financial investment instead of main business investment. At the same time, many domestic scholars believe that the development of corporate finance is closely related to asset securitization. Zhang, (2014) believes that from the perspective of capital liquidity, corporate finance is to transform a part of the weaker assets of enterprises into a stronger part.

At present, most of the domestic and foreign countries are measured from two angles to measure the level of finance. One is from the perspective of behavior, and the other is from the perspective of result. Baman and Sweezy, (1996) was sorted out of corporate financial melting, it was found that the existing research is basically defined from these two aspects. In terms of behavior, enterprises pay more attention to capital operations and put funds into the financial market, thereby reducing the main business to the main business Investment in business, the method of measurement of the financial melt of the enterprise is the proportion of the company's financial assets that can dominate the assets of the enterprise. As far as specific indicators are implemented, scholars have different determinations of the financial asset indicators of the enterprise. Peng, (2018) believes that although the monetary capital indicators are identified as financial assets in the corporate accounting standards, because its main function is to use it for the production and operation of the enterprise, it does not

It should be included in the financial assets of the enterprise. Du, (2019) believes that with the rapid development of the real estate industry, many companies buy real estate to obtain income and not be used for daily operations. Therefore, the "investment real estate" indicators should be included in financial assets. From the perspective of results, corporate finance is to simply pursue the value-added of capital. The profit of the enterprise mainly comes from non-main business income. This angle of measurement to corporate finance is The proportion of benefits obtained. Scholars Cheng, (2016)

measures the financial melt of the enterprise from the perspective of income, summarizes the total profit obtained by the company from financial investment, and calculates the ratio of the total profit of this part of the profit as the measurement of the company's total profit standard.

Because the specific research target of this article is the efficiency of the enterprise's industrial investment, investment belongs to the company's behavior, this article adopts the above-mentioned first definition method. From the perspective of investment behavior, according to the accounting standards, the proportion of financial assets accounted for total assets to measure the financial level of the enterprise. Because the "monetary funds" subjects are mainly retained in the book, for the daily operations and production and operation of the enterprise, "long-term equity investment"(Zhao, 2018).The subject refers to the long-term holding of the company's joint enterprise. The purpose of holding is not a short-term profit. The amount of subjects such as " other rights and interests "is low. The above three types of subjects have not been included in the financial assets of the research in this article.

At the same time, because many physical companies in my country are currently purchasing real estate, it is not used for the daily use of enterprises, but expects rising house prices to bring benefits to enterprises. Therefore, it will "invest in investment. "Real estate" subjects are included in the category of financial assets in this article(Deng, 2017). Therefore, the financial assets selected in this article include trading financial assets, derivative financial assets, issuance of loans and nets, which are available for sale of financial assets, the net amount of holding to expired, and net investment real estate.

2.2 Non-financial Listed Companies

After the financial crisis in 2008, physical enterprises began to have problems with overcapacity and low industrial profit margins. Non-financial corporate financial trends were obvious. Therefore, this article uses 2008 as a node and selected 2008 and later years.

The annual data of non-financial enterprises in the Shanghai and Shenzhen A-share cities, from 2008 to 2020, for a total of 13 years. At the same time, the variable data involved in this article comes from the Wind database. This article has been processed below for the initial sample data:

- (1) Existing risks with ST,*ST, PT enterprise samples;
- (2) Eliminate corporate samples that have been listed and suspended at the end of 2020;

(3) Because financial companies do not belong to the research objects of this article, this type of sample is eliminated.

(4) As the data of listed companies in my country will be affected by external incidents, especially in 2015, a serious stock disaster incident will have an important impact on listed companies that year and the following years.

Therefore, this paper uses Winsorize tail treatment to solve the problem of extreme value, and the processing range is 1% to 99%. The regression of data processing and empirical models uses Excel and STATA16.0 tools.

2.3 Social Embedding

Cai, (2015) believe that the "social embedding" theory of economic behavior believes that individual behavior will be affected by the "embedded" social network and its position in the network. However, for the venture capital that is also embedded in the social network, what effect the network location will bring to its economic behavior has not yet been discussed in existing research(Peng, 2018). Based on this, this article takes my country's A-share listed companies from 2004 to 2013 as the research object to investigate the influence of the shareholder network embedded in venture capital on the investment efficiency of the companies it supports. The research found that the network location of venture capital affects the company's investment efficiency(Du, 2019). The higher the centrality of the venture capital network, the more likely it is to restrain under investment, but it also promotes the company's over investment; joint investment may affect the above-mentioned effects of venture capital network location. When venture capital adopts joint investment, the inhibitory effect of network centrality on under investment and the promotion of excessive investment are stronger than the situation of independent venture capital investment; and when venture capital exits the company and the relationship network is broken, the company invests the above-mentioned effects on efficiency also disappear. The above research conclusions(Xu,& Zhou, 2009) show that the information advantage brought by the relationship network will affect the effect of venture capital on the invested companies. In addition, the entry of venture capital after the IPO, the nature of the company's property rights, and the company's cash flow will also have a certain impact on the network. Liu, Zhang and Wang, (2015) pointed out the perspective of investment efficiency from the perspective of accounting flexibility, he found that after research: when investment is insufficient (over), accounting elasticity is negatively correlated with investment efficiency, and can improve the above-mentioned

inefficient investment to a certain extent; the impact of accounting elasticity on non-investment efficiency is positively correlated with market response

2.4 Investment Efficiency

Investment creates profitability, created value, and laid the cornerstone for the development of enterprises. Then the research of investment efficiency is very important. Investment efficiency is a category of economics, and it is one of the concepts of economic efficiency macro(Jensen, 1986). It explores the reasonable utilization rate of resources. Investment efficiency refers to the ratio of investment income to the cost of consumption, that is, the output investment ratio.

Jensen, (1986) believes that if the market is imperfect in friction, the company chooses an investment project with a positive investment of net value. This investment is regarded as efficient. The higher the output investment ratio of investment projects, the higher the income cost ratio, and the higher the investment efficiency (Xu, & Zhou, 2009). The highest efficiency of resource allocation can be called "Pareto the best" in economics, and it is used to use it to use effective resource into an efficient project to maximize the output.

However, in real life, companies cannot do "Pareto the best". Due to the cost of various agency costs, information asymmetry, blind self-confidence and irrational behavior of internal and external stakeholders, the company's investment activities Devouring the optimal investment, resulting in excessive investment and insufficient investment(Theurillat, 2010). Based on the current current value, companies that blindly invest in the current current value of the net value are less profitable projects or projects with high risks, which will lead to excessive investment. Relatively, the management of management is lazy and self-interest, and does not invest in projects that make money ($NPV > 0$), resulting in insufficient investment. Excessive investment and insufficient investment are both low investment efficiency, causing waste of limited resources(Cheng, 2019).

Because the allocation of corporate resources cannot reach 100 % utilization rate, when enterprises carry out investment activities, they will inevitably be in the state of non-optimal investment(Zhao, 2018). Therefore,scholars have proposed the concept of "investment efficiency". But different scholars have different views on "investment efficiency".

Jensen and Mick, (1976) believe that the efficiency of enterprise industrial

investment is a standard that is a good measure to measure the profitability of enterprise investment. Under the circumstances of asymmetric information, the management of the enterprise is likely to maximize its own interests and make non-efficient investment behaviors. The direct manifestation of this phenomenon is the excess investment of the enterprise's physical projects.

At the same time, two scholars of Bertrand and Mullainathan, (2003) believe that in addition, they may not cause industrial investment due to inaction. Xu, (2009) believe that the important indicator of measured whether the investment decision-making is correct is the investment efficiency of physical enterprises. If the actual return amount is higher than the investment amount, it indicates that the positive investment effect is obvious. The larger the difference between the two, the higher the efficiency. This indicator mainly considers the investment of fixed assets and other long-term operating assets.

Hua, (2010) believes that the efficiency of industrial investment reflects the difference between actual and best industrial investment. Various factors that affect the efficiency of industrial investment can be divided into two types: the inherent reasons and the impact of the outside world. Regarding the internal reasons of the enterprise, Zhang, (2015) believes that the asymmetry of the internal information of the enterprise can be achieved through high -quality internal control, and the external information disclosure mechanism can be improved, which can significantly improve the company's inefficient investment behavior.

Luo, (2014) studied the relationship between agency cost and investment efficiency, and believed that the two were negatively related. Yue, (2017) pointed out that in terms of finance, financial stability will play a pivotal role. Regarding external influencing factors, Wan, (2013) pointed out that a sound legal environment can promote the improvement of corporate financing efficiency.

Because scholars' definition of industrial investment efficiency is not the same, this article has selected a more authoritative Richardson model (2006) for this indicator. The principle adopted by this model is to compare the real level of actual investment with the ideal investment level in the enterprise plan. The residual value calculated by the model is the level of non-efficient investment. Scholars such as Biddle, (2009) and Yu, (2014) also used the model to explore the investment efficiency of physical enterprises.

3. Finding and Conclusion

Through the observation of empirical research data, the research results are as follows: First, the nature of the enterprise and financial investment. In the financial environment, there

is a certain connection with its investment efficiency with its investment efficiency(Krippner, 2005). Compared with state-owned enterprises, non-state-owned enterprises are often higher in funding for financial investment. Therefore, the proportion of corporate financial assets is also higher. The cause of the above phenomenon may be related to the uneven investment of financial asset investment and income. Different from state-owned enterprises, the purpose of the operation of non-state-owned enterprises is to make profits. Therefore, the income obtained by enterprise operations is usually higher. In contrast, the proportion of financial income will be reduced. Second, financial investment and corporate financial investment. The impact of finance on the investment efficiency of non-financial listed companies is a "inverted U-shaped" curve(Ozgur, 2008). In short, with the improvement of the level of finance, the cost paid by non-financial listed companies for financial investment will also increase. At this time, through observation of corporate income, we can often see the phenomenon of rising financial investment in total investment. If the state of development is maintained for a long time, the business assets of the enterprise will be significantly reduced. Enterprises are also difficult to run due to lack of mobile funds and operating assets. This has led to a decrease in investment behavior of the enterprise and a reduction in investment efficiency(Huang, 2012). Conversely, with the decline in the level of finance, the financial investment of non-financial listed companies will decrease. When financial investment decreases to the extreme, the number of total investment behaviors will also be passively decreased, and the efficiency of enterprise investment will also decrease significantly.

Based on the annual data of non-financial listed companies in the Chinese A-share market from 2008-2020, it has studied the influence and mechanism of the financial assets of the company's allocation of financial assets on the efficiency of industrial investment. The main conclusions in this article are as follows:

First, the fundamental cause of financial investment in physical enterprises (Bertrand, & Mu, 2003). In addition to being driven by arbitrage speculation and the pursuit of the high yield characteristics of the financial industry, it also lies in the overcapacity of physical enterprises. The cost is too high and the profit margin of industrial assets is insufficient. Therefore, in order to change the tendency of the financial melting of physical enterprises, the key is to deepen the supply-side structural reform and improve the asset profit margin of physical enterprises. There is a significant inverted U-shaped relationship between the financial melting of non-financial enterprises and the efficiency of industrial investment, that is, the behavior of enterprises' participation in finance will first improve the efficiency of the enterprise's industrial investment, but when the level of corporate finance reaches a certain level, it will occupy industrial investment Fund to reduce its investment efficiency.

Second, for over-investment enterprises, the corporate financial melt and industrial investment efficiency present the inverted U-shaped relationship(Krippner, 2005). Compared to the overall sample companies, some financial assets can be appropriately allocated, with a critical value of

30.36%. For enterprises with insufficient investment, their financial development level and industrial investment efficiency have a negative correlation, that is, dominated by the extrusion effect, and the company's financial investment will crowd out the industrial investment funds. Therefore, for companies with insufficient investment For speaking, we should minimize the allocation of financial assets.

Third, for non-financial listed enterprises with different property rights, the level of finance and investment efficiency of industrial investment have inverted U-shaped relationships (Chen, 1995). Compared with private enterprises, the investment efficiency of state-owned enterprises is more sensitive to changes in the proportion of financial asset allocation. And in different market competition environments, different characteristics, especially state-owned enterprises with strong monopoly, have no significant relationship between its financial level and industrial investment efficiency. For non-finance enterprises in different industries, both have inverted U-shaped relationships. Compared with manufacturing companies, the investment efficiency of the information technology industry is more sensitive to changes in the level of finance.

Fourth, there are differences in the relationship between the level of financialization and investment efficiency of industrial investment for non-financial listed enterprises with different levels of technological innovation(Demir, 2009). For enterprises with low level of technological innovation and high technological progress, R&D investment accounts for relatively small investment, its financial asset allocation ratio is positively related to investment efficiency. The possible reason is that the company can briefly use the cash flow of financial investment and savings and The income obtained to increase the investment of the enterprise to the industry. For enterprises with high level of technological innovation and low technological progress, enterprises can solve the problem of a certain degree of overcapacity and low value-added industrial value through their own technological innovation. The U-shaped relationship shows that for companies that have not been hindered by technological progress, they can be appropriately allocated to alleviate the lack of capital liquidity of corporate funds by appropriately allocating financial assets to "implement" the efficiency of industrial investment.

Finally, due to the particularity of the real estate industry in my country and the proportion of investment in real estate in corporate financial investment(Wang, &Wu, 2014). this article will return it as a sample research object. As a result, the occupation of funds investing in real estate will lead to the industrial investment of the enterprise The level of efficiency decreases, and the two are negatively related.

4. Recommendation

In order to improve their own strength, non-listed financial companies should adopt the following strategies to deal with the problem of financialization:

1. Properly invest in non-financial assets(Ke, &Jiang, 2014). Non-financial listed companies are the main component of my country's listed companies and the main source of my country's GDP. In order to increase returns, companies should recognize the impact of financialization on their returns and investment efficiency. The optimal financial investment ratio can be determined by summarizing its own financial and business investment experience, so as to achieve reasonable and steady development. In addition, the government should also strengthen its control over financialization through macro-control. When the level of financialization is too high or too low, in order to avoid lowering the investment efficiency of non-financial listed companies, resulting in a weak investment market. The state should actively adjust the operating environment of the financial market and encourage corporate investment. On this basis, pave the way for the growth of my country's financial sector and non-financial listed companies(Bertrand, & Mullainathan, 2003).

First, enterprises should formulate the proportion of financial investment rationally based on industrial investment and their own characteristics(Jensen, 1986). At this stage, due to the external pressure of my country's real economy and insufficient effective demand, a large number of enterprises are facing the decline in physical profit margins, and the high yield of the financial industry has attracted many physical companies to join them for financial investment. I hope to get higher The income reduces financing costs, but the extrusion effect of the physical industry of the enterprise will also be generated due to the financial behavior of the company's participation, which will cause insufficient physical investment. Therefore, while allocating financial assets, enterprises must reasonably allocate the proportion of the main investment investment, clarify their own development positioning, and use the high yields and high liquidity of financial assets to use the high yields and high liquidity of financial assets as their own without affecting the expansion of the enterprise's expansion (Bertrand, &Mu, 2003). The development of development is escorted, while using the asset portfolio to hedge the operating risks in the industry to achieve the economic goals of the financial market to serve the physical enterprises. For enterprises with excessive investment, some financial assets can be appropriately allocated, and for enterprises with insufficient investment, we must try to minimize the allocation of financial assets as much as possible (Wang, &Wu, 2014).

Second, enterprises should increase investment in R & D and formulate scientific and effective corporate development plans(Xu, &Zhou, 2009). The physical enterprise should realize its own structural transformation and upgrading from a long-term perspective to avoid

short-visual behavior. For enterprises that have not been hindered by technological progress, they can be appropriately allocated that financial assets to reducing the lack of funds for corporate flowing funds can be reduced to "practical" to improve the efficiency of industrial investment. For technological progress, it is hindered, R&D and development Insufficient funds, enterprises with poor research and development power should reduce investment in financial assets(Luo, 2014). Establish a good talent introduction and training system, focus on attracting scientific and technological personnel and technical personnel, actively communicate and interact with scientific research institutions, strive to create the formation of innovative groups, and promote the pace of technological innovation. In order to establish a high-quality development system centered on enterprise-centered, market-based guidance, and effective combination of industry-university-research, continue to improve innovation and creative services such as investment research and development of enterprises, and promote the high-speed development of real economy and industrial transformation to adapt to rapid towards more rapid or more Demand structure of high-level evolution.

Third, enterprises should improve the internal governance system, build a more scientific incentive mechanism, and curb enterprises to make short-sighted investment behaviors (Li, &Shen, 2016). The internal governance system of the enterprise is not sound, it is easy to stimulate the contradiction of agency, so that the decision-making layer has short-sighted behavior and maximize the benefit, so that the funds are allocated in the financial investment with strong arbitrage of real estate and shadow banking business, which is not conducive to the long-term development of the enterprise Essence Therefore, we can improve the governance system of the incentive mechanism and the modern company's governance system, strengthen supervision and inspection, especially in terms of financial investment, deal with the relationship between performance and operator's salary, optimize the equity structure, the directors' performances are in place, the functions are clear, and the short-term speculation of major shareholders will be curbed(Zhang,& Zang, 2015). Arbitrage behavior is of strategic significance for physical enterprises to avoid excessive finance and long-term development.

2.Strengthen the control of investment risks (Theurillat, 2010). In order to avoid the excessively serious negative impact of financialization on their own investment efficiency and investment income, non-financial listed companies in my country should strengthen the control of investment risks and achieve healthy development. For example, companies can recruit relevant personnel in the financial industry to be responsible for analyzing changes in the financial market. If a financialization trend is found, there is a tendency to be obviously active or tired. Relevant personnel should immediately recommend that companies strengthen their control over financial investment behavior, and appropriately increase or reduce the

proportion of financial investment in total investment, so as to lay the foundation for the improvement of corporate risk response capabilities and its long-term development.

To sum up, the research of this topic on "the impact of financialization on the investment efficiency of non-financial listed companies" provides suggestions for the determination of the investment direction of non-financial listed companies, which can promote the improvement of the company's economic benefits effect. In the future, non- financial listed companies can take advantage of the trend of financialization to make appropriate financial investments to promote the development of the real economy. When its own operating costs are squeezed, financial investment should be reduced immediately, so that the state of development of the enterprise can pick up. Repeatedly, so that the economic strength of enterprises can be enhanced.



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