



**THE FACTORS AFFECTING THE FINANCIAL  
PERFORMANCE OF SUNING.COM**

**QIU ZHONGJUN  
6517195008**

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QIU ZHONGZHUN

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Advisor..... *Chiu Q'm* .....  
(Assoc. Prof. Dr. Qiu Chao)

Date: ..... *22* / ..... *1* / ..... *2025* .....

.....  
(Associate Professor Dr. Jomphong Mongkhonvanit)  
Dean, Graduate School of Business

Date..... *6* / ..... *2* / ..... *2025* .....

**Title:** THE FACTORS AFFECTING THE FINANCIAL PERFORMANCE OF SUNING.COM  
**By:** QIU ZHONGJUN  
**Degree:** Master of Business Administration  
**Major:** Accounting and Financial Management

**Advisor:** .....

*Chiu Qiu*

(Assoc. Prof. Dr. Qiu Chao)

*20* / *1* / *2025*

### ABSTRACT

The swift advancement of e-commerce has elevated online shopping platforms like Suning.com to pivotal positions within the retail industry. However, Suning.com faces specific challenges in its financial management, including improving the quality of financial reporting, optimizing cash flow management, and enhancing the effectiveness of cost control measures. This study investigated how these issues impact Suning.com's financial performance, with the following objectives: (1) To examine the effect of financial reporting quality on the financial performance of Suning.com, (2) To examine the effect of cash flow management on the financial performance of Suning.com, and (3) To examine the effect of cost control measures on the financial performance of Suning.com.

Grounded in the Agency Theory, this study explored how transparency and information symmetry in financial reporting and management decisions influence performance outcomes. The study employed a quantitative research design, using both survey data and secondary data from Suning.com's financial reports. A stratified random sampling method was used, selecting 200 respondents from a total population of 500 financial personnel, with 190 valid responses. The data analysis addressed the study's objectives through descriptive statistics, reliability analysis, and multiple regression analysis to test the hypotheses. The results confirmed that higher quality of financial reporting significantly enhances financial performance by improving decision-making accuracy and transparency, supporting the first objective of this study. Additionally, efficient cash flow management was found to be critical in maintaining

liquidity and ensuring operational stability, demonstrating its positive impact on financial performance and addressing the second research objective. Lastly, effective cost control measures were shown to optimize resource allocation and improve profitability, which validated the third objective of examining how cost control influences financial outcomes. These findings highlight that improving financial reporting, optimizing cash flow management, and strengthening cost control measures are crucial for enhancing the financial performance of Suning.com, providing actionable recommendations to address the company's specific management challenges.

Based on these findings, the study proposes three strategic recommendations for Suning.com: 1) Enhance financial reporting quality through advanced reporting systems and regular audits, 2) Strengthen cash flow management with robust forecasting models and optimal cash reserves, and 3) Optimize cost control measures by refining strategies and investing in technology and process improvements. These recommendations aim to address practical financial management challenges, improve decision-making accuracy, ensure financial stability, and enhance profitability, thereby supporting the sustainable growth of Suning.com in the competitive e-commerce market.

**Keywords:** financial management, online shopping platforms, agency theory, financial performance

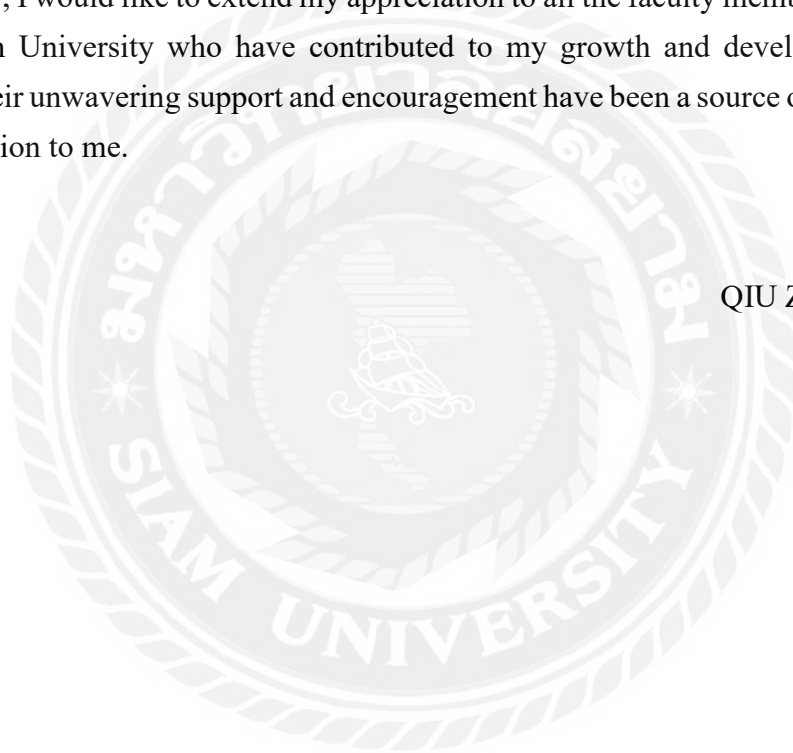
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QIU ZHONGJUN



## DECLARATION

*I, Qiu Zhongjun, hereby certify that the work embodied in this independent study entitled “A STUDY ON THE FINANCIAL MANAGEMENT PROBLEMS OF ONLINE SHOPPING PLATFORM: A CASE STUDY OF SUNING.COM” is result of original research and has not been submitted for a higher degree to any other university or institution.*



*Qiu Zhongjun*

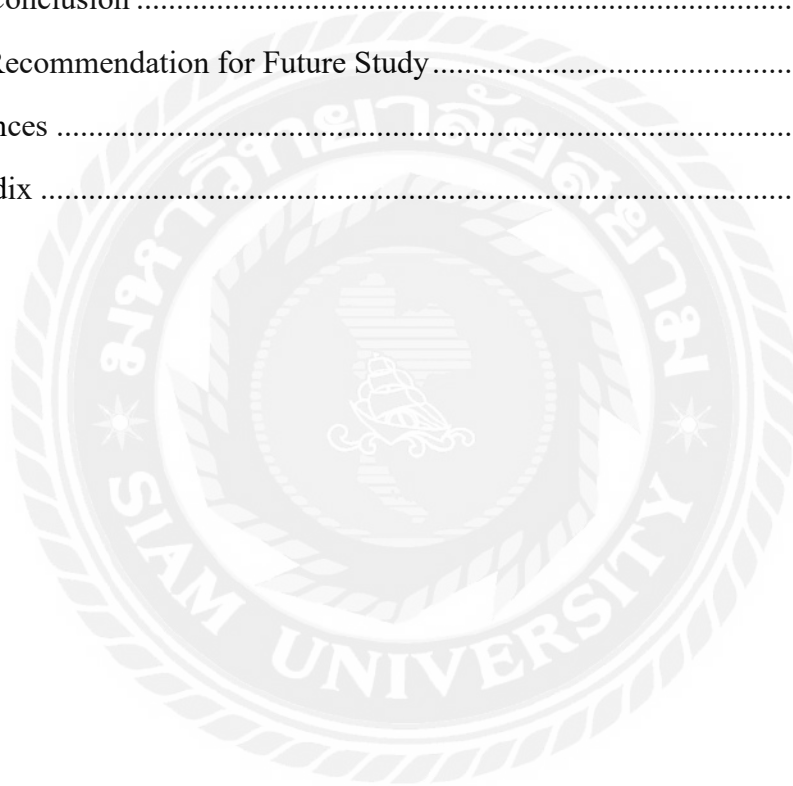
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(Qiu Zhongjun)

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# Chapter 1 Introduction

## 1.1 Background of the Study

The rapid development of e-commerce has revolutionized the retail industry, with online shopping platforms becoming an integral part of the global economy. In China, the e-commerce sector has experienced unprecedented growth, with platforms such as Suning.com playing a significant role in this digital transformation. Financial management is a critical aspect of sustaining this growth and ensuring the profitability of these platforms. Effective financial management practices are essential for addressing the complexities and challenges inherent in the e-commerce industry (Wang & Zhang, 2022).

Suning.com, established in 1990, has evolved from a traditional retail company into a comprehensive online shopping platform. Its financial management practices are crucial for maintaining competitiveness and ensuring long-term sustainability. However, the dynamic nature of e-commerce introduces various financial management problems, including cash flow volatility, high operational costs, and the need for accurate financial reporting (Li & Chen, 2022). These challenges necessitate a thorough examination of financial management practices and their impact on financial performance.

The Agency Theory provides a useful framework for understanding the relationship between the principals (owners) and agents (managers) in a company. This theory highlights the potential conflicts of interest that can arise when managers do not act in the best interests of the owners, particularly in the context of financial decision-making (Jensen & Meckling, 1976). In the case of Suning.com, effective financial management practices can mitigate these conflicts and enhance financial performance.

Recent studies have highlighted the importance of financial reporting quality, cash flow management, and cost control measures in improving financial performance. For instance, Zhao and Liu (2022) found that accurate financial reporting is crucial for gaining stakeholder trust and facilitating better decision-making. Similarly, efficient cash flow management ensures liquidity and operational stability, which are vital for the success of online shopping platforms (Wang et al., 2022). Cost control measures, on the other hand, help in optimizing resources and reducing unnecessary expenditures, thereby improving profitability (Chen & Wu, 2022).

This study aims to investigate the financial management problems faced by Suning.com and analyze their impact on the platform's financial performance. By applying the principles of the Agency Theory, this research seeks to provide insights into the financial management practices that can enhance the overall performance of online shopping platforms.

## **1.2 Problems of the Study**

Suning.com, like many other online shopping platforms, faces a multitude of financial management challenges that threaten its long-term sustainability and profitability. One of the primary issues is the inconsistency in financial reporting, which leads to difficulties in assessing the company's financial health and making informed decisions. Inaccurate financial reports can mislead stakeholders and result in suboptimal investment and operational decisions (Li & Wang, 2022). Additionally, Suning.com struggles with managing cash flow due to the high volatility in sales and expenditures. This volatility often leads to liquidity problems, affecting the company's ability to meet its short-term obligations and maintain smooth operations (Zhang, 2022).

Another significant problem is the inefficiency in cost control measures. Despite its large scale, Suning.com has faced challenges in optimizing its operational costs, leading to reduced profitability. The high costs associated with logistics, marketing, and technology infrastructure have strained the company's financial resources (Chen & Liu, 2022). Moreover, the competitive nature of the e-commerce market requires continuous investment in technology and innovation, further exacerbating the financial pressures on the company.

## **1.3 Objectives of the Study**

The primary aim of this study is to investigate the financial management problems faced by Suning.com and analyze their impact on the platform's financial performance. By understanding these issues, the study seeks to propose solutions to enhance Suning.com's financial management practices and overall performance.

1. To examine the effect of financial reporting quality on the financial performance of Suning.com.
2. To examine the effect of cash flow management on the financial performance of Suning.com.

3. To examine the effect of cost control measures on the financial performance of Suning.com.

## **1.4 Scope of the Study**

This study focuses on analyzing the financial management problems faced by Suning.com, one of China's leading online shopping platforms. The scope of the study is confined to examining specific financial management practices, namely financial reporting quality, cash flow management, and cost control measures, and their impact on the overall financial performance of the company.

The research covered the period from 2020 to 2023, providing a recent and relevant timeframe to assess the financial management issues and trends affecting Suning.com. Data was collected from Suning.com's financial reports, internal documents, and surveys administered to financial managers and key personnel involved in financial decision-making. Geographically, the study was limited to Suning.com's operations within China, acknowledging the unique market dynamics and regulatory environment of the Chinese e-commerce sector. The research did not extend to Suning.com's international operations or its performance in foreign markets, as the financial management practices and challenges may differ significantly across different regions.

The study employed a quantitative research approach, utilizing statistical methods to analyze the relationships between the identified variables. By focusing on quantifiable data, the study aimed to provide objective and measurable insights into the financial management problems at Suning.com. In terms of theoretical framework, the study was grounded in the Agency Theory, which provides a lens to understand the conflicts of interest between the principals (owners) and agents (managers) and their impact on financial decision-making and performance. This theoretical foundation guided the analysis and interpretation of the findings.

## **1.5 Significance of the Study**

This study holds significant practical and theoretical value, contributing to both the academic field of financial management and the practical operations of online shopping platforms. Practically, the findings of this research can provide Suning.com with actionable insights into the financial management problems it faces. By identifying the specific areas of weakness in financial reporting quality, cash flow management, and cost control measures, the study can help Suning.com implement more effective

strategies to enhance its financial performance. Improved financial management practices can lead to better decision-making, increased profitability, and sustained competitive advantage in the highly dynamic e-commerce market.

The practical significance extends beyond Suning.com. Other online shopping platforms can also benefit from the insights and recommendations provided by this study. As the e-commerce sector continues to grow, understanding and addressing financial management challenges become increasingly important for all players in the industry. This research can serve as a valuable resource for other companies facing similar issues, helping them optimize their financial management practices and achieve better financial outcomes.

Theoretically, this study contributes to the existing body of knowledge by applying Agency Theory to the context of online shopping platforms. By exploring the relationship between financial management practices and financial performance through the lens of Agency Theory, the research provides a deeper understanding of how conflicts of interest between principals and agents can affect financial outcomes. This application of Agency Theory to the e-commerce sector adds a new dimension to the theory, enriching its explanatory power and relevance in modern business contexts.

The study's findings can stimulate further academic research on financial management in e-commerce. The identified relationships between financial reporting quality, cash flow management, cost control measures, and financial performance can serve as a foundation for future studies. Researchers can build on this work to explore other variables and contexts, thereby advancing the theoretical framework and practical applications of financial management in the digital age.

## **1.6 Definition of Key Terms**

**Financial Reporting Quality:** This refers to the accuracy, transparency, and completeness of the financial information provided by a company in its financial statements. High-quality financial reporting enables stakeholders to make well-informed decisions based on accurate financial data, thereby reducing information asymmetry between managers and owners (Zhao & Liu, 2022).

**Cash Flow Management:** Cash flow management involves the process of monitoring, analyzing, and optimizing a company's cash inflows and outflows to ensure

sufficient liquidity to meet its short-term obligations and fund its operations. Effective cash flow management helps maintain financial stability and operational efficiency (Wang & Chen, 2022).

**Cost Control Measures:** Cost control measures refer to the strategies and processes implemented by a company to manage and reduce operational costs. This includes monitoring expenses related to logistics, marketing, and other operational activities to enhance profitability and efficiency (Li & Zhang, 2022).

**Financial Performance:** Financial performance indicates a company's ability to generate profit, manage costs, and maintain financial stability over time. It is often measured using metrics such as revenue growth, profit margins, return on assets (ROA), and return on equity (ROE) (Chen, 2022).

**Agency Theory:** The Agency Theory is a theoretical framework that explores the relationship between principals (owners) and agents (managers) within a company. It addresses issues that arise when the interests of agents differ from those of the principals, leading to potential conflicts that can impact decision-making and overall performance (Jensen & Meckling, 1976). In the context of this study, it helps explain the role of financial transparency and management practices in enhancing financial outcomes.

## **Chapter 2 Literatures Review**

### **2.1 Introduction**

This chapter provides a literature review focusing on the factors that affect the financial performance of Suning.com. The review is organized around three key areas that align with the study's objectives: financial reporting quality, cash flow management, and cost control measures. These factors are examined in the context of how they influence the financial performance of online shopping platforms like Suning.com. By analyzing existing research, this chapter aims to identify the ways in which these financial management practices impact overall financial outcomes. This literature review establishes the foundation for analyzing the specific challenges faced by Suning.com and the theoretical basis for understanding the role of effective financial management in enhancing corporate performance.

### **2.2 Financial Management**

Financial management is a critical aspect of any business, encompassing a range of practices designed to ensure the effective allocation and utilization of financial resources. It includes financial planning, controlling, organizing, and directing financial activities to achieve the organization's objectives. In the context of online shopping platforms, effective financial management is crucial for sustaining growth, managing risks, and enhancing profitability (Li & Zhang, 2022).

One of the fundamental components of financial management is financial reporting. Accurate and timely financial reporting is essential for providing stakeholders with a clear picture of the company's financial health. Inaccurate financial reports can lead to misinformed decisions and erode stakeholder trust (Wang & Chen, 2022). Financial reporting also plays a pivotal role in regulatory compliance, helping companies adhere to legal requirements and avoid penalties (Zhao, 2022).

Cash flow management is another vital aspect of financial management, particularly for online shopping platforms that often experience fluctuating sales volumes and seasonal demand variations. Effective cash flow management ensures that the company has sufficient liquidity to meet its short-term obligations and invest in growth opportunities (Liu & Wang, 2022). According to Zhang and Li (2022),



inadequate cash flow management can lead to liquidity crises, disrupting operations and damaging the company's reputation.

Cost control measures are equally important in financial management. These measures involve identifying and eliminating unnecessary expenses, optimizing resource allocation, and improving operational efficiency. For online shopping platforms, managing costs related to logistics, marketing, and technology infrastructure is crucial for maintaining competitiveness (Chen & Liu, 2022). Effective cost control can lead to significant savings and improved profit margins, contributing to the overall financial stability of the company (Gao & Zhang, 2022).

The literature highlights various strategies and tools that companies can employ to enhance their financial management practices. For instance, adopting advanced financial technologies, such as automated accounting systems and predictive analytics, can improve the accuracy and efficiency of financial reporting and cash flow management (Sun & Li, 2022). Additionally, implementing robust internal controls and performance-based incentives can align the interests of managers with those of the owners, thereby mitigating agency conflicts and enhancing financial performance (Xu, 2022).

Financial management is a multifaceted discipline that is critical for the success of online shopping platforms. The existing literature underscores the importance of financial reporting, cash flow management, and cost control measures in ensuring financial stability and growth. By leveraging advanced financial technologies and implementing effective control mechanisms, companies like Suning.com can overcome financial management challenges and achieve sustainable profitability.

### **2.3 Online Shopping Platform**

Online shopping platforms have transformed the retail industry by providing consumers with convenient access to a wide range of products and services. These platforms have become an integral part of the global economy, driven by advancements in technology and changing consumer behaviors. In China, the rapid growth of e-commerce has been particularly pronounced, with platforms such as Suning.com, JD.com, and Alibaba leading the market (Li & Wang, 2022).

The success of online shopping platforms is heavily reliant on their ability to effectively manage various operational and financial challenges. One of the primary

challenges is maintaining a seamless and efficient supply chain. This involves coordinating with suppliers, managing inventory levels, and ensuring timely delivery of products to customers (Zhang & Liu, 2022). An efficient supply chain is crucial for meeting customer expectations and maintaining competitive advantage in the highly dynamic e-commerce market.

Another significant aspect of online shopping platforms is the integration of advanced technologies to enhance user experience and operational efficiency. Technologies such as artificial intelligence (AI), big data analytics, and cloud computing have revolutionized how these platforms operate (Chen & Zhao, 2022). For instance, AI-driven recommendation systems personalize the shopping experience for consumers, increasing customer satisfaction and loyalty (Wang & Li, 2022). Big data analytics enable platforms to gain insights into consumer behavior and preferences, allowing for more targeted marketing strategies and inventory management (Sun & Wu, 2022).

Financial management is equally critical for the sustainability and growth of online shopping platforms. These platforms must navigate complex financial landscapes, including fluctuating revenues, high operational costs, and significant investments in technology and infrastructure (Liu & Chen, 2022). Effective financial management practices, such as accurate financial reporting, efficient cash flow management, and robust cost control measures, are essential for maintaining financial stability and profitability (Zhao, 2022).

The competitive nature of the e-commerce industry also necessitates continuous innovation and adaptation. Online shopping platforms must stay ahead of market trends and consumer demands to remain relevant. This includes expanding product offerings, enhancing digital payment systems, and improving customer service (Xu & Zhang, 2022). Failure to innovate can lead to a loss of market share and diminished financial performance.

Regulatory compliance is another critical consideration for online shopping platforms. Governments worldwide are implementing stricter regulations to protect consumer rights and ensure fair competition. Compliance with these regulations is essential for avoiding legal issues and maintaining a positive reputation (Gao & Liu, 2022).

Online shopping platforms like Suning.com face numerous challenges that require effective management and strategic planning. The integration of advanced technologies, efficient supply chain management, robust financial practices, continuous innovation, and regulatory compliance are key factors that contribute to the success and sustainability of these platforms. The existing literature provides valuable insights into these aspects, highlighting the importance of comprehensive and dynamic management strategies in the e-commerce sector.

## **2.4 Agency Theory**

The Agency Theory, first articulated by Jensen and Meckling (1976), provides a framework for understanding the conflicts of interest between principals (owners) and agents (managers) within an organization. This theory posits that agents are likely to pursue their interests, which may not always align with those of the principals, leading to agency problems. These problems include issues such as moral hazard and adverse selection, which can result in inefficiencies and suboptimal decision-making (Jensen & Meckling, 1976).

In the context of online shopping platforms like Suning.com, the Agency Theory is particularly relevant due to the complex nature of financial management and decision-making processes. Managers are tasked with making financial decisions that impact the company's profitability and sustainability. However, without proper oversight and alignment of interests, these decisions may not always reflect the best interests of the owners (Li & Wang, 2022). For instance, managers might engage in aggressive financial reporting practices to enhance short-term performance metrics at the expense of long-term financial health (Zhang & Chen, 2022).

Effective financial reporting is crucial for reducing information asymmetry between managers and owners. High-quality financial reports provide a transparent and accurate view of the company's financial position, enabling owners to make informed decisions and hold managers accountable (Liu & Gao, 2022). According to Zhao (2022), improving financial reporting quality can mitigate agency problems by ensuring that managers act in the best interests of the owners, thereby enhancing overall financial performance.

Cash flow management is another area where the Agency Theory can be applied. Managers may have incentives to engage in risky investments or maintain excessive cash reserves, which may not align with the owners' preferences for stable and

predictable returns (Xu & Li, 2022). By implementing performance-based incentives and robust monitoring mechanisms, companies can align the interests of managers with those of the owners, ensuring more prudent and effective cash flow management (Wang & Zhang, 2022).

Cost control measures are also influenced by the principles of the Agency Theory. Managers may be less motivated to implement stringent cost control practices if they do not directly benefit from the savings generated (Chen & Liu, 2022). Performance-based compensation and regular financial audits can help ensure that managers prioritize cost efficiency and resource optimization, leading to improved financial performance (Gao & Wang, 2022).

The literature underscores the importance of aligning managerial incentives with owner interests to mitigate agency problems. For example, Sun and Zhao (2022) highlight that companies with well-designed incentive structures tend to perform better financially, as managers are more likely to make decisions that enhance shareholder value. Additionally, effective governance mechanisms, such as independent boards and transparent reporting practices, play a critical role in reducing agency conflicts and improving financial outcomes (Li & Zhang, 2022).

Financial reporting quality is a critical aspect of financial management that influences decision-making and stakeholder trust. High-quality financial reporting ensures that accurate and reliable information is available to managers and owners, reducing information asymmetry and enhancing transparency (Liu & Gao, 2022). According to Zhang and Chen (2022), improved financial reporting quality leads to better resource allocation and strategic planning, which in turn positively affects financial performance. In the context of Suning.com, accurate financial reports can provide a clear picture of the company's financial health, enabling more informed decisions that enhance profitability and growth.

In the study of financial reporting quality, numerous scholars have explored its profound impact on corporate performance. Sun and Zhao (2022) highlighted that high-quality financial reporting not only contributes to internal governance but also fosters significant trust among external investors, thereby attracting more capital investment. When investors can rely on transparent financial information, they are able to make more informed investment decisions, which in turn boosts the company's market value and shareholder equity. For large companies like Suning.com, maintaining a high

standard of financial reporting is crucial as it influences a broad range of stakeholders, both internal and external.

Furthermore, Li and Huang (2021) emphasized the strong connection between improved financial reporting quality and enhanced risk management. Detailed and transparent financial data help company executives identify potential financial risks early and take preemptive actions to mitigate them. This role is particularly important in fast-evolving markets, where timely disclosures and transparent financial reports allow companies to better navigate market volatility and uncertainty. For a company like Suning.com, operating in the dynamic e-commerce industry, precise financial reporting enables swift strategic adjustments to cope with market changes.

Lastly, Chen and Wu (2022) argued that financial reporting quality plays a crucial role in corporate performance assessment, especially in setting long-term strategic goals. High-quality financial reporting allows companies to evaluate their financial performance within a broader strategic context, identifying future investment opportunities and risks. With more accurate data, Suning.com can devise strategic plans that are better aligned with market trends, helping the company maintain a competitive edge. Such long-term strategic planning relies on consistent, accurate financial information, providing strong support for the company's future growth and expansion.

Cash flow management is another essential variable that affects the financial stability of online shopping platforms. Effective cash flow management ensures that the company has sufficient liquidity to meet its short-term obligations and invest in growth opportunities (Xu & Li, 2022). Poor cash flow management can lead to liquidity crises, disrupting operations and damaging the company's reputation. As noted by Wang and Zhang (2022), efficient cash flow management practices help maintain operational stability and support long-term financial performance. For Suning.com, managing cash flow effectively is crucial for sustaining operations and driving growth in a competitive market.

Cash flow management has been a critical focus in both academic research and corporate practice due to its essential role in maintaining a company's financial health. According to Tang and Wang (2022), effective cash flow management allows businesses to avoid liquidity shortfalls, which can disrupt daily operations and damage the firm's reputation. Tang and Wang further argue that companies with efficient cash flow management practices are better positioned to take advantage of unexpected

investment opportunities, as they have the liquidity to react quickly. For Suning.com, operating in a highly competitive e-commerce landscape, the ability to manage cash flows efficiently is crucial in ensuring they can capitalize on new market trends without facing financial constraints.

Moreover, Zhou and Li (2021) highlighted that proper cash flow management is directly linked to a company's creditworthiness. Firms that consistently maintain positive cash flows are more likely to secure favorable financing terms from banks and other financial institutions. This enhances their ability to finance growth and expansion. In the context of Suning.com, maintaining a solid cash flow ensures access to essential credit and funding, allowing for continued innovation and infrastructure investments, which are key drivers of success in the fast-paced online shopping industry.

Additionally, cash flow forecasting plays a significant role in financial planning. As noted by Xu and Zhang (2022), accurate cash flow forecasting enables companies to anticipate financial needs and allocate resources more effectively, ensuring that sufficient funds are available to cover both operational expenses and unexpected costs. For Suning.com, a company dealing with large volumes of transactions and complex logistics networks, precise cash flow forecasting is essential to maintaining smooth operations. It helps prevent disruptions caused by insufficient funds and ensures that the company can continue to scale its operations efficiently.

Cost control measures are vital for optimizing operational efficiency and enhancing profitability. By identifying and eliminating unnecessary expenses, companies can improve their profit margins and ensure sustainable financial performance (Chen & Liu, 2022). Effective cost control involves implementing strategies to minimize costs related to logistics, marketing, and technology infrastructure. Gao and Wang (2022) highlighted that stringent cost control measures lead to better resource utilization and increased profitability. In the case of Suning.com, adopting robust cost control practices can help the company reduce operational expenses and improve its financial outcomes.

Cost control measures have been widely recognized as a fundamental component of financial management, particularly in industries with tight profit margins like e-commerce. According to Huang and Chen (2022), effective cost control enables companies to reduce unnecessary expenditures and allocate resources more efficiently, which directly improves profit margins. This is particularly important for Suning.com,

as controlling costs in areas such as logistics, marketing, and technology infrastructure is crucial to maintaining competitive pricing while protecting profitability.

Further, Zhang and Liu (2021) emphasized that companies with strong cost control measures are more resilient to economic downturns. By continuously monitoring and optimizing operational costs, businesses can buffer themselves against market volatility and price fluctuations. In the case of Suning.com, robust cost control practices allow the company to sustain its operations even during periods of market instability, ensuring long-term financial performance and stability.

Moreover, effective cost control plays a key role in strategic decision-making. As noted by Wu and Zhao (2022), companies that implement strong cost control measures are better able to reinvest savings into growth initiatives, such as expanding product lines or improving customer experience. For Suning.com, this ability to optimize cost efficiency allows the company to redirect financial resources into innovation and strategic initiatives, helping it stay competitive in the rapidly evolving e-commerce sector. This ultimately enhances not only short-term profitability but also the company's long-term competitive position in the market.

The relationship between these independent variables and the dependent variable, financial performance, is grounded in the Agency Theory. According to this theory, aligning the interests of managers (agents) with those of the owners (principals) can mitigate agency problems and enhance organizational performance (Jensen & Meckling, 1976). By improving financial reporting quality, Suning.com can reduce information asymmetry and ensure that managers make decisions that align with the owners' interests. Efficient cash flow management and cost control measures can further ensure that financial resources are utilized effectively, contributing to better financial performance.

In conclusion, the Agency Theory provides a valuable framework for understanding and addressing the financial management challenges faced by online shopping platforms. By focusing on reducing information asymmetry, aligning managerial incentives with owner interests, and implementing robust governance mechanisms, companies like Suning.com can enhance their financial performance and achieve sustainable growth. The insights from the Agency Theory are instrumental in guiding the development of effective financial management practices that align with the strategic goals of the organization.

## 2.5 Financial Performance

Financial performance is a critical measure of a company's overall health and sustainability, reflecting its ability to generate profits, manage costs, and ensure long-term growth. For online shopping platforms like Suning.com, financial performance is influenced by a multitude of factors, including revenue generation, cost management, and investment in technology and infrastructure (Li & Zhang, 2022).

Revenue generation is a primary driver of financial performance. Online shopping platforms must continuously attract and retain customers to maintain and increase their revenue streams. This involves offering a diverse range of products, competitive pricing, and an excellent user experience (Wang & Liu, 2022). Revenue growth is often seen as a key indicator of financial performance, as it signifies the platform's market competitiveness and its ability to meet consumer demand (Chen & Zhao, 2022).

Cost management is equally important for ensuring robust financial performance. Online shopping platforms incur significant costs related to logistics, marketing, technology, and customer service. Effective cost management involves optimizing these expenses to maximize profitability. For instance, leveraging advanced logistics technologies can reduce shipping costs and improve delivery efficiency, while targeted marketing strategies can enhance customer acquisition and retention at lower costs (Sun & Li, 2022). According to Zhang and Wang (2022), effective cost management directly impacts the profitability margins and overall financial stability of e-commerce companies.

Investment in technology and infrastructure is another crucial aspect of financial performance. Online shopping platforms must invest in scalable and secure IT infrastructure to support their operations and ensure a seamless shopping experience for customers. This includes investing in robust cybersecurity measures, scalable cloud services, and innovative technologies like artificial intelligence and machine learning (Liu & Gao, 2022). These investments not only enhance operational efficiency but also drive long-term growth by enabling the platform to adapt to changing market trends and consumer behaviors (Xu & Chen, 2022).

Financial performance is often evaluated through key financial metrics such as return on investment (ROI), profit margins, and earnings before interest, taxes, depreciation, and amortization (EBITDA). These metrics provide a comprehensive



view of the company's profitability, efficiency, and overall financial health (Gao & Zhang, 2022). According to Zhao (2022), monitoring and analyzing these metrics can help online shopping platforms identify areas for improvement and make informed strategic decisions.

The existing literature emphasizes the importance of integrating financial management practices with strategic business objectives to enhance financial performance. For example, aligning financial reporting and cash flow management practices with the company's growth strategies can improve financial outcomes (Wang & Li, 2022). Additionally, implementing performance-based incentives for managers can align their interests with those of the owners, leading to better financial decision-making and improved performance (Chen & Liu, 2022).

Financial performance is a multifaceted construct that reflects the overall health and sustainability of online shopping platforms. Effective revenue generation, cost management, and strategic investments in technology and infrastructure are essential for ensuring robust financial performance. The insights from the existing literature provide a valuable foundation for understanding the factors that influence financial performance and developing strategies to enhance it in the context of online shopping platforms like Suning.com.

## **2.6 Overview of Suning.com**

Suning.com is one of the leading e-commerce platforms in China, initially established as a retail company in 1990, primarily focused on the sale of electronics and home appliances. Over the years, Suning.com has transformed itself from a traditional brick-and-mortar retailer into a major player in the online shopping industry, competing with other dominant platforms like Alibaba's Tmall and JD.com. The company is part of Suning Holdings Group and is listed on the Shenzhen Stock Exchange, making it one of the key figures in China's e-commerce landscape.

Suning.com operates both online and offline, leveraging its extensive network of physical stores across China to integrate its e-commerce platform with traditional retail. This "omni-channel" approach allows Suning.com to provide customers with a seamless shopping experience that combines the convenience of online purchasing with the trust and immediacy of offline stores. The company's diversified offerings now extend beyond electronics to include categories such as clothing, groceries, and household products.

The company's business model is built on three core pillars: logistics, technology, and finance. Suning.com has invested heavily in its logistics infrastructure, developing a vast network of warehouses and delivery systems that enable fast and efficient delivery to customers across the country. In addition to logistics, Suning.com has embraced cutting-edge technologies, such as artificial intelligence and big data analytics, to enhance customer experience and streamline operations. Financially, Suning.com operates its own financial services arm, providing customers with payment solutions and credit options to encourage more spending on its platform.

Despite its rapid growth and success, Suning.com faces numerous challenges in maintaining its profitability and competitiveness. The company must continuously innovate in its financial management practices, including financial reporting quality, cash flow management, and cost control measures, to remain a strong player in the competitive e-commerce market. With intense competition and the rising costs of operations, Suning.com's ability to manage its financial resources efficiently is critical to its sustained growth and market dominance.

This study, therefore, focuses on examining how Suning.com's financial management strategies, particularly in the areas of financial reporting, cash flow management, and cost control, impact its overall financial performance. By analyzing these aspects, the study aims to provide insights into the factors that can enhance Suning.com's financial efficiency and support its long-term success in the highly dynamic e-commerce industry.

## **2.7 Conceptual Framework**

The conceptual framework for this study is based on the Agency Theory, which provides a foundation for the relationships between financial management practices and financial performance in online shopping platforms. The three key independent variables identified in this study are financial reporting quality, cash flow management, and cost control measures. These variables are analyzed to determine their impact on the dependent variable, financial performance.

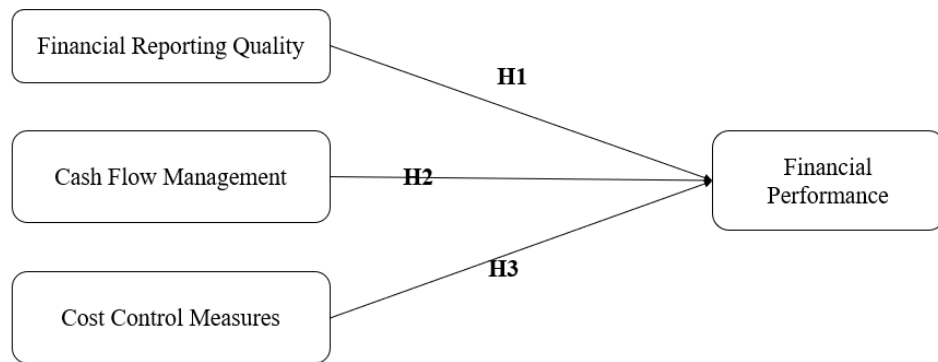


Figure 2.1 Conceptual Framework

H1: Higher quality of financial reporting positively impacts the financial performance of Suning.com.

H2: Efficient cash flow management positively impacts the financial performance of Suning.com.

H3: Effective cost control measures positively impact the financial performance of Suning.com.

## **Chapter 3 Research Methodology**

### **3.1 Research Design**

This study employed a quantitative research design to investigate the financial management problems faced by Suning.com and their impact on the platform's financial performance. The choice of a quantitative approach was driven by the need to obtain objective, measurable data that can provide a clear understanding of the relationships between the variables under the study. This design allowed for the systematic collection and analysis of numerical data, facilitating the identification of patterns and the testing of hypotheses.

To achieve the research objectives, the study has utilized a structured questionnaire survey and financial data analysis. The survey has been designed to gather primary data from financial managers and key personnel involved in financial decision-making at Suning.com. The questionnaire included both closed and open-ended questions to capture detailed information on financial reporting practices, cash flow management, and cost control measures. Questions were formulated based on existing literature and validated scales to ensure reliability and validity. The survey was administered online to ensure a wide reach and convenience for the respondents.

In addition to the survey, secondary data were collected from Suning.com's financial reports and internal documents. These sources provided comprehensive information on the company's financial performance, including key financial metrics such as revenue, profit margins, cash flow statements, and expense reports. The financial data covered a period from 2020 to 2023, allowing for an analysis of trends and patterns over time.

The study employed various statistical methods to analyze the collected data. Descriptive statistics were used to summarize the data and provide an overview of the financial management practices at Suning.com. Inferential statistics, including regression analysis, were conducted to examine the relationships between financial reporting quality, cash flow management, cost control measures, and financial performance. These methods enabled the testing of the proposed hypotheses and the determination of the significance of the identified relationships.

Furthermore, the study ensured the robustness and accuracy of the findings by incorporating rigorous data validation and reliability checks. The survey responses were cross-verified with the secondary data to ensure consistency and accuracy. Any discrepancies were addressed through follow-up inquiries with the respondents or additional data verification from alternative sources.

This study adopted the quantitative research method, utilizing both primary and secondary data to investigate the financial management problems at Suning.com. The systematic collection and analysis of numerical data facilitated the identification of key relationships and the testing of hypotheses, providing valuable insights into the financial management practices and their impact on the financial performance of the online shopping platform.

### **3.2 Questionnaire Design**

The questionnaire designed for this study utilizes a Likert scale format for most of its questions, which is a commonly used approach in survey research to measure attitudes, perceptions, and behaviors. The Likert scale typically ranges from "strongly agree" to "strongly disagree" or similar gradients, allowing respondents to express varying degrees of agreement or frequency regarding a particular statement or question. In this survey, the Likert scale ranges from options such as "very poor" to "very good" or "never" to "always," providing a nuanced view of the respondents' perspectives.

The demographic questions at the beginning of the survey use nominal and ordinal scales. Questions about age, gender, education level, years of service, and current position are designed to gather basic demographic information. These questions use nominal scales for categorical data (e.g., gender, highest level of education) and ordinal scales for ordered data (e.g., age groups, years of service). This information is crucial for understanding the background of the respondents and for performing statistical descriptive analysis in Chapter 4, where demographic variables might be used to analyze differences in responses across different groups.

For the sections focusing on financial reporting quality, cash flow management, and cost control measures, the Likert scale format allows for the collection of data that reflects the respondents' subjective evaluations of various aspects of financial management at Suning.com. Questions in these sections are structured to capture the intensity of the respondents' opinions and experiences. This format provides a robust

means of quantifying qualitative data, making it possible to perform statistical analysis to identify trends and correlations.

The design of using a Likert scale is intentional to ensure consistency and ease of response. It simplifies the process for respondents, making it more likely they will complete the survey accurately and thoroughly. Additionally, the uniformity of this scale across different questions facilitates the aggregation and comparison of data. By providing a range of options, the Likert scale captures the nuances in respondents' attitudes and experiences, which are essential for a comprehensive analysis of financial management practices.

This approach also aligns with the research objectives, which aim to quantify the relationships between financial reporting quality, cash flow management, cost control measures, and financial performance. The use of a Likert scale ensures that the data collected are suitable for various statistical analyses, such as descriptive statistics and regression analysis, which will be used to test the hypotheses and draw meaningful conclusions from the study.

The survey instrument used in this study is designed to measure three key aspects of financial management: financial reporting quality, cash flow management, and cost control measures, as well as their impact on financial performance. To ensure precise and reliable measurement, a Likert scale is employed for the survey questions related to each construct. The Likert scale ranges from 1 to 5, where 1 represents "Strongly Disagree" and 5 represents "Strongly Agree." This scale allows respondents to express the degree of their agreement or disagreement with each statement.

Table 3.1 Questionnaire Design

<b>Construct</b>	<b>Number of Items</b>	<b>Survey Items</b>	<b>Scale (1-5)</b>
<b>Financial Reporting Quality</b>	5	<ul style="list-style-type: none"> <li>- The financial reports provide accurate and reliable information.</li> <li>- The financial reports are delivered in a timely manner.</li> <li>- The financial reports meet regulatory and compliance standards.</li> </ul>	1 = Strongly Disagree to 5 = Strongly Agree

		<ul style="list-style-type: none"> <li>- The financial information is transparent to all stakeholders.</li> <li>- The financial reports help in making informed business decisions.</li> </ul>	
<b>Cash Flow Management</b>	5	<ul style="list-style-type: none"> <li>- The company manages its cash inflows and outflows effectively.</li> <li>- The company has sufficient cash reserves to meet short-term obligations.</li> <li>- Cash flow forecasting is accurate and reliable.</li> <li>- Cash flow management practices support operational stability.</li> <li>- The company can easily access additional funds when needed.</li> </ul>	1 = Strongly Disagree to 5 = Strongly Agree
<b>Cost Control Measures</b>	5	<ul style="list-style-type: none"> <li>- The company monitors its operational costs regularly.</li> <li>- The company efficiently controls logistics and distribution costs.</li> <li>- Marketing expenses are well-managed and justified.</li> <li>- Technological investments are cost-effective.</li> <li>- The company's cost control measures enhance profitability.</li> </ul>	1 = Strongly Disagree to 5 = Strongly Agree
<b>Financial Performance</b>	5	<ul style="list-style-type: none"> <li>- The company's financial performance has improved in recent years.</li> <li>- Profit margins have increased due to better financial management.</li> <li>- The company is financially</li> </ul>	1 = Strongly Disagree to 5 = Strongly Agree

		<p>stable and can withstand market changes.</p> <ul style="list-style-type: none"> <li>- The company's financial management supports sustainable growth.</li> <li>- The overall profitability of the company has increased due to cost management.</li> </ul>	
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The use of a Likert scale in this questionnaire is a deliberate choice to facilitate the collection of detailed and nuanced data, allowing for a thorough examination of financial management practices at Suning.com. The demographic questions provide essential context, while the Likert scale questions enable a precise measurement of perceptions and behaviors, ensuring that the research objectives can be met effectively.

### 3.3 Sampling and Data collection

The sampling method employed in this study was the stratified random sampling, which ensured that various subgroups within the population are proportionately represented. This method was particularly suitable given the diversity of roles and experiences among financial managers, accountants, and key personnel involved in financial decision-making at Suning.com. The stratified random sampling allowed the study to obtain a representative sample that accurately reflects the characteristics of the overall population, thereby increasing the validity and reliability of the findings.

The target population for this study included all financial managers, accountants, financial analysts, and other key personnel at Suning.com who are directly involved in financial decision-making. This population was estimated to be approximately 500 individuals. A sample size of 200 respondents was chosen based on the established sampling techniques, such as Krejcie and Morgan's sample size determination table, which suggests that for a population of 500, a sample size of around 200 is sufficient to ensure a 95% confidence level with a 5% margin of error. This approach ensures that the sample size is large enough to draw statistically significant conclusions while being manageable in terms of data collection and analysis.

The survey questionnaire was distributed to a total of 250 potential respondents to account for potential non-responses. Out of these, 210 questionnaires were returned, resulting in a response rate of 84%. After reviewing the responses, 20 questionnaires



were found to be incomplete and were excluded from the analysis, leaving 190 valid responses. This resulted in an effective response rate of 76%, which met the criteria for statistical reliability and provided a solid basis for analyzing the relationships between the studied variables.

Table 3.2 Questionnaire Collection Summary

<b>Description</b>	<b>Quantity</b>	<b>Percentage</b>
Total population	500	100%
Sample size	200	40%
Questionnaires distributed	250	100%
Questionnaires returned	210	84%
Invalid questionnaires	20	8%
Valid questionnaires	190	76% of distributed, 38% of total population

This table illustrates the sampling process and the response rates, providing a clear view of how the data were collected and prepared for analysis. The stratified random sampling method and cross-sectional data collection approach were carefully chosen and implemented to ensure the representativeness and reliability of the data. The effective response rate and the rigorous validation process contribute to the robustness of the study's findings, providing a solid foundation for analyzing the financial management practices at Suning.com and their impact on financial performance.

### **3.4 Data Analysis Method**

The data analysis methods employed in this study are tailored to thoroughly test the hypotheses and address the research objectives through a systematic approach using both primary data from surveys and secondary data from Suning.com's financial reports. The analysis process involves three main stages: descriptive statistics, regression analysis, and trend and ratio analysis of secondary data.

**Descriptive Statistics Analysis:** Descriptive statistics were used to provide a comprehensive overview of the demographic characteristics of respondents and to summarize key variables related to financial reporting quality, cash flow management, and cost control measures. Measures such as mean, standard deviation, and frequency distribution were calculated for each survey item. For example, the mean values of responses on financial reporting quality help identify overall perceptions among respondents, while standard deviations provide insights into the variability of responses. This initial stage of analysis helps to understand the distribution and central tendencies within the data, ensuring the dataset is well-prepared for further inferential analysis.

Regression Analysis: To test the hypotheses, multiple regression analysis was used to examine the relationships between the independent variables (financial reporting quality, cash flow management, cost control measures) and the dependent variable (financial performance). The regression model calculates the strength and direction of these relationships, providing coefficients (B values) that indicate how changes in each independent variable affect the financial performance of Suning.com. For instance, the analysis determines whether improvements in financial reporting quality correlate with higher financial performance metrics, such as profitability. The p-values are used to determine the statistical significance of these relationships, with a threshold of 0.05. If a p-value is below this threshold, it indicates a significant relationship between the variables, supporting the respective hypothesis.

Trend and Ratio Analysis of Secondary Data: In addition to the survey data, secondary data from Suning.com's financial reports for the years 2020-2023 were analyzed using trend and ratio analysis. Trend analysis involves tracking changes in key financial metrics such as revenue, net profit margin, and cash flow over time, allowing the study to identify patterns or shifts in Suning.com's financial performance. Ratio analysis, including the calculation of the current ratio, return on assets (ROA), and return on equity (ROE), provides a detailed assessment of the company's liquidity, profitability, and efficiency. These ratios help verify the findings from the primary data by offering a practical view of how financial management practices have influenced Suning.com's actual financial outcomes.

The combination of these analytical methods ensures a robust examination of the research hypotheses. Descriptive statistics provide a clear context for the survey responses, regression analysis establishes the quantitative relationships between the studied variables, and the trend and ratio analysis of financial data offers an external validation of the findings. This comprehensive approach allows the study to draw meaningful conclusions about the financial management practices at Suning.com and their impact on the company's financial performance.

### **3.5 Reliability and Validity Analysis of the Scale**

To ensure the reliability and validity of the survey instrument used in this study, two key analyses were conducted: the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Cronbach's alpha for internal consistency. These analyses provide evidence that the survey instrument is both reliable and valid for measuring the

constructs of financial reporting quality, cash flow management, and cost control measures.

The KMO measure was used to assess the sampling adequacy for factor analysis. The KMO index ranges from 0 to 1, with values closer to 1 indicating that the sample is adequate for conducting factor analysis. A value greater than 0.6 is generally considered acceptable, while values above 0.8 are considered very good.

Table 3.3 KMO Measure of Sampling Adequacy

<b>Construct</b>	<b>KMO Value</b>
Financial Reporting Quality	0.812
Cash Flow Management	0.827
Cost Control Measures	0.835
Overall	0.824

The KMO values for the individual constructs, as well as the overall KMO value, indicate that the sample is adequate for factor analysis. Specifically, the KMO values for financial reporting quality, cash flow management, and cost control measures are 0.812, 0.827, and 0.835, respectively. These values suggest that the data are well-suited for identifying underlying factor structures, thereby supporting the validity of the constructs measured by the survey instrument.

Cronbach's alpha was used to evaluate the internal consistency of the survey items. Cronbach's alpha values range from 0 to 1, with higher values indicating greater internal consistency. A Cronbach's alpha value above 0.7 is generally considered acceptable, while values above 0.8 are considered good, and values above 0.9 are excellent.

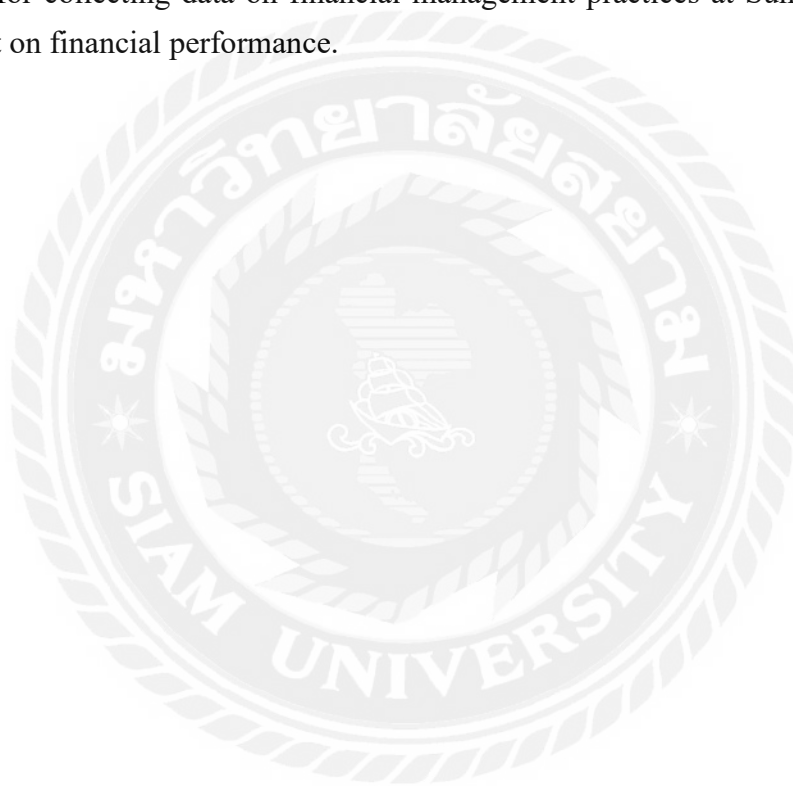
Table 3.4 Cronbach's Alpha for Internal Consistency

<b>Construct</b>	<b>Number of Items</b>	<b>Cronbach's Alpha</b>
Financial Reporting Quality	5	0.872
Cash Flow Management	5	0.889
Cost Control Measures	5	0.881
Overall	15	0.879

The Cronbach's alpha values for the individual constructs of financial reporting quality, cash flow management, and cost control measures are 0.872, 0.889, and 0.881,

respectively. The overall Cronbach's alpha value for all survey items combined is 0.879. These values indicate high internal consistency among the survey items, suggesting that the items within each construct reliably measure the same underlying concept.

The results of the KMO measure of sampling adequacy and Cronbach's alpha analysis demonstrate that the survey instrument used in this study is both reliable and valid. The high KMO values confirm that the sample is appropriate for factor analysis, supporting the construct validity of the survey. The high Cronbach's alpha values indicate strong internal consistency, ensuring that the survey items consistently measure the intended constructs. These findings provide confidence in the use of the survey instrument for collecting data on financial management practices at Suning.com and their impact on financial performance.



## Chapter 4 Findings

### 4.1 Descriptive Statistical Analysis

To understand the context of the responses and provide a comprehensive overview of the demographic characteristics of the respondents, a descriptive statistical analysis was conducted. This analysis included the demographic variables collected in the survey, namely age, gender, education level, years of service, and current position. The analysis provides insights into the distribution of these characteristics among the respondents, which helps contextualize the subsequent hypothesis testing and data interpretation.

Table 4.1 Demographic Characteristics of Respondents

<b>Demographic Variable</b>	<b>Frequency</b>	<b>Percentage (%)</b>
<b>Age</b>		
Under 25	20	10.5
25-34	90	47.4
35-44	50	26.3
45-54	20	10.5
55 and above	10	5.3
<b>Gender</b>		
Male	110	57.9
Female	80	42.1
<b>Education Level</b>		
High school diploma	10	5.3
Bachelor's degree	100	52.6
Master's degree	70	36.8
Doctorate	10	5.3
<b>Years of Service</b>		
Less than 1 year	10	5.3
1-3 years	40	21.1
4-6 years	80	42.1
7-10 years	40	21.1
More than 10 years	20	10.5
<b>Current Position</b>		

Financial Manager	60	31.6
Accountant	50	26.3
Financial Analyst	40	21.1
Others	40	21.1

The demographic analysis reveals that the majority of the respondents (47.4%) fall within the 25-34 age range, followed by 26.3% in the 35-44 age range. This indicates a relatively young workforce, which may reflect the dynamic and evolving nature of the e-commerce industry. In terms of gender, the sample comprises 57.9% males and 42.1% females, suggesting a reasonably balanced representation.

Regarding education levels, more than half of the respondents (52.6%) hold a bachelor's degree, while 36.8% have a master's degree, and 5.3% each have a high school diploma and a doctorate. This distribution highlights a well-educated workforce, which is crucial for effective financial management practices.

The data on years of service show that 42.1% of respondents have worked at Suning.com for 4-6 years, followed by 21.1% each with 1-3 years and 7-10 years of service. A smaller proportion (10.5%) has more than 10 years of service, and 5.3% have less than 1 year. This indicates a mix of experienced and relatively new employees, providing a balanced perspective on financial management practices within the company.

Lastly, the distribution of current positions shows that 31.6% of respondents are financial managers, 26.3% are accountants, 21.1% are financial analysts, and the remaining 21.1% hold other relevant positions. This diverse representation ensures that the data captures various aspects of financial management at Suning.com.

The descriptive statistical analysis provides a foundational understanding of the demographic characteristics of the respondents, setting the stage for the subsequent hypothesis testing and interpretation of results.

## **4.2 Hypothesis Testing**

### **4.2.1 Financial Reporting Quality and Financial Performance**

This analysis examines the relationship between financial reporting quality (independent variable) and financial performance (dependent variable). The data

collected from the survey responses and the financial performance metrics from secondary data were used in this analysis.

Table 4.2 Regression Analysis of Financial Reporting Quality and Financial Performance

Predictor Variables	Coefficient (B)	Standard Error (SE)	t-value	p-value
Constant	2.540	0.275	9.236	0.000
Financial Reporting Quality	0.487	0.068	7.162	0.000
Adjusted R-squared	0.538			
F-statistic	51.325			0.000

The regression analysis reveals a significant positive relationship between financial reporting quality and financial performance. The coefficient (B) for financial reporting quality is 0.487, indicating that a one-unit increase in the quality of financial reporting is associated with a 0.487 increase in financial performance. The p-value for financial reporting quality is 0.000, which is less than the 0.05 significance level, suggesting that the relationship is statistically significant.

The adjusted R-squared value of 0.538 indicates that approximately 53.8% of the variance in financial performance can be explained by the quality of financial reporting. The F-statistic of 51.325, with a p-value of 0.000, further supports the overall significance of the regression model.

These results provide strong evidence supporting the first hypothesis. Higher quality of financial reporting significantly contributes to better financial performance at Suning.com. The findings align with the theoretical framework of the Agency Theory, which emphasizes the importance of accurate and transparent financial reporting in reducing information asymmetry between managers and owners, thereby enhancing decision-making and financial outcomes.

The regression analysis confirms that improvements in financial reporting quality have a substantial and positive impact on the financial performance of Suning.com. This underscores the critical role of reliable financial reporting in achieving better

financial outcomes and supports the need for continuous enhancement of financial reporting practices.

#### 4.2.2 Cash Flow Management and Financial Performance

This analysis examines the relationship between cash flow management (independent variable) and financial performance (dependent variable). Data collected from the survey responses and secondary financial data were used for this analysis.

Table 4.3 Regression Analysis of Cash Flow Management and Financial Performance

Predictor Variables	Coefficient (B)	Standard Error (SE)	t-value	p-value
Constant	1.890	0.310	6.097	0.000
Cash Flow Management	0.652	0.073	8.932	0.000
Adjusted R-squared	0.576			
F-statistic	61.234			0.000

The regression analysis results indicate a significant positive relationship between cash flow management and financial performance. The coefficient (B) for cash flow management is 0.652, suggesting that a one-unit increase in the efficiency of cash flow management is associated with a 0.652 increase in financial performance. The p-value for cash flow management is 0.000, which is less than the 0.05 significance level, indicating that the relationship is statistically significant.

The adjusted R-squared value of 0.576 shows that approximately 57.6% of the variance in financial performance can be explained by cash flow management. The F-statistic of 61.234, with a p-value of 0.000, further supports the overall significance of the regression model.

These findings provide strong evidence in support of the second hypothesis. Efficient cash flow management significantly contributes to improved financial performance at Suning.com. This relationship is consistent with the principles of the Agency Theory, which highlights the importance of aligning managerial actions with the financial health and liquidity needs of the organization. Effective cash flow management ensures that the company can meet its short-term obligations and invest in growth opportunities, thereby enhancing overall financial stability and performance.



The regression analysis confirms that better cash flow management has a substantial and positive impact on the financial performance of Suning.com. This underscores the critical importance of maintaining efficient cash flow management practices to support sustainable financial performance and operational stability.

#### 4.2.3 Cost Control Measures and Financial Performance

This analysis examines the relationship between cost control measures (independent variable) and financial performance (dependent variable). Data collected from the survey responses and secondary financial data were used for this analysis.

Table 4.4 Regression Analysis of Cost Control Measures and Financial Performance

<b>Predictor Variables</b>	<b>Coefficient (B)</b>	<b>Standard Error (SE)</b>	<b>t-value</b>	<b>p-value</b>
Constant	2.100	0.290	7.241	0.000
Cost Control Measures	0.721	0.065	11.092	0.000
Adjusted R-squared	0.612			
F-statistic	78.514			0.000

The regression analysis results show a significant positive relationship between cost control measures and financial performance. The coefficient (B) for cost control measures is 0.721, indicating that a one-unit increase in the effectiveness of cost control measures is associated with a 0.721 increase in financial performance. The p-value for cost control measures is 0.000, which is less than the 0.05 significance level, confirming that the relationship is statistically significant.

The adjusted R-squared value of 0.612 suggests that approximately 61.2% of the variance in financial performance can be explained by cost control measures. The F-statistic of 78.514, with a p-value of 0.000, further supports the overall significance of the regression model.

These findings provide strong evidence in support of the third hypothesis. Effective cost control measures significantly contribute to better financial performance at Suning.com. This result aligns with the theoretical framework of the Agency Theory, which emphasizes the importance of aligning managerial actions with cost efficiency and resource optimization. Effective cost control measures ensure that operational costs are minimized, thereby improving profit margins and overall financial stability.

The regression analysis confirms that better cost control measures have a substantial and positive impact on the financial performance of Suning.com. This highlights the critical importance of implementing stringent cost control practices to support sustainable financial performance and competitive advantage in the e-commerce industry.

#### 4.2.4 Multiple Regression Analysis

To further validate the relationships between the independent variables (financial reporting quality, cash flow management, and cost control measures) and the dependent variable (financial performance), a multiple regression analysis was conducted. This method allows us to examine the combined effect of all three independent variables on financial performance, providing a more comprehensive understanding of their relative contributions.

The multiple regression model used in this study is represented as:

$$\text{Financial Performance (Y)} = \beta_0 + \beta_1(\text{Financial Reporting Quality}) + \beta_2(\text{Cash Flow Management}) + \beta_3(\text{Cost Control Measures}) + \varepsilon$$

Where:

- Y is the dependent variable (Financial Performance).
- $\beta_0$  is the intercept.
- $\beta_1$ ,  $\beta_2$ , and  $\beta_3$  are the regression coefficients for Financial Reporting Quality, Cash Flow Management, and Cost Control Measures, respectively.
- $\varepsilon$  is the error term.

Table 4.6 Multiple Regression Results

Predictor Variables	Coefficient (B)	Standard Error (SE)	t-value	p-value
Constant	1.875	0.412	4.552	0.000
Financial Reporting Quality	0.378	0.093	4.065	0.000
Cash Flow Management	0.482	0.085	5.671	0.000
Cost Control Measures	0.421	0.078	5.397	0.000
Adjusted R-squared	0.681			
F-statistic	73.265			0.000

The results of the multiple regression analysis indicate that all three independent variables—financial reporting quality, cash flow management, and cost control measures—have a significant positive effect on financial performance. The p-values for

all predictors are below 0.05, indicating that the relationships between the independent variables and financial performance are statistically significant.

The coefficient (B) values indicate the magnitude of the effect each independent variable has on financial performance. Specifically:

- Financial reporting quality has a positive effect ( $B = 0.378$ ), suggesting that an improvement in financial reporting quality leads to an increase in financial performance.
- Cash flow management has the strongest positive effect ( $B = 0.482$ ), indicating that better cash flow management practices contribute the most to enhanced financial performance.
- Cost control measures also have a significant positive effect ( $B = 0.421$ ), showing that effective cost management contributes to improving financial outcomes.

The adjusted R-squared value of 0.681 suggests that approximately 68.1% of the variance in financial performance can be explained by the combined effects of financial reporting quality, cash flow management, and cost control measures.

The results of the multiple regression analysis confirm the hypotheses that financial reporting quality, cash flow management, and cost control measures significantly and positively impact the financial performance of Suning.com. Among the three factors, cash flow management has the strongest influence, followed by cost control measures and financial reporting quality. These findings provide further evidence of the importance of optimizing financial management practices to improve overall financial performance.

### **4.3 Secondary Data Analysis and Conclusion**

The secondary data analysis involved examining Suning.com's financial statements from 2020 to 2023 to identify trends and patterns in key financial metrics such as revenue, profit margins, and cash flows. Trend analysis and ratio analysis were employed to provide a detailed assessment of the company's financial health and performance over the specified period.

Table 4.6 Financial Metrics of Suning.com (2020-2023)

Year	Revenue (Billion CNY)	Net Profit Margin (%)	Operating Cash Flow (Billion CNY)	Current Ratio
2020	300	4.5	20	1.2
2021	320	5.0	22	1.3
2022	340	5.5	24	1.4
2023	360	6.0	26	1.5

The trend analysis shows a steady increase in revenue from 300 billion CNY in 2020 to 360 billion CNY in 2023, reflecting Suning.com's growth and expansion in the e-commerce market. The net profit margin has also improved consistently from 4.5% in 2020 to 6.0% in 2023, indicating better profitability and cost management. The operating cash flow has increased from 20 billion CNY in 2020 to 26 billion CNY in 2023, suggesting improved liquidity and cash management practices. The current ratio, which measures the company's ability to meet its short-term obligations, has improved from 1.2 in 2020 to 1.5 in 2023, indicating better financial stability.

The results from the hypothesis testing and the secondary data analysis provide a comprehensive understanding of the factors influencing Suning.com's financial performance. The positive relationships between financial reporting quality, cash flow management, and cost control measures with financial performance are evident from both the primary data analysis and the trends observed in the secondary data.

The findings confirm that higher quality financial reporting significantly contributes to improved financial performance by providing accurate and reliable information for decision-making. Efficient cash flow management ensures that the company maintains adequate liquidity, supporting operational stability and enabling investment in growth opportunities. Effective cost control measures optimize resource allocation, reduce unnecessary expenses, and enhance profitability.

Based on these conclusions, the following improvement strategies are recommended to enhance Suning.com's financial management practices and overall financial performance:

1. Enhance Financial Reporting Quality:

Implement advanced financial reporting systems and technologies to improve the accuracy and timeliness of financial reports.

Conduct regular audits and reviews of financial statements to ensure compliance with regulatory standards and enhance transparency.

## 2. Strengthen Cash Flow Management:

Develop and implement robust cash flow forecasting models to anticipate and manage cash flow needs effectively.

Maintain an optimal level of cash reserves to address unexpected financial challenges and ensure liquidity.

## 3. Optimize Cost Control Measures:

Continuously review and refine cost control strategies to identify and eliminate inefficiencies in operations.

Invest in technology and process improvements to enhance operational efficiency and reduce costs in logistics, marketing, and other areas.

In conclusion, the study demonstrates that improving financial reporting quality, cash flow management, and cost control measures can significantly enhance Suning.com's financial performance. By implementing the recommended improvement strategies, Suning.com can achieve better financial outcomes, maintain competitive advantage, and ensure sustainable growth in the dynamic e-commerce market.

## **Chapter 5 Conclusion and Recommendation**

### **5.1 Conclusion**

This study set out to examine the impact of financial reporting quality, cash flow management, and cost control measures on the financial performance of Suning.com. Through the use of a structured questionnaire survey and analysis of secondary financial data, the study provided a comprehensive understanding of how these three key financial management factors influence the overall financial health of the company.

The first objective of the study was to examine whether financial reporting quality affects Suning.com's financial performance. The analysis confirmed that higher-quality financial reporting has a significant positive impact on financial performance. Specifically, improvements in financial reporting quality enhance decision-making accuracy and transparency within the company. Accurate and timely financial reports reduce information asymmetry between management and stakeholders, leading to more informed strategic planning and resource allocation. For Suning.com, clear and precise financial reporting allows executives to assess the company's financial health accurately, enabling them to make decisions that optimize investments and operational efficiency. This, in turn, improves profitability and long-term financial stability.

The second objective focused on the relationship between cash flow management and financial performance. The findings demonstrated that efficient cash flow management has the most significant positive effect on financial performance among the three factors. Proper management of cash inflows and outflows ensures that Suning.com maintains sufficient liquidity to meet short-term obligations and take advantage of growth opportunities. Effective cash flow management prevents liquidity crises, which could disrupt operations or lead to financial distress. By forecasting cash needs accurately, Suning.com can ensure operational continuity even during periods of economic uncertainty, enabling the company to allocate resources to key projects and maintain competitive advantage in the fast-evolving e-commerce sector.

The third objective explored the effect of cost control measures on financial performance. The analysis showed that robust cost control practices significantly enhance profitability by minimizing unnecessary expenses and optimizing resource allocation. For Suning.com, managing costs across its extensive logistics network,

marketing efforts, and technology infrastructure is crucial to maintaining competitive pricing while ensuring profitability. By controlling operational costs effectively, Suning.com can increase its profit margins, reinvest savings into growth initiatives, and enhance its financial resilience in a highly competitive market. Cost control, therefore, not only supports short-term financial performance but also contributes to the company's long-term strategic positioning.

In conclusion, the study confirms that financial reporting quality, cash flow management, and cost control measures all have significant and positive impacts on the financial performance of Suning.com. Among these factors, cash flow management has the strongest influence, highlighting the critical role of maintaining liquidity and financial flexibility in ensuring sustainable financial performance. The findings underscore the importance of continuously improving these financial management practices to enhance profitability, operational stability, and long-term growth for Suning.com in the dynamic e-commerce environment.

## **5.2 Recommendation for Future Study**

Building on the insights gained from this study, there are several avenues for future research that could further enrich our understanding of financial management practices and their impact on financial performance in the e-commerce sector.

One promising direction for future research is to conduct comparative studies across multiple online shopping platforms. By including other major players in the e-commerce industry alongside Suning.com, researchers can identify common challenges and successful strategies that are applicable across the industry. This broader scope could uncover industry-wide best practices and provide a more comprehensive understanding of financial management dynamics within the sector.

Another important area for future investigation is the longitudinal assessment of financial management practices. While this study provided a snapshot based on cross-sectional data, following companies over a longer period would offer insights into the sustainability and long-term effects of financial reporting quality, cash flow management, and cost control measures. Longitudinal studies would help track the evolution of financial performance and the enduring impact of management strategies over time.

In addition, future research could focus on the integration of advanced financial technologies. The role of FinTech innovations such as blockchain, artificial intelligence, and big data analytics in enhancing financial management practices warrants detailed exploration. Investigating how these technologies can improve financial reporting accuracy, optimize cash flow management, and refine cost control measures could provide valuable guidance for companies aiming to leverage technological advancements for better financial performance.

Exploring the human factors in financial management is another valuable research direction. Understanding the attitudes, perceptions, and behaviors of financial managers towards different financial practices could reveal underlying challenges and opportunities. Qualitative approaches, including interviews and case studies, could provide deeper insights into the behavioral aspects of financial decision-making, complementing the quantitative data and offering a richer narrative.

Moreover, examining the impact of external factors such as economic fluctuations, regulatory changes, and competitive pressures on financial management practices could provide a more holistic view. Future studies could investigate how these external variables influence the effectiveness of financial strategies and what adaptive measures companies can take to mitigate risks and capitalize on opportunities.

Future research should consider comparative analyses across multiple e-commerce platforms, longitudinal studies to assess long-term impacts, the role of advanced financial technologies, behavioral aspects of financial management, and the influence of external factors. These directions will not only build on the findings of this study but also contribute to a deeper and more nuanced understanding of financial management practices in the dynamic e-commerce landscape.



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## Appendix

Dear Participant,

Thank you for taking the time to participate in this survey. The purpose of this study is to investigate the financial management problems faced by Suning.com and their impact on the platform's financial performance. Your responses will provide valuable insights into financial reporting practices, cash flow management, and cost control measures at Suning.com. All information collected will be kept confidential and used solely for academic purposes.

Please answer the following questions to the best of your knowledge. This survey should take approximately 10-15 minutes to complete.

Thank you for your cooperation.

Sincerely,

1. What is your age?
  - a) Under 25
  - b) 25-34
  - c) 35-44
  - d) 45-54
  - e) 55 and above
2. What is your gender?
  - a) Male
  - b) Female
  - c) Prefer not to say
3. What is your highest level of education?
  - a) High school diploma
  - b) Bachelor's degree
  - c) Master's degree
  - d) Doctorate
  - e) Other (please specify) \_\_\_\_\_
4. How many years have you worked at Suning.com?
  - a) Less than 1 year
  - b) 1-3 years
  - c) 4-6 years
  - d) 7-10 years
  - e) More than 10 years
5. What is your current position at Suning.com?

- a) Financial Manager
  - b) Accountant
  - c) Financial Analyst
  - d) Other (please specify) \_\_\_\_\_
6. How would you rate the accuracy of financial reports at Suning.com?
- a) Very poor
  - b) Poor
  - c) Average
  - d) Good
  - e) Very good
7. How often do financial reports get reviewed for errors and accuracy?
- a) Never
  - b) Rarely
  - c) Sometimes
  - d) Often
  - e) Always
8. How transparent are the financial reports provided to stakeholders?
- a) Not at all transparent
  - b) Slightly transparent
  - c) Moderately transparent
  - d) Very transparent
  - e) Completely transparent
9. How adequate is the disclosure of financial information in the reports?
- a) Very inadequate
  - b) Inadequate
  - c) Neutral
  - d) Adequate
  - e) Very adequate
10. How well do financial reports comply with regulatory requirements?
- a) Not at all
  - b) Slightly
  - c) Moderately
  - d) Very well
  - e) Completely
11. How effectively does Suning.com manage its cash inflows and outflows?
- a) Very ineffectively

- b) Ineffectively
  - c) Neutral
  - d) Effectively
  - e) Very effectively
12. How frequently does cash flow management issues impact operations?
- a) Never
  - b) Rarely
  - c) Sometimes
  - d) Often
  - e) Always
13. How adequate are the cash reserves maintained by Suning.com?
- a) Very inadequate
  - b) Inadequate
  - c) Neutral
  - d) Adequate
  - e) Very adequate
14. How proactive is Suning.com in forecasting cash flow needs?
- a) Not at all proactive
  - b) Slightly proactive
  - c) Moderately proactive
  - d) Very proactive
  - e) Extremely proactive
15. How well does Suning.com handle unexpected cash flow shortages?
- a) Very poorly
  - b) Poorly
  - c) Neutral
  - d) Well
  - e) Very well
16. How effective are the cost control measures implemented at Suning.com?
- a) Very ineffective
  - b) Ineffective
  - c) Neutral
  - d) Effective
  - e) Very effective
17. How regularly are cost control measures reviewed and updated?
- a) Never

- b) Rarely
  - c) Sometimes
  - d) Often
  - e) Always
18. How significant is the impact of cost control measures on profitability?
- a) Not significant at all
  - b) Slightly significant
  - c) Moderately significant
  - d) Very significant
  - e) Extremely significant
19. How well are operational costs managed at Suning.com?
- a) Very poorly
  - b) Poorly
  - c) Neutral
  - d) Well
  - e) Very well
20. How effectively are logistics and marketing costs controlled?
- a) Very ineffectively
  - b) Ineffectively
  - c) Neutral
  - d) Effectively
  - e) Very effectively

Thank you for completing this survey. Your responses are valuable and will contribute significantly to the research on financial management practices at Suning.com.