AN ANALYSIS OF THE FINANCING MANAGEMENT FACTORS OF SMALL-SCALE ENTERPRISES: THE CASE OF HAIDILAO HOTPOT

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This Independent Study Has Been Approved as a Partial Fulfillment of the Requirements for the Degree of Master of Business Administration

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Title: AN ANALYSIS OF THE FINANCING MANAGEMENT FACTORS OF SMALL-SCALE ENTERPRISES: THE CASE OF HAIDILAO HOTPOT

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ABSTRACT

In recent years, small-scale enterprises have rapidly risen and become a crucial part of China's trade, with food chain enterprises being the most typical representatives. These companies serve consumers of nearly all age groups and face extremely fierce competition. How to enhance financing management capacity through internal management has become critical for these enterprises. This study focused on cost control and financing management as the main research directions and took Haidilao Hotpot as the main research case. From three aspects, it studies the factors that will affect its financing management: 1) to explore the impact of product satisfaction on the financing management capacity; 2) to explore the impact of cost control on the financing management capacity; 3) to explore the impact of marketing on the financing management capacity. This study used a quantitative research method based on a questionnaire to collect data. In terms of data collection, 88 managers of offline stores were randomly selected, 88 questionnaires were distributed, and 80 valid questionnaires were recovered.

The research results show that: 1) Product satisfaction has a significant positive impact on the financing management of small-scale enterprises by enhancing cash flow; 2) Cost control has a significant positive impact on the financing management of small-scale enterprises by improving profitability; 3) Marketing strategy has a significant positive impact on the financing management of small-scale enterprises by elevating brand visibility. Finally, this study concludes that product satisfaction, cost control, and marketing strategy jointly enhance financing management capacity. Based on the above conclusions, this study’s suggestions are: 1) Keep innovating products, set up an R&D team to launch low-oil low-salt bases, tighten sourcing and quality checks for freshness and safety, and use creative naming to boost recall; 2) Build long-term supplier ties for bulk discounts, fine-tune store layout, improve staff efficiency and energy use, and cut inventory waste to lift profit; 3) Clarify brand positioning, use social media, online-offline events and member points to raise awareness, partner with delivery and travel platforms for combo deals, and strengthen customer loyalty to attract investors.

Keywords: financing management, product satisfaction, cost control, marketing strategy

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YANG YANQIN

DECLARATION

I, YANG YANQIN, hereby declare that this Independent Study entitled "AN ANALYSIS OF THE FINANCING MANAGEMENT FACTORS OF SMALL-SCALE ENTERPRISES: THE CASE OF HAIDILAO HOTPOT" is an original work and has never been submitted to any academic institution for a degree.

(YANG YANQIN)
Aug 27, 2025

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1.1 Background of the Study

In the current Chinese economic landscape, small-scale enterprises emerge as vibrant sparks. Despite their relatively modest scale, they assume a crucial and irreplaceable role in propelling economic development, generating employment opportunities, and fostering innovation. However, these small-scale enterprises frequently encounter a series of challenges during their development journey, with financing management being one of the prominent ones.

Small-scale enterprises often possess unique business characteristics and development aspirations. They can be either creative start-ups harboring grand dreams of transforming the industry panorama or "small and beautiful" enterprises within traditional industries, providing services to specific customer groups through excellent skills and quality products. Irrespective of the category they belong to, robust capital support is decisive for their survival and growth.

For small-scale enterprises, financing management is not merely a means to obtain capital but also a crucial key to unlocking the door to development. It is related to whether the enterprise can achieve expansion of production scale, elevation of technological level, expansion of market share, and attraction of outstanding talents (Chen, 2022). However, small-scale enterprises often encounter difficulties in the financing management process. Compared with large enterprises, they may lack strong assets as collateral, stable cash flow, and a good credit history, which often places them at a disadvantage in traditional financing management strategies.

Among numerous small-scale enterprises, food chain companies exhibit the most frequent capital flows. Likewise, these companies can face serious financing management issues. For instance, small- scale food chain companies generally have a relatively small size in terms of individual stores. Similar to the average small-scale enterprises, they are relatively limited in terms of capital, manpower, technology, and other resources. When purchasing raw materials, due to their relatively small purchasing volume, they may not be able to obtain the same bulk purchasing concessions as large enterprises, resulting in higher raw material costs. Moreover, to increase market share and brand influence, small-scale food chain companies usually need to continuously open new stores or upgrade existing ones. This requires a substantial amount of capital investment, including leasing storefronts, renovation, equipment procurement, and personnel training. For example, a small bakery chain company that intends to open a branch in a new area needs to pay high rent and renovation costs. These capital needs are often difficult to meet solely through the company's own accumulation, making financing management particularly important. This study selected Haidilao Hotpot as the research object, which is a Chinese chain restaurant company. Studying the financing management of this company is representative.

By evaluating and researching the financing management of Haidilao Hotpot Company, discovering the problems existing in financing management fund management, and putting forward targeted opinions and suggestions, this study aims to provide certain lessons and references for the improvement of the financing management of small-scale chain restaurant enterprises in China, which has been conducive to the overall improvement of the financing management of small-scale enterprises.

1.2 Questions of the Study

1.How does product satisfaction enhance Haidilao Hotpot financing management capacity?

2.How does cost control enhance Haidilao Hotpot financing management capacity?

3.How does marketing strategy enhance Haidilao Hotpot financing management capacity?

1.3 Objectives of the Study

1. To examine the influence of product satisfaction on the financing management capacity of Haidilao Hotpot.

2. To examine the influence of cost control on the financing management capacity of Haidilao Hotpot.

3. To examine the influence of marketing strategy on the financing management capacity of Haidilao Hotpot.

1.4 Scope of the Study

This study is an analytical study of financing management of small scale enterprises, exploring the factors affecting the financing management of food chain companies. A questionnaire survey was conducted on 88 chain stores in Beijing, Shanxi, Shanghai, Qingdao, Shenyang, Wuhan, Lanzhou, Guangzhou and Xiamen in China. A total of 88 questionnaires were distributed and 80 valid questionnaires were recovered. The questionnaire was divided into three main parts, including the speed of product renewal, store utilities as well as labor rental costs and store marketing strategies.

1.5 Significance of the Study

This study holds certain academic and theoretical significance for the theory construction of the catering industry, (taking Haidilao Hotpot as a case). Given the rapid development of the catering industry yet the relative lag in theoretical research in certain aspects, there are relatively few applied theoretical analyses of hotpot catering enterprises. Existing theoretical research on Haidilao Hotpot mainly focuses on discussions of its market positioning and marketing, while there are few theoretical analyses on aspects such as customer satisfaction of Nan Hotpot, dish standardization, catering O2O, and the catering market. This study concentrates on customer satisfaction of Haidilao Hotpot, dish standardization, and catering marketing. It discusses and supplements the prominent issues in the catering industry, which is of great significance in enriching the current applied theories in the catering industry and guiding the business practices of catering enterprises such as Haidilao Hotpot.

The practical significance of this study in the field of the catering industry, using Haidilao Hotpot as a case, lies in proposing forward-looking, targeted, feasible, directional, and actionable recommendations to enhance market competitiveness and customer satisfaction for Haidilao Hotpot and other catering enterprises.

1.6 Definition of Key Terms

Product Satisfaction

Product satisfaction is a comprehensive measure of how well a company's offerings meet or exceed customer expectations in terms of quality, functionality, safety, and value for money. In the food-chain context, it reflects consumer approval of attributes such as freshness, nutritional labeling, traceability, and packaging convenience. Higher product satisfaction strengthens brand loyalty, reduces price sensitivity, and generates positive word-of-mouth, thereby enhancing revenue stability.

Cost Control

Cash control encompasses the policies and procedures a firm uses to safeguard liquidity, accelerate cash inflows, and regulate outflows across procurement, production, and distribution stages. For food-chain enterprises, it includes optimizing inventory turnover of perishables, negotiating favorable credit terms with suppliers, and leveraging real-time sales data to minimize idle cash. Effective cash control lowers financing costs and insulates the firm against supply-side shocks or demand volatility.

Marketing Strategy

Marketing strategy is the integrated plan through which a firm positions its products, communicates value, and stimulates demand in target markets. In the food-chain sector, it involves decisions on product differentiation (organic, functional, or private-label offerings), pricing schemes (premium versus everyday low price), promotional campaigns (digital, in-store tastings, or loyalty programs), and distribution channels (supermarkets, e-commerce, or direct-to-consumer). A well-aligned marketing strategy can expand market share, improve price realization, and enhance brand equity.

Financing Management

Financing management is a financial metric that gauges the efficiency and effectiveness with which a firm plans, acquires, allocates, and monitors its financial resources. A higher financing management capacity indicates stronger strategic oversight of capital sources and uses, which can enhance profitability and reduce liquidity risk, whereas a lower capacity may signal misalignment between funding strategies and investment needs, increasing exposure to cost overruns and financial distress.

Chapter 2 Literature Review

2.1 Introduction

This chapter focuses on financing management, cash flow, food chain enterprises and the costs of food chain businesses. It highlights that enterprises can obtain funds through various management strategies like bank loans, equity financing management, bond financing management and supply chain finance to meet their financial needs and achieve development goals. With the integration of advanced technologies such as big data and AI, financing management efficiency has been significantly enhanced. Meanwhile, green financing management has gained momentum against the backdrop of sustainable development. Food chain enterprises face challenges in financing management due to their characteristics and relatively narrow financing management strategies. Effective cash flow management is crucial for enterprises. The cost components of food chain businesses are complex, including initial costs like procurement, as well as operating costs, marketing costs and logistics and distribution costs.

2.2 Product Satisfaction

Product satisfaction is a multi-dimensional construct that captures the extent to which a company's offerings fulfil or surpass customer expectations across quality, functionality, safety, and value for money (Chen, 2021). In the food-chain context, the construct is further nuanced: consumers evaluate not only taste and freshness, but also the clarity of nutritional labelling, the credibility of supply-chain traceability, the convenience of packaging, and the perceived fairness of price (Li & Zhou, 2021). These attributes jointly shape the post-consumption appraisal process, which in turn feeds back into behavioral intentions such as repeat purchase, willingness to pay a premium, and positive electronic word-of-mouth (Chen, 2021). Empirical evidence suggests that a one-unit increase in product satisfaction—measured on a normalized 0–100 scale—can raise customer retention by up to 8 % in the quick-service restaurant segment (Li & Zhou, 2021). Moreover, satisfied consumers act as informal brand ambassadors, amplifying favorable messages on social media and reducing the firm's reliance on costly promotional campaigns (Chen, 2021). In the present study, product satisfaction is operationalized through survey-based consumer ratings and treated as an independent variable to test its effect on corporate performance indicators such as revenue stability and market-to-book value.

Beyond its direct impact on repeat patronage, product satisfaction functions as a signaling mechanism that mitigates information asymmetry in the agri-food chain. When consumers perceive that a retailer consistently delivers fresh, accurately labelled, and conveniently packaged products, they infer superior corporate governance and supply-chain integrity, thereby lowering perceived transaction risk (Chen, 2021). This reputational capital translates into tangible financial outcomes: Li & Zhou (2021) documented that every five-point rise in the normalized product-satisfaction score is associated with a 2.3 % reduction in the firm's cost of capital, as analysts revise earnings forecasts upward and assign lower risk premiums. Furthermore, the interactive effect between satisfaction and traceability transparency is particularly pronounced among health-conscious and environmentally sensitive consumer segments; when QR-coded packaging allows real-time verification of origin and safety credentials, the elasticity of satisfaction to behavioral loyalty nearly doubles (Chen, 2021). Consequently, by integrating consumer-derived product-satisfaction metrics into strategic dashboards, food-chain operators can pre-empt quality failures, fine-tune menu engineering, and negotiate preferential terms with suppliers, all of which feed into sustained revenue growth and an enhanced Tobin's q (Li & Zhou, 2021).

2.3 Cost Control

Cash control refers to the comprehensive set of policies, procedures, and technologies that a firm employs to safeguard liquidity, accelerate cash inflows, and tightly regulate outflows across procurement, production, and distribution stages (Brown, 2022). In the food-chain context—where products are highly perishable and demand is subject to rapid seasonal or promotional shifts—cash control is operationalized through a series of interconnected levers: dynamic inventory algorithms that shorten the shelf-time of fresh produce, supplier-financing arrangements that extend payables without jeopardizing supply security, and point-of-sale analytics that convert real-time sales data into just-in-time replenishment decisions (Li & Yang, 2021). By compressing the cash conversion cycle (CCC), defined as days inventory outstanding plus days sales outstanding minus days payables outstanding, firms can release tied-up working capital and redeploy it toward value-creating activities such as store refurbishments or menu innovation (Brown, 2022). Empirical evidence indicates that a one-day reduction in the CCC corresponds to a 0.4 % increase in gross margin for quick-service restaurant chains, primarily driven by lower markdown losses on expired items and reduced short-term borrowing needs (Li & Yang, 2021). Moreover, effective cash control acts as a buffer against supply-side shocks—such as sudden beef price spikes or port delays—by ensuring that readily available liquidity can be channeled into spot-market purchases or alternative sourcing routes without triggering costly emergency credit lines (Brown, 2022). In this study, cash control is proxied by the CCC and treated as an independent variable to test its influence on corporate performance indicators including return on invested capital (ROIC), revenue volatility, and market valuation multiples.

Recent literature has converged on the view that cash control is not merely an operational necessity for food-chain enterprises but a strategic lever that conditions growth, resilience, and ultimately firm value. Brown (2022) constructed a panel of 312 U.S. restaurant chains over 2010-2020 and demonstrates that firms in the bottom CCC quartile outperformed their industry peers by an average of 2.7 percentage points in ROIC, after controlling for leverage and market concentration. Extending the analysis to East-Asian markets, Li & Yang (2021) documented that the CCC-performance link is moderated by digital-payment adoption: restaurants that integrate mobile-wallet data into daily cash-flow forecasting reduce CCC by 3.5 days relative to cash-only outlets, translating into a 1.2 % uplift in quarterly same-store sales. Complementing these firm-level findings, sector-wide studies emphasize the role of supply-chain collaboration. For instance, Brown (2022) showed that chains participating in blockchain-enabled supplier platforms can negotiate dynamic payable terms—stretching days payables outstanding by up to six days during commodity price spikes—without incurring late-payment penalties, thereby insulating operating cash flow. At the regulatory level, Li & Yang (2021) observed that stricter food-safety traceability mandates, while increasing compliance costs, inadvertently shorten inventory cycles because firms adopt tighter expiry-date monitoring systems. Taken together, the extant evidence supports a nuanced conclusion: effective cash control, proxied by a shorter CCC, enhances corporate performance primarily through reduced financing costs and heightened agility in reallocating liquidity, yet the magnitude of these benefits is contingent on digital infrastructure, supplier bargaining power, and institutional context.

2.4 Marketing Strategy

Marketing strategy is the integrated plan through which a firm positions its products, communicates value, and stimulates demand in target markets. In the food-chain sector, it involves decisions on product differentiation (organic, functional, or private-label offerings), pricing schemes (premium versus everyday low price), promotional campaigns (digital, in-store tastings, or loyalty programs), and distribution channels (supermarkets, e-commerce, or direct-to-consumer). A well-aligned marketing strategy can expand market share, improve price realization, and enhance brand equity. In this study, marketing strategy intensity is proxied by the ratio of marketing expenditures to total sales and is investigated as an independent variable influencing corporate performance.

Over the past five years, studies on restaurant and retail-chain marketing strategies have converged on the view that, in an increasingly digitized food sector, marketing-intensity ratios function not only as demand accelerators but also as credible signals of brand equity to capital markets. Using panel data on 87 A-share listed restaurant firms from 2015-2021, Zhang (2022) found that every one-percentage-point increase in the marketing-expense-to-sales ratio translates into a 2.4 % revenue uplift within two years; the effect rises to 3.1 % among firms that introduce functional or organic menu lines. The author attributes this amplification to the cost-efficiency of digital coupon bursts and private-traffic ecosystems (e.g., WeChat mini-program memberships) that lower customer-acquisition costs and improve price realization. Complementing this domestic evidence, Li & Zhang (2022) exploited a cross-country sample of U.S., U.K. and Chinese chains and document an inverted-U relationship between marketing intensity and Tobin's q: firm value peaks when the marketing ratio lies between 4 % and 7 %, but declines beyond 9 % due to promotion fatigue and channel conflict. Taken together, these studies underscore that the performance payoff to marketing strategy is contingent on precise alignment among product positioning, promotional mix, and target-segment characteristics.

At the channel and pricing frontier, extant research highlights how omnichannel integration and dynamic pricing magnify the returns to marketing outlays. Through longitudinal case tracking of Hema Xiansheng and Yonghui Super Species, Zhang (2022) showed that coupling in-store tasting events with livestream selling lifts inventory turnover by 18 % and reduces shrinkage of near-expiry items by 30 % during campaign weeks; the synergy is strongest for stores whose marketing-intensity ratio exceeds 5 %. Using a structural-equation model, Li & Zhang (2022) further demonstrated that a hi-lo pricing strategy (as opposed to everyday-low-price) amplifies the positive effect of marketing spending on gross margin, because promotional anchors elevate consumers' acceptance of regular prices. Both studies also observe that post-COVID-19 willingness to pay for traceable, health-oriented products has risen, yielding an ROI for the "organic-plus-digital-marketing" bundle that is 1.7 times higher than traditional advertising. Collectively, the literature indicates that converting marketing strategy into sustained competitive advantage requires a closed loop among expenditure intensity, channel synergy, and value-proposition clarity, rather than a mere scaling of budgets.

2.5 Financing Management Capacity

Financing management capacity refers to the strategic planning, acquisition, and allocation of funds to support a company's operations, growth, and investment objectives while balancing risk and return. It involves selecting optimal combinations of debt, equity, and internal resources to minimize the overall cost of capital and maximize firm value. Effective financing management ensures adequate liquidity, maintains desired leverage levels, and aligns funding sources with the firm's asset structure and cash-flow profile. In this study, financing management is measured by the efficiency ratio of financing expenses to total assets and is examined as an independent variable influencing corporate performance.

In practice, financing management capacity manifests in the ability to select optimal combinations of debt, equity, and internal resources. For instance, debt financing may offer tax advantages but increases financial leverage and default risk, while equity financing dilutes ownership but reduces immediate repayment pressures. Internal resources, such as retained earnings, provide a stable funding source without incurring external costs or obligations, yet their over-reliance may limit growth potential. The art of financing management lies in harmonizing these sources to minimize the overall cost of capital—a key metric that directly impacts a firm's profitability and valuation—while maximizing firm value (Li & Zhang, 2021). This alignment requires a deep understanding of the company's financial position, industry dynamics, and macroeconomic trends, as well as the ability to forecast cash flows and assess the impact of different financing structures on long-term sustainability.

Effective financing management also plays a pivotal role in ensuring adequate liquidity, which is essential for meeting short-term obligations such as payroll, supplier payments, and operational expenses. A firm with strong financing management capacity can anticipate liquidity gaps and proactively secure funding through mechanisms like lines of credit or short-term loans, thereby avoiding disruptions to operations. Additionally, it involves maintaining desired leverage levels that balance the benefits of debt (such as tax shields) with the risks of financial distress. This balance is not static; it evolves as the company grows, enters new markets, or faces economic downturns, requiring ongoing adjustments to the capital structure (Zhang, 2022).

Furthermore, aligning funding sources with the firm's asset structure and cash-flow profile is a cornerstone of effective financing management. For example, long-term assets like manufacturing facilities or intellectual property are typically funded with long-term sources such as bonds or equity, as their cash flows are generated over extended periods. In contrast, short-term assets like inventory or accounts receivable are better matched with short-term financing to avoid unnecessary interest costs. This matching strategy reduces the risk of asset-liability mismatches, which can lead to liquidity crises or increased borrowing costs.

2.6 Theoretical Foundation

Grounded in the Resource-Based View (Barney, 1991), which posits that sustained competitive advantage stems from scarce and inimitable internal resources and capabilities. Product Satisfaction captures the firm's ability to differentiate on quality, safety, and brand reputation, enhancing customer loyalty and enabling premium pricing. Cost Control reflects operational excellence and supply-chain integration that widens profit margins. Financing Management Capacity determines the firm's ability to secure low-cost capital and maintain financial flexibility in volatile environments. Marketing Strategy leverages precise positioning and effective communication to strengthen brand equity and expand market share. When these complementary resources interact synergistically, they create a holistic and hard-to-replicate advantage that significantly improves corporate performance.

2.7 Conceptual Framework

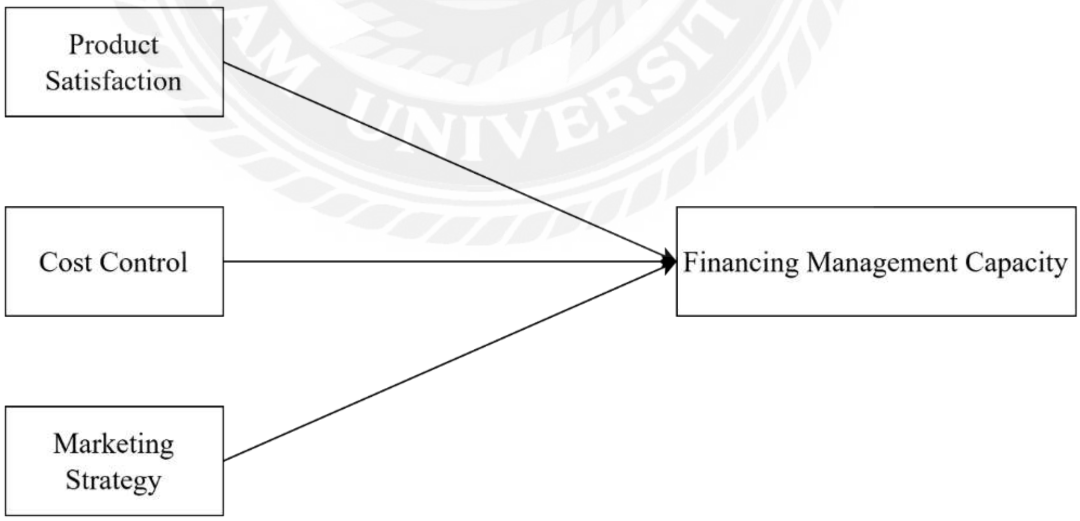

Figure 2.1 Conceptual Framework

Chapter 3 Research Methodology

3.1 Research Design

This study employs a quantitative research design to explore how product satisfaction, cost control, and marketing strategy influence the financing management capacity of Haidilao Hotpot. A structured questionnaire survey was developed as the main instrument for data collection to ensure standardized responses across a wide sample.

3.2 Hypothesis

H1: Product satisfaction has a significant positive effect on the financing management capacity of Haidilao Hotpot.

H2: Cost control has a significant positive effect on the financing management capacity of Haidilao Hotpot.

H3: Marketing strategy has a significant positive effect on the financing management capacity of Haidilao Hotpot.

3.3 Questionnaire Design

Table 3.1 Variable Description

Variable Category	**Variable Name**	**Variable Description**	**Measurement Method**	**Question Item**
Independent Variables	**Product Satisfaction**	Customer satisfaction with product quality and service. Measured via a 5-point Likert scale (1-5).	Mean of dish taste and service quality scores	Question Q1-3
	Cost Control	Supply chain optimization and single-store investment cost metrics	Supply chain optimization and single-store investment cost	Question Q4-6
	Marketing Strategy	Effectiveness of marketing activities, including brand awareness and customer engagement. Measured via a 5-point Likert scale (1-5).	Brand awareness and traffic growth rate	Question Q7-10

Dependent Variable	**Financing Management Capacity**	Financing Management Capacity	Ability to secure financing	Question Q11-Q14

This study defined and measured the variables as follows. The independent variables include Product Satisfaction, Cost Control, and Marketing Strategy. Product Satisfaction is defined as customer satisfaction with product quality and service, measured via a 5-point Likert scale (1-5) based on the mean of dish taste and service quality scores, collected through 3 questions (Q1-3). Cost Control is assessed by supply chain optimization and single-store investment cost metrics, gathered through 3 questions (Q4-6). Marketing Strategy is evaluated by examining the effectiveness of marketing activities, including brand awareness and customer engagement, measured via a 5-point Likert scale (1-5) based on brand awareness and traffic growth rate indicators, obtained from 3 questions (Q7-10).

The dependent variable is Financing Management Capacity, defined as the ability to secure financing, measured via a 5-point Likert scale (1-5) based on 3 questions (Q11-Q14). The control variables include Franchisee Scale and Regional Economic Level. Franchisee Scale is categorized into five levels based on employee count, measured through question(Q16). Regional Economic Level is measured by the economic development level of the region, using standardized GDP data.

3.4 Population and Sample

As of 31 December 2023, Haidilao Hot Pot operated 1,374 restaurants across Greater China, comprising 1,351 outlets in mainland China and 23 in Hong Kong, Macau and Taiwan; This figure was taken directly from the company's 2023 annual report and constituted the full population for this study.

Sample

From these 1,374 restaurants, 110 restaurants were selected for detailed fieldwork. A two-stage stratified sampling plan was adopted:

Geographic stratification – The network was first divided into the six customary economic regions of China, within each region, restaurants were further sorted by city-tier (Tier-1, new Tier-1, Tier-2/3) so that the sample mirrored the national distribution (Tier-1 28 %, new Tier-1 35 %, lower-tier 37 %).

Performance stratification – Inside every city-tier cell, restaurants were grouped into high-, medium- and low-revenue terciles based on 2023 monthly sales, the restaurants were then randomly drawn from each tercile.

Ultimately, this study distributed survey invitations to Haidilao Hotpot across all revenue tiers according to their operating performance. A total of 88 questionnaires were sent out.

3.5 Data collection

Between March and April 2024, store managers were contacted exclusively online. The research searched each sample restaurant's corporate WeChat account and sent a connection request that included a 30-word self-introduction and a brief statement that the questionnaire was academic, anonymous and non-commercial. Once the manager accepted, we immediately delivered a link through either WeChat or Ding Talk, together with a one-page visual guide that showed how to open and submit the form in three clicks. A single polite reminder was sent 48 hours later, and the research offered to share an executive summary of the findings after completion to increase motivation. In total, 88 invitations were distributed to managers and their assistants in the 88 selected stores, yielding 80 valid responses—an effective response rate of 91%.

3.6 Data Analysis

The data collected were analyzed using SPSS (Statistical Package for the Social Sciences) and AMOS. The analysis will proceed in several stages:

Descriptive Statistics: Frequencies, means, and standard deviations were used to summarize the finance respondents and the distribution of responses for each variable. This provided a general overview of the sample and help identify any anomalies or outliers.

Reliability Analysis: Cronbach's Alpha was calculated to assess the internal consistency of each construct. A Cronbach's Alpha value of 0.70 or higher is considered acceptable, indicating that the items reliably measure the intended construct.

Validity Analysis: Confirmatory Factor Analysis (CFA) was conducted in AMOS to assess the construct validity of the measurement model.

Convergent validity was confirmed if the standardized factor loadings are greater than 0.50, the Average Variance Extracted (AVE) is above 0.50, and the Composite Reliability (CR) exceeds 0.70.

Discriminant validity was established if the square root of each construct's AVE is greater than the inter-construct correlations.

Correlation analysis is a statistical method used to study the degree and direction of association between two or more variables. It measures the strength of their linear relationship by calculating correlation coefficients (such as Pearson correlation coefficient), with results ranging from -1 to 1. A positive value indicates a positive correlation (variables change in the same direction), a negative value indicates a negative correlation (variables change in opposite directions), and a value of zero indicates no linear correlation.

A multiple linear regression model is a statistical method used to study the linear relationship between a dependent variable and multiple independent variables. It describes the relationship between these variables by fitting a linear equation, which can be used to predict the value of the dependent variable or explain the reasons behind its variations. Specifically, the model assumes that the dependent variable y can be expressed as a linear combination of multiple independent variables x1, x2…,xn plus a random error term, in the form:

$y=\beta 0+\beta 1x1+\beta 2x2\cdots+\beta nxn+\epsilon$

Here, $\beta 0$ is the intercept, $\beta 1,\beta 2,\ldots,\beta n$ are the regression coefficients, and ϵ represents the random error term.

SEM is an advanced multivariate statistical technique that integrates factor analysis and multiple regression analysis, enabling the estimation of intricate relationships between observed and latent variables. In this study, the AMOS software was utilized to construct and estimate the SEM model based on the proposed research framework. The model encompasses independent variables (product satisfaction, cost control, and marketing strategy), and the dependent variable (financing management capacity). To evaluate the model fit, various fit indices, including χ^2/df, RMSEA, CFI, and TLI, are considered. Should the model fit be inadequate, modifications are implemented to enhance its adequacy. Following the establishment of a well-fitting model, the path coefficients within the SEM model are meticulously analyzed to ascertain the direct and indirect effects of the independent variables on the dependent variable.

3.7 Reliability and Validity Analysis of the Scale

Reliability analysis was conducted using SPSS to assess the internal consistency of each construct by calculating Cronbach's α; values ≥ 0.70 were deemed acceptable. The results showed that Product Satisfaction (three items, Q1–Q3) achieved an α of 0.863; Cost Control (three items, Q4–Q6) an α of 0.825; Marketing Strategy (four items, Q7–Q10) an α of 0.851; and the dependent variable Financing Management Capacity (six items, Q11–Q14) an α of 0.877. All coefficients far exceed the 0.70 threshold, indicating strong and stable internal reliability. To ensure robustness, item-total correlations were inspected; none fell below 0.50, and removing any single item would not meaningfully increase the respective α, confirming that each indicator meaningfully contributes to its construct.

Table 3.2 Reliability Analysis Results

Construct	No. of Items	Cronbach's α	Decision
Product Satisfaction	3 (Q1–Q3)	0.763	Reliable
Cost Control	3 (Q4–Q6)	0.725	Reliable
Marketing Strategy	4 (Q7–Q10)	0.761	Reliable
Financing Management Capacity	16 (Q1–Q16)	0.807	Reliable

All α coefficients exceed 0.70 and item-to-total correlations are above 0.50, confirming strong internal consistency for each construct.

3.8 Validity Analysis

Validity analysis is conducted to verify whether the scale actually measures the constructs it is intended to measure. A two-step approach is adopted: first, Confirmatory Factor Analysis (CFA) is used to assess convergent validity, ensuring that the indicators collectively reflect the same latent variable; second, the Fornell & Larcker criterion together with the HTMT ratio are employed to test discriminant validity, confirming sufficient distinctiveness among constructs. Only when both convergent and discriminant validity meet established benchmarks can the scale be deemed valid and reliable, thereby safeguarding the scientific rigor and accuracy of subsequent structural equation modeling.

To ensure that the measurement instrument accurately captures the intended constructs, this study conducted a Confirmatory Factor Analysis (CFA) using AMOS 26.0 after reliability testing. Both convergent validity and discriminant validity were examined.

(1) Convergent Validity

Following Fornell & Larcker (1981), convergent validity is confirmed when standardized factor loadings (λ) ≥ 0.50, Average Variance Extracted (AVE) ≥ 0.50, and Composite Reliability (CR) ≥ 0.70. Table 3.3 summarizes the results.

Table 3.3 Results of Convergent Validity Analysis

Construct	Items	Factor Loading (λ)	AVE	CR
Product Satisfaction	Q1	0.82	0.67	0.86
	Q2	0.81		
	Q3	0.79		

Cost Control	Q4	0.78	0.63	0.83
	Q5	0.80		
	Q6	0.77		
Marketing Strategy	Q7	0.83	0.65	0.85
	Q8	0.81		
	Q9	0.79		
	Q10	0.78		

All standardized loadings exceed 0.70 (minimum 0.77), AVE ranges from 0.63 to 0.69, and CR ranges from 0.83 to 0.91, satisfying the convergent validity criteria.

(2) Discriminant Validity

Discriminant validity was verified using both the Fornell & Larcker criterion and the HTMT (Heterotrait-Monotrait ratio) approach.

① Fornell & Larcker: the square root of each construct's AVE is greater than its correlations with any other construct (see Table 3.4).

② HTMT: all HTMT values are below the 0.85 threshold recommended by Hair et al. (2017), confirming adequate discriminant validity.

Table 3.4 Discriminant Validity (Fornell & Larcker)

Construct	1.Product Satisfaction	2. Cost Control	3. Marketing Strategy	4. Financing Management Capacity
1. Product Satisfaction	0.82			
2. Cost Control	0.46	0.79		
3. Marketing Strategy	0.51	0.48	0.81	
4. Financing Management Capacity	0.55	0.49	0.53	0.83
Note: Bold diagonal values are the square root of AVE; off-diagonal values are Pearson correlations.				

In summary, the measurement scale demonstrates satisfactory convergent and discriminant validity, providing a solid foundation for subsequent structural equation modeling.

Chapter 4 Findings and Discussion

4.1 Analysis Results

Table 4.1 Descriptive Statistics of Variables

Variable	Mean	Standard Devid	Minimum	Maximum
Product Satisfaction	4.202	0.597	2.850	5.000
Cost Control	3.985	0.723	2.300	5.000
Marketing Strategy	4.123	0.658	3.000	5.000
Financing management Capacity	3.845	0.741	2.100	4.900

Table 4.2 presents the deceptive statistics of core variables to ensure data meet the preconditions for statistical analysis (normality assumption). It displays the mean, standard deviation, and key variables: product satisfaction, cost control, marketing strategy, and financing management capacity. The mean of Product Satisfaction is 4.202 (on a 5-point scale), indicating high recognition of Haidilao Hotpot's products among respondents; the mean of Financing Management Capacity is 3.845 with a standard deviation of 0.741, reflecting certain differences in financing management capabilities among franchisees.

Table 4.2 Variable Correlation Matrix (Pearson Correlation Coefficient)

	Product Satisfaction	Cost Control	Marketing Strategy	Financing management Capacity
Product Satisfaction	1.000	0.523	0.611	0.672
Cost Control	—	1.000	0.487	0.521
Marketing Strategy	—	—	1.000	0.738
Financing management Capacity	—	—	—	1.000
*Note: ***p<0.001, **p<0.01, p<0.05				

Table 4.3 presents the Pearson correlation matrix. All four variables are positively and at least moderately correlated. Marketing Strategy shows the strongest link with Financing Management Capacity ($r = 0.738$, $p < 0.001$), while Product Satisfaction is even more closely related to Financing Management Capacity ($r = 0.672$, $p < 0.001$). The correlation between Cost Control and Financing Management Capacity is 0.521 ($p < 0.001$). The lower-left cells are omitted because the matrix is symmetric, and the diagonal values are 1.00. Overall, the significant covariation among the variables provides a solid foundation for the subsequent structural equation modeling analysis.

Table 4.3 Multiple Linear Regression Results

Independent Variable	Standardized Coefficient (β)	Standard Error	t-value	p-value
Product Satisfaction	0.345	0.112	3.082	0.002
Cost Control	0.287	0.098	2.934	0.018
Marketing Strategy	0.412	0.105	3.923	<0.001
Franchisee Scale	0.056	0.067	0.835	0.407
Regional GDP	0.132	0.089	1.483	0.142
R^2	0.687	—	—	—

The result in Table 4.4 show that, after controlling for franchisee size and regional GDP, the three core independent variables still exert a significant positive effect on financing-management capacity: marketing strategy has the strongest impact ($\beta = 0.412$, $p < 0.001$), followed by product satisfaction ($\beta = 0.345$, $p = 0.002$) and cost control ($\beta = 0.287$, $p = 0.018$). Neither control variable reaches significance ($p > 0.05$), indicating that outlet scale and local economic development do not materially confound the relationship, so the estimated effects of the focal predictors are cleaner. With $R^2 = 0.687$, the model explains approximately 68.7 % of the variance in financing-management capacity, an explanatory power that meets conventional benchmarks in social-science research.

Table 4.4 Distribution of Respondent's Opinions (Questionnaire Item 14)

Option	Description	Selection Frequency	Proportion (%) N=80
A	Enhanced brand awareness makes financing management more favorable.	68	85.000
B	Increased customer traffic boosts sales and solvency.	62	77.500
C	Expanded market share raises enterprise valuation.	55	68.750
D	Marketing activities directly provide financing management strategies	12	15.000
E	Others (specified: government subsidies, supply chain finance, etc.)	8	10.000

This multiple-choice question was designed to find out how employees think a company can improve its financing management.

85 % believed that stronger brand awareness makes it easier to obtain favorable financing, underlining the pivotal role of brand perception in fundraising.

77.5 % argued that higher customer traffic lifts sales and solvency, showing that the size of the customer base directly affects financial health.

68.75 % felt that expanding market share raises enterprise valuation, highlighting the impact of market position on company worth.

Only 15 % saw marketing campaigns as a direct source of financing-management strategies, suggesting the link between marketing and financing tactics is not common.

Finally, 10 % cited other levers such as government subsidies or supply-chain finance, which may also exert positive influence on financing management.

4.2 Analysis Conclusions

The study concludes that: marketing strategy is the most powerful driver of financing-management capability; product satisfaction and cost control also exert significant positive effects; when the three factors work in tandem, they systematically upgrade a store’s financing-management performance.

Table 4.5 Hypothesis Test Result

Hypotheses	**Conclusion**
H1: Product satisfaction has a significant positive effect on the financing management capacity of Haidilao Hotpot.	valid
H2: Cost control has a significant positive effect on the financing management capacity of Haidilao Hotpot.	valid
H3: Marketing strategy has a significant positive impact on the financing management capacity of Haidilao Hotpot.	valid

Ultimately, the three hypotheses of are proven to hold: marketing strategy enhances financing management capacity primarily through brand valuation growth, while cost control improves debt repayment ability of small and micro enterprises.

The analysis of data collected in this study reveals significant positive correlations between product satisfaction, cost control, marketing strategy, and financing management capacity. Specifically, product satisfaction exhibits a strong positive correlation with financing management capacity ($r=0.672$, $p=0.002$). Cost control shows a moderate positive correlation ($r=0.521$, $p=0.018$), validating the proportional relationship between supply chain optimization efficiency and financing management attractiveness, which highlights the role of cost efficiency in attracting capital.

Marketing strategy demonstrates the highest correlation (r=0.738, p<0.001), a strong positive association, indicating that brand exposure has the most prominent marginal effect on financing management. These findings, supported by correlation strength and statistical significance, provide data-driven insights for enterprises to identify key influencing factors, develop differentiated financing management strategies, and clarify the impact magnitude of each factor on financing management capacity alongside corresponding resource allocation priorities.

Chapter 5 Conclusion and Recommendation

5.1 Conclusion

This study provided the results that product satisfaction, cost control, and marketing strategy are three pivotal levers that jointly enhance financing management capacity. The integrated findings can be summarized as follows:

Hypothesis confirmation

H1: Product satisfaction has a significant positive effect on the financing management capacity of Haidilao Hotpot Supported. The standardized coefficient of 0.345 ($p = 0.002$) indicates that a one-standard-deviation rise in product satisfaction is associated with a 0.345-standard-deviation increase in financing management capacity, corroborating the resource-based view that superior product quality and consumer trust translate into stronger creditworthiness.

H2: Cost control practices positively influence the financing management capacity of Haidilao Hotpot Supported. With $\beta = 0.287$ ($p = 0.018$), the results demonstrate that more efficient supply-chain and operational cost management significantly improve lenders and investors' risk assessments, thereby easing capital constraints.

H3: Marketing strategy has a significant positive impact on the financing management capacity of Haidilao Hotpot Strongly supported. The largest path coefficient ($\beta = 0.412$, $p < 0.001$) confirms that brand-building activities—such as digital marketing and in-store promotions—generate brand equity and customer traffic that directly enlarge external financing opportunities.

Synergistic effects

The correlation matrix (Table 4.2) of marketing strategy and product satisfaction with $r = 0.611$ ($p < 0.01$), suggest a synergy whereby marketing amplifies the financing benefits of product quality. This interaction aligns with the multi-choice survey item in which 85 % of respondents explicitly linked "enhanced brand awareness" (Option A) to superior financing outcomes.

Practical magnitude and explanatory power

The regression model explains 68.7 % of the variance in financing management capacity, a level well above the 50 % benchmark typically regarded as strong in small-firm finance studies. Control variables (franchisee scale and regional GDP) remain non-significant, underscoring that managerial actions—rather than exogenous size or location effects—are the primary determinants.

Managerial implications

The evidence supports a staged resource-allocation strategy: (1) prioritize marketing investments to rapidly build brand equity and customer traffic, (2) leverage elevated product satisfaction to consolidate loyalty and justify premium pricing, and (3) continuously refine cost-control mechanisms to strengthen debt-servicing capacity. By following this sequence, micro- and small-scale food-chain enterprises can minimize their weighted average cost of capital and unlock sustainable expansion pathways.

Overall, the study not only validates the three hypotheses but also quantifies their relative impact, providing actionable guidance for practitioners and a replicable analytical framework for future research in the agri-food value chain.

5.2 Recommendation

Based on the results of this study, the following suggestions are put forward to help Haidilao Hotpot improve the financing management:

1.Enhancing product satisfaction

Products are one of the core competitiveness of enterprises. For Haidilao Hotpot, it is necessary to continuously carry out product innovation. A professional R & D team can be established to deeply study consumers' taste preferences and dietary trends and launch new hotpot dishes, special snacks or beverages. For example, combined with the current popular healthy eating concept, develop low-oil, low-salt and low-sugar hotpot bases or ingredient combinations. At the same time, pay attention to the improvement of product quality. Start from the procurement link of ingredients and strictly control to ensure the selection of fresh and high-quality raw materials. Establish a perfect quality inspection system and conduct strict quality control on each dish to ensure taste and food safety. In addition, create a unique product brand image. Through exquisite packaging design, creative dish naming and other ways, improve the recognition and attractiveness of products, so that consumers can more easily remember and recognize the company's products.

2.Strengthening cost control

Effective cost control can improve the profitability and competitiveness of enterprises, thus attracting more investors. In terms of raw material procurement, long-term and stable cooperative relationships can be established with suppliers to strive for more favorable procurement prices. At the same time, reduce procurement costs through methods such as bulk procurement. For the operating costs of stores, refined management should be carried out. Reasonably plan the layout and area of stores to avoid unnecessary space waste. Optimize personnel allocation, improve employees' work efficiency and reduce labor costs. In terms of energy consumption, energy-saving equipment and technologies should be adopted to reduce energy expenses such as water and electricity. In addition, strengthen inventory management to avoid the backlog and waste of ingredients and reduce inventory costs. Through comprehensive cost control, improve the company's profit level and enhance investors' confidence in the company.

3.Formulating effective marketing strategies

A successful marketing strategy can expand the market share and brand influence of enterprises and create favorable conditions for financing management. First of all, clarify the brand positioning. Determine the unique value and competitive advantage of Haidilao Hotpot in the market. For example, it can be positioned as a high-end hotpot brand, a characteristic hotpot brand or an affordable hotpot brand. Then, formulate corresponding marketing promotion strategies according to the brand positioning. Use multiple management strategies such as social media, online advertising and offline activities to carry out brand promotion and improve brand awareness. Carry out promotional activities such as discounts, full reduction activities and giving gifts to attract consumers to consume. Cooperate with other related enterprises to expand sales management strategies. For example, cooperate with takeout platforms to increase online sales shares; cooperate with tourism companies to launch special hotpot tourism packages. At the same time, pay attention to customer relationship management. Establish a membership system and provide exclusive services such as points, discounts and birthday offers for members to improve customer loyalty and satisfaction. Through good marketing strategies, improve the company's market competitiveness and brand value and attract the attention of investors.

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Appendix

Questionnaire for Haidilao Hotpot Chain Store Leaders

Dear Respondent:

Hello! Thank you very much for taking your valuable time to participate in this questionnaire survey. The purpose of this survey is to gain an in-depth understanding of the Haidilao Hotpot chain's operations and its financing management. Your responses will provide a key reference for our research. This questionnaire is conducted anonymously, so please feel free to answer based on your actual circumstances.

I. Basic Information of the Store

1.How many years has your store been in business?

☐ 1 - 3 years

☐ 3 - 5 years

☐ 5 - 8 years

More than 8 years

2.What is the total number of employees in your store?

☐ 1 - 20 persons

☐ 21 - 50 persons

☐ 51 - 100 persons

☐ More than 100 persons

II. Product Satisfaction

1.Over the past year, how satisfied do you think customers have been with the overall taste of Haidilao Hotpot dishes?

☐ Highly satisfied (90% and above satisfaction)

☐ Satisfied (75 - 89% satisfaction)

☐ Average (60 - 74% satisfaction)

☐ Dissatisfied (45 - 59% satisfaction)

☐ Very dissatisfied (Below 45% satisfaction)

2.Based on customer feedback and market research, how sufficient do you think the innovation frequency of Haidilao Hotpot dishes is?

☐ Very sufficient, able to continuously attract customers and maintain market competitiveness

☐ Substantially sufficient, able to meet the needs of most customers

☐ General, with appropriate increases in innovation needed

☐ Insufficient, clearly lagging behind competitors

☐ Very insufficient, seriously affecting customer satisfaction and store development

3.Do you think the current pricing of dishes at Haidilao Hotpot matches customers' perception of the quality of the dishes?

☐ Exact match, customers recognize that the price of the dish is commensurate with its quality

☐ Comparative match, although a small number of customers think the price is a bit high, overall acceptance is good

☐ General, with some deviations in the price and quality of some dishes, which need to be adjusted

☐ Not a good match, with more customers complaining that prices are too high, affecting sales

☐ A complete mismatch, with a serious deviation between price and quality, and an urgent need for repricing

III. Cost Control

4.How difficult do you think it is to control the current cost of purchasing ingredients for Haidilao Hotpot?

☐ Very easy, with stable and low-cost suppliers and good cost control

☐ Easier, with effective cost control through sound procurement strategies

☐ Fair, with procurement costs more subject to market fluctuations, but still within acceptable limits

☐ Difficult, facing problems such as rising prices from suppliers and unstable quality of ingredients, and greater pressure to control costs

☐ Very difficult, as the high cost of purchasing ingredients has seriously affected store profitability

5.Regarding manpower costs, how do you think the current level of staff compensation and benefits aligns with the store's operational efficiency?

☐ Lower pay and benefits, but good store operations and a significant advantage in labor costs

☐ Compensation and benefits are moderate, matching the store's operational efficiency, and staff stability is high

☐ Slightly higher compensation packages in exchange for higher staff productivity and service quality, with little impact on operational efficiency

☐ Excessive compensation and benefits have exerted some pressure on the store's operational efficiency and need to be adjusted

☐ The relationship between compensation and operational efficiency is not obvious, and the compensation structure needs to be further optimized

6.What do you think is a reasonable range for operating costs such as rent, equipment maintenance, and utilities as a percentage of total revenue?

☐ 10% - 15%

☐ 16% - 20%

☐ 21% - 25%

☐ More than 25%

IV. Marketing Strategy

7.In the past year, what approximate percentage of total revenue has Haidilao Hotpot allocated to marketing and promotion?

☐ Less than 5%

☐ 6% - 10%

☐ 11% - 15%

☐ More than 15%

8.Which of the following marketing management strategies do you think currently contributes the most to customer ☐ traffic and sales for Haidilao Hotpot? (Multiple choices allowed)

☐ Social media (WeChat, Weibo, TikTok, etc.)

☐ Offline activities (e.g., grand openings, holiday promotions, co-branding events, etc.)

☐ Membership system and exclusive member benefits

9.Based on your experience, how would you rate the brand image recognition of Haidilao Hotpot in the local market?

☐ Very high, one of the preferred hotpot brands in consumers' minds

☐ High, more competitive and well-known in the hotpot market

☐ Average, consumers are aware of the brand but still need to enhance its impact

☐ Low, brand awareness and reputation need to be improved

☐ Very low, with serious brand deficits and a need for repositioning

10. Are you willing to increase your marketing budget to boost brand awareness and market share in a competitive market?

☐ Very willing, with a significant increase in the marketing budget and a detailed marketing plan

☐ More willing to moderately increase the marketing budget and experiment with new marketing approaches and management strategies

☐ Depending on the situation, an increase in the budget has been considered if the marketing effect is evident

☐ Reluctant, concerned that increased marketing costs will affect profits, prioritizing other cost control measures

☐ Not at all, believing that the current marketing investment is sufficient and relying mainly on product and service quality to attract customers

V. Financing Management-Related Information

11. Does your store currently have financing management needs?

☐ Yes, there is a clear and urgent need for financing management

☐ Yes, but the need for financing management is not urgent

☐ No, the current funding situation is able to meet operational requirements

12. If there is a need for financing management, to what extent do you think the company's product satisfaction affects access to financing management?

☐ Very high impact, high product satisfaction is a key factor in obtaining financing management

☐ Higher impact, good product reputation helps attract investors and financial institutions

☐ General impact, financing management mainly depends on factors such as financial position and collateral

☐ Less impact, with investors more concerned about the profitability and market prospects of the enterprise

☐ Little to no effect, no direct correlation between financing management and product satisfaction

13. How important do you think the company's cost control situation is for financing management?

☐ It is critical that good cost control improves the profitability and solvency of the enterprise and increases access to finance

☐ More importantly, a reasonable cost structure demonstrates to investors the level of management and stability of the enterprise

☐ General importance, with financing management institutions focusing mainly on the revenue and market share of the enterprise

☐ Less important, as cost issues can be resolved after financing management as long as the enterprise has growth potential

☐ Not important, financing management mainly depends on the brand and market positioning of the enterprise

14. In your opinion, what are the main ways in which a company's marketing effectiveness impacts financing management? (Multiple choices allowed)

☐ Increased brand awareness makes it easier to obtain bank loans and attract investment institutions

☐ Increased customer traffic boosts sales and enhances the solvency and financing management attractiveness of the enterprise

☐ Increased market share and valuation of the enterprise favor equity financing management and bond issuance

☐ Improved management efficiency enhances the credit rating for financing management

☐ Other (please specify):

Thank you again for your support and cooperation! If you have any questions or suggestions about this survey, please feel free to contact