THE INFLUENCING FACTORS OF FINANCIAL PERFORMANCE OF CHINA GUOFENG PHARMACEUTICAL COMPANY

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ABSTRACT

This study aimed to explore the factors influencing the financial performance of China Guofeng Pharmaceutical Company, and their theoretical foundations, and construct a structural model of the factors influencing financial performance. It sought to validate the research hypotheses and the model.

The research objectives of this study were fourfold: (1) To investigate the impact of investment level on financial performance; (2) To investigate the impact of technological innovation on financial performance; (3) To investigate the impact of characteristics of the top management team on financial performance; (4) To investigate the impact of financing constraints on financial performance.

This research employed a quantitative approach, collecting data through a questionnaire survey. A total of 400 questionnaires were distributed, with 332 valid responses received, yielding an effective response rate of 83.0%. The results indicated that investment level, technological innovation, characteristics of the top management team, and financing constraints all had significant impacts on financial performance. Based on these findings, this study proposes strategies to enhance the financial performance of China Guofeng Pharmaceutical Company: (1) Rationally allocate investment resources; (2) Strengthen technological innovation capabilities; (3) Optimize the structure of the top management team; (4) Alleviate financing constraints.

Keywords: Stakeholder Theory, financial performance, China Guofeng Pharmaceutical Company, influencing factors

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The completion of this independent study not only marks a summary of my past learning journey but also serves as a new starting point for my future academic endeavors. I will continue to uphold a rigorous and pragmatic academic attitude, constantly exploring and forging ahead on the path of educational pursuits.

NI SHENGRUI

DECLARATION

I, NI SHENGRU hereby certify that the work embodied in this independent study entitled *" The Influencing Factors of Financial Performance of China Guofeng Pharmaceutical Company"* is result of original research and has not been submitted for a higher degree to any other university or institution.

NI SHENGRUI
August 2, 2025

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Chapter 1 Introduction

1.1 Background of the Study

As a crucial industry closely tied to the national economy and people's livelihood, the pharmaceutical industry plays an irreplaceable and vital role in safeguarding public health, promoting social progress, and facilitating economic development. It not only directly impacts the quality of life and health, and well-being of the populace, but also serves as an essential component of the national strategic emerging industries, holding significant importance for enhancing the country's overall strength and international competitiveness (Manisha, 2018).

In recent years, with the acceleration of China's aging population, a marked improvement in residents' health awareness, and the continuous refinement of the medical security system, the demand in the pharmaceutical market has exhibited a robust and sustained growth trend. According to data from the National Bureau of Statistics and relevant industry reports, the Chinese pharmaceutical market has maintained a relatively high compound annual growth rate over the past decade, and this growth trend is expected to continue in the years to come. This vast market demand has provided pharmaceutical enterprises with broad development space, attracting numerous companies to participate, thereby driving the rapid development and intense competition within the industry (Halir, 2020).

The pharmaceutical industry is characterized by high technology, high investment, high risk, and long cycles. The research and development of new drugs require substantial investment in terms of funds, manpower, and time, with a relatively low success rate. The drug production process is subject to extremely stringent quality control requirements and must adhere to a series of complex regulations and standards. Additionally, drug sales are influenced by multiple factors, including medical insurance policies, bidding and procurement processes, and market competition (Zhou et al., 2022). These characteristics pose numerous challenges to the operation and management of pharmaceutical enterprises, resulting in relatively significant fluctuations in their financial performance. Therefore, conducting in-depth research on the factors influencing the economic performance of pharmaceutical enterprises holds substantial practical significance for optimizing resource allocation, enhancing operational efficiency, and achieving sustainable development.

Guofeng Pharmaceutical Company, as a member of China's pharmaceutical industry, has its unique development history, business layout, and strategic positioning. The company may possess leading technological advantages or a rich product line in certain niche segments, or enjoy high brand recognition and market share in regional markets. However, compared with large multinational corporations and domestic leading enterprises in the industry, Guofeng Pharmaceutical Company may have certain gaps in terms of scale, financial strength, and research and

development capabilities.

Against the backdrop of increasingly fierce competition and evolving industry dynamics in the current pharmaceutical industry, Guofeng Pharmaceutical Company faces numerous opportunities and challenges for development. On the one hand, the country's continuous strengthening of support policies for the traditional Chinese medicine industry has provided a favorable policy environment and development space for enterprises with traditional Chinese medicine characteristics. On the other hand, the increasingly stringent regulation of the pharmaceutical industry and intensified market competition have placed higher demands on enterprises in terms of product quality, innovation capabilities, and cost control.

To remain competitive in the fierce market competition and achieve sustainable development, Guofeng Pharmaceutical Company needs to gain a deep understanding of the key factors influencing its financial performance so as to formulate targeted development strategies and operational policies. By optimizing internal management, improving operational efficiency, strengthening research and development innovation, and expanding market channels, Guofeng Pharmaceutical aims to continuously enhance its core competitiveness and achieve steady improvement in its financial performance.

Scholars both domestically and internationally have conducted extensive and in-depth research on the factors influencing the financial performance of pharmaceutical enterprises, yielding fruitful results. These studies have mainly been carried out from two perspectives: internal enterprise factors (such as company size, capital structure, research and development investment, and management level) and external environmental factors (such as industry policies, market competition, and macroeconomic conditions), providing important theoretical foundations and practical guidance for understanding the formation mechanism of financial performance in pharmaceutical enterprises.

However, there are still some deficiencies in existing research. On the one hand, different pharmaceutical enterprises exhibit significant differences in terms of scale, business scope, and development strategies. Most existing research is based on data from the entire industry or some large enterprises, and the applicability of their research conclusions to enterprises like Guofeng Pharmaceutical Company, which have specific characteristics and are at a particular development stage, may be limited. On the other hand, with the rapid development of the pharmaceutical industry and the continuous changes in the market environment, new influencing factors are constantly emerging, such as digital transformation, green development, and internationalization strategies. Existing research has not delved deeply and comprehensively into these emerging factors.

Therefore, conducting specialized research on the factors influencing the

financial performance of Guofeng Pharmaceutical Company helps fill the gaps in existing research, provides more targeted and practical decision-making references for the company and similar enterprises, and contributes to enriching and improving the theoretical system of factors influencing the financial performance of pharmaceutical enterprises.

1.2 Questions of the Study

Based on the stakeholder theory, this study aims to explore the specific factors influencing financial performance. It focuses on four dimensions to reveal the mechanisms through which each factor affects financial performance, including investment level, technological innovation, characteristics of the top management team, and financing constraints.

1. Does investment level affect the financial performance of China Guofeng Pharmaceutical Company?

2. Does technological innovation affect the financial performance of China Guofeng Pharmaceutical Company?

3. Do characteristics of the top management team affect the financial performance of China Guofeng Pharmaceutical Company?

4. Does financing constraint affect the financial performance of China Guofeng Pharmaceutical Company?

1.3 Objectives of the Study

Although there has been considerable research on the stakeholder theory and financial performance by scholars, there is relatively little analysis and exploration of the factors influencing financial performance based on the stakeholder theory. Taking China Guofeng Pharmaceutical Company as a case, this study aims to comprehensively understand the core framework of factors influencing financial performance from a systematic perspective of the stakeholder theory. Through literature review and questionnaire survey method, this research conducted a questionnaire survey on the factors influencing financial performance. Based on the analysis of the survey data, corresponding strategies are proposed to provide practical references for improving the company's financial performance.

1. To investigate the impact of investment level on the financial performance of China Guofeng Pharmaceutical Company.

2. To investigate the impact of technological innovation on the financial performance of China Guofeng Pharmaceutical Company.

3. To investigate the impact of characteristics of the top management team on the financial performance of China Guofeng Pharmaceutical Company.

4. To investigate the impact of financing constraint on the financial performance of China Guofeng Pharmaceutical Company.

1.4 Scope of the Study

This study took China Guofeng Pharmaceutical Company as the research object and focused on the specific field of China's pharmaceutical industry. Considering that the pharmaceutical industry is significantly influenced by various factors such as policies, markets, and technology, the research fully took into account the impact of these industry characteristics on the financial performance of Guofeng Pharmaceutical Company to ensure that the research results are industry-specific and representative.

The research mainly revolved around the factors influencing the financial performance of Guofeng Pharmaceutical Company based on the stakeholder theory. Specifically, it covered four key aspects: investment level, technological innovation, characteristics of the top management team, and financing constraints.

A questionnaire survey method was employed, and questionnaires were distributed to the company's internal employees to collect data. Statistical analysis was conducted on the data collected from the questionnaire survey, using correlation analysis and regression analysis to explore the relationships between various influencing factors and financial performance. Based on the analysis results, targeted strategic suggestions were proposed to provide practical references for improving Guofeng Pharmaceutical Company's financial performance. The data collection period was from May to June 2025.

1.5 Significance of the Study

1.5.1 Theoretical Significance

This study holds theoretical significance by conducting an in-depth analysis of the factors influencing the financial performance of China Guofeng Pharmaceutical Company based on the stakeholder theory. On the one hand, although there are rich research results on the stakeholder theory and financial performance individually, there is relatively little research that closely combines the two to explore the factors

influencing the financial performance of pharmaceutical enterprises. By focusing on the specific case of Guofeng Pharmaceutical Company, this study can further enrich and expand the application of the stakeholder theory in the field of financial performance in the pharmaceutical industry, providing new empirical evidence and practical cases for the development of this theory and contributing to the improvement of the existing theoretical research system on enterprise financial performance. On the other hand, this study comprehensively considers multiple factors, including investment level, technological innovation, characteristics of the top management team, and financing constraints, and their impact on financial performance, breaking through the limitations of previous single-factor research. It constructs a more comprehensive and systematic analytical framework for factors influencing financial performance, providing useful references and insights for subsequent scholars to conduct related research and promoting the development of financial performance research in a more in-depth and comprehensive direction.

1.5.2 Practical Significance

For China Guofeng Pharmaceutical Company itself, this study has important practical guiding value. By conducting an in-depth analysis of the relationships between various influencing factors and financial performance, the company's management can recognize the strengths and weaknesses in terms of investment decision-making, technological innovation investment, top management team building, and financing strategies. Based on this, the company can formulate more scientific and reasonable strategic plans and operational decisions, optimize resource allocation, improve investment efficiency, increase investment in technological innovation, build a more competitive top management team, and alleviate financing constraints, thereby effectively enhancing the company's financial performance and market competitiveness and achieving sustainable development.

From an industry perspective, as a representative enterprise in China's pharmaceutical industry, Guofeng Pharmaceutical Company's development status and financial performance, to some extent, reflect the trends and characteristics of the entire industry. The research results of this study can provide useful insights and references for other enterprises in the same industry, helping them understand best practices and successful experiences within the industry, identify their problems and gaps, and adjust their operational strategies to improve their financial performance and industry position. At the same time, this study also helps industry regulatory authorities better understand the operational status and challenges faced by pharmaceutical enterprises, enabling them to formulate more reasonable and effective industry policies and regulatory measures to promote the healthy and orderly development of the entire pharmaceutical industry.

1.6 Definition of Key Terms

(1) Investment Level

Investment level refers to the scale of funds and the degree of resource allocation that an enterprise invests in various assets and projects over a certain period to obtain future returns.

(2) Technological Innovation

Technological innovation is the process by which an enterprise utilizes new knowledge, technologies, and processes to develop new products, provide new services, adopt new production methods and management models, to improve product quality, reduce production costs, enhance production efficiency, and strengthen market competitiveness.

(3) Characteristics of the Top Management Team

Characteristics of the top management team refer to the various attributes and their combinations possessed by the members of an enterprise's senior management team.

(4) Financing Constraints

Financing constraints refer to the various restrictions and difficulties that an enterprise encounters during the process of raising funds, which prevent the enterprise from obtaining sufficient funds according to its wishes to meet its investment and operational needs.

(5) Financial Performance

Financial performance is a comprehensive reflection of an enterprise's operating performance and financial position over a certain period, which is measured and evaluated through a series of financial indicators.

Chapter 2 Literature Review

2.1 Introduction

This chapter reviews the major literature related to the stakeholder theory and financial performance, providing a theoretical basis for the variable relationships and research hypotheses of this study. The literature review covers key factors influencing financial performance, including investment level, technological innovation, characteristics of top management team, and financing constraints. By systematically reviewing existing literature, this chapter offers theoretical support for each variable in the research model, helps determine the relationships between these variables, and provides a basis for subsequent hypothesis testing.

2.2 Literature Review

2.2.1 Stakeholder Theory

Since its inception, the stakeholder theory has had a profound and widespread impact across various fields such as enterprise management, strategic decision-making, and corporate social responsibility. Traditional corporate theory adheres to the principle of maximizing shareholder interests, asserting that enterprises are solely responsible to their shareholders (Bonnafous & Porcher, 2020). However, with the vigorous development of the socio-economy and the increasing complexity of the business environment, this viewpoint has encountered numerous challenges, giving rise to the stakeholder theory. This theory emphasizes that enterprises should not only focus on shareholder interests but also consider the interests of other stakeholders, including employees, consumers, suppliers, communities, and governments, thereby opening up a new perspective for enterprise management and strategic decision-making and attracting widespread attention from both academia and practitioners. Freeman (1984) expounded on this theory in his book Strategic Management: A Stakeholder Approach, proposing a stakeholder management framework that suggests enterprise managers should formulate strategic decisions based on the interests of stakeholders to achieve the common development of the enterprise and its stakeholders. Subsequently, scholars have conducted in-depth research from multidisciplinary perspectives such as economics, management, and ethics, expanding the application scope of the theory (Greenwood & Mir, 2018).

The core of the stakeholder theory lies in emphasizing that enterprises should fully weigh and coordinate the interests of all associated parties, rather than serving only shareholders as a single interest group or focusing solely on the growth of shareholder wealth. While pursuing financial performance, enterprises must also pay attention to their contributions to social welfare (Crane & Ruebottom, 2019). To

ensure long-term and stable development, managers must deeply understand and respect all individuals closely connected to enterprise activities and outcomes, strive to meet their expectations, and effectively manage relationships with various stakeholders. According to this theory, integrating the needs of different stakeholders into organizational decision-making processes is not only a moral imperative but also a strategic necessity that can help enterprises enhance their competitive advantages.

Modern financial theory generally acknowledges that the ultimate goal of enterprise financial management is to maximize enterprise value. This viewpoint emphasizes that enterprise financial management activities should center on increasing the overall market value of the enterprise, ensuring the optimal allocation and utilization of enterprise resources to create maximum wealth for all stakeholders, especially shareholders (Herold, 2018). Therefore, performance evaluation of listed companies should fully respond to the concerns of all stakeholders, with shareholders at the core, regarding enterprise performance. Stakeholder theory has had a profound impact on modern enterprise governance, guiding enterprises to clarify the subjects and content of financial performance evaluation. When setting strategic blueprints, enterprises need to comprehensively consider the needs of all stakeholders to ensure the comprehensiveness and systematisms of the established business performance evaluation system, with stakeholder concerns reflected in enterprise performance evaluation indicators such as customer satisfaction. In other words, an enterprise's competitive advantage largely depends on its ability to meet the diverse needs of different stakeholders.

2.2.2 Financial Performance

2.2.2.1 Connotation of Financial Performance

Initial research on financial performance stems from the study of performance. Drucker (1992), with profound insights into the field of management, viewed enterprise financial performance from the perspective of managers. Drucker (1992) believed that enterprise financial performance is related to the management efficiency and outcomes of managers, and the economic benefits brought about through certain management methods constitute the overall financial performance of the enterprise. In contrast, Kolundzic (1998) held the opposite view, arguing that an enterprise's performance is not significantly influenced by its overall economic benefits and that the number of economic benefits achieved by an enterprise is difficult to use as a reference standard for performance. Ittner and Larcker (1998) classified enterprise customers into multiple levels and conducted satisfaction surveys on them. Through data collection and empirical experimental research, they explored the relationship between customer satisfaction and enterprise financial performance and concluded that customer satisfaction is a crucial non-financial indicator in enterprise performance evaluation. From the perspective of industrial production, Liedtka (2002)

defined enterprise performance as the balance between input and output. Fei and Smyth (2010) offered a modern perspective, defining enterprise performance as an indicator of social contribution, encompassing the material rewards given to employees and the spiritual pursuits established by the enterprise after completing production tasks.

Nowadays, an increasing number of scholars have conducted new research and made discoveries in the field of performance. Bartlett (2014) selected multiple basic enterprise financial indicators as the basis for evaluation, laying the foundation for modern research on enterprise financial performance. Rodrigues and Rodrigues (2018) employed two analytical methods: ratio analysis to assess enterprise solvency and other aspects, and cluster analysis to evaluate enterprise profitability.

Regarding the selection of evaluation indicators for enterprise financial performance, Wall (1928) chose seven indicators from numerous options and formed a comprehensive ratio evaluation indicator system based on the enterprise's actual conditions. This method pointed out the relationships among these financial indicators but also had certain issues: Wall did not elaborate on the specific reasons for selecting these seven indicators, and it was uncertain whether the results would hold if other indicators were chosen. Hornungova and Milichovsky (2016) selected 13 financial indicators as evaluation indicators, chose 195 agricultural companies as research subjects, and subdivided the previous indicators to conduct research from the aspects of profit, operation, and return. Through experiments and research, they concluded that company size affects the overall operating conditions of an enterprise.

The aforementioned scholars focused on enterprise financial indicators, but non-financial indicators should also be considered when analyzing enterprise performance. Flamholtz (2004) argued that two non-financial indicators, human resources and organizational communication, have indirect impacts on enterprise financial performance by influencing enterprise culture. Reino et al. (2020) selected 19 enterprises in the market as research subjects. Through analyzing internal organizational culture, she found that an enterprise's overall capital composition is significantly related to its performance. Additionally, certain influencing factors, such as internal enterprise management and market type, have positive effects on enterprise financial performance.

2.2.2.2 Research on Influencing Factors of Financial Performance

The influencing factors of financial performance are not limited to enterprise financial indicators; non-financial indicators also affect enterprise financial performance (Rai et al., 2018).

Scholars from different periods have conducted varying research on whether a

specific indicator affects enterprise financial performance. Harisa Putri et al. (2019) believed that ownership structure is an influencing factor of enterprise financial performance. For enterprises with dispersed ownership, management is more challenging, affecting the overall financial performance of the enterprise. Concentrating enterprise ownership helps improve financial performance. In contrast, Holdemess and Sheehan (2008) argued that enterprise financial performance is not related to its ownership structure. The author divided research companies into two categories: companies with dispersed ownership and companies with concentrated ownership. Through a series of empirical studies, it was found that enterprise ownership structure does not affect financial performance. The research by Tian and Lau (2001) showed that although listed companies with independent directors have better operating performance, there is no definite correlation. Some of the selected enterprises in the study were favored by most investors due to the presence of an independent board of directors and had higher return rates, which indirectly affected company financial performance.

Arrow (1962) pointed out that enterprises operating in a relatively competitive environment are more likely to engage in research and development (R&D) innovation. If an enterprise is in a monopolistic position, it is difficult for other enterprises to challenge its dominance, leading to complacency and a lack of motivation for R&D innovation. Therefore, changes in the market environment also promote enterprise R&D investment, thereby enhancing financial performance. Dasgupta and Stiglitz (1980) argued that when competition in an industry intensifies, the market gradually transforms into a red ocean market. Increased competition and friction lead to a decline in the overall profitability of the industry. The benefits brought by the launch of new products cannot compensate for the costs and expenses incurred during the development process. At this point, if enterprises continue to increase R&D investment, they may face certain financial risks. Therefore, most enterprises choose to abandon innovation.

Narayan and Singh (2014) found that when enterprises have favorable opportunities, their overall operation and profitability improve, having a positive effect on enterprise financial performance. Ali (2019) focused on internal enterprise research management, selecting Europe as the research area to analyze the impact of internal enterprise governance on enterprise performance. The research revealed that effective and well-arranged internal governance helps improve overall enterprise financial performance. Nandy (2020) believed that R&D investment has a certain impact on enterprise financial performance. By collecting data from multiple pharmaceutical industry listed companies in India from 1998 to 2019 and listing evaluation indicators, it was concluded that increased R&D investment has a positive effect on enterprise financial performance indicators. Davcik et al. (2021) selected multiple Italian enterprises as research subjects to explore the impact of R&D investment on financial performance. He found that increased enterprise R&D investment promotes technological progress and enhances overall enterprise

performance. Usman et al. (2017) focused on G7 countries and adopted a different analytical perspective from previous scholars, conducting research from national, industry, and enterprise levels. The study reached the opposite conclusion: R&D investment hurts enterprise financial performance.

Shi (2014) used data from Chinese Shenzhen-Shanghai listed companies as samples to examine the relationship between enterprise size and performance. Through empirical research, it was shown that the factors influencing performance are multifaceted, and size is not the sole determinant of performance. Li (2019) conducted an empirical analysis of listed companies in Jiangsu Province and concluded that corporate social responsibility and enterprise performance interact and influence each other, showing a positive correlation. Zhang and Zhong (2020), through an analysis of corporate governance and social responsibility, argued that there is a significant positive relationship with company capital return and equity return.

2.2.2.3 Research on Financial Performance Evaluation

Research on enterprise financial performance has a long history. Before the 19th century, financial performance evaluation mainly relied on the analysis and interviews conducted by company management personnel and had not yet formed a true definition. With economic development, an increasing number of companies began to recognize the importance of financial performance evaluation, and more and more scholars started to conduct comprehensive evaluations of company financial performance, leading to increasingly sophisticated financial performance evaluation methods.

Regarding research on financial performance, Lu and Liu (2003) constructed an internal enterprise performance evaluation control system, explaining the theoretical issues and future development trends of the internal enterprise performance evaluation control system from aspects such as the construction of an indicator system and the determination of evaluation standards. Based on an analysis of university financial performance, Heike (2013) selected performance indicators based on school size and financing channels and constructed a relatively systematic and scientific financial performance evaluation indicator system, providing a reference for future research on university financial performance.

Bagnoli and Watts (2015) suggested establishing a rapid quality management relative performance evaluation system, arguing that when selecting financial performance indicators, enterprises should not only consider their financial indicators from one aspect but also take into account enterprises of the same industry and size during the same period. From the perspective of the overall nature of the industry, they should identify their development disadvantages. Allen et al. (2015) believed that, based on the analysis and evaluation of a company's financial situation, company

financial performance refers to the likelihood of the company achieving its previously set financial management goals. Therefore, when establishing a company's financial performance evaluation system, attention should also be paid to the performance and progress of the previously formulated plan.

Jiang and Chen (2022) adopted a case study method and constructed a more comprehensive oilfield enterprise financial performance management system based on sufficient research. Wu (2022) believed that an effective way to improve enterprise financial performance is to start with the four capabilities represented by specific financial indicators. Gao and Zhang (2023) took FL Company as the research subject, identified problems in its profitability, and proposed corresponding improvement suggestions. Xu and Wang (2023) studied the profitability of Watson Biologics, found problems, and provided future development suggestions. Wei et al. (2023) researched the profitability of Yili Group, identified issues, and put forward corresponding suggestions.

Zhang (2020) used factor analysis to analyze the financial performance of e-commerce listed companies and conducted a performance study on the case company JD.com. Factor analysis provides a more comprehensive and integrated analysis. Wang (2020) analyzed and researched Chinese agricultural listed companies through factor analysis. Liu (2020) took B Pharmaceutical Company as the research subject, established a comprehensive performance evaluation framework, and used the Wall Scoring Method to conduct an in-depth analysis of the company's capability indicators to evaluate its overall performance.

Zhou et al. (2022) selected representative indicators of small and medium-sized enterprise financial performance and conducted factor analysis from four dimensions—operational capability, profitability, solvency, and growth capability—to provide a basis for improving the operational level of small and medium-sized enterprises during the epidemic. Qin and Song (2022) used factor analysis to evaluate and research the financial performance of highway transportation enterprises. Through factor analysis, complex factors can be transformed into simple ones, making the analysis highly targeted and comprehensive.

Xie (2023) proposed a method of using the DuPont analysis to connect all financial indicators, enabling a more comprehensive analysis of enterprise profitability. You (2023) took WZ Enterprise as an example, used the DuPont analysis to evaluate its profitability, and proposed corresponding suggestions to solve the company's financial problems. Ni (2023) took Bright Dairy as an example, analyzed its profitability using the DuPont analysis, and proposed corresponding measures. Wu (2023) used factor analysis to comprehensively evaluate the financial performance of Chinese textile enterprises, providing reliable data support for improving the financial performance of the entire industry.

Scholars hold a positive attitude toward financial performance evaluation, believing that it can contribute to an enterprise's future development. When evaluating financial performance, establishing a scientific and targeted performance evaluation model is the core of performance evaluation. A more accurate and comprehensive evaluation of an enterprise's performance and improvements to deep-seated enterprise issues can enhance work efficiency and improve enterprise management. From the perspective of financial performance evaluation methods, scholars choose different methods based on the characteristics of different enterprises and their analysis. Each method has its advantages and limitations. Selecting a method suitable for an enterprise based on industry and enterprise characteristics can provide constructive guidance for evaluating an enterprise's performance during a specific period. Using a method to construct an evaluation system can better align with the current development status of an enterprise and offer certain references for its future development direction.

2.2.3 Investment Level

The investment level is one of the important influencing factors of enterprise financial performance. From the perspective of economic theory, an enterprise's investment decisions determine the direction of resource allocation. Reasonable investment enables an enterprise to gain a competitive advantage in the market, thereby enhancing financial performance. The neoclassical economic growth theory proposed by the renowned economist Solow points out that capital accumulation brought about by investment is a key factor driving enterprise output growth, which is closely related to the improvement of financial performance. In the context of the large health industry in which China Guofeng Pharmaceutical Company operates, the investment level directly affects an enterprise's production scale, market share, and future profitability. Scholar Chen et al. (2020) mentioned in research on investment in the pharmaceutical industry that moderate investment expansion helps an enterprise achieve economies of scale, reduce production costs, improve product quality, thereby enhancing market competitiveness and ultimately reflecting improvements in financial performance.

The pharmaceutical industry is characterized by high investment, high risk, and a long cycle. The investment level of China Guofeng Pharmaceutical Company is not only reflected in the renewal of production equipment and investment in R&D facilities, but also includes investments in market channel expansion, brand building, and other aspects. Chhaidar et al., (2022) believed that, in the pharmaceutical industry, investment expansion helps an enterprise achieve economies of scale, reduce production costs, improve product quality, thereby enhancing market competitiveness and ultimately reflecting improvements in financial performance. However, excessive investment may lead to resource waste, tight capital chains, and other issues, hurting financial performance. Through case analysis of multiple pharmaceutical enterprises,

Biddle & Hilary (2006) found that some enterprises experienced difficulties in capital turnover due to blindly expanding their investment scale, ultimately affecting their profitability and financial stability.

Scholars have analyzed the relationship between investment level and enterprise financial performance through extensive empirical research. In pharmaceutical enterprises, there is a positive correlation between investment level and financial performance, meaning that an increase in investment scale can drive improvements in financial performance. In a fiercely competitive industry, excessive investment may trigger vicious competition, leading to a decline in enterprise profits and hurting financial performance. For China Guofeng Pharmaceutical Company, it is necessary to reasonably determine the investment level based on its own actual situation and industry characteristics to maximize financial performance (Biddle & Hilary, 2006).

Enterprise investment can be divided into different types, such as fixed asset investment, intangible asset investment, and current asset investment. In the pharmaceutical industry, fixed asset investment is mainly used for constructing production bases, purchasing production equipment, etc., having a direct impact on an enterprise's production capacity and product quality. Intangible asset investment focuses on R&D innovation, brand building, etc., and can bring long-term core competitiveness to an enterprise. Current asset investment is related to an enterprise's capital turnover and operational efficiency. The research by Seo & Kim (2020) showed that intangible asset investment has a more significant long-term impact on the financial performance of pharmaceutical enterprises. R&D innovation investment can lead to the launch of new products and an expansion of market share, thereby enhancing profitability and growth potential. Palupi (2020) found that fixed asset investment can improve an enterprise's production efficiency in the short term but has a relatively limited long-term effect on improving financial performance. China Guofeng Pharmaceutical Company should reasonably allocate different types of investments based on its development strategy and financial situation to optimize financial performance.

The investment level not only directly affects financial performance but is also influenced by multiple factors, such as an enterprise's financing ability, governance structure, and market prospects. An enterprise's financing ability determines the scale of funds it can obtain, thereby affecting the choice of investment level. A sound governance structure can improve the scientificity and effectiveness of investment decisions and reduce investment risks. A clear market prospect provides direction and motivation for enterprise investment. These factors affect financial performance indirectly by influencing the investment level. Yu et al. (2021) pointed out that an enterprise's financing constraints will limit its investment scale, causing it to miss some favorable investment opportunities and thus affecting the improvement of financial performance. Pei-yan (2006) emphasized that a perfect corporate governance structure can avoid blind investment behavior by enterprise executives, ensure the

effective utilization of investment funds, and have a positive impact on financial performance. China Guofeng Pharmaceutical Company needs to comprehensively consider these factors and formulate reasonable investment strategies to improve financial performance.

2.2.4 Technological Innovation

Technological innovation is a key driving force for enterprises to maintain competitive advantages and achieve sustainable development. In today's rapidly changing market environment, in the pharmaceutical industry, technological innovation can bring new products, new processes, and new service models to enterprises, thereby meeting consumers' ever-changing needs and enhancing their market share and profitability. Technological innovation serves as an intrinsic motivation for enterprises to achieve long-term economic growth. It can break through the limitations of traditional production functions, promote improvements in enterprise production efficiency and product quality, and thus have a positive impact on financial performance. In China's pharmaceutical industry, Lopes (2021) pointed out that technological innovation is the only way for pharmaceutical enterprises to break through development bottlenecks and achieve transformation and upgrading, enabling them to create new profit growth points and enhance financial performance.

Technological innovation in the pharmaceutical industry is characterized by high investment, high risk, long cycle, and uncertainty. Developing a new drug often requires substantial financial and time investments, with a relatively low success rate. However, once successful, it can bring enormous economic benefits and market advantages to the enterprise. Pharmaceutical enterprises face numerous challenges during the process of technological innovation, such as a shortage of R&D talent, insufficient technological innovation capabilities, and inadequate intellectual property protection. These issues constrain the level of technological innovation in enterprises and, consequently, hinder the improvement of financial performance. Tatnall (2019) found in his research on technological innovation in pharmaceutical enterprises that the overall proportion of R&D investment in China's pharmaceutical industry is relatively low, with a significant gap compared to developed countries. This results in weaker technological innovation capabilities and slower introduction of new products in Chinese pharmaceutical enterprises (Lopes, 2021). Weak intellectual property protection also makes it easy for enterprises' innovative achievements to be imitated and infringed upon, reducing their enthusiasm for technological innovation.

There is a significant positive correlation between technological innovation and enterprise financial performance. In the pharmaceutical industry, indicators such as an enterprise's R&D investment intensity, number of patents, and revenue from new product sales often exhibit a positive correlation trend with financial performance indicators (such as net profit and return on assets). Technological innovation can create more value for enterprises by improving product quality, reducing production costs, and opening up new markets, thereby enhancing financial performance. Gong

(2019) found through empirical research on 50 listed pharmaceutical companies that R&D investment intensity is significantly positively correlated with an enterprise's net profit margin, with a 1% increase in R&D investment leading to an average increase of approximately 0.5% in the enterprise's net profit margin. Md. Qamruzzaman and Kler (2023) indicated that there is a certain lag in the impact of technological innovation on financial performance, and enterprises need to await the transformation and commercialization of innovative achievements. Rycroft (2017) showed that it usually takes 3-5 years or even longer for the R&D achievements of pharmaceutical enterprises to be promoted from the laboratory to the market. During this period, enterprises need to continuously invest substantial funds, which may exert pressure on short-term financial performance.

The technological innovation modes of enterprises mainly include independent innovation, cooperative innovation, and imitative innovation. Independent innovation enables enterprises to master core technologies and gain long-term competitive advantages, but it requires enterprises to have strong R&D capabilities and financial support. Cooperative innovation can integrate resources from various parties, reduce innovation risks and costs, and improve innovation efficiency. Imitative innovation involves making improvements and innovations based on others' technologies, enabling enterprises to keep pace with industry technological developments. Different technological innovation modes have varying impacts on financial performance. Pharmaceutical enterprises should select appropriate technological innovation modes based on their actual situations and development strategies to maximize financial performance (Md. Qamruzzaman & Kler, 2023; Rycroft, 2017).

The technological innovation environment includes the policy environment, market environment, and socio-cultural environment, among others. A favorable policy environment can provide enterprises with policy support and financial assistance, encouraging them to increase investment in technological innovation. Fierce market competition can prompt enterprises to engage in technological innovation to enhance their competitiveness. An open and inclusive socio-cultural environment is conducive to the dissemination of innovative ideas and the cultivation of innovative talent. These environmental factors regulate the relationship between technological innovation and financial performance and have a significant impact on an enterprise's financial performance. Ryu (2016) pointed out that government policies such as tax incentives and financial subsidies can reduce an enterprise's technological innovation costs, enhance its innovation enthusiasm, and thereby promote improvements in financial performance. Increased market competition will also encourage enterprises to increase investment in technological innovation to launch more competitive products and services, thereby enhancing financial performance.

2.2.5 Characteristics of the Top Management Team

The top management team is the core entity in enterprise strategic decision-making, and its characteristics and behaviors have a significant impact on an enterprise's development direction and performance. The knowledge structure, experience background, and values of top management team members determine an enterprise's strategic choices and decision-making quality (Lin & Li, 2018). In a complex and ever-changing market environment, the top management team needs to possess keen market insight, scientific decision-making capabilities, and effective execution capabilities to lead the enterprise in addressing various challenges and achieving improvements in financial performance. The upper echelons theory emphasizes that the heterogeneity of the top management team (such as differences in age, gender, educational background, and professional experience) will influence the team's decision-making process and results, thereby affecting enterprise performance. The upper echelons theory provides an important theoretical basis for studying the relationship between the characteristics of the top management team and enterprise performance. Zhang (2020) found in his research on enterprise top management teams that the heterogeneity of the top management team can bring different ways of thinking and perspectives, helping to improve the team's decision-making quality and innovation capabilities, thereby having a positive impact on an enterprise's financial performance.

The pharmaceutical industry is highly specialized and complex, imposing stricter requirements on the characteristics of the top management team. The top management team needs to have extensive experience in the pharmaceutical industry, professional knowledge and skills, and the ability to grasp industry development trends. The innovation capabilities, team collaboration capabilities, and risk management capabilities of the top management team also play a crucial role in an enterprise's technological innovation, market expansion, and financial stability. An excellent top management team can formulate scientific and reasonable development strategies, effectively integrate enterprise resources, and promote the enterprise's sustainable development. Zhang et al. (2022) pointed out that in the pharmaceutical industry, the higher the proportion of members with an R&D background in the top management team, the faster the enterprise's technological innovation capabilities and the speed of introducing new products, thereby having a positive impact on financial performance. The team collaboration capabilities of the top management team can also improve an enterprise's operational efficiency, reduce internal friction, and enhance financial performance.

Scholars have analyzed the relationship between the characteristics of the top management team and enterprise financial performance through empirical research. The research has found that different characteristics of the top management team, such as average age, average educational level, team size, and heterogeneity, have varying associations with financial performance. When the average age of the top management team is relatively high, team members have more experience and make steadier and prudent decisions, but they may lack innovation vitality (Lin & Li, 2018).

A top management team with a higher average educational level tends to have greater innovation capabilities and strategic vision, enabling them to bring better financial performance to the enterprise. Wang (2025) found through empirical research on 100 pharmaceutical enterprises that the average age of the top management team is negatively correlated with an enterprise's return on assets, while the average educational level is positively correlated with an enterprise's net profit margin.

Reasonable incentive mechanisms can stimulate the work enthusiasm and creativity of top management team members, enhance team cohesion and execution capabilities, and thereby have a positive impact on an enterprise's financial performance. Common incentive mechanisms include salary incentives, equity incentives, and promotion incentives. Salary incentives can directly increase the income levels of top management team members and meet their material needs. Equity incentives align the interests of top management team members with those of the enterprise, enhancing their focus on the enterprise's long-term development. Promotion incentives provide career development opportunities for top management team members and meet their self-actualization needs (Seo & Kim, 2020; Wang, 2021). Equity incentives can significantly improve the work enthusiasm and loyalty of top management team members, prompting them to pay more attention to the enterprise's long-term development, thereby having a positive impact on financial performance. Reasonable salary structures and promotion mechanisms can also attract and retain outstanding top management talent, providing a guarantee for the enterprise's sustainable development (Rycroft, 2017).

The leadership style of the top management team influences the team's decision-making atmosphere and execution efficiency, thereby having a moderating effect on an enterprise's financial performance. Different leadership styles (such as transformational leadership, transactional leadership, and servant leadership) have different characteristics and applicable scenarios. Transformational leadership can stimulate the innovation spirit and sense of responsibility of team members, promoting enterprise strategic transformation and innovative development. Transactional leadership focuses on regulating team members' behaviors through clear rewards and punishments to ensure the achievement of enterprise goals. Servant leadership emphasizes paying attention to the needs and development of team members and creating a positive team atmosphere. Miorandi et al. (2022) found in his research that a transformational leadership style can stimulate the innovation vitality of top management team members, promote enterprise technological innovation and product upgrades, thereby having a positive impact on financial performance. A transactional leadership style can ensure the stable daily operations of the enterprise and improve operational efficiency.

2.2.6 Financing Constraints

Financing constraints are a common issue faced by enterprises during their development. They limit a company's ability to obtain funds, thereby affecting its investment decisions, technological innovation, production and operation activities, and ultimately exerting a negative impact on its financial performance (Ding et al., 2013; Herold, 2018). During the financing process, due to information asymmetry between insiders and external investors, external investors often demand a higher rate of return to compensate for information risks. This leads to an increase in the enterprise's financing costs and makes it more difficult to secure financing. Especially in imperfect capital markets, small and medium-sized enterprises (SMEs) and emerging enterprises are more prone to being troubled by financing constraints. Laeven (2023) found in his research on enterprise financing constraints that these constraints can result in underinvestment by enterprises, preventing them from fully capitalizing on market opportunities for expansion and innovation, thus limiting their growth and development and reducing their financial performance.

The pharmaceutical industry is characterized by high investment, high risk, and a long development cycle, which poses unique challenges for pharmaceutical enterprises during the financing process. On one hand, pharmaceutical R&D requires substantial capital investment, along with long development cycles and low success rates. This makes investors cautious about investing in pharmaceutical projects, increasing the difficulty of enterprise financing. On the other hand, the pharmaceutical industry is subject to stringent regulatory policies, with high requirements for enterprise qualifications and credibility, which also adds to the cost and difficulty of enterprise financing. Yu et al. (2021) discovered in his research on pharmaceutical enterprise financing that pharmaceutical enterprises generally face issues such as limited financing channels and high financing costs. Bank loans are the primary source of financing for pharmaceutical enterprises, but banks have relatively strict approval processes for loans to these companies, making financing more difficult. The R&D risks in the pharmaceutical industry also make equity financing markets cautious about investing in pharmaceutical enterprises, further exacerbating their financing constraints.

There is a significant negative correlation between financing constraints and enterprise financial performance. Financing constraints can lead to underinvestment by enterprises, preventing them from fully utilizing market opportunities for expansion and innovation, thus limiting their growth and development and reducing their financial performance. Kerr & Nanda (2009) found through an empirical study of 200 pharmaceutical enterprises that the higher the degree of financing constraints, the smaller the investment scale of the enterprise, the slower the speed of new product launches, and the more sluggish the growth in market share, ultimately resulting in poorer financial performance. Financing constraints can also affect an enterprise's investment in technological innovation, reducing its technological innovation capabilities and further impacting its financial performance (Ding et al., 2013).

An enterprise's financing channels mainly include internal financing, debt financing, and equity financing. Internal financing involves an enterprise relying on its own accumulated funds, which has the advantages of low cost and low risk but is limited in scale. Debt financing involves raising funds by borrowing from financial institutions such as banks or issuing bonds, which can provide enterprises with relatively large-scale financial support but increase their financial risks. Equity financing involves raising funds by issuing stocks, which can reduce an enterprise's asset-liability ratio but dilute the equity of existing shareholders. Different financing channels have varying effects in alleviating financing constraints. Ding et al. (2013) found that in the pharmaceutical industry, equity financing can provide enterprises with long-term and stable financial support, facilitating large-scale investments and technological innovation, and has the most significant effect in alleviating financing constraints. Although debt financing can provide a certain amount of funds, it increases an enterprise's financial burden and risks.

2.3 Introduction to China Guofeng Pharmaceutical Company

Founded in 1956, China Guofeng Pharmaceutical Company (hereinafter referred to as "Guofeng Pharmaceutical") is a modern, comprehensive pharmaceutical enterprise centered on traditional Chinese medicine (TCM). By integrating cutting-edge technology with cultural heritage, the company is committed to building a full-industry-chain healthcare platform encompassing research and development (R&D), production, sales, and services. Headquartered in Hangzhou, China, Guofeng Pharmaceutical has established a strong presence across the domestic market while progressively expanding its global footprint, cementing its position as a leading player in China’s TCM sector.

As a National High-Tech Enterprise, Guofeng Pharmaceutical prioritizes technological innovation as its core growth driver. The company operates a state-level enterprise technology center and a postdoctoral research station, fostering deep collaborations with top-tier research institutions and universities. Its R&D efforts focus on modernizing TCM, developing classical prescriptions, and exploring natural medicinal compounds. To date, Guofeng Pharmaceutical holds over 100 national patents, has led or participated in formulating more than 20 industry standards, and boasts multiple products protected under national TCM classification and included in China’s medical insurance catalogs.

Guofeng Pharmaceutical offers a diversified product portfolio spanning four key segments: TCM decoction pieces, proprietary Chinese medicines, health supplements, and integrated healthcare services. Its flagship products include Compound Danshen Dripping Pills for cardiovascular and cerebrovascular diseases, Spleen-Strengthening Granules for gastrointestinal health, and a range of herbal wellness solutions targeting sub-healthy populations. The company ensures product safety and efficacy through an

end-to-end quality traceability system, covering everything from medicinal herb cultivation to final production. Additionally, Guofeng Pharmaceutical is actively advancing its presence in the broader wellness industry by launching services such as TCM diagnostics, holistic health management, and medical tourism, addressing health needs across all life stages.

Looking ahead, Guofeng Pharmaceutical plans to intensify R&D investment over the next five years, expand into "Internet + Healthcare" innovation models, and engage in international cooperation under the Belt and Road Initiative to share TCM expertise globally. Rooted in its founding mission, the company remains dedicated to revitalizing TCM with meticulous craftsmanship and innovative spirit, contributing Chinese wisdom to the pursuit of global health and well-being.

2.4 Conceptual Framework

Based on the stakeholder theory and an analysis of relevant research findings, this study proposes a model of factors influencing financial performance. This model divides the influencing factors of financial performance into four dimensions: investment level, technological innovation, characteristics of the top management team, and financing constraints. The model is shown in Figure 2.1.

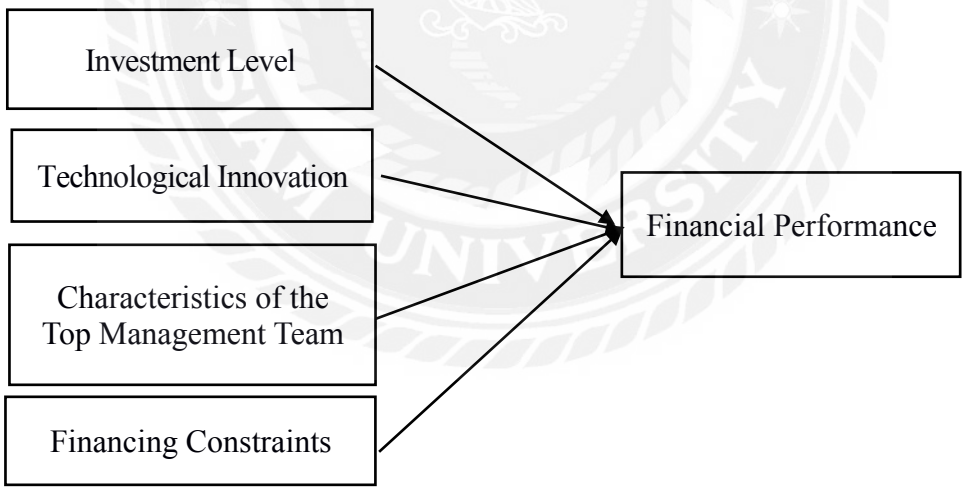

Figure 2.1 Conceptual Framework

Chapter 3 Research Methodology

3.1 Research Design

This study employed a quantitative research methodology to conduct an in-depth exploration of the factors influencing the financial performance of China Guofeng Pharmaceutical Company. The research was grounded in a questionnaire survey method, focusing on examining the correlation mechanisms between investment level, technological innovation, characteristics of the top management team, financing constraints, and the company's financial performance. Data collection utilized a structured questionnaire with a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree). The scale design drew on previous research to ensure comprehensive coverage of the core dimensions of each variable.

Descriptive statistical analysis presented the demographic characteristics of the sample and the data distribution patterns of the core variables by calculating mean and standard deviation. Correlation analysis employed Pearson's correlation coefficients to test the strength of associations between variables. Multiple regression analysis quantified and evaluated the specific impacts of investment level, technological innovation, characteristic of the top management team, and financing constraints by constructing regression models. To ensure the scientific rigor of the research methodology, SPSS software was used to conduct reliability and validity tests on the questionnaire before data analysis, ensuring the reliability and validity of the measurement tools. The research design emphasized the objective revelation of the driving factors for enhancing financial performance through systematic validation.

3.2 Population and Sample

This study focused on all employees of China Guofeng Pharmaceutical Company. As a benchmark enterprise in the global technology industry, China Guofeng Pharmaceutical Company boasts a highly diverse and professional workforce, covering core functional areas such as technology research and development, product design, marketing, supply chain management, and customer service. The innovative thinking, cross-departmental collaboration capabilities, and sensitivity to technological trends among employees in different positions collectively underpin the company's financial performance. Therefore, considering all employees as the research population enabled a systematic capture of the full-chain influencing factors from technological breakthroughs to market transformation during the technological innovation process, comprehensively revealing the dynamic interaction mechanisms among human resource allocation, organizational culture atmosphere, and technological strategic planning, and providing empirical evidence for optimizing the technological innovation management system.

This study selected 400 employees as the research sample, with the sample size determined based on a comprehensive consideration of statistical precision, resource constraints, and practical feasibility. From a statistical perspective, under the settings of a 95% confidence level and a 5% margin of error, combined with pre-survey data and sample size references from similar studies in the technology industry, a sample size of 400 effectively balanced statistical power and resource investment, ensuring that the research results possessed sufficient explanatory power. From the perspective of resource constraints, sample collection required coordination of data collection across multiple departments and hierarchical levels. A sample size of 400 enabled controllable management of the entire process from data cleaning to analysis modeling within the constraints of limited human, time, and financial resources.

To ensure sample representativeness, this study adopted a random sampling method. A total of 400 employees were randomly selected from all employees as the research sample. Throughout the sampling process, each employee had an equal opportunity to be selected, thereby ensuring the randomness and objectivity of the sample. This random sampling approach could, to a certain extent, reduce the impact of human factors on sample selection, enabling the sample to better reflect the characteristics and distribution of the population and, consequently, enhancing the reliability of the research results.

3.3 Hypothesis

This study aimed to verify, through factor analysis, the specific impacts of investment level, technological innovation, characteristics of the top management team, and financing constraints on financial performance, providing theoretical support and practical guidance for enhancing financial performance. Therefore, this study proposed the following hypotheses:

H1: Investment level has a significant impact on the financial performance of China Guofeng Pharmaceutical Company.

H2: Technological innovation has a significant impact on the financial performance of China Guofeng Pharmaceutical Company.

H3: Characteristics of the top management team have a significant impact on the financial performance of China Guofeng Pharmaceutical Company.

H4: Financing constraints have a significant impact on the financial performance of China Guofeng Pharmaceutical Company.

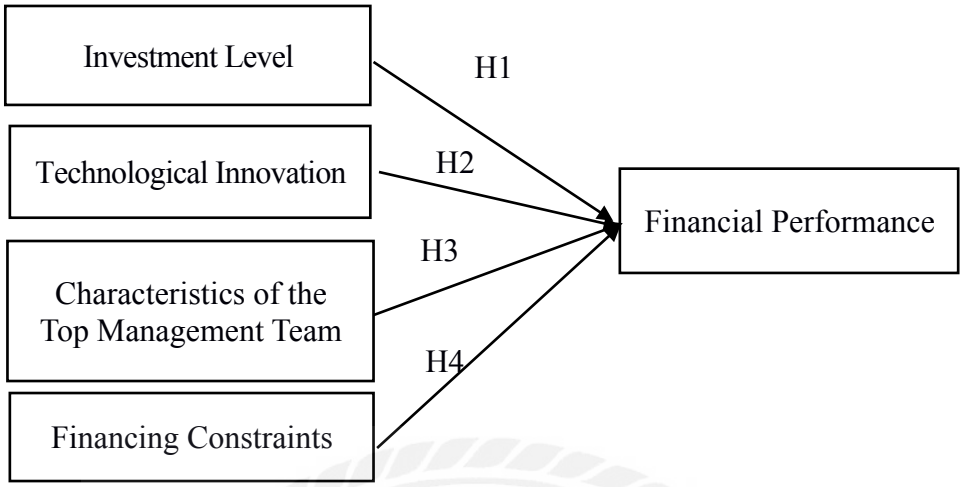

Figure 3.1 Hypotheses

3.4 Research Instrument

This study employed a 5-point Likert scale (1 = strongly disagree, 5 = strongly agree) to measure the independent variables (investment level, technological innovation, characteristics of the top management team, financing constraints) and the dependent variable (financial performance). Each variable was comprehensively evaluated through 5 items, with item design based on literature reviews and enterprise interviews to ensure content validity and operability. The investment level refers to the external policy, market, and technological environments influencing the technological innovation of China Guofeng Pharmaceutical Company, including policy support, industry competition, and technological trends. Technological innovation denotes the resources invested by China Guofeng Pharmaceutical Company during the technological innovation process, including hardware support such as R&D funding, talent, and equipment. The characteristics of the top management team refer to the internal management mechanisms and cultural atmosphere of China Guofeng Pharmaceutical Company, including the degree of support for technological innovation provided by leadership style, team collaboration, and decision-making processes. Financing constraints refer to the direct outputs of the technological innovation activities of China Guofeng Pharmaceutical Company, including quantifiable achievements such as patent numbers, new product development, and technological standard formulation. Demographic variables include gender, age, educational background, and work experience.

The questionnaire consists of a total of 25 items and is divided into two main sections:

The first section contains 4 questions, primarily focusing on the personal basic information of the respondents, including gender, age, educational background, and work experience.

The second section comprises 25 questions, mainly targeting the influencing factors of financial performance, with corresponding items set from the perspectives of investment level, technological innovation, characteristics of the top management team, financing constraints, and technological innovation. Specific content is shown in Table 3.1.

Table 3.1 Measurement Items

Influencing Factor	Measurement Item	NO.
Investment Level	Government tax incentives and subsidies for tech enterprises have effectively reduced our innovation costs.	1
	Intense market competition within the industry compels us to increase R&D investment to maintain our competitive edge.	2
	Rapidly evolving emerging technologies provide us with new directions for innovation.	3
	The improvement of intellectual property protection regulations safeguards our technological innovation achievements from infringement.	4
	Escalating consumer demand for high-tech products has accelerated our pace of technological iteration.	5
Technological Innovation	The company allocates no less than 15% of its annual revenue to technology R&D and product innovation.	6
	We possess industry-leading R&D laboratories and testing facilities to support cutting-edge technological exploration.	7
	The company attracts top global tech talent through competitive salaries and equity incentives.	8
	Collaborative projects with universities and research institutions have significantly enhanced our technological reserves.	9
	Our internal training system helps employees update their technical skills to meet innovation demands.	10
Characteristics of the Top Management Team	Company leaders actively advocate an "innovation-first" culture, encouraging employees to propose new ideas.	11
	Cross-departmental collaboration mechanisms expedite the transition of technologies from R&D to commercialization.	12
	The decision-making process for technological innovation projects is efficient, enabling rapid responses to market	13

	changes.	
	The company maintains a high tolerance for innovation failures, encouraging employees to pursue high-risk technological exploration.	14
	Our performance evaluation system prioritizes technological innovation contributions as a key assessment metric.	15
Financing Constraints	The company consistently leads the industry in the number of patents filed annually.	16
	Over 60% of new products launched in the past three years are innovation-driven technological products.	17
	Our technical standards (e.g., chip architectures, operating systems) are widely adopted across the industry.	18
	Technological innovation achievements have significantly boosted our product market share and profitability.	19
	Through technology licensing or partnerships, we have achieved the commercialization of innovation outcomes.	20
Financial Performance	The company swiftly integrates new technologies (e.g., 5G, foldable displays) into product development.	21
	Our R&D team demonstrates independent capabilities to resolve complex technical challenges.	22
	Technological innovation activities have notably shortened the product development cycle from concept to market launch.	23
	The company continuously leads industry technological advancement through innovation (e.g., AI chip design).	24
	Compared to competitors, our technological innovation outcomes are more differentiated and irreplaceable.	25

3.5 Reliability and Validity Analysis of the Scale

3.5.1 Questionnaire Reliability Analysis

Reliability measures the consistency of test results. It reflects the stability of measurement tools across different time points or samples, that is, whether the same measurement object can yield consistent results under similar conditions. To this end, the study used Cronbach's Alpha coefficient, widely applied in questionnaire analysis, to evaluate the internal consistency of the questionnaire as a whole and its various sub-scales. Cronbach's Alpha is a reliable reliability test method that can assess the degree of intercorrelation among a set of items. Generally, when the Cronbach's Alpha coefficient is higher than 0.7, the reliability of the measurement tool is considered satisfactory; if the coefficient approaches or exceeds 0.8, it indicates that the

questionnaire has excellent internal consistency.

The overall Cronbach's Alpha coefficient of the questionnaire is 0.837, and the Cronbach's Alpha coefficients for each dimension are all greater than 0.8, indicating that the scale is highly reliable.

Table 3.2 Variable Reliability Test

Variables	Cronbach's Alpha	N of Items
Investment Level	0.852	5
Technological Innovation	0.821	5
Characteristics of the Top Management Team	0.836	5
Financing Constraint	0.824	5
Financial Performance	0.824	5
Total	0.837	25

3.5.2 Questionnaire Validity Analysis

The date collected in the questionnaire must be accurate and reliable. In this study, the reliability assessment met the requirements, and the validity of the questionnaire was evaluated. To verify the possibility of validity, KMO (Kaiser-Meyer-Olkin) measurement results are typically used in conjunction with Bartlett's test of sphericity. If the recorded KMO measurement coefficient is greater than 0.8, it indicates that the questionnaire in question is suitable for data analysis. If the KMO value falls between 0.6 and 0.8, the overall findings of the questionnaire study are generally satisfactory.

The KMO value of financial performance scale is 0.842, and the results of Bartlett's test of sphericity ($p < 0.001$) fully reject the null hypothesis of Bartlett's test of sphericity, meeting the conditions for conducting factor analysis.

Table 3.3 KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.842
Bartlett's Test of Sphericity	Approx. Chi-Square	4364
	df	335
	Sig.	0.000

3.6 Data Collection

This study adopted a quantitative research methodology, selecting employees of China Guofeng Pharmaceutical Company as the research subjects. Data collection was conducted from May 2025 to June 2025. Questionnaire distribution and collection

were mainly carried out through the online platform Questionnaire Star to ensure that the sample covered different genders, ages, educational backgrounds, and work experiences. A sample size of 400 was selected, and a total of 400 questionnaires were distributed. During the questionnaire recovery process, the research team conducted rigorous checks to eliminate invalid questionnaires, including those that were incomplete or had inconsistent answers. A total of 332 valid questionnaires were obtained, with an effective rate of 83.0%.

3.7 Data Analysis

3.7.1 Descriptive Statistics

Descriptive statistical analysis involved analyzing personal background to understand the distribution characteristics of the demographic data of employees at China Guofeng Pharmaceutical Company.

3.7.2 Factor Analysis

Exploratory factor analysis was conducted on the survey data using SPSS to extract common factors and determine the common dimensions of the influencing factors of financial performance. This confirmed the reliability and validity of the constructed model, providing a theoretical basis for enhancing financial performance.

3.7.3 Multiple Regression

In research, the multiple regression method is a comprehensive and in-depth exploratory approach that significantly enriches the dimensions and accuracy of the research. This study utilized the multiple regression method to overcome the limitations of univariate model analysis, not only enriching the content and hierarchy of the research but also improving its accuracy and practicality, providing strong support and guidance for enhancing financial performance.

Chapter 4 Findings and Discussion

4.1 Findings

4.1.1 Demographic Characteristics of Participants

Table 4.1 Descriptive Statistical Analysis of Participants

Variable	Option	Number	Percentage%
Gender	Male	188	56.6
	Female	144	43.4
Age	Under 26 Years Old	61	18.4
	26-35 Years Old	108	32.5
	36-45 Years Old	84	25.3
	Over 45 Years Old	79	23.8
Educational Backgrounds	Junior College and Below	31	9.3
	Bachelor's Degree	86	25.9
	Master's Degree	158	47.6
	Doctoral Degree	57	17.2
Years of Working Experience	Below 3 Years	84	25.3
	3-5 Years	153	46.1
	6-10 Years	77	23.2
	Above 10 Years	18	5.4
Total		332	100.0

A total of 332 valid questionnaires were collected in this survey, covering multiple aspects such as gender, age, educational background, and work experience. This provides a relatively comprehensive sample base for the study on the factors influencing the financial performance of China Guofeng Pharmaceutical Company.

In terms of gender, there are 188 males, accounting for 56.6%, and 144 females, accounting for 43.4%. The proportion of males in the sample is slightly higher than that of females, but the overall ratio is relatively balanced. This indicates that there is no extreme situation in the gender distribution of the participants, and it can, to a certain extent, reflect the views of different gender groups on relevant issues. It lays a foundation for subsequent research on the differences in the cognition of factors influencing financial performance among different genders.

Regarding age, the 26 - 35 age group has the largest number of participants, with 108 participants, accounting for 32.5%. This is followed by the 36 - 45 age group, with 84 people, accounting for 25.3%. There are 61 participants under the age of 26, accounting for 18.4%, and 79 participants over the age of 45, accounting for 23.8%. The age distribution of the survey participants is relatively wide, with representatives from each age group. The 26 - 35 age group has a relatively large number of people.

This age group is usually more active and creative in the workplace and may have more direct contact and experience with factors influencing the company's financial performance, such as investment and technological innovation. Due to differences in experience and concepts among different age groups, there may be varying cognitions regarding the impact of investment levels, technological innovation, top management team characteristics, and financing constraints on financial performance.

In terms of educational background, the number of participants with a master's degree is the largest, at 158, accounting for 47.6%. This is followed by those with a bachelor's degree, with 86 participants, accounting for 25.9%. There are 57 participants with a doctoral degree, accounting for 17.2%, and 31 participants with a junior college degree or below, accounting for 9.3%. Highly educated participants account for a relatively large proportion of the sample, especially those with a master's degree. This may imply that the overall knowledge level of the survey participants is relatively high, and they have a deeper understanding of professional concepts and influencing factors related to the company's financial performance. Participants with different educational backgrounds may have different analytical perspectives and depths when viewing factors influencing financial performance, such as investment and technological innovation.

Regarding work experience, the number of participants with 3 - 5 years of work experience is the largest, at 153, accounting for 46.1%. This is followed by those with less than 3 years of work experience, with 84 participants, accounting for 25.3%. There are 77 participants with 6 - 10 years of work experience, accounting for 23.2%, and 18 participants with more than 10 years of work experience, accounting for 5.4%. Most of the survey participants have 3 - 5 years of work experience. Participants at this stage have a certain understanding of the company's operation and development, but have not yet reached a very experienced level. Different work experiences lead to different understandings and feelings regarding the company's investment strategies, technological innovation processes, top management decisions, and financing situations.

This research aimed to explore the factors influencing the financial performance of China Guofeng Pharmaceutical Company and construct a structural model. The distribution of sample data in this survey regarding gender, age, educational background, and work experience provides rich materials for in-depth analysis of the cognition of different groups towards the influencing factors (investment level, technological innovation, top management team characteristics, and financing constraints).

4.1.2 Correlation Analysis

Table 4.2 Correlation between Variables

	Investment Level	Technological Innovation	Characteristics of the Top Management Team	Financing Constraints	Financial Performance
Investment Level	1				
Technological Innovation	.612**	1			
Characteristics of the Top Management Team	.632**	.632**	1		
Financing Constraints	.635**	.633**	.637**	1	
Financial Performance	.647**	.675**	.657**	.630**	1

NOTE：*. Correlation is significant at the 0.05 level (2-tailed). **. Correlation is significant at the 0.01 level (2-tailed).

Table 4.2 is an analysis of the correlations between investment level, technological innovation, characteristics of the top management team, financing constraints, and financial performance:

The data analysis indicates that investment level, technological innovation, characteristics of the top management team, and financing constraints all show a significant positive correlation with financial performance. Among them, technological innovation has the highest correlation coefficient with financial performance (0.675), followed by characteristics of the top management team (0.657), investment level (0.647), and financing constraints (0.630), which have a moderately positive correlation with financial performance. For China Guofeng Pharmaceutical Company to improve its financial performance effectively, it should concentrate on enhancing its technological innovation capabilities, optimizing the structure of its top management team, strategically allocating investment resources, and actively mitigating financing constraints. This approach will facilitate synergistic progress across all these elements.

4.1.3 Multiple Regression Analysis

Table 4.3 Multiple Regression Analysis

Item	B	Beta	t	Sig.	VIF	F	Durbin-Watson
C	2.443	-	8.80	0.000		54.32***	1.556
Investment Level	0.451	0.456	3.82	0.000	1.15		

Technological Innovation	0.577	0.573	3.74	0.000	1.13		
Characteristics of the Top Management Team	0.326	0.334	6.56	0.000	1.14		
Financing Constraint	0.534	0.537	6.74	0.000	1.10		
R Square	0.654						
Adjusted R Square	0.662						

NOTE：*P<0.05, **P<0.01, ***P<0.001

Table 4.3 centers around a study exploring the factors influencing the financial performance of China Guofeng Pharmaceutical Company, presenting the results of regression analysis. It includes the constant term and various statistical indicators for four influencing factors: investment level, technological innovation, characteristics of the top management team, and financing constraints, as well as the goodness-of-fit indicators of the model.

The B value of the constant term (C) is 2.443, representing the base level of the predicted financial performance when all independent variables take a value of 0 in the regression equation. The t value is 8.80, and combined with a Sig. Value of 0.000 (less than the significance level of 0.05), which indicates that the constant term is significant in the regression model and has an impact on financial performance.

The Durbin-Watson value is 1.556, close to 2, suggesting that the issue of autocorrelation among model residuals is not severe. For the independent variables, the B value of investment level is 0.451, indicating that for every one-unit increase in investment level, financial performance increases by an average of 0.451 units. The Beta value is 0.456, which is used to compare the relative magnitudes of the impacts of different independent variables on the dependent variable. The t value is 3.82, and the Sig. Value is 0.000, indicating that investment level has a significant impact on financial performance. The VIF value is 1.15, less than 10, suggesting no serious multicollinearity problem.

In terms of technological innovation, the B value is 0.577, meaning that for every one-unit improvement in technological innovation, financial performance increases by an average of 0.577 units. The Beta value is 0.573, showing a relatively large impact on financial performance. The t value is 3.74, and the Sig. The value is 0.000, indicating that technological innovation has a significant impact on financial performance. The VIF value is 1.13, with no serious multicollinearity.

The B value of characteristics of the top management team is 0.326, implying that for every one-unit change in characteristics of the top management team, financial performance changes by an average of 0.326 units. The Beta value is 0.334,

indicating a certain impact on financial performance, but relatively smaller compared to technological innovation and financing constraints. The t value is 6.56, and the Sig. The value is 0.000, indicating that characteristics of the top management team have a significant impact on financial performance. The VIF value is 1.14, with no serious multicollinearity.

The B value of financing constraints is 0.534, indicating that for every one-unit alleviation of financing constraints, financial performance increases by an average of 0.534 units. The Beta value is 0.537, showing a relatively large impact on financial performance. The t value is 6.74, and the Sig. The value is 0.000, indicating that financing constraints have a significant impact on financial performance. The VIF value is 1.10, with no serious multicollinearity.

In terms of model goodness of fit, the R Square is 0.654, indicating that the independent variables can explain 65.4% of the variation in the dependent variable. The model has relatively good explanatory power. The Adjusted R Square is 0.662, which takes into account the impact of the number of independent variables on the model's goodness of fit. The adjusted value has slightly increased, further indicating a good model fit and reasonable selection of independent variables.

In conclusion, investment level, technological innovation, characteristics of the top management team, and financing constraints all have a significant impact on the financial performance of China Guofeng Pharmaceutical Company. The model as a whole has a good fit, with no serious issues of autocorrelation and multicollinearity. This is consistent with the research results in the abstract and provides data support for the proposed strategic recommendations to improve financial performance.

Therefore, according to the results of the data analysis, investment level has a significant impact on financial performance, which supports Hypothesis 1. Technological innovation has a significant impact on financial performance, which supports Hypothesis 2. Characteristics of the top management team have a significant impact on financial performance, which supports Hypothesis 3. Financing constraints have a significant impact on financial performance, which supports Hypothesis 4.

4.2 Discussion

4.2.1 Investment Level Has a Significant Impact on the Financial Performance of China Guofeng Pharmaceutical Company

From the regression analysis results, the B value of investment level is 0.451, indicating that for every one-unit increase in investment level, the financial performance of China Guofeng Pharmaceutical Company increases by an average of

0.451 units. This data intuitively reflects the positive correlation between investment level and financial performance, demonstrating that investment plays an important role in the company's operations.

Investment can be used to expand production scale and purchase advanced production equipment, thereby improving production efficiency and product quality, directly increasing the company's sales revenue and profits, and ultimately reflecting an improvement in financial performance. For example, investing in the construction of new production lines can increase drug output, meet market demand, and thus increase sales.

The Beta value is 0.456. This standardized regression coefficient can be used to compare the relative magnitudes of the impacts of different independent variables on the dependent variable. The existence of the Beta value for investment level means that among many influencing factors, it has a certain weight in its impact on financial performance. This suggests that when formulating strategies, the company should fully consider the direction and scale of investment and rationally allocate resources to maximize financial performance.

The company can choose to invest in popular drug fields based on market demand and its advantages to improve the return on investment. The *t* value is 3.82, and the Sig. value is 0.000, which is less than the common significance level of 0.05. This strongly indicates that the impact of investment level on financial performance is significant and not a coincidental phenomenon.

Reasonable investment can bring new assets, technologies, or market channels to the company, thereby enhancing its profitability and financial performance. For example, enterprise investment in the research and development field may lead to the emergence of new drugs, opening up new profit growth points for the company. Investment in market expansion can increase the sales range of products and improve market share. From the perspective of industry competition, in the pharmaceutical industry, companies that continuously make reasonable investments often gain advantages in product research and development and production scale, thus standing out in market competition and achieving higher financial performance.

Therefore, the hypothesis in this study that investment level has a significant impact on financial performance has been fully verified. From a long-term perspective, a stable investment level helps the company build sustainable development capabilities and lay a solid foundation for the long-term growth of financial performance. The company should combine investment decisions with long-term strategic planning to ensure that investments can continuously create value for the company.

4.2.2 Technological Innovation Has a Significant Impact on the Financial Performance of China Guofeng Pharmaceutical Company

In the regression analysis, the B value of technological innovation reaches 0.577, meaning that for every one-unit improvement in technological innovation, the financial performance of China Guofeng Pharmaceutical Company increases by an average of 0.577 units. This value is higher than that of other factors, such as investment level, highlighting the strong driving force of technological innovation in improving the company's financial performance.

From the characteristics of the pharmaceutical industry, technological innovation is the core driving force for the company's development. The successful research and development of new drugs can not only bring high sales revenue to the company but also enhance its brand awareness and market competitiveness. For example, the launch of some innovative anti-cancer drugs often enables the company to obtain huge economic benefits in a short period and establish its authority in the anti-cancer field.

The Beta value is 0.573, further indicating that after standardization, technological innovation has a relatively prominent impact on financial performance. This shows that among the company's various operational activities, technological innovation makes a relatively large contribution to financial performance. The company should increase its investment in technological innovation, including research and development funds and talent introduction, to improve its technological innovation capabilities and levels. For example, the company can establish a special research and development fund to attract top scientific research talents from home and abroad.

The *t* value is 3.74, and the Sig. value is 0.000, with a very high significance level, fully proving that the impact of technological innovation on financial performance is significant and stable. In today's increasingly competitive market, technological innovation can help the company continuously launch new products that meet market demand and satisfy consumers' increasingly diverse health needs. At the same time, technological innovation can also reduce production costs and improve production efficiency, thereby increasing the company's profit margins. For example, the company can improve production processes to reduce raw material waste and time consumption in production links. In the pharmaceutical industry, technological innovation can lead to the research and development of new products, improvements in production processes, and enhancements in product quality, thereby enhancing the company's market competitiveness, increasing sales and profits, and ultimately improving financial performance. From the perspective of the policy environment, the government's support for pharmaceutical technological innovation is increasing, and a series of incentive policies have been introduced, such as tax incentives and research subsidies, which provide a good external environment for the company to carry out

technological innovation. The company should fully utilize these policy advantages to increase investment in technological innovation.

Therefore, the hypothesis in this study that technological innovation has a significant impact on financial performance is consistent with the data analysis results and has been effectively supported. From the perspective of international competition, with the globalization of the pharmaceutical industry, technological innovation has become a key factor for companies to participate in international competition. Only by continuously carrying out technological innovation can the company occupy a place in the international market and improve its financial performance.

4.2.3 Characteristics of the Top Management Team Have a Significant Impact on the Financial Performance of China Guofeng Pharmaceutical Company

The regression results show that the B value of characteristics of the top management team is 0.326, indicating that for every one-unit change in characteristics of the top management team, the financial performance of China Guofeng Pharmaceutical Company changes by an average of 0.326 units. This shows that the traits of the top management team, such as age structure, educational background, and work experience, will have a certain impact on the company's financial performance. Managers of different ages have different ways of thinking and decision-making styles. Young managers may be more innovative and risk-taking, while older managers may focus more on stable operations and risk control. A reasonable age structure combination can enable the top management team to balance innovation and stability in decision-making, which is conducive to the company's long-term development. For example, the new business expansion plan proposed by young managers may become more feasible and stable after being carefully evaluated and improved by older managers.

The Beta value is 0.334. Although it is slightly smaller than the Beta values of factors such as technological innovation and financing constraints, it still shows that characteristics of the top management team have a certain relative importance in influencing financial performance. Educational background is also an important aspect of the characteristics of the top management team. Managers with high educational attainment and relevant professional backgrounds may have richer knowledge and broader visions, enabling them to better grasp market dynamics and industry development trends and formulate scientific and reasonable strategic decisions. For example, managers with dual degrees in medicine and management can better understand the demands of the pharmaceutical market and the company's operations and management.

The t value is 6.56, and the Sig. value is 0.000, indicating that characteristics of the top management team have a significant impact on financial performance.

Experienced managers are more proficient in dealing with various problems in the company's operations and can effectively coordinate the relationships among different departments within the company to improve operational efficiency. For example, when dealing with internal interest conflicts and resource allocation issues within the company, experienced managers can quickly find reasonable solutions. An excellent top management team can formulate scientific and reasonable strategic decisions, effectively manage company resources, and respond to market changes, thereby promoting the improvement of the company's financial performance.

Therefore, the hypothesis proposed in this study, that characteristics of the top management team have a significant impact on financial performance, has been strongly confirmed in the data analysis. From the perspective of corporate culture, the values and leadership styles of the top management team will have a profound impact on corporate culture, and a good corporate culture helps improve employees' work enthusiasm and creativity, thereby enhancing the company's financial performance. From the perspective of industry transformation, in the context of rapid transformation in the pharmaceutical industry, the top management team needs to have keen insights and rapid adaptability to adjust the company's strategy in a timely manner to cope with market changes and safeguard the company's financial performance. From the perspective of corporate governance, optimizing the structure of the top management team is an important way to improve corporate governance levels and financial performance. The company should focus on selecting and cultivating excellent management talent.

4.2.4 Financing Constraints Have a Significant Impact on the Financial Performance of China Guofeng Pharmaceutical Company

According to the regression analysis data, the B value of financing constraints is 0.534, meaning that for every one-unit alleviation of financing constraints, the financial performance of China Guofeng Pharmaceutical Company increases by an average of 0.534 units. This shows a close relationship between financing constraints and financial performance, and the alleviation of financing constraints helps improve the company's financial performance.

In the pharmaceutical industry, the company's research and development, production, and market expansion all require a large amount of financial support. If the company faces financing constraints, it may lead to the interruption of research and development projects, the inability to expand production scale, and limited market promotion, thereby affecting the company's financial performance. For example, a potentially promising new drug research and development project may cause the company to miss market opportunities if it cannot continue clinical trials due to a shortage of funds.

The Beta value is 0.537, indicating that after standardization, financing constraints have a relatively large impact on financial performance. This reminds the company to actively expand financing channels and reduce financing costs during the financing process to alleviate the adverse impact of financing constraints on the company's financial performance. The company can raise funds through direct financing methods such as issuing stocks and bonds, and can also strengthen cooperation with banks and other financial institutions to obtain more credit support. At the same time, optimizing the company's financial structure and credit rating can also help reduce financing costs.

The *t* value is 6.74, and the Sig. value is 0.000, with an extremely high significance level, fully proving that the impact of financing constraints on financial performance is significant and reliable. In market competition, companies with strong financing capabilities can often better seize market opportunities and achieve rapid development. On the contrary, companies with serious financing constraints may miss development opportunities, leading to a decline in financial performance. When new demands emerge in the pharmaceutical market, companies with strong financing capabilities can quickly invest funds in product research and development and market promotion to seize market share. In the pharmaceutical industry, the company's development often requires a large amount of capital investment in research and development, production, and market expansion. If it faces financing constraints, it may limit the company's business development and thus affect financial performance. On the contrary, the alleviation of financing constraints can provide the company with sufficient financial support, promote the company's growth, and improve financial performance.

Therefore, the hypothesis in this study that financing constraints have a significant impact on financial performance has been fully supported by the data. From the perspective of the macroeconomic environment, the economic situation will affect the credit policies of financial institutions and the financing environment of the capital market, thereby affecting the company's financing constraints. The company should closely monitor changes in the macroeconomic situation and adjust its financing strategies promptly. From the perspective of policy support, the government can help pharmaceutical enterprises alleviate financing constraints and improve financial performance by introducing relevant policies, such as establishing special funds for the pharmaceutical industry and providing financing guarantees. From the perspective of industry development trends, with the continuous innovation and development of the pharmaceutical industry, the demand for funds will continue to increase. The company needs to continuously improve its financing capabilities to meet the industry's development needs and ensure the stable growth of its financial performance.

Table 4.4 Hypothesis Test Results

NO.	Hypothesis	Result
H1	Investment level has a significant impact on the financial performance of China Guofeng Pharmaceutical Company.	Supported
H2	Technological innovation has a significant impact on the financial performance of China Guofeng Pharmaceutical Company.	Supported
H3	Characteristics of the top management team have a significant impact on the financial performance of China Guofeng Pharmaceutical Company.	Supported
H4	Financing constraints have a significant impact on the financial performance of China Guofeng Pharmaceutical Company.	Supported

Chapter 5 Conclusion and Recommendation

5.1 Conclusion

This study focused on China Guofeng Pharmaceutical Company, delving deeply into the impacts of four key factors on the company's financial performance, and yielding a series of significant conclusions. The four key factors included investment level, technological innovation, characteristics of the top management team, and financing constraints.

From the perspective of investment level, the research results indicate a significant positive impact on financial performance. This suggests that China Guofeng Pharmaceutical Company can effectively enhance its financial performance by increasing investments, whether for expanding production scale, purchasing advanced equipment, or venturing into new business areas. Therefore, when formulating investment decisions, the company's management should fully consider market trends and the company's strengths, precisely determine the investment direction and scale, and ensure that investments generate sustained financial returns for the company.

Technological innovation also plays a pivotal role in enhancing the company's financial performance. This study finds that the positive impact of technological innovation on financial performance is quite prominent, even surpassing that of investment level in some cases. This underscores that in the technology-intensive pharmaceutical industry, continuous technological innovation is the core element for a company to maintain competitiveness. By continuously investing in R&D resources, China Guofeng Pharmaceutical Company can drive the development of new drugs and improvements in production processes, enabling it to develop products with unique efficacy and market potential, stand out in fierce market competition, and secure higher market shares and profits. Hence, the company should attach great importance to technological innovation, increase R&D investment, attract and cultivate outstanding scientific research talents, and establish a sound innovation incentive mechanism to enhance its technological innovation capabilities.

The influence of the characteristics of the top management team on the company's financial performance cannot be overlooked. The research results show that traits such as the age structure, educational background, and work experience of the senior management team affect financial performance by influencing the company's strategic decision-making and operational management. A senior management team with a reasonable age structure, high educational qualifications, and rich work experience can better grasp market dynamics and industry development trends, formulate scientific and rational strategic plans, and effectively coordinate internal company resources to improve operational efficiency. Therefore, when

selecting and appointing senior executives, China Guofeng Pharmaceutical Company should comprehensively consider their overall qualities and abilities and optimize the structure of the senior management team to enhance the company's governance level and financial performance.

Financing constraints also have a significant impact on financial performance. The study finds that alleviating financing constraints can provide China Guofeng Pharmaceutical Company with sufficient financial support, promoting business development and enhancing financial performance. In the pharmaceutical industry, R&D, production, and market expansion all require substantial capital investment. If a company faces financing difficulties, it may lead to project stagnation, a decline in market share, and other issues, thereby affecting financial performance. Meanwhile, the government and financial institutions should also increase support for pharmaceutical enterprises, providing more financing facilities and preferential policies to help them resolve financing difficulties.

In conclusion, investment level, technological innovation, characteristics of the top management team, and financing constraints are interrelated and mutually influential, jointly determining the financial performance of China Guofeng Pharmaceutical Company. The company's management should fully recognize the importance of these factors, formulate scientific and rational strategic decisions and management measures, optimize resource allocation, strengthen technological innovation, enhance the quality of the senior management team, and alleviate financing constraints to achieve sustained improvements and sustainable development in the company's financial performance. Future research can further expand the research scope, consider more influencing factors, or adopt more in-depth research methods to provide more valuable references for the development of China Guofeng Pharmaceutical Company and the entire pharmaceutical industry.

5.2 Recommendation

(1) Rationally Allocate Investment Resources

The company needs to formulate a scientific and rational investment plan, which is the foundation for ensuring the effective utilization of investment resources. The investment plan should be closely aligned with the company's long-term development strategy and short-term operational objectives, conducting a comprehensive assessment and analysis of different business areas and projects. When formulating the annual investment plan, the company should comprehensively consider market trends, industry dynamics, and its core competitiveness, clarifying which projects are of strategic significance and can bring long-term benefits to the company, and which projects can quickly generate cash flow to support the company's daily operations.

Through such systematic planning, the company can make its investment direction clearer and avoid blind investments and resource dispersion.

The company should ensure that resources such as capital, manpower, and equipment are channeled toward key projects, which are the core of the investment plan. For key projects that align with the company's strategic direction and have broad market prospects, the company should provide sufficient resource support. In terms of capital, in addition to ensuring project start-up funds, the company should also set aside a certain amount of funds to cope with risks and uncertainties that may arise during project implementation. In terms of manpower, the company should select and deploy the best internal talents for key projects and, if necessary, introduce external professionals according to project requirements. For equipment resources, the company should configure advanced and efficient production equipment based on the project's process requirements and technical standards to improve the project's production efficiency and product quality.

In terms of fixed asset investment, the company should reasonably plan production equipment and factory construction according to market demand and technological development trends. Market demand is the key factor determining product sales. If the company blindly expands production scale without sufficient market demand, it will lead to product overstocking, increasing inventory costs, and capital occupation. Technological development trends are constantly evolving, and the company should pay attention to new technologies and processes in the industry to ensure that the invested production equipment has a certain degree of advancement and foresight and can meet the needs of future market competition. As the pharmaceutical industry has increasingly higher requirements for drug quality and production efficiency, the company can consider introducing intelligent and automated production equipment to improve production precision and efficiency.

The company should establish a dynamic assessment mechanism for investment projects, which is an important means to ensure the smooth implementation of investment projects and the achievement of expected returns. During project implementation, factors such as the market environment, technological level, and competitive landscape may change. Therefore, the company needs to conduct real-time tracking and assessment of the project. The company should adjust investment strategies in a timely manner according to project progress and market feedback, appropriately increasing investment and accelerating project progress for projects that are progressing smoothly and have good market prospects. For problematic projects, the company should promptly analyze the reasons and take corresponding measures for adjustment or loss mitigation. Through the dynamic assessment mechanism, the company can better cope with various uncertainties during the investment process and improve the success rate and return on investment.

(2) Strengthen Technological Innovation Capabilities

China Guofeng Pharmaceutical Company should increase R&D investment, which is the fundamental guarantee for enhancing technological innovation capabilities. R&D investment is the basis for conducting R&D activities. Only with sufficient financial support can outstanding scientific research talents be attracted, advanced R&D equipment be purchased, and large-scale R&D projects be carried out. The company can determine a reasonable R&D investment ratio based on its financial situation and strategic objectives, and increase the investment year by year. For example, the company can set a certain proportion of annual R&D investment to operating income and gradually increase this proportion as the company develops. At the same time, it is necessary to ensure the efficiency of R&D investment use, strengthen budget management and cost control for R&D projects, and avoid capital waste.

The company should establish a dedicated R&D team, which is a key link in enhancing technological innovation capabilities. The R&D team is the core force of the company's technological innovation, and its professional ability and innovation level directly affect the company's technological innovation capabilities. The company should select scientific researchers with rich R&D experience, innovative spirit, and team collaboration ability to form the R&D team and provide a good working environment and development space for the team. The company should pay attention to the professional structure matching of team members, covering multiple professional fields such as pharmaceutical chemistry, pharmacology, and pharmaceutics, to achieve complementary advantages among different professions. The company can also continuously improve the overall strength of the R&D team by introducing external high-end talents and cooperating with domestic and foreign scientific research institutions.

The company needs to cooperate with universities and scientific research institutions to carry out industry-university-research joint projects, which is an effective way to accelerate the transformation of technological achievements. Universities and scientific research institutions have rich scientific research resources and innovation capabilities, but may face certain difficulties in transforming technological achievements. The company, on the other hand, has market channels and production capabilities and can quickly transform scientific research achievements into actual products. By carrying out industry-university-research joint projects, the company can achieve complementary advantages, jointly tackle technical problems, and accelerate the transformation and application of technological achievements. For example, a pharmaceutical company can cooperate with a university on a new drug R&D project, with the university responsible for basic research and laboratory-stage work and the company responsible for pilot-scale amplification and industrial production, thereby improving the efficiency and success rate of new drug R&D.

The company should strengthen intellectual property protection, actively apply for patents, enhance the company's technological barriers, and ensure that technological innovation achievements are transformed into economic benefits. In the pharmaceutical industry, intellectual property is an important part of a company's core competitiveness, and patent technology can protect the company's innovation achievements and prevent imitation and infringement by competitors. The company should establish a sound intellectual property management system and strengthen the protection and management of intellectual property generated during the R&D process. For technological achievements with innovation and market potential, the company should promptly apply for patents to form a complete intellectual property protection system. The company should also strengthen the maintenance and management of patents and pay patent annuities promptly to prevent patent expiration. By strengthening intellectual property protection, the company can better protect its own technological innovation achievements, improve market competitiveness, and achieve the economic benefits of technological innovation.

(3) Optimize the Structure of the Top Management Team

The company should optimize the age, educational background, and professional background structure of the senior management team, which is the foundation for improving the overall quality and decision-making ability of the senior management team. Senior executives of different ages have different ways of thinking and work experiences. Young senior executives usually have an innovative spirit and a sense of adventure and can bring new ideas and vitality to the company, while senior executives with rich experience have extensive industry experience and management wisdom and can make steady decisions in a complex market environment. Therefore, the company should introduce young senior executives with an innovative spirit and strategic vision while retaining experienced senior executives to form a team combining the old, middle-aged, and young, achieving complementary advantages. In terms of educational background and professional background, the company should ensure that senior management team members have a high level of education and a diversified professional background, covering multiple fields such as medicine, management, and economics, to meet the needs of the company's diversified development.

The company should establish a senior management training mechanism, which is an important measure to improve the decision-making ability and management level of the senior management team. With the continuous changes in the market environment and the increasingly fierce industry competition, senior executives need to continuously learn and update their knowledge to improve their overall qualities and abilities. The company should regularly organize senior executives to participate in industry seminars and management training courses and invite industry experts and scholars to give lectures and exchange ideas, enabling senior executives to keep abreast of the latest industry trends and cutting-edge management concepts promptly.

The company can also strengthen experience sharing and exchange among senior executives through internal training and case analysis to improve the team's collaboration ability and decision-making level. For example, the company can organize senior executives to participate in an international pharmaceutical industry seminar once a year to let them understand the development trends and latest technologies of the global pharmaceutical industry and provide references for the company's strategic decision-making.

The company should improve the senior management incentive mechanism, which is the key to linking senior executives' compensation with the company's long-term financial performance and stimulating the enthusiasm and creativity of the senior management team. A reasonable incentive mechanism can closely align the interests of senior executives with those of the company, prompting them to pay more attention to the company's long-term development and financial performance. The company can adopt various methods, such as equity incentives and performance bonuses, to incentivize senior executives. Equity incentives can make senior executives shareholders of the company, allowing them to share in the company's development achievements and enhance their sense of belonging and responsibility to the company. Performance bonuses can be distributed according to the annual performance of senior executives and the completion of the company's financial indicators motivating them to work harder and improve the company's operating performance.

Strengthening communication and collaboration within the senior management team is an important guarantee for optimizing the structure of the senior management team. Senior management team members need to closely cooperate and support each other to form a strong team synergy. The company should establish a sound communication mechanism to strengthen information exchange and communication among senior executives. The company can promote mutual understanding and trust among senior executives through regular senior management meetings and team-building activities. The company should clarify the responsibilities and divisions of labor of each senior executive to avoid problems such as unclear responsibilities and overlapping work, and improve the team's work efficiency. For example, the company can hold a weekly senior management regular meeting to let senior executives report work progress and existing problems and jointly discuss solutions to ensure the smooth progress of the company's various tasks.

(4) Alleviate Financing Constraints

The company should optimize its financing structure, broaden financing channels, and reduce financing costs, which is the primary task for alleviating financing constraints. An unreasonable financing structure can lead to problems such as high financing costs and increased financing risks for the company. The company should reasonably arrange the proportion of debt financing and equity financing according to

its own financial situation and development needs. Debt financing has advantages such as relatively low cost and fast financing speed, but an excessively high debt ratio will increase the company's financial risks. Equity financing can provide long-term and stable financial support for the company, but it will dilute the equity of original shareholders. Therefore, the company should find a balance between debt financing and equity financing to optimize the financing structure. The company should actively broaden financing channels and consider various financing methods, such as issuing bonds, stocks, and introducing strategic investors, in addition to traditional bank loans, to meet the company's capital needs at different stages.

Strengthening cooperation with financial institutions and striving for more bank loans and credit lines is an important way to alleviate financing constraints. Financial institutions are one of the main sources of company financing, and establishing a good cooperative relationship with financial institutions can provide the company with more financing opportunities and preferential conditions. The company should strengthen communication and exchange with banks and other financial institutions, and provide financial information and operating conditions of the company to let financial institutions understand the company's development prospects and repayment ability. The company should actively strive for bank loan support and credit lines and increase the bank's trust by providing high-quality collateral and guarantees. The company can establish long-term cooperative relationships with multiple banks and select suitable financing products and solutions according to the advantages and characteristics of different banks.

Actively utilizing the capital market and raising funds through methods such as issuing bonds and stocks is an important means for the company to expand its financing scale and alleviate financing constraints. The capital market has advantages such as a large financing scale and a long financing period, and can provide sufficient financial support for the company. The company can choose appropriate capital market financing methods according to its own development stage and capital needs. For companies with a certain scale and profitability, they can consider going public on a stock exchange to raise a large amount of funds through the public offering of shares and at the same time improve the company's visibility and market influence. For some projects with large short-term capital needs, companies can consider issuing bonds to raise funds through the bond market. The company can issue short-term financing bills, medium-term notes, and other bond products according to market demand and its own situation to meet the project's capital needs.

The company should strengthen financial management, optimize the efficiency of capital use, reduce unnecessary capital occupation, lower financial risks, and at the same time, pay attention to policy dynamics and strive for government financial subsidies and tax incentives to alleviate financing pressure. Sound financial management can ensure the safety and effective use of the company's funds, improve the capital turnover rate, and reduce capital costs. The company should establish a

sound financial management system and strengthen work in areas such as capital budgeting, cost control, and accounts receivable management to improve the efficiency of capital use. The company should closely monitor national and local government policy dynamics, understand the financial subsidies and tax incentive policies introduced by the government, and actively strive for relevant policy support. The government, to encourage pharmaceutical enterprises to carry out technological innovation and industrial upgrading, will introduce a series of financial subsidies and tax incentive policies, and the company can actively apply according to its situation to reduce the company's financing costs and operating burdens.

5.3 Further Study

Although this study deeply explored multiple key factors affecting the financial performance of China Guofeng Pharmaceutical Company and constructed a corresponding structural model for verification, there are still some aspects worthy of further exploration. Firstly, this study mainly selected four factors—investment level, technological innovation, characteristics of the top management team, and financing constraints—based on the stakeholder theory. Future research could consider incorporating more potential influencing factors, such as corporate culture, market environment, and changes in policies and regulations. These factors may have a significant impact on financial performance under different circumstances, and by incorporating more comprehensive variables, the driving mechanism of financial performance can be revealed more precisely.

Secondly, this study used a questionnaire survey method to collect data, which ensured the breadth and representativeness of the data but may have certain subjective biases. Different respondents may have different understandings and answers to the same question, and the questionnaire design itself may also have limitations. Future research can combine qualitative research methods such as case studies and field interviews to gain more intuitive and in-depth information by going deep into the enterprise, thereby complementing the deficiencies of quantitative research and obtaining a more three-dimensional and comprehensive understanding of the influencing factors of financial performance.

In addition, this study focused on China Guofeng Pharmaceutical Company. Different industries have differences in business models, development stages, and competitive environments, which may lead to differences in the factors affecting financial performance. Future research can be extended to other industries to compare and analyze the similarities and differences in the influencing factors of financial performance among different industries, so as to verify whether the conclusions of this study are universal. Meanwhile, there are also significant differences in the institutional environment and cultural background of different countries, which will have a unique impact on the company's financial performance. Therefore, conducting

cross-country research will help provide more targeted and operational suggestions for improving financial performance under different circumstances.

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Appendix

Dear Sir/Madam,

Thank you for your participation in this questionnaire survey. The survey will be conducted anonymously, and your relevant information will be kept confidential. Thank you again for your cooperation.

Part Ⅰ：

Please fill in the following basic information:
1. Your Gender
A Male
B Female
2. Your Age
A Under 26 Years Old
B 26-35 Years Old
C 36-45 Years Old
D Over 45 Years Old
3. Your Educational Backgrounds
A Junior College and Below
B Bachelor's Degree
C Master's Degree
D Doctoral Degree
4. Your Years of Working Experience
A. Below 3 Years
B. 3-5 Years
C. 6-10 Years
D. Above 10 Years

Part Ⅱ:

Please judge to what extent you agree with the following statement; choose the most appropriate option, and mark the corresponding number "√. " The questionnaire used a Likert scale, ranging from 1 to 5 in which one indicates strongly disagree, two indicates relatively disagree, three indicates neutral, four indicates relatively agree, and five indicates strongly agree

Measuring Item	Strongly Disagree	Relatively Disagree	Neutral	Relatively Agree	Strongly Agree
Investment Level					
Government tax incentives and subsidies for tech enterprises have effectively					

reduced our innovation costs.					
Intense market competition within the industry compels us to increase R&D investment to maintain our competitive edge.					
Rapidly evolving emerging technologies provide us with new directions for innovation.					
The improvement of intellectual property protection regulations safeguards our technological innovation achievements from infringement.					
Escalating consumer demand for high-tech products has accelerated our pace of technological iteration.					
Technological Innovation					
The company allocates no less than 15% of its annual revenue to technology R&D and product innovation.					
We possess industry-leading R&D laboratories and testing facilities to support cutting-edge technological exploration.					
The company attracts top global tech talent through competitive salaries and equity incentives.					
Collaborative projects with universities and research institutions have significantly enhanced our technological reserves.					

Our internal training system helps employees update their technical skills to meet innovation demands.					
Characteristics of the Top Management Team					
Company leaders actively advocate an "innovation-first" culture, encouraging employees to propose new ideas.					
Cross-departmental collaboration mechanisms expedite the transition of technologies from R&D to commercialization.					
The decision-making process for technological innovation projects is efficient, enabling rapid responses to market changes.					
The company maintains a high tolerance for innovation failures, encouraging employees to pursue high-risk technological exploration.					
Our performance evaluation system prioritizes technological innovation contributions as a key assessment metric.					
Financing Constraints					
The company consistently leads the industry in the number of patents filed annually.					
Over 60% of new products launched in the past three years are innovation-driven technological products.					
Our technical standards					

(e.g., chip architectures, operating systems) are widely adopted across the industry.					
Technological innovation achievements have significantly boosted our product market share and profitability.					
Through technology licensing or partnerships, we have achieved the commercialization of innovation outcomes.					
Financial Performance					
The company swiftly integrates new technologies (e.g., 5G, foldable displays) into product development.					
Our R&D team demonstrates independent capabilities to resolve complex technical challenges.					
Technological innovation activities have notably shortened the product development cycle from concept to market launch.					
The company continuously leads industry technological advancement through innovation (e.g., AI chip design).					
Compared to competitors, our technological innovation outcomes are more differentiated and irreplaceable.					