

# Research on the Impact of Financial Misallocation on Enterprises' New Quality Productive Forces

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**Abstract:** In the process of promoting Chinese - style modernization, the development of New Quality Productive Forces has become the key for enterprises to achieve the transformation of high - quality and sustainable development models. Based on the financial allocation theory, this paper systematically examines the inhibitory effect of Financial Misallocation on enterprises' New Quality Productive Forces and its action mechanism. The research shows that Financial Misallocation distorts the resource allocation of enterprises in the forms of over - supply and under - supply. Further analysis reveals that Financial Misallocation mainly hinders the development of New Quality Productive Forces through two paths: inhibiting R & D investment and distorting the human capital structure. The research suggests that at the macro level, it is necessary to improve the differentiated financial support system and enhance the accuracy of fund allocation; at the micro level, enterprises should optimize internal allocation and balance short - term operation and long - term innovation investment.

**Keywords:** Financial Misallocation; New Quality Productive Forces; R & D Investment; Human Capital Structure.

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## 1. Introduction

China's economy has shifted from a high - speed growth stage to a high - quality development stage. In the process of promoting Chinese - style modernization, traditional industries are facing severe challenges of transformation and upgrading. To adapt to this change, during his inspection in Heilongjiang in September 2023, General Secretary Xi Jinping first proposed the concept of "New Quality Productive Forces". New Quality Productive Forces is a new type of productivity form led by innovation - driven and oriented towards high - quality development. It is rooted in the profound understanding and scientific summary of the new characteristics and trends of the contemporary world economy and China's new - era economic development. Enterprises, as the core subjects of social and economic activities, their innovation capabilities and development levels directly determine the quality of the whole society's productivity. Therefore, enterprises must effectively allocate various resources they possess according to the development requirements of New Quality Productive Forces. In particular, financial resources, as an important support for enterprises to develop New Quality Productive Forces, their reasonable allocation is of key significance for enhancing enterprises' innovation capabilities and market competitiveness. At the macro level, the government and financial institutions need to construct a financial environment conducive to the growth of New Quality Productive Forces, ensuring that funds flow to enterprises with high - growth potential and technological leadership advantages; at the micro level, it is required that enterprises effectively allocate financial resources in terms of production input, scientific and technological R & D innovation, and market financial investment, so as to ensure that enterprises' financial resources can accurately support their own strategic transformation and industrial upgrading, thus promoting the continuous and healthy development of New Quality Productive Forces of enterprises and even the whole society.

At the critical stage of economic transformation and the pursuit of high - quality development, the problem of

enterprises' Financial Misallocation has become one of the core obstacles hindering the improvement of enterprise efficiency and sustainable development. Reasonable financial resource allocation is the cornerstone of ensuring the healthy development of enterprises. Over - allocation or under - allocation will affect the operation efficiency, investment decision - making and risk - bearing capacity of enterprises, thus hindering the development of enterprises' New Quality Productive Forces. In reality, the problem of enterprises' Financial Misallocation is mainly manifested as the disconnection between the flow of funds and the needs of the real economy. On the one hand, small and medium - sized enterprises and start-ups often encounter difficulties in external financing due to the lack of sufficient collateral and credit endorsement, and face problems such as difficult and expensive financing, which seriously restricts their market competitiveness and innovation capabilities. On the other hand, large - scale enterprises or state - owned enterprises often have redundant funds due to excessive dependence on credit expansion, resulting in low resource allocation efficiency, and even causing over - investment and over - capacity. The occurrence of this mismatch phenomenon not only poses a severe challenge to the long - term healthy development of enterprises, but also aggravates financial risks and weakens the resilience and sustainability of the overall economy.

Against this background, this paper aims to explore whether the Financial Misallocation of enterprises has an inhibitory effect on the level of New Quality Productive Forces, and deeply analyze the specific action mechanisms and impacts in the two situations of over - supply and under - supply. In - depth research and discussion on this series of issues are of great practical significance for promoting the rapid development of enterprises' New Quality Productive Forces and improving the allocation efficiency of financial resources in the whole society.

At present, the research literature on the impact of Financial Misallocation on enterprises' New Quality Productive Forces is relatively scarce. The relevant research literature can be divided into two categories: one focuses on

the causes of Financial Misallocation, and the other focuses on the impacts of Financial Misallocation. The initial research is based on the frictionless capital market theory proposed by Modigliani and Miller, also known as the MM theorem. This theorem assumes that under ideal market conditions, capital allocation is completely efficient, and the value of an enterprise is independent of its financing structure [1]. Although the MM theorem does not directly involve the concept of financial resource mismatch, it provides an ideal benchmark, guiding later scholars to more clearly identify and analyze resource allocation problems. With the deepening of research on the actual market, the work of Stiglitz, Weiss and others has revealed the rationing error phenomenon in the credit market caused by information asymmetry [2]. Based on the causes of Financial Misallocation, some scholars have also explored the impacts of Financial Misallocation. Xiong Zhengde and others studied from the perspective of financing constraints and found that Financial Misallocation significantly inhibits the growth of enterprise innovation investment, and the increase in the level of Financial Misallocation will aggravate the financing constraints faced by enterprise innovation [3]. Zhang Qianxiao found that Financial Misallocation will increase the risk of enterprise innovation failure and squeeze out green R & D funds by increasing the external financing constraints and internal agency costs of enterprises, thus inhibiting enterprise green innovation [4]. Li Yushan, Lu Jiakuan and others have also confirmed from the macro - and micro - perspectives that Financial Misallocation has an inhibitory effect on enterprise technological innovation [5, 6].

Overall, the existing literature has carried out relatively systematic basic research on Financial Misallocation. Its research results not only reveal the impact mechanism of the imbalance of financial resource allocation on capital allocation efficiency and industrial structure upgrading, but also provide theoretical references and method references for subsequent related research. However, it is worth noting that in the emerging research field of New Quality Productive Forces, the existing achievements have not deeply explored the internal relationship between Financial Misallocation and New Quality Productive Forces. Based on this, this paper intends to focus on this research gap, explore the action mechanism and impact effect of Financial Misallocation on New Quality Productive Forces, and hope to provide a new research perspective for the improvement of the relevant theoretical system and the solution of practical problems.

## 2. Formation Mechanism of Financial Resource Mismatch

According to the financial allocation theory, financial allocation refers to the behavioral process of allocating limited financial resources to a limited number of social and economic units. If described by a mathematical model, it is to allocate limited financial resources ( $X$ ) to  $n$  units. Denote the financial resources obtained by the  $i$  - th unit as  $X_i$ ,  $\alpha_i = X_i/X$ ,  $i = 1, 2, \dots, n$ , then  $(\alpha_1, \alpha_2, \dots, \alpha_n)$  is called the resource allocation proportion. If the maximum efficiency of financial resources can be achieved for each unit,  $(\alpha_1, \alpha_2, \dots, \alpha_n)$  is called the Pareto - optimal allocation, otherwise, it is called Financial Misallocation. Financial allocation is a very complex systems engineering problem, and Financial Misallocation is the result of multiple factors. For example, information asymmetry between supply and demand, defects

in the market mechanism, and excessive or insufficient government intervention will make it difficult for the financial system to effectively match the supply and demand of funds, resulting in funds flowing to inefficient or high - risk areas, and thus failing to achieve the optimal allocation of resources.

When exploring the causes of Financial Misallocation, over - supply and under - supply are two main forms of manifestation. These two forms not only reflect the structural imbalance in financial resource allocation, but also reveal the deep - seated problems in the financial system in terms of capital flow and risk management. Through combing the research achievements in relevant fields, the specific manifestations, causes and impacts of these two forms can be further analyzed.

First of all, over - supply is reflected in that the financial resources allocated to some fields or departments have exceeded their actual needs, resulting in resource waste and low efficiency. Compared with other enterprises, enterprises with over - supply - type mismatch usually have obvious advantages in market scale and ownership structure. These enterprises can often allocate resources more effectively by virtue of their large - scale market coverage, achieve economies of scale, thus reducing costs and improving competitiveness. At the same time, due to the asymmetric financing capabilities of enterprises of different scales and ownerships [7], small and medium - sized enterprises face more serious financing constraints than large - scale enterprises, and are forced to rely more on internal financing. However, enterprises with advantages in the ownership structure can relatively easily obtain external credit support and enjoy the convenience of an interest rate lower than the market [8]. Secondly, under - supply is a resource allocation state opposite to over - supply, and they show completely opposite characteristics in resource allocation. Usually, the situation of under - supply more often occurs in economically underdeveloped areas, small and medium - sized enterprises and start - ups. Due to factors such as information asymmetry, high risk or insufficient policy support, financial institutions are often cautious about these areas, resulting in difficult effective capital inflow. For example, small and medium - sized enterprises play an important role in economic development, but due to their small scale, low credit rating and insufficient collateral, they often have difficulty in obtaining sufficient financing support from traditional financial institutions [9]. This leads to that even if enterprises have a strong subjective willingness to innovate, the shortage of funds has become a bottleneck restricting their innovation investment. This phenomenon of under - supply not only hinders the healthy growth of enterprises, but also further affects the overall innovation vitality of society.

Although over - supply and under - supply are two different forms of Financial Misallocation, there are some common causes behind them. The authenticity and effectiveness of information in the financial market are the key for both supply and demand sides to reach cooperation. However, there is often a non - transparent situation in the information exchange between the fund supply side and the demand side, that is, the so - called information asymmetry. This makes it difficult for financial institutions to accurately evaluate the real risk and return potential of the fund - demanding side, thus causing deviations in resource allocation. Moreover, the defects of policy orientation and market mechanism are also important drivers of Financial Misallocation. For example, in the past,

the government artificially lowered interest rates to control the flow of financial resources, and introduced capital factors into heavy - industry enterprises at a lower price [10]. Although this policy - oriented behavior effectively met the national strategic needs, it directly aggravated the production efficiency differences between departments and industries, and thus indirectly caused the imbalance of resource allocation efficiency. In addition, the incentive mechanism and risk preference of financial institutions will also affect the allocation efficiency of funds. Driven by the goal of pursuing high returns, financial institutions often tend to centrally invest funds in high - risk but high - return - potential areas, while those projects with relatively low returns but of great significance to social and economic development often do not receive due attention, which to a certain extent affects the optimal allocation of financial resources in the social economy.

### **3. Impact Paths of Financial Misallocation on New Quality Productive Forces**

It is worth further exploring the specific paths through which Financial Misallocation inhibits the development of enterprises' New Quality Productive Forces. Starting from R & D investment and human capital structure, this paper attempts to clarify the action mechanisms of Financial Misallocation on over - supply and under - supply enterprises.

First of all, Financial Misallocation hinders the development of New Quality Productive Forces by inhibiting enterprises' R & D investment. R & D investment is a key factor for enterprises to carry out technological innovation and improve production efficiency, and it is also the core driving force for the development of New Quality Productive Forces. However, Financial Misallocation will lead to enterprises facing different degrees of financing constraints, thus affecting their R & D investment decisions. Over - supply - type mismatch enterprises, such as large - scale enterprises and state - owned enterprises, can obtain sufficient credit resources. However, due to the lack of effective incentive measures in the market, these enterprises have poor subjective initiative in technological innovation and other aspects, and even the phenomenon of "de - real - economy and turning to the virtual economy" occurs, which often leads to low social fund allocation efficiency. For under - supply - type mismatch enterprises, such as small and medium - sized enterprises and private enterprises, on the one hand, it is difficult for them to obtain sufficient fund support, and they often face high financing costs and strict financing conditions; on the other hand, it is difficult for them to quickly obtain innovation income compensation from the market, which forces enterprises to cut R & D expenditures and use limited resources for daily operation. At the same time, the shortage of funds also limits the enterprise's risk - bearing capacity for innovation. In order to avoid risks, enterprises tend to choose projects with low risk and short - return cycle, and give up high - risk and high - return innovation opportunities, thus inhibiting the improvement of the enterprise's technological innovation ability. Therefore, whether it is over - supply or under - supply, Financial Misallocation will inhibit enterprises' R & D investment, weaken their technological innovation ability, and thus hinder the development of New Quality Productive Forces.

Secondly, Financial Misallocation restricts the

development of New Quality Productive Forces by distorting the human capital structure. In the key core technology field of the basic industry, China has always faced the "stuck - neck" technology problem, which is the root cause of the "large but not strong" high - tech industry in China [11]. And the cultivation of a group of strategic and applied talents with scientific research and innovation capabilities by enterprises is the key to solve this problem, and its structure and quality directly affect the enterprise innovation efficiency and productivity level. The mismatch of financial resources will distort the human capital structure by affecting the enterprise's talent introduction, cultivation and incentive mechanisms, thus restricting the development of New Quality Productive Forces. Although over - supply - type mismatch enterprises have sufficient fund support, they often face problems such as rigid member systems, limited promotion space and difficulty in attracting new talents, which directly lead to the lack of enterprise innovation vitality, and then result in low talent allocation efficiency, unable to fully explore and utilize the potential of human capital. For under - supply - type mismatch enterprises, the shortage of funds limits the attraction of enterprises to high - quality talents, and it is difficult to provide competitive salary treatment and development space. At the same time, it also limits the enterprise's investment in the skill improvement of the old - employee group, unable to meet the demand for high - quality talents in the development of New Quality Productive Forces. Therefore, Financial Misallocation will weaken the enterprise innovation vitality and restrict the development of New Quality Productive Forces by distorting the human capital structure.

### **4. Conclusion**

New Quality Productive Forces is not only the core driving force driving the current development of enterprises, but also a key potential factor supporting social and economic development. Based on the financial resource allocation theory, this paper systematically explores the inhibitory effect of the Financial Misallocation of enterprises on New Quality Productive Forces and its internal mechanism. The research finds that both over - supply and under - supply types of Financial Misallocation will hinder the development of enterprises' New Quality Productive Forces through two paths: inhibiting R & D investment and distorting the human capital structure. The over - supply - type mismatch leads to resource redundancy and insufficient innovation incentives, resulting in low fund - use efficiency; the under - supply - type mismatch aggravates the financing constraints, forcing enterprises to give up long - term innovation investment, and finally weakens the driving force of technological breakthroughs and industrial upgrading.

In general, the cultivation and development of New Quality Productive Forces by enterprises is a systematic project. This process requires not only the positive incentive of the external environment, but also the efficient operation of internal governance. The two interact and are indispensable. At the macro level, it is necessary to further improve the multi - level financial market system and enhance the accuracy and effectiveness of the flow of financial resources to the New Quality Productive Forces field. Especially for the financing constraint problems commonly faced by small and medium - sized enterprises and innovation subjects, a differentiated financial support mechanism should be established; at the micro level, enterprises should optimize the internal resource

allocation efficiency based on their own strategic positioning, improve the human capital structure by establishing a scientific budget management system and performance evaluation mechanism, and balance the relationship between short - term business objectives and long - term innovation investment, avoiding squeezing innovation resources due to excessive pursuit of short - term profits, and also preventing the risk of ignoring business sustainability due to blind innovation investment.

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