Enterprise Financialization, Macroeconomic Environment and Corporate Financial Risks---Based on the Empirical Research of Shanghai and Shenzhen a-Share Companies

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Abstract: Based on the development trend of country's current real economic slowdown and systemic risks brought by corporate financialization, this paper selects the data of A-share listed companies from 2010 to 2020 to study the impact of enterprise financialization on financial risks. This paper also studies the differential impact of property rights, and analyzes the moderating role of the macroeconomic environment. Results show that: (1) Enterprise financialization significantly increases corporate financial risks. (2) Compared with private enterprises, the financial risks of state-owned enterprises are greater. (3) Under the macroeconomic environment of rapid economic growth and monetary easing, the impact of corporate financialization on corporate financial risks has been weakened. The paper provides a theoretical basis for clarifying the effect of enterprise financialization on corporate financial risks, and giving full play to the positive role of the macroeconomic environment to reduce corporate financial risks.

1. Introduction

Since the 1980s, companies in many countries have gradually shown a trend of financialization, and the industry has gradually "turned from real to virtual " and entity companies have chosen to hold more financial assets in order to obtain higher returns. [1] The degree of enterprise financialization has increased significantly under the dual effects of profit-seeking capital and the increasingly expanding virtual economy, and the real economy has gradually lost its fundamental role. In response to the trend of "reducing the real to the virtual", relevant departments of our country have also paid attention to it. At the 2015 Central Economic Work Conference, President Xi pointed out that "a large amount of funds flowed into the virtual economy, which inflated asset bubbles, financial risks gradually emerged, and the overall cycle of production, circulation, distribution, and consumption in social reproduction was not smooth"; In July 2017, the Central Financial Work Conference proposed that "finance should take the service of the real economy as the starting point and end point", and at the same time required to keep the bottom line of systemic financial risks[2].

The financialization of enterprises has become a very important practical issue in our country. Due to the overcapacity of our country's real economy and the decline in profitability, funds enter the financial sector, and stock prices are inflated, which further promotes the excessive expansion of the virtual economy (Cheng, 2015; Orhangazi, 2008), forming the financialization of real industrial enterprises. Once a large-scale depreciation of corporate assets will make the corporate financial situation face a crisis (Wang et al., 2015), affecting the stability of economic operations. At the same time, related studies have found that the macroeconomic environment will also significantly affect the micro activities of enterprises. Unstable macro-economy will increase corporate cash reserves (Wang et al., 2014), and causes companies to reduce financing (Jiang et al., 2018), putting corporate financial conditions at risk. The preference of non-financial enterprises for the virtual economy will directly affect the financial status of the enterprise. When the profit of the main business declines, the enterprise will choose to participate in more financial speculation activities. So, how does enterprise financialization affect corporate financial risks? What are the differences in

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this impact under different macroeconomic environments? Answering the above questions will not only help clarify the relationship between corporate financialization and financial risks, but also help companies give full play to the benign role of financial assets, and provide a reference for supply-side structural reforms.

In order to investigate the impact of enterprise financialization on corporate financial risks, this paper selects A-share listed non-financial company data from 2010 to 2020 as samples to empirically analyze the impact of enterprise financialization on corporate financial risks and also analyze the differentiated performance of the impact under different macroeconomic environments. The marginal contributions of this article are as follows:

First, different from the perspective of previous literature research, the existing literature focuses on the impact of enterprise financialization on corporate innovation and corporate leverage. This paper links the three aspects of enterprise financialization, macroeconomic environment and corporate financial risks, explores the interactive relationship between the three, and enriches the theoretical system of “removing from reality to virtual”

Second, this paper incorporates the macroeconomic environment into the analysis system, discusses the impact on the company's financial risks from multiple dimensions, and makes the analysis more comprehensive and reasonable.

Third, this paper also innovatively analyzes the difference in the degree of financial risk of private enterprises and state-owned enterprises, and provides theoretical guidance and demonstrations for future research on the financialization of private enterprises and state-owned enterprises.

2. Theoretical Analysis and Hypothesis

2.1 Enterprise Financialization and Corporate Financial Risks

Current research on the degree of corporate financialization and corporate financial risks can be divided into two categories: one is that financialization can ease the financial stress of corporate investment, thereby reducing corporate financial risks; the other is that corporate financialization has reduced the share of industrial investment which is not conducive to the steady development of the main business and will increase the financial risk of the enterprise.

As far as the first category is concerned, enterprise financialization will promote industrial investment. When a company makes short-term investments, selling financial assets can enable the company to obtain funding sources to avoid financial difficulties, thereby promoting industrial investment (Smith, 1985), and when asset prices rise, corporate profits increase which will increase corporate refinancing power and strengthen the real economy investment. From this point of view, we can think that financialization has a “cistern effect” on corporate financing (Stulz, 1996).

For the second view, the financialization of enterprises will hinder industrial investment. The financialization of enterprises will lead to an increase in the number of financial asset allocations, which will squeeze out corresponding industrial investment. The funds owned by enterprises are limited. The use of funds is assumed to be industrial investment and financial investment. When the rate of return on investment financial assets is high, the enterprise will inevitably reduce industrial investment and increase financial investment. Based on this view, we can think that financialization has a “crowding out effect” on industrial investment (Orhangazi, 2018).

However, resource allocation theory suggests that a rise in the number of investments in financial assets will reduce fixed investment (Tori, 2017). Most companies face high returns on financial assets and choose to reduce their real-economy investments and invest limited capital in virtual assets to make high profits. Therefore, the “crowding-out effect” can be considered to be stronger than the “ cistern effect “. As companies increase their investment in the financial sector, the available funds for real economic investment and operations of enterprises decrease and result in a decline in corporate performance, gradually hollowing out (Du et al., 2017). However, because of the high risk along with strong uncertainty in the financial and real estate investment sectors, enterprise financialization will cause the virtual economy to expand too much to form a bubble

(Huang, 2018). In addition, the company's financial performance is at great risk due to a decrease in the number of fixed asset investments, resulting in a decline in the company's ability to repay its debts and finances (Liu et al., 2018). Through the above analysis, the corresponding assumptions are put forward:

H1: corporate financialization will aggravate the company's financial risks.

2.2 State-Owned Enterprises, Private Enterprises and Financial Risks

The advantages and disadvantages of state-owned enterprises and private enterprises are different. First, compared with private enterprises, state-owned enterprises themselves are strong and have national credit as a guarantee, and because state-owned enterprises often have more plant equipment to act as collateral, so their access to bank financing costs are lower. However, compared with private enterprises, state-owned enterprises have a higher leverage ratio, which is an unreasonable capital structure of a prominent performance. At the same time, state-owned enterprises often choose to hide negative information about their companies, excessive financial investment is highly likely to trigger a stock market crash and is not conducive to financial market stability (Peng, 2018). Due to the strength of state-owned enterprises, asset allocation is greater, and the financial risks faced by enterprises increase with the total allocation of financial assets (Huang, 2018). In addition to leverage problems, there are other factors that could exacerbate the financial risks of state-owned enterprises. State-owned enterprises are often under the control of a single shareholder, there are agency problems within the enterprise, internal control will affect the financialization of enterprises. The short-sighted behavior in operation makes the state-owned enterprises face financial risks for a long time (Li, 2003).

On the other hand, the internal mechanism of private enterprises is more flexible than that of state-owned enterprises. The property rights and responsibilities of private enterprises are clear, which guarantees the main position of the market (Luo, 2003). However, there are many restrictive factors in private enterprises leading to the promotion of corporate financial risk. Compared with state-owned enterprises, the decision-making of private enterprises is arbitrary, and blind capital expansion is easy to trigger financial risks. Private companies tend to ignore financial management and are therefore prone to self-loss (Zeng, 2018). At present, the credit level of small and medium-sized private enterprises in China is obviously low, the overall bankruptcy and merger ratio is high, the unstable state of existence and the risk of non-performing assets is greater in private enterprises (Wang, 2007). While due to the generally high financing costs of small and medium-sized private enterprises, private companies often face financing difficulties and the lack of sufficient operating capital will also bring enterprises financial risks; What’s more, the internal management of employees is also very prominent (Gao, 2020), which will also increase the financial risk of private enterprises. In summary, this paper puts forward the following two competitive assumptions:

H2-a: compared with private enterprises, the financial risks faced by the financialization of state-owned enterprises are stronger.

H2-b: compared with private enterprises, the financial risks faced by the financialization of state-owned enterprises are weaker.

2.3 Macroeconomic Environment and Corporate Financial Risks

The macroeconomic environment is strongly related to the company's financial risks. Previous studies have found that the macroeconomic environment can have a potential impact on corporate financial risks through two paths: economic growth and monetary liquidity.

Economic growth has a strong relationship with financialization and financial risk. When the macro-economy is in a good stage, due to the better economic development situation, corporate earnings increase and has small debt risk and bankruptcy risk. While when the macro-economy is in the downward stage, the financial situation of enterprises deteriorated, facing a higher risk of bankruptcy (Su, 2009). When the economic growth slows down, the financial risk of enterprises mainly manifests itself in the following three points: First, the asset structure of enterprises tends to change, the scale of debt increases unprecedentedly, resulting in heavy financial burden and

increased financial risks on enterprises. Secondly, due to the financial crisis, the internal management of enterprises appeared chaotic, may lead to the decentralization of power, and the lack of unified management phenomenon. Finally, the amounts of receivables and payables of enterprises have risen sharply and exceeded normal levels (Yao, 2014). Based on this, we can find that there is a close correlation between economic growth and corporate financial risk.

Monetary policy is also related to corporate financialization and financial risk. When the macro economy is in a upward trend and the financial markets are active, listed companies with better financial positions have lower levels of debt, while companies with poor financial positions have the opposite (Levy, 2003; Hennessy, 2007). Loose monetary policy induces enterprises to invest at lower interest rates, and the level of financialization of enterprises increases rapidly along with the increasing investment of financial assets. This will lead to internal financial instability which is easy to trigger financial risks (Wang etc., 2019). However, when tight monetary policy is implemented, the impact of currency issuance on the financial situation of enterprises becomes more obvious (Chen,2019), and tight monetary policy will significantly increase the financial risk of enterprises (Ma et al., 2020). To sum up, economic growth and monetary liquidity as an external environment will also have an impact on corporate finance and corporate financial risks. Based on the above analysis, this paper puts forward the following assumptions:

H3: In the macro-economic environment of high growth and loose monetary policy, the impact of the degree of corporate financialization on the financial risk of enterprises is weakened.

3. Research Design

3.1 Sample Selection and Data Sources

This paper selects the data of Shanghai and Shenzhen A-share companies from2010 to 2020, and obtains a total of 51,686 samples.We processes the initial data as follows: (1) delete the data of listed companies in the financial and real estate industries; (2) delete the sample values with missing data; (3) delete the obviously abnormal data, such as the sample with an asset-liability ratio greater than 1; (4) deleting ST listed companies; (5) tailoring continuous variables up and down by 1%. The data in this article mainly comes from the CSMAR database. After processing, we finally obtain a total of 24971 sample data, and use Stata16 to conduct empirical analysis.

3.2 Variable Definition

3.2.1 Z-Score Index of Corporate Financial Risk (Z-Score)

With the development of society and economy, the original Z-score model is not suitable for the development of modern enterprises. Therefore, learning from studies such as Tykvová and Borell (2012), this article chooses the revised Z-score index proposed by Altman (2002) to describe corporate finances risk, Altman's (2002) revised Z-score = (0.717×working capital+0.847×retained earnings+3.107×earnings before interest and taxes+0.42×total market value of stocks+0.998×sales income)/total assets.

3.2.2 Degree of Enterprise Financialization (Fin)

We uses the total allocation of financial assets (Total) to measure the degree of corporate financialization. Based on previous studies, the total financial asset allocation (Total) = (trading financial assets + derivative financial assets + loans and advances + available-for-sale financial assets + net held-to-maturity investment + long-term equity investment + Investment real estate)/total assets.

3.2.3 Macroeconomic Environment (Me)

In order to measure the difference in the impact of corporate financialization on corporate financial risks in different macroeconomic environments, this paper introduces economic growth (Eg) and broad money growth (M2). Drawing lessons from the practice of Miguel and Pindado (2001), since the time-fixed effect controls the independent influence of economic growth and

monetary policy, we introduce a multiplier term between the degree of enterprise financialization and economic growth and broad money growth.

3.2.4 Control Variable

Drawing lessons from the research of Huang and Kisgen (2013), this paper introduces control variables related to the characteristics of listed companies and the macroeconomic environment. Among the characteristics of listed companies, operating cash flow (Cfo) is expressed in terms of operating cash flow/total assets; profitability (Roe) is net profit/average shareholders' equity; tangible asset ratio (Fixed) is expressed in terms of net fixed assets/total assets ; company size (Size) is the natural logarithm of total assets; growth opportunity (Grow) is the growth rate of operating income. We also introduce the control variable business climate index (Bci) into the macroeconomic environment. At the same time, the year (Year) and industry fixed effects (Indus) are also introduced.

Table 1 Definition of Variables

Variable	Symbol	Variables name
Dependent Variable	Z-score	Altman(2002)revised Z-score model
Independent Variable	Fin	Degree of enterprise financialization
Moderating Variables	Eg	Economic growth
	M2	Broad money growth
Control Variables	Cfo	Operating cash flow
	Roe	Profitability
	Fixed	Tangible asset ratio
	Size	Company size
	Grow	Growth opportunity
	Bci	Business climate index

3.3 Model Construction

3.3.1 Hypothesis 1's Test Model:

$$Zscore_{i,t} = \alpha_0 + \alpha_1 * Fin_{i,t} + \sum_{k=2}^{n} \alpha_k * Control + \sum Year + \sum Indus + \varepsilon_{i,t}$$

Among them, $Zscore_{i,t}$represents the financial risk of the enterprise, and $Fin_{i,t}$ is the degree of financialization of the enterprise.

Control represents control variables, including operating cash flow (Cfo), profitability (Roe), tangible asset ratio (Fixed), company size (Size), growth opportunity (Grow), business climate index (Bci). Year and Indus are the year and industry fixed effects, respectively, and $\varepsilon_{i,t}$ is the random disturbance term.

If the coefficient$\alpha_1$is significantly positive, it means that the higher the degree of enterprise financialization, the smaller the corresponding corporate financial risk level will be. At this time, we assume that H1a is true, otherwise, assume that H1b is true.

3.3.2 Hypothesis 2's Test Model:

$$Zscore_{i,t} = \gamma_0 + \gamma_1 * Fin_{i,t} + \gamma_2 * Pro * Fin_{i,t} + Controls + \sum Year + \sum Indus + \varepsilon_{i,t}$$

As shown in the above formula, this paper introduces the instrumental variable $Pro$to study the differential impact of financialization on the financial risk of enterprises with different property rights. Among them, Pro represents the type of enterprise. If the enterprise is a state-owned enterprise, it is taken as 1, and if the enterprise is a private enterprise, it is taken as 0.

If the coefficient γ_2 of the intersection of property rights and the degree of corporate financialization is significantly negative, it means that compared with private enterprises, state-owned enterprises face stronger financial risks when the degree of financialization increases, and H2a is true at this time.

On the contrary, if the coefficient γ_2 of the intersection is significantly positive, it means that compared with private enterprises, the financial risk faced by state-owned enterprises is weaker when the degree of financialization increases, and H2b is established at this time.

3.3.3 Hypothesis 3's Test Model:

$$Zscore_{i,t} = \alpha_0 + \alpha_1 * Fin_{i,t} + \alpha_2 Fin * Eg + Controls + \sum Year + \sum Indus + \varepsilon_{i,t}$$

$$Zscore_{i,t} = \beta_0 + \beta_1 * Fin_{i,t} + \beta_2 Fin * M2 + Controls + \sum Year + \sum Indus + \varepsilon_{i,t}$$

As shown in the above formula, we adds the intersection item of the degree of enterprise financialization (Fin) and the macroeconomic environment to measure the moderating effect of the macroeconomic environment on the degree of enterprise financialization and corporate financial risks. The macroeconomic environment is measured based on the economic growth rate (Eg)and currency liquidity (M2).

If the coefficient α_2 is significantly positive, it means that under the economic environment of rapid economic growth, the impact of corporate financialization on financial risks has been weakened.

Similarly, if the coefficient β_2 is significantly positive, it means that under the external environment of loose liquidity, the impact of the degree of corporate financialization on financial risks has been weakened.

In summary, if the coefficients $\alpha_2$and β_2 are both significantly positive, then hypothesis 3 holds.

4. Empirical Results and Analysis

4.1 Descriptive Statistics

According to the able 2, the maximum value of the company's financial risk index (Z-score) is 6.816, the minimum value is 0.149, and the average value is 1.872. It can be concluded from the data that the financial risks faced by the sample companies are quite different. According to the degree of enterprise financialization (Fin), the maximum proportion of financial assets held by the sample companies reaches 96.2%, the minimum is close to 0, and the average is 34.5%. In the whole, the total financial assets held by the sample companies continue to rise, and the degree of corporate financialization has accelerated.

In addition, from the perspective of our country's economic growth rate, the fastest growth rate of country's economy reaches 10.6% per year., the slowest growth rate is 6.9%, and the average growth rate is 7.3% per year. The standard deviation is small, indicating that country's economic growth rate basically remain stable.

From the perspective of country's broad money growth rate, the maximum growth rate is 19.7%, the minimum is 8.1%, and the average is 11.6%, indicating that country's liquidity is relatively loose.

Looking at the sample company's operating cash flow (Cfo), profitability (Roe) , tangible asset ratio (Fixed), company size(Size), growth opportunity (Grow), and business climate index (Bci), there show big differences in sample data, indicating that these influencing factors may affect corporate financial risks.

Finally, except for growth opportunity (Grow) and business climate index (Bci), the mean and median value of other variables are basically equal, indicating that the data sample presents a normal distribution.

Table 2 Results for Descriptive Statistics

Variable	Observations	Mean	Median	Sd	Min	Max
Z-score	24939	1.872	1.620	1.192	0.149	6.816
Fin	24939	0.345	0.299	0.250	0.003	0.962
Cfo	24939	0.085	0.068	0.080	-0.017	0.398

Roe	24930	0.059	0.055	0.099	-0.419	0.352
Fixed	24939	0.118	0.075	0.129	0.000	0.590
Size	24939	21.78	21.64	1.158	19.42	25.37
Grow	22182	0.497	0.111	1.815	-0.998	14.51
Bci	24971	111.1	121.9	34.99	0.000	138.0
Eg	24971	0.073	0.069	0.015	0.023	0.106
M2	24971	0.116	0.113	0.031	0.081	0.197

4.2 Correlation Analysis

Table 3 describes the Pearson correlation coefficient between the core variables. Results show that at the 1% significance level, there is a significant negative correlation between the corporate financial risk index and the degree of enterprise financialization, and a significant positive correlation with operating cash flow and profitability. This indicates that corporate financialization will aggravate corporate financial risk. At the same time, the degree of enterprise financialization shows a significant negative correlation with operating cash flow, and the proportion of tangible assets.

Table 3 Results for Correlation Analysis

Variables	Z-score	Fin	Cfo	Roe	Fixed	Size	Grow
Zscore	1.000						
Fin	-0.203***	1.000					
Cfo	0.421***	-0.501***	1.000				
Roe	0.348***	-0.172***	0.439***	1.000			
Fixed	-0.056***	-0.477***	0.223***	-0.015**	1.000		
Size	-0.429***	0.146***	-0.214***	0.018***	0.010	1.000	
Grow	-0.023***	0.097***	-0.118***	-0.039***	-0.123***	0.007	1.000
Bci	-0.015**	-0.002	0.015**	0.024***	-0.019***	-0.005	0.008

*, ** and *** represent statistical significance at the 10, 5 and 1% levels, respectively

4.3 Analysis of Regression Results

Combined with the research purpose, the analysis of regression results in this paper is mainly divided into three parts: First, we use the full sample data to preliminarily study the impact of the degree of enterprise financialization on corporate financial risks.

Second, we introduce the enterprise type variable (Pro)to analyze the differential impact of financialization on the corporate financial risks.

Third, we introduce two macroeconomic variables, economic growth rate (Eg) and currency liquidity(M2). In the model,the intersection of economic growth rate (Eg)/currency liquidity(M2) and the degree of corporate financialization are added to study the moderating effect of the macroeconomic environment.

Table 4 the Impact Of Enterprise Financialization on Financial Risks

	(1)	(2)	(3)	(4)	(5)
	Basic	POOL	POOL	FE	RE
Fin	-0.969***	-0.255***	-0.269***	-0.167***	-0.220***
	(-31.25)	(-7.05)	(-7.69)	(-4.63)	(-6.70)
Cfo		4.133***	4.131***	5.174***	4.943***
		(33.97)	(35.04)	(37.57)	(43.25)
Roe		3.146***	3.141***	2.300***	2.424***
		(31.94)	(32.26)	(41.01)	(44.27)
Fixed		-1.058***	-1.006***	-1.057***	-1.017***
		(-20.40)	(-18.52)	(-13.76)	(-15.53)
Size		-0.380***	-0.369***	-0.638***	-0.484***
		(-57.43)	(-54.58)	(-48.15)	(-54.85)
Grow		0.008*	0.005	-0.002	-0.001
		(1.82)	(1.28)	(-0.61)	(-0.23)
Bci		-0.001***	0.009***	0.001	0.008***

		(-7.11)	(2.72)	(0.29)	(3.69)
Constant	2.206***	9.947***	8.588***	15.283***	11.202***
	(171.26)	(66.34)	(17.96)	(29.62)	(29.34)
Year&Indus	No	No	Yes	Yes	Yes
N	24,939	22,182	22,182	22,182	22,182
R2	0.041	0.399	0.501	0.516	0.528
LR test				24.14***	
LM test					331.73***
Hausman test				604.10***	

*, ** and *** represent statistical significance at the 10, 5 and 1% levels, respectively

Table 4 illustrates the impact of enterprise financialization on financial risks. Column (1) is the benchmark model without controlling variables, column (2) is the mixed model with controlling variables but not controlling the year and industry fixed effects, and column (3) is the mixed model with controlling variables and controlling the year & industry fixed effects. Column (4) is a fixed-effect model that adds control variables and controls year & industry fixed effects, and column (5) represents a random-effect model that adds control variables and also controls year & industry fixed effects.

In the above results, the degree of corporate financialization is significantly negative at the 1% level, indicating that the higher the degree of corporate financialization, the greater the financial risk faced by the enterprise.

In addition, the LR test results show that compared to mixed regression, panel data fixed-effects regression should be used; LM test results indicate that panel data random-effects regression should be used compared to mixed regression; and Hausman test further shows that fixed-effects models are more suitable. Overall, the paper uses fixed-effects model for regression.

Table 5 Differential Impact Of Financialization on Financial Risks in Different Companies

	(1)	(2)	(3)	(4)
	Full sample	Private	State-owned	Increment
Fin	-0.207***	-0.193***	-0.267***	-0.159***
	(-4.63)	(-4.56)	(-5.28)	(-4.41)
ProFin				-0.157***
				(-4.61)
Cfo	5.174***	5.152***	5.189***	5.170***
	(37.57)	(31.78)	(28.10)	(37.55)
Roe	2.300***	2.430***	2.532***	2.304***
	(41.01)	(36.37)	(21.22)	(41.10)
Fixed	-1.057***	-1.179***	-1.298***	-1.099***
	(-13.76)	(-12.42)	(-43.51)	(-14.21)
Size	-0.638***	-0.691***	-0.646***	-0.642***
	(-48.15)	(-43.27)	(-37.25)	(-48.39)
Grow	-0.002	-0.001	-0.001	-0.002
	(-0.61)	(-0.32)	(-0.43)	(-0.58)
Bci	0.001	-0.006**	-0.007*	-0.001
	(0.29)	(-2.35)	(-1.82)	(-0.33)
Constant	15.283***	17.214***	12.423***	15.561***
	(29.62)	(27.92)	(41.12)	(29.98)
Year&Indus	Control	Control	Control	Control
N	22,182	17,201	4,821	22,182
R2	0.516	0.558	0.523	0.517

Table 5 examines the differential impact of financial risks of different enterprises on the financial risk by regressing the full sample, private enterprises, state-owned enterprises, and interaction terms.

First, comparing columns (2) and (3), we can find that the absolute value of the negative coefficient of the degree of financialization of state-owned enterprises is larger, which shows that compared with private enterprises, the financialization of state-owned enterprises faces higher financial risks. Secondly, from column (4), it can be found that the financialization of state-owned

enterprises has a significant incremental effect on financial risks. The above results strongly support the H2a viewpoint.

Table 6 the Differential Impact of Enterprise Financialization on Financial Risks in Different Environments

	(1)	(2)	(3)	(4)	(5)	(6)
VARIABLES	Ease	Tight	Moderate A	High	Low	Moderate B
Fin	-0.057	-0.387***	-1.397***	-0.108**	-0.331***	-1.322***
	(-1.25)	(-8.97)	(-19.75)	(-2.49)	(-7.02)	(-8.71)
FinM2			11.875***			
			(22.88)			
FinEg						16.096***
						(9.68)
Cfo	4.779***	3.953***	4.492***	4.744***	3.831***	5.188***
	(34.44)	(30.79)	(27.97)	(35.82)	(27.14)	(23.04)
Roe	2.373***	3.717***	2.297***	2.582***	3.595***	2.071***
	(23.16)	(40.75)	(35.34)	(26.23)	(36.23)	(24.61)
Fixed	-1.196***	-1.165***	-1.058***	-1.155***	-1.115***	-0.573***
	(-17.17)	(-14.73)	(-11.79)	(-17.20)	(-13.05)	(-5.20)
Size	-0.408***	-0.296***	-0.420***	-0.374***	-0.363***	-0.880***
	(-54.03)	(-39.58)	(-29.94)	(-51.72)	(-44.28)	(-33.73)
Grow	0.012**	0.003	0.003	0.012***	0.003	0.001
	(2.40)	(0.71)	(1.03)	(2.60)	(0.54)	(0.33)
Bci	-0.000	0.106***	-0.001***	-0.000**	-0.059***	-0.003***
	(-0.82)	(17.78)	(-7.51)	(-2.55)	(-24.76)	(-25.21)
Constant	10.502***	-5.091***	10.762***	9.743***	16.460***	20.643***
	(62.41)	(-6.80)	(34.91)	(60.54)	(49.52)	(36.11)
N	13,186	8,996	22,182	13,578	8,604	22,182
R^2	0.370	0.487	0.336	0.376	0.470	0.389

*, ** and *** represent statistical significance at the 10, 5 and 1% levels, respectively

In this paper, taking the respective medians of broad money growth and economic growth as the boundary, the samples are divided into monetary easing group, monetary tightening group, high-growth group, and low-growth group for regression. The results are as follows (1), (2), (4), (5).

As shown in column (3) and (6), the interaction term between broad money growth and corporate financialization (FinM2) and the interaction term between economic growth and corporate financialization (FinEg) are added to test for heterogeneity. The specific results are shown in Table 6.

From the comparison between column (1) and column (2), the absolute value of the Fin coefficient in column (1) is smaller, and because the coefficient in column (3) FinM2 is significantly positive, it shows that the financial risk of the enterprise is weakened in the case of monetary easing.

From the comparison between column (4) and column (5), the absolute value of the Fin coefficient in column (4) is smaller, and the FinEg coefficient in column (6) is significantly positive which indicates that the financial risk of enterprises is weakened in the environment of rapid economic growth. The above results strongly support Hypothesis H3.

5. Conclusions and Enlightenment

Against the background of the current macroeconomic downturn and the sluggish real economy development, the financialization trend of real enterprises and the financial risks they face have become the focus of attention in scholar circles. Based on the data of Shanghai and Shenzhen A-share companies from 2010 to 2020, this paper studies the relationship between corporate financialization and corporate financial risks, and analyzes the moderating effects of different macroeconomic environments. Results show that enterprise financialization will aggravate

corporate financial risks. When the amount of investment in financial assets of a company continues to increase, the company's available funds decrease and gradually become hollow. Due to the high risks in the financial and real estate investment fields, the company's financial status is often exposed to great risks. In addition, compared with private enterprises, the financialization of state-owned enterprises faces higher financial risks. This is mainly due to the unreasonable capital structure of state-owned enterprises and the higher leverage ratio, so the financial risk is higher. [3] Further research also indicate that under the macroeconomic environment of rapid economic growth and broad money loosing, the impact of enterprise financialization on corporate financial risks has been weakened.

When the macro-economy is in the upward phase, due to the better economic development situation and the increase in corporate profits, the operating risks and bankruptcy risks brought by debt are relatively small. Therefore, in this case, enterprise financialization has less impact on corporate financial risks.

Combining text analysis and conclusions, this paper draws the following enlightenment: First, it is necessary to control the degree of financialization of non-financial companies and limit the holdings of financial assets within a scientific range to prevent corporate financial risks. Excessive financial investment by an enterprise will encroach on the funds needed for the development of its main business, leading to hollowing out of the enterprise, and the reduction in the number of fixed asset investments in the enterprise will reduce the solvency and financing capabilities of the enterprise, which is extremely prone to financial risks. Therefore, enterprises should rationally allocate financial assets according to their own development conditions and actively guard against financial risks.

Second, optimize the holding structure of financial assets and rationalize the asset allocation structure. Enterprises should invest part of their assets in the field of short-term financial assets in a prepared manner to give full play to the “reservoir effect” of short-term financial assets.

Third, state-owned enterprises should actively improve their systems and reduce internal leverage. Compared with private enterprises, state-owned enterprises have an excessively high leverage ratio, serious internal agency problems [4], and institutional problems restrict their own development. Therefore, state-owned enterprises should actively reform to seek sustainable development.

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