

# Financial Friction, Technological Innovation, Government Subsidies and Market—Oriented Allocation of Capital Factors

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## Abstract

High-tech enterprises help efforts to break through scientific and technological problems and advance sustainable economic growth. Because of the characteristics of high input, high risk, high growth and high spillover, they have a huge demand for capital factors but face financing challenges due to the risk. Therefore, in order to facilitate the growth of high-tech companies and enhance the free flow of capital factors, it is of utmost importance to conduct research on the market-oriented allocation of capital factors of high-tech enterprises. This study, which is based on panel data of Chinese listed enterprises, employs a two-factor fixed-effect model to analyze the influence of financial friction on the market-oriented allocation of capital factors and the moderating effects of technological innovation and government subsidies. It is found that financial friction has an impact on the market-oriented allocation of capital factors in high-tech enterprises, and the conclusion is still valid after the robustness test. Further analysis reveals that technological innovation ability, regional R&D investment intensity and government subsidies have a moderating effect, which alleviates the impact of financial friction on the market-oriented allocation of capital factors. The moderating effects of government subsidies have obvious differences in the nature of enterprise ownership. Therefore, only by accelerating the easing of financial friction to reduce financing costs, cultivating innovation capacity and encouraging the wise application of government subsidies can China optimize the free flow of capital factors.

**Keywords:** high-tech enterprises, capital factors, financial friction heterogeneity, market-oriented allocation, capital distortion