

The impact of financial resource allocation on industrial structure change

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Abstract

Financial resources play a vital role in resource allocation and industrial structure change. This paper aims to explore the impact of financial resource allocation on industrial structure change and put forward relevant theoretical and policy recommendations. This paper first reviews previous research results and explains the importance of financial resources in shaping industrial structure. Then, based on the theoretical framework, the impact mechanism of financial resources on the development and competitiveness of different industrial sectors is analyzed. The study found that the rational allocation of financial resources helps to promote the optimization and upgrading of industrial structure and improve overall economic benefits. The government's financial policies have also been proven to have an important impact on industrial structure change, and a healthy financial market can promote the sustainable development of industrial structure. Through case study analysis, the actual impact of financial resource allocation in different industries and regions is deeply explored to provide empirical support for the theoretical model. In summary, this study emphasizes the key role of financial resources in shaping the modern industrial structure and provides important inspiration for future research and policy making.

Keywords

Financial resource allocation, industrial structure change, economic benefits, policy impact.

1. Introduction

With the impact of the dual risks at home and abroad brought about by economic globalization and its own economic structural adjustment, my country's economic growth has slowed down significantly, economic development has entered a "new normal", and the pressure of optimizing the industrial structure has become increasingly prominent. To this end, my country has proposed to deepen the supply-side structural reform, improve industrial quality, adjust the industrial structure, and promote economic growth. As a core component of economic development, finance plays a guiding role in the efficiency and direction of industrial development and is an important factor affecting the optimization and upgrading of the industrial structure. Against this background, this study aims to explore the impact of financial resource allocation on industrial structure change. By reviewing the role of financial resources in industrial structure and resource allocation theory, combined with case studies, this study

explores how financial resources affect the process of industrial structure change. At the same time, it will focus on the impact of government financial policies on industrial structure change and explore the role of healthy financial markets in promoting industrial structure optimization. By deeply studying the relationship between financial resource allocation and industrial structure change, this study aims to provide useful inspiration for industrial structure upgrading and economic sustainable development. This study provides important reference and guidance for understanding the role of financial resources in industrial structure optimization, and for my country's economic structure adjustment and industrial upgrading. At the same time, for government departments and decision makers, this study will also provide useful policy recommendations to promote the effective allocation of financial resources, promote industrial structure change, and achieve sustained economic growth.

2. Literature review

For the research related to financial resource allocation and industrial structure, the initial focus of the beginners was on the correlation between financial development and economic growth. Later, they gradually turned the topic to whether the financial structure would affect economic growth, and the topic was gradually led to the financial structure and industrial structure. Since the late twentieth century, it has made great progress, and various research results have been continuously presented to us. Moreover, the research perspectives of domestic and foreign scholars are also different. Foreign scholars mainly focus on the empirical research of "financial development and economic and industrial development", while domestic scholars tend to conduct empirical research on financial development and industrial structure upgrading and adjustment.

Liu Shijin (1996) proposed that finance is endogenous to the economy, and economic growth should be based on financial development to provide financial support for industrial upgrading. The author also summarized the mechanism of financial development on the change of industrial structure, that is, financial development affects the direction of capital flow by affecting savings and investment, thereby redistributing production factors, changing the capital stock structure, and promoting industrial structure transformation. Wu Haihua and Zhang Xu (2001) believed that from the perspective of the object of action, financial development promotes industrial structure upgrading by affecting the industrial output structure, industrial organizational structure and industrial technology structure; from the perspective of the mechanism of action, financial development promotes industrial development by affecting the capital formation mechanism, capital guidance mechanism and technological progress and innovation mechanism. Fu Jin and Wu Xiaoping (2002) believed that financial development will promote the formation of funds and the effective guidance of available funds. By balancing supply and demand and measuring the effectiveness of industrial sectors, the flow of funds will be actively guided, thereby achieving the reasonable allocation and effective use of funds, thereby promoting the transformation of industrial structure to rationalization and advancedness, and achieving industrial structure upgrading and adjustment. Jiang Hui (2020) explored the impact of my country's financial resource allocation on the optimization of industrial structure since the new normal from a meso-level perspective. Raghuram G (2001) started from the industry perspective and tried to study the direct causal relationship between financial development and economic growth by using industry-related data. He proposed that financial intermediaries and markets can overcome market resistance by destroying the relationship between external and internal financing. And the reduction of external financing costs is conducive to corporate innovation and the establishment of new companies. Therefore, in the process of financial development, industries that rely on external financing can obtain more benefits and grow rapidly. It also shows that financial development

can guide the flow of external funds to promote economic growth. Wurgler (2000) mainly uses industry-level data to test the relationship between financial development and economic growth. Ross Levine (2002) summarizes various views between the financial system and economic growth. Among the many views, the one that is unanimously recognized by scholars is that financial intermediaries and markets play a vital role in economic growth.

3. Theoretical Framework

My country's economic development is in a new normal, and the optimization and upgrading of industrial structure is one of the key paths for economic transformation and upgrading. The role of financial resources in the process of industrial structure change is crucial, and its effective allocation directly affects the optimization and upgrading of industrial structure. This study will construct a theoretical framework from the following aspects:

3.1. Industrial structure theory

As early as the 1940s, the concept of industrial structure was proposed. It was initially used to describe the corporate relationships within an industry and the relationship structure between different industries. Through detailed research on industrial economics, the concept and scope of industrial structure have been clarified. At present, the broad meaning of industrial structure in academia usually refers to the relationship structure between industries. The theory of industrial structure studies the composition and relationship of different industries in the economic system, including basic industries, traditional industries, emerging industries and strategic emerging industries. Through industrial upgrading, structural optimization and industrial transformation, it promotes industrial optimization and adjustment and improves economic competitiveness. The development of industrial clusters uses scale advantages and policy support to promote industrial agglomeration and development, and enhance economic benefits and competitiveness. The theory of industrial structure provides a theoretical basis and practical guidance for industrial development, promoting the optimization of economic structure and the continuous improvement of national development.

3.2. Resource Allocation Theory

Resource allocation theory is an important theoretical framework in economics, which aims to study how to effectively allocate limited resources to meet social needs and maximize overall welfare. The theory involves the production, allocation and utilization of resources (such as labor, capital, land and innovation capabilities). Resource allocation theory emphasizes the effective allocation of resources through market mechanisms, government intervention or mixed economic systems when resources are scarce. Under the market economy system, resource allocation is achieved through price mechanisms and competition. Producers and consumers make decisions based on price signals to achieve efficient resource allocation. The government plays the role of regulator and regulator in resource allocation, and influences resource allocation through taxation, subsidies, regulation and other means. Resource allocation theory emphasizes the optimal use of resources, promotes economic growth and social development, and ensures the fairness and efficiency of resource allocation. Resource allocation issues involve economic, social and political factors. The coordinated development of social economy and the improvement of people's living standards are achieved through the rational allocation of resources.

3.3. Internal mechanism of financial resource allocation affecting industrial structure optimization

A scientific and perfect financial resource allocation system can give full play to the functions of financial capital aggregation, resource allocation, risk management, etc., and promote

savings and capital transformation through capital formation mechanism, factor orientation mechanism and technological innovation mechanism, guide the flow and allocation of production factors, enhance technological innovation ability, and ultimately promote the optimization of industrial structure. The financial resource allocation system, by giving full play to the financial capital aggregation function, uses financial institutions and financial instruments to transform money into industrial capital, and provides financial support for industrial development; the financial resource allocation system, by giving full play to the social resource allocation attributes of financial resources themselves, guides the flow and reconfiguration of non-capital factors, and provides more matching production factor support for industrial development; financial resource allocation, by giving full play to the risk management function of finance, prevents, disperses and transfers various risks faced in the process of industrial technological progress, and thus provides financial support for industrial technological transformation and R&D innovation. The capital formation mechanism refers to the financial system aggregating idle and scattered funds in the whole society into savings, and then converting them into investment to provide funds for industrial development. In the process of industrial capital formation, the accumulated scale and agglomeration speed of financial capital affect the formation scale and transformation speed of physical capital, thereby affecting the upgrading of industrial structure. The factor-oriented mechanism refers to the financial resource allocation system that causes the allocation of other production factors through the allocation of financial resources themselves, especially guiding the flow of basic production factors such as labor, so that industrial output and factor input are more coordinated. Financial resources are a special type of resource with certain control power. They can drive labor resources to break through regional restrictions, break through the barriers or barriers between industries, and cause the flow and reconfiguration of labor factors between regions and industries. The allocation of financial resources has a certain scale. If an industry is allocated a large amount of financial resources, then other non-capital factors can often follow the flow direction of financial resources to gather towards the industry, which changes the factor structure and resource endowment between industries and reshapes the industrial structure.

4. The Current Situation of Financial Resource Allocation and Industrial Structure Change

4.1. Analysis of the current situation of financial resource allocation

Since the reform and opening up, my country's financial industry has made great progress, forming a financial resource allocation system that emphasizes both indirect finance based on banks and direct finance based on the securities market. After more than 40 years of development, my country's financial market is developing towards a higher level. With the continuous acceleration of financial system construction, the deepening of financial system reform, and the continuous improvement of financial development level, my country's financial market has made significant achievements in both depth and breadth. However, in general, my country's financial development still has the problems of a late start, problems such as low level and regional imbalance.

4.1.1. Configuration Mode Analysis

China's financial resource allocation model has undergone a process of transformation from a government-led model under a planned economic system to a market-led model under a market economic system. At present, the main model for allocating resources in China's financial market is a model that combines a diversified market structure with government guidance. Under this model, financial institutions such as commercial banks, securities companies, insurance companies, and fund companies play a leading role in the market,

providing funds for the real economy through financial products and services such as credit, stocks, and bonds. At the same time, the government also plays an important role in resource allocation, guiding financial resources to flow to industries and fields that are key supported by the state through macroeconomic control measures such as monetary policy and fiscal policy.

4.1.2. Digital financial development

With the continuous advancement of science and technology, digital finance has developed rapidly in my country. Digital finance includes mobile payments, online lending, digital currency and other fields. Its development has brought new opportunities and challenges to the allocation of financial resources in my country. The development of digital finance has greatly improved the coverage and convenience of financial services, lowered the threshold of financial services, and promoted financial inclusion. At the same time, digital finance also brings risks and challenges, such as network security, data protection, consumer rights protection and other issues that need to be paid attention to and resolved.

4.1.3. Resource allocation efficiency

The efficiency of financial resource allocation in my country is constantly improving, but there are still some problems. On the one hand, the degree of competition in the financial market is constantly increasing, and the cooperation and competition among financial institutions have promoted the effective allocation of financial resources. On the other hand, the government's guiding role in resource allocation has also played an important role. Through policy guidance and market supervision, it has promoted the rational flow and optimal allocation of financial resources. However, it should also be noted that there are still some problems in the resource allocation process, such as the imbalance of resource allocation between regions and industries, and the imperfection of the financial market. These problems require the joint efforts of the government, financial institutions and market participants to be solved by strengthening policy guidance, improving market mechanisms, and strengthening supervision.

4.2. Analysis on optimization of industrial structure change

4.2.1. Analysis of the current status of output value structure

The output value structure reflects the proportion of output value of industries at all levels. The changes in the output value structure reflect the adjustments and changes in regional industrial output status. It can be seen from calculations that since 2008, the proportion of the added value of China's primary industry has been decreasing, and the industrial structure is gradually being optimized. However, until 2018, the contribution rate of China's secondary and tertiary industries to the national economy was only 92.92%. Compared with the same period In the current period, the combined proportions of secondary and tertiary industries in developed countries such as the United States and Japan are 99.1% and 98.8% respectively. Compared with Western developed countries, the degree of advanced industrial structure in China still has much room for improvement. At the same time, it can be observed that China entered the post-industrialization stage in 2015, which is mainly reflected in the fact that the added value of the primary industry is less than 10%, and the added value of the secondary industry is less than the tertiary industry. As a result, China's industrial pattern has changed from "two, three, one" Becomes "three two one". The sustained and rapid increase in the contribution of the tertiary industry to the economy since 2015 fully demonstrates that China's supply-side structural reform has achieved remarkable results and the development of the tertiary industry has made great progress. However, compared with developed countries such as the United States and Japan during the same period, The proportion of China's tertiary industry is still low, and the industrial structure still needs to be adjusted and optimized.

4.2.2. Analysis of the current employment structure

With the development of economy and society and the improvement of technology level, the employment structure of the three industries in my country has changed from "one, three, two" in 2008 to "three, one, two" in 2012 and then to "three, two, one" in 2018. In the past eleven years, the employment proportion of the tertiary industry in my country has almost increased linearly, while the primary industry has declined linearly. The employment proportion of the secondary industry has increased first and then decreased, which fully shows that a large number of labor forces in my country are being liberated from the primary industry. With the mechanization of production equipment in the primary industry, a large number of surplus labor forces are gradually turning to industry, services, and information technology industries. The changes in the employment structure reflect the changes in the industrial structure to a certain extent. The advantages of industries relying on the development of knowledge and technology are obvious. At the same time, the employment proportion of the three major industries in my country in 2018 was 26:28:46, compared with the output value proportion of the three major industries in the same period of 7:41:52. Obviously, my country's employment structure does not match the industrial output value structure. The degree of coordination between the input and output of production factors in different industries still needs to be improved, and the coupling quality of my country's industrial output value structure and employment structure still needs to be improved.

5. Policy recommendations for optimizing industrial structure through allocation of financial resources

5.1. Optimizing the allocation structure of financial resources

An efficient financial system can guide funds to high-efficiency, green, low-carbon and high-tech industries by optimizing the allocation ratio and structure of financial resources, conforming to the needs of economic and social development, promoting technological innovation and industrial structure optimization, improving output levels, expanding economic scale benefits, and thus improving social welfare. In order to fully serve and support the transformation and upgrading of industrial structure, we should start from the following three aspects: First, implement differentiated credit policies. For enterprises that suffer long-term losses, have no repayment ability, lack competitiveness, especially "zombie" enterprises, inefficient and highly polluting enterprises, and enterprises that do not comply with national industrial policies, no loans will be granted, and they will be gradually forced to exit the market; for industries with overcapacity that have the potential to transform through technological upgrading and production of high-quality products, financial institutions can provide financing support. Second, accelerate financial innovation. Financial institutions should actively support the technological transformation of traditional industries, explore and launch new financial products and services, meet the financial needs of traditional industries in technological innovation, and provide comprehensive financial service solutions for enterprise technological upgrading. Third, develop investment funds with government participation. Due to the high risks of emerging industries, social capital often dare not invest easily. The government sets up special investment funds to attract social capital injection, reduce policy, technical and legal risks, play a demonstration and leading role, and promote the development of emerging industries.

5.2. Accelerate the construction of a multi-level capital market system

In order to strengthen the supply of basic systems and continuous optimization mechanisms of the capital market, a high-quality and multi-level capital market model should be established. From the issuance mechanism to the exit mechanism, the reform from the approval system to

the registration system should be promoted, the clear delisting system should be improved, the market-oriented process of listing and delisting should be accelerated, and a new ecology of survival of the fittest should be formed to provide sufficient financial support for the development of the new economy and new industries. At the same time, the existing direct financing model should be reasonably adjusted, and equity investment, fund investment and other financing models should be improved and innovated according to the development characteristics of the domestic economic market. The corporate bond and corporate bill financing models should be developed to enable enterprises to have more financing options, and bank intermediary financing is no longer the only option. In addition, the registration system should be reformed to promote the healthy development of the capital market, promote changes in the new third board and regional equity markets, improve the capital market system, and enhance the autonomy of enterprises and financial institutions. In view of the current market development, a more stringent regulatory mechanism should be formulated, giving priority to supporting innovative industries with greater growth and competitiveness, strengthening the responsibilities of enterprises in information disclosure and industry self-discipline, improving the overall quality of listed companies, and promoting the healthy operation of the capital market. Through multi-level financial support, we will make up for the shortcomings in economic and social development, realize the deepening reform in the fields of scientific and technological innovation, rural revitalization, clean energy, etc., provide long-term and stable financial support, reduce the influx of hot money and quick money, increase the proportion of "patient capital" in financing, and ensure the sustainable development of the economy and society. We will actively encourage development and policy financial institutions to increase financing efforts in key areas such as scientific and technological innovation, targeted poverty alleviation, rural revitalization, and clean energy. Through the long-term support mechanism of government-guided funds, we will lead capital to increase investment in high-end equipment, digital economy, biology and medicine and other high-precision industrial fields, and improve the country's core competitiveness.

5.3. Improve the market allocation mechanism for financial resources

At present, my country attaches great importance to the quality of economic development. If we want to improve the quality of development of my country's financial industry, we must deepen the structural reform of the financial supply side and formulate relevant policies to improve the rationality and scientificity of financial resource allocation. As the key content of financial industry reform, when implementing the relevant work of financial supply-side structural reform, it is necessary to establish a reform strategy of comprehensive coordination, winning in stability, and key breakthroughs to minimize the impact of reform on the financial system. It is necessary to clarify the important mission of financial services to help the development of the real economy, continuously improve the flexibility of the financial supply structure, reform and improve the existing financial system, and make every effort to ensure that the financial system can play a due supporting role in economic development and promote the optimal allocation of resources in the financial market. At present, under the dual influence of the domestic and foreign financial environment, the downward pressure faced by my country's economy in the process of development is increasing, especially under the influence of the epidemic and the international financial environment, the recovery of the industrial chain faces many challenges. Against this background, in order to achieve the effectiveness and pertinence of financial resource allocation, on the one hand, it is necessary to increase the hedging efforts from the perspective of macro-politics, improve the original monetary policy, make it more flexible, and improve the rationality of the flow of financial resources. Implement relevant financial policies and appropriately encourage financial institutions to provide solid financial guarantees for high-quality economic development through a series of measures such as rapid credit granting and rapid lending. On the other hand, measures should be taken to

dredge the monetary policy transmission mechanism and improve the transmission efficiency in the process of money flow, so as to resolve a series of problems such as poor transmission in the process of money circulation to the greatest extent possible, and ensure that finance can be better introduced into the real economy to promote its development.

6. Conclusion

Under the background of the new normal of economic development, the pressure of optimizing my country's industrial structure is becoming increasingly prominent. At present, there are many problems in the development of my country's industrial structure. Some industries have overcapacity, the proportion of three highs and one low industry is high, the tertiary industry is underdeveloped, and the disadvantages brought by extensive development are also gradually exposed. As an important part of the economic system, finance plays a guiding role in the speed, efficiency and direction of industrial development. There are great differences between the banking and securities markets in terms of capital allocation and risk control, which leads to different support for industries with different characteristics. At this stage, whether my country's financial resource allocation can adapt to the requirements of industrial structure transformation and upgrading, and how the increasingly improved financial resource allocation system can play a financial role and realize the reasonable allocation of financial resources in different regions and industries has become an important topic for promoting the optimization of industrial structure and the comprehensive, coordinated and high-quality development of the economy and society in the new era. Based on existing research, this paper focuses on the impact of financial resource allocation on the optimization of my country's industrial structure under the macro background of the new normal of the economy from the perspective of the meso level. Based on the research results, this paper puts forward the following two major policy recommendations: from the perspective of improving the efficiency of financial resource allocation, we can adjust the allocation of financial resources by optimizing the financial resource allocation structure, expanding the scale of direct financial financing, and building a multi-level capital market, so as to promote the transformation and upgrading of the industrial structure; from the perspective of promoting the efficient development of regional finance, we can optimize the allocation of regional financial resources and promote regional industrial upgrading by implementing differentiated financial strategies in accordance with local conditions, scientifically and rationally regulating regional financial resources, and deepening regional financial cooperation through coordinated development.

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