

The Impact of Strategic Differentiation on Financing Constraints

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Abstract. Strategic differentiation can reflect a firm's competitive advantage and has a certain impact on its financing constraints. Using a sample of non-financial listed companies on the Shanghai and Shenzhen A-shares from 2009 to 2022, this paper empirically analyzes the effect of strategic differentiation on corporate financing constraints. The findings indicate a significant positive correlation between strategic differentiation and financing constraints, with this relationship being particularly prominent in state-owned enterprises and firms located in the central and western regions of China. This research not only enriches the intersectional field of strategic management and financing constraints but also provides valuable references for firms in formulating strategies, helping them optimize capital structure and reduce financing pressure.

Keywords: Strategic Differentiation, Financing Constraints, Empirical Analysis, Capital Structure.

1. Introduction

In recent years, the issue of financing constraints faced by firms during their capital-raising processes has garnered extensive attention from both academia and practitioners. With the rapid development of capital markets, financing capacity has become a critical element for firms in acquiring resources and achieving innovation amid intense market competition. However, financing constraints often limit firms' ability to invest and expand. At the same time, differentiation decisions at the strategic level have gradually become core factors in determining a firm's market position and sustainable development. Strategic differentiation is not only a manifestation of a firm's competitive advantage achieved through a differentiated strategy but also a crucial variable that can directly influence resource allocation and capital structure. Therefore, exploring the impact of strategic differentiation on corporate financing constraints holds significant practical relevance and theoretical value.

Existing literature on financing constraints mainly focuses on capital structure [1], corporate governance [2], and the macroeconomic environment [3]. However, research on how strategic differentiation affects financing constraints remains relatively scarce. Strategic differentiation reflects the degree of differentiation in multiple dimensions, such as advertising expenditure, R&D innovation, and capital intensity. These distinctions not only influence firms' market performance but may also have a substantial impact on their financing capabilities. Nonetheless, prior studies have not systematically explored the relationship between strategic differentiation and financing constraints. Gong Xingguo et al. (2023) investigated the impact of strategic differentiation on corporate innovation performance, suggesting that financing constraints play a mediating role in this process, with financial flexibility acting as a moderator to some extent [4]. Li (2024) analyzed the relationship between strategic differentiation and corporate digital transformation, discussing how digital transformation is either hindered or encouraged by strategic differentiation [5]. In the field of corporate production efficiency, Sheng Mingquan et al. (2024) explored the relationship among strategic differentiation, technological innovation, and total factor productivity, emphasizing the role of strategic differentiation in promoting technological innovation. This study highlights the significant impact of strategic differentiation on internal resource allocation and external market competition [6]. Zheng Minggui et al. (2024) were the first to examine the relationship between strategic differentiation, financing constraints, and total factor productivity in resource-based

enterprises [7]. Zhou Lan (2023) investigated how corporate digitalization mitigates financing constraints by reducing information asymmetry and agency issues, with the effect being more pronounced in firms with high strategic differentiation [8]. Zhao Ruizhi et al. (2024) examined the combined impact of strategic differentiation and ESG performance on financing constraints, concluding that strategic differentiation can reduce financing constraints by improving ESG performance [9]. Xu Zhiyong (2023) found that asset structure mismatch may influence high-quality corporate development by affecting technological innovation and exacerbating financing constraints, particularly in firms with high strategic differentiation [10]. A Yong (2024) demonstrated that financial inclusion can effectively alleviate financing constraints for firms with high strategic differentiation, enhancing their entrepreneurial spirit [11]. Meanwhile, Kaplan and Zingales (1997) argued that investment-cash flow sensitivity is not an effective tool for measuring financing constraints, offering a new theoretical perspective for further research into the specific impact of strategic differentiation on financing constraints [12]. Cao Feng et al. (2023) pointed out that the limited attention of institutional investors may suppress the innovation activities of overlooked firms, indirectly exacerbating these firms' financing constraints [13]. Therefore, this paper uses non-financial listed companies on the Shanghai and Shenzhen A-shares as the research sample to empirically analyze the impact of strategic differentiation on financing constraints, aiming to provide useful insights for the formulation of corporate strategic decisions and financing strategies.

The contributions of this study are mainly as follows: First, it identifies a significant positive relationship between strategic differentiation and financing constraints, indicating that firms with higher levels of strategic differentiation face greater financing constraints. This finding suggests that, while strategic differentiation can help firms gain a competitive edge in the market, it may also increase capital market constraints due to operational uncertainty and information asymmetry. Second, this paper reveals the heterogeneity of the positive impact of strategic differentiation on financing constraints across different ownership structures and regional differences. This finding provides new insights for various types of firms in formulating their strategic and financing decisions. Third, this research not only theoretically enriches the cross-disciplinary field of strategic management and financing constraints but also offers valuable insights for policymakers and corporate managers, assisting in improving firms' financing efficiency and market competitiveness.

2. Theoretical analysis and research hypotheses

In exploring the relationship between strategic differentiation and financing constraints, this study introduces agency theory and resource dependence theory as its theoretical foundations. Agency theory posits that information asymmetry and conflicts of interest are the primary causes of agency problems, which are particularly pronounced in corporate financing activities. When a firm adopts a highly differentiated strategy, its operational activities become more complex and opaquer, making it difficult for external investors to accurately assess the firm's true condition, thereby increasing information asymmetry. This asymmetry not only makes it more challenging for the firm to secure financing but may also raise the cost of financing. This paper discusses agency costs from two perspectives: the first type of agency cost and the second type. The first type of agency cost focuses on conflicts between management and shareholders. High strategic differentiation may lead to management pursuing personal gains in the absence of adequate supervision, thereby harming shareholders' interests and increasing financing constraints. The second type of agency cost involves conflicts of interest between majority and minority shareholders. High strategic differentiation may drive majority shareholders to prioritize their own interests at the expense of minority shareholders, using control over corporate resources to maximize personal gains. This behavior can further erode trust among external investors and increase financing constraints.

According to the resource dependence theory, an increase in strategic differentiation, particularly in areas such as advertising expenditure, R&D innovation, and capital intensity, typically implies that the company requires more funding to support its operational and expansion plans. If this additional

funding demand cannot be met through internal accumulation, external financing becomes necessary. However, an increase in strategic differentiation may also broaden the company's risk exposure, prompting external capital providers to exercise greater caution, thus intensifying financing constraints.

Based on the above analysis, this paper proposes the following research hypothesis:

H1: Strategic differentiation is positively correlated with financing constraints, meaning that as strategic differentiation increases, the financing constraints faced by the enterprise also increase.

3. Research design

3.1. Sample selection

This paper selects non-financial listed companies on the Shanghai and Shenzhen A-shares from 2009 to 2022 as the research sample. Based on the initial dataset, the following screening steps were conducted: (1) excluding financial listed companies; (2) excluding companies marked as ST, *ST, or PT during the sample period; (3) excluding companies with missing data; (4) excluding companies that were listed in the same year; (5) performing 1% and 99% winsorization on continuous variables. After these screening steps, a final sample of 29,130 firm-year observations was obtained. The data used in this study primarily comes from the CSMAR (China Securities Market and Accounting Research) database and the CNRDS (China Research Data Services Platform) database.

3.2. Definition of variables

(1) Dependent Variable: Financing Constraints (KZ Index)

This paper uses the KZ index to measure corporate financing constraints. The KZ index reflects the difficulty an enterprise faces in obtaining external financing from capital markets. The higher the index value, the greater the financing constraints faced by the enterprise.

(2) Independent Variable: Strategic Differentiation (Stragy)

The strategic differentiation indicator for each company is calculated by taking six strategic dimension indicators—annual advertising and promotion expenditures, R&D investment, capital intensity, fixed asset renewal rate, management expenses, and financial leverage—and standardizing each by absolute value within each year and industry. The average of these six dimensions provides the strategic differentiation indicator for the company.

(3) Control Variables

The control variables selected in this study include: company size (Size), asset-liability ratio (Lev), profitability (Roa), cash flow ratio (Cashflow), revenue growth (Growth), fixed asset ratio (FIXED), board size (Board), proportion of independent directors (Indep), dual roles (Dual), the shareholding ratio of the largest shareholder (Top1), as well as year fixed effects (Year) and industry fixed effects (Ind). Detailed definitions of each variable are provided in Table 1.

Table 1. Variable definitions

Variable Name	Symbol	Variable Definition
Financing Constraints	KZ	Measured using the KZ index, reflecting the degree of financing constraints faced by the company. A higher KZ value indicates greater financing constraints.
Strategic Differentiation	Stragy	The average of standardized absolute values across six dimensions (advertising expenses, R&D investment, capital intensity, etc.), measuring the company's level of strategic differentiation.
Company Size	Size	Natural logarithm of the company's total assets, representing company size.
Leverage Ratio	Lev	Ratio of total liabilities to total assets, indicating the company's capital structure.
Profitability	Roa	Ratio of net profit to total assets, measuring the company's profitability.
Cash Flow Ratio	Cashflow	Ratio of cash flow from operating activities to total assets, reflecting the company's cash flow status.
Revenue Growth	Growth	Growth rate of operating revenue for the current period, indicating the company's growth potential.
Fixed Asset Ratio	FIXED	Ratio of fixed assets to total assets, representing the composition of the company's assets.
Board Size	Board	Total number of board members, representing the size of the company's board of directors.
Independent Director Ratio	Indep	Proportion of independent directors to total board members, indicating the independence of the board.
Dual Role	Dual	Takes the value 1 if the CEO and board chair are the same person, and 0 otherwise.
Largest Shareholder's Ownership	Top1	Ownership percentage of the largest shareholder, reflecting the concentration of company ownership.
Year	Year	Year dummy variable.
Industry	Ind	Industry dummy variable.

3.3. Model construction

Based on the research hypothesis, the following regression model (1) is specified:

$$KZ_{it} = \alpha_0 + \alpha_1 Stragy_{it} + \alpha_2 Controls_{i,t} + Ind + Year + \varepsilon_i \quad (1)$$

In model (1), KZ represents the financing constraints indicator for company *i* in year *t*, and Stragy denotes the strategic differentiation indicator for company *i* in year *t*. Controls includes all control variables defined previously, and ε is the error term. Additionally, the model controls for both year and industry fixed effects, and the standard errors of the regression coefficients are clustered at the firm level.

4. Empirical analysis

4.1. Descriptive statistics

Table 2 reports the descriptive statistics of the main variables. The mean value of financing constraints (KZ) is 1.2840, with a median of 1.4429 and a standard deviation of 1.9919, indicating considerable variation in financing constraints across companies. The mean value of strategic differentiation (Stragy) is 0.6205, with a median of 0.5472 and a standard deviation of 0.2953, showing that overall strategic differentiation among firms is relatively low. The descriptive statistics for other control variables are consistent with existing literature and are therefore not discussed individually.

Table 2. Descriptive statistics of main variables

Variable	Observations	Mean	Std. Dev.	Min	Median	Max
KZ	29130	1.2840	1.9919	-4.6366	1.4429	5.5681
Stragy	29130	0.6205	0.2953	0.2168	0.5472	1.8486
Size	29130	22.253	1.2737	20.118	22.044	26.071
Lev	29130	0.4109	0.1950	0.0575	0.4061	0.8426
Roa	29130	0.0457	0.0578	-0.1704	0.0422	0.2102
Cashflow	29130	0.0510	0.0657	-0.1318	0.0488	0.2316
Growth	29130	0.1608	0.3309	-0.4854	0.1122	1.7831
FIXED	29130	0.2078	0.1506	0.0033	0.1784	0.6627
Top1	29130	0.3415	0.1475	0.0899	0.3200	0.7288
Board	29130	2.1253	0.1961	1.6094	2.1972	2.6391
Indep	29130	0.3761	0.0532	0.3333	0.3636	0.5714
Dual	29130	0.2879	0.4528	0.0000	0.0000	1.0000

4.2. Basic regression analysis

Table 3. Basic regression analysis

	(1)	(2)
	KZ	KZ
Stragy	0.4633***	0.1223***
	(6.30)	(3.22)
Size	/	-0.1478***
	/	(-14.00)
Lev	/	5.9313***
	/	(88.50)
Roa	/	-3.8849***
	/	(-18.96)
Cashflow	/	-13.4808***
	/	(-102.36)
Growth	/	-0.1721***
	/	(-6.77)
FIXED	/	1.4982***
	/	(20.97)
Top1	/	-0.5965***
	/	(-8.21)
Board	/	-0.0367
	/	(-0.58)
Indep	/	0.1526
	/	(0.76)
Dual	/	-0.0818***
	/	(-3.95)
_cons	1.4942***	3.0826***
	(7.51)	(12.26)
Year	Yes	Yes
Industry	Yes	Yes
N	29130	29130
adj. R ²	0.165	0.768

Note: The data in parentheses are t value, *** is significant at the 1% level, ** is significant at the 5% level, * is significant at the 10% level, the same below.

Table 3 presents the regression results of the impact of strategic differentiation on corporate financing constraints. In column (1), where no control variables are added and only year and industry fixed effects are controlled, the empirical results show that strategic differentiation (Stragy) significantly increases corporate financing constraints (KZ) at the 1% level. In column (2), further controlling for variables introduced earlier, the regression coefficient of strategic differentiation (Stragy) on corporate financing constraints (KZ) is 0.1223, which is positively significant at the 1% level, thereby supporting Hypothesis H1 of this study.

5. Further analysis

5.1. Heterogeneity analysis by ownership type

Following existing research practices, we divide the sample into state-owned enterprises (SOEs) and non-state-owned enterprises (non-SOEs) based on ownership type, conducting grouped tests. Columns (1) and (2) of Table 4 report the corresponding regression results, indicating that in SOEs, the regression coefficient of strategic differentiation (Stragy) on corporate financing constraints (KZ) is positively significant at the 1% level. However, in non-SOEs, the coefficient of strategic differentiation (Stragy) on corporate financing constraints (KZ) is not significant. These results suggest that the positive effect of strategic differentiation on corporate financing constraints is more pronounced in SOEs.

5.2. Heterogeneity analysis by regional differences

According to the regional differences where the companies are located, the sample is divided into enterprise groups from the eastern, central, and western regions, and grouped tests are conducted. Columns (3) through (5) of Table 4 present the corresponding regression results, showing that for enterprises in the eastern region, the regression coefficient of strategic differentiation (Stragy) on corporate financing constraints (KZ) is not significant. However, for enterprises in the central and western regions, the coefficient of strategic differentiation (Stragy) on corporate financing constraints (KZ) is positively significant at the 1% level. These findings indicate that, compared to enterprises in the eastern region, the positive effect of strategic differentiation on corporate financing constraints is more evident among enterprises in the central and western regions.

Table 4. Heterogeneity analysis regression results

	(1) KZ	(2) KZ	(3) KZ	(4) KZ	(5) KZ
	SOEs	Non-SOEs	Eastern region	Central region	Western region
Stragy	0.2838*** (4.97)	0.0624 (1.34)	0.0566 (1.32)	0.2297*** (2.68)	0.4123*** (3.07)
Size	-0.1891*** (-11.81)	-0.1478*** (-9.86)	-0.1395*** (-11.28)	-0.1918*** (-6.23)	-0.1719*** (-6.29)
Lev	5.5028*** (50.87)	6.0897*** (72.76)	6.0129*** (77.12)	5.7776*** (31.06)	5.5680*** (28.86)
Roa	-3.5428*** (-8.99)	-3.8135*** (-16.25)	-3.7501*** (-15.91)	-3.9418*** (-6.97)	-4.8316*** (-8.12)
Cashflow	-12.6495*** (-63.13)	-13.9399*** (-81.86)	-13.7221*** (-90.61)	-13.1476*** (-32.75)	-12.4793*** (-35.49)
Growth	-0.1171*** (-3.23)	-0.1938*** (-5.86)	-0.1899*** (-6.54)	-0.0883 (-1.21)	-0.1448** (-2.06)
FIXED	1.0423*** (10.51)	1.7954*** (18.90)	1.6255*** (18.45)	1.3670*** (8.01)	1.1527*** (6.46)
Top1	-0.1278 (-1.14)	-0.9089*** (-9.82)	-0.6464*** (-7.54)	-0.5077*** (-2.73)	-0.3941** (-1.99)
Board	-0.0656 (-0.72)	-0.1007 (-1.12)	-0.0897 (-1.16)	0.3247** (2.37)	-0.0352 (-0.21)
Indep	0.1114 (0.42)	0.1843 (0.65)	0.1755 (0.71)	0.3913 (0.79)	-0.2352 (-0.47)
Dual	-0.0541 (-1.30)	-0.0340 (-1.46)	-0.0816*** (-3.42)	-0.0331 (-0.47)	-0.1057** (-2.03)
_cons	4.0724*** (12.30)	3.1515*** (7.70)	3.1383*** (9.97)	2.8101*** (4.30)	3.7637*** (6.30)
Year	Yes	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes	Yes
N	10534	18596	21300	3348	4474
adj. R ²	0.786	0.757	0.775	0.773	0.741

6. Robustness check

6.1. Propensity score matching (PSM)

Following the research by Cao Feng and Dai Ming (2023), the propensity score matching (PSM) method is used to revalidate the previous conclusions, addressing potential selection bias. Specifically, strategic differentiation is ranked from high to low within each industry-year, with the top one-third of companies classified as the treatment group and the bottom one-third as the control group. The aforementioned control variables are used as matching criteria. Firstly, one-to-one nearest neighbor matching without replacement is performed; secondly, one-to-one nearest neighbor matching with replacement is conducted; finally, a regression analysis is performed on the matched samples. Columns (1) and (2) of Table 5 report the regression results of the paired samples, showing that the coefficient of strategic differentiation (Stragy) on corporate financing constraints (KZ) is positively significant at the 1% level, further confirming the robustness of the previous conclusions.

6.2. Instrumental variable method

Table 5. Propensity scores matching test

	(1) KZ	(2) KZ	(1) Stragy	(2) KZ
	1:1 Nearest Neighbor Matching without Replacement	1:1 Nearest Neighbor Matching with Replacement	Instrumental Variable Method	
Stragy	0.1368*** (3.58)	0.1564*** (3.23)	0.9197*** (10.76)	/
Size	-0.1526*** (-12.15)	-0.1540*** (-10.68)	0.0147*** (3.19)	-0.1629*** (-13.96)
Lev	5.9144*** (75.09)	5.8860*** (62.93)	-0.0673** (-2.32)	6.0043*** (85.23)
Roa	-3.9304*** (-16.05)	-3.8476*** (-13.51)	-0.8826*** (-12.41)	-3.1306*** (-11.74)
Cashflow	-13.2998*** (-81.66)	-13.6004*** (-66.21)	0.1317*** (3.14)	-13.5766*** (-99.00)
Growth	-0.1918*** (-6.07)	-0.1597*** (-4.00)	0.0071 (1.01)	-0.1799*** (-6.88)
FIXED	1.4601*** (18.05)	1.4128*** (14.13)	-0.0727* (-1.92)	1.5652*** (19.80)
Top1	-0.5933*** (-6.79)	-0.5919*** (-5.85)	0.0099 (0.34)	-0.6081*** (-8.08)
Board	-0.0577 (-0.81)	-0.0720 (-0.89)	-0.0248 (-0.99)	-0.0244 (-0.37)
Indep	0.2723 (1.21)	0.1149 (0.45)	0.1053 (1.23)	0.0223 (0.10)
Dual	-0.0900*** (-3.68)	-0.0821*** (-2.78)	0.0082 (1.15)	-0.0857*** (-4.04)
_cons	3.2308*** (11.18)	3.3364*** (10.03)	-0.1585 (-1.24)	0.9021*** (4.61)
IV_Stragy	/	/	/	2.8608*** (10.58)
Year	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes
N	19232	10523	29130	29130
adj. R ²	0.759	0.766	0.075	0.756

Referring to existing research, the annual average of strategic differentiation among firms in the same province (m_Stragy) is selected as an instrumental variable for strategic differentiation, as it meets the exogeneity and relevance requirements. Columns (3) and (4) of Table 5 report the results of the instrumental variable test. Column (3) presents the first-stage results, indicating that the coefficient of the instrumental variable for strategic differentiation (m_Stragy) is positively significant at the 1% level, consistent with previous expectations, confirming that the instrumental variable meets the relevance requirement. Column (4) reports the second-stage regression results, revealing that the coefficient of strategic differentiation (IV_Stragy) on corporate financing constraints (KZ) is positively significant at the 1% level. Therefore, the positive relationship between strategic differentiation and corporate financing constraints remains robust and significant.

6.3. Replacing the dependent variable

In line with previous research, this study uses the WW index (WW) to measure corporate financing constraints. Column (1) of Table 6 presents the regression results. The results show that the coefficient

of strategic differentiation (Stragy) on corporate financing constraints (WW) is positively significant at the 1% level, further supporting the robustness of the basic regression results in this study.

6.4. Adding control variables

This study further controls for the effects of firm age (FirmAge), Big Four audit firms (Big4), and institutional ownership (Inst). Institutional ownership (Inst) is measured by the ratio of shares held by institutional investors to the total number of company shares. Big Four audit (Big4) is a dummy variable that takes a value of 1 if the company was audited by one of the international Big Four accounting firms during the year, and 0 otherwise. Firm age (FirmAge) is measured as the natural logarithm of the company's years since establishment plus one. The regression results in Column (2) of Table 6 indicate that strategic differentiation remains positively correlated with corporate financing constraints, further validating the robustness of the conclusions in this study.

Table 6. Regression results for replacing the dependent variable and adding control variables

	(1) WW	(2) KZ
Stragy	0.0062*** (7.78)	0.1160*** (3.08)
Size	-0.0461*** (-168.18)	-0.1816*** (-15.77)
Lev	0.0165*** (9.16)	5.9182*** (87.89)
Roa	-0.1639*** (-33.89)	-4.0195*** (-20.06)
Cashflow	-0.0975*** (-28.32)	-13.5590*** (-103.49)
Growth	-0.0404*** (-46.93)	-0.1638*** (-6.46)
FIXED	0.0083*** (4.38)	1.4638*** (20.36)
Top1	-0.0123*** (-7.15)	-0.8451*** (-10.41)
Board	-0.0013 (-0.87)	-0.0995 (-1.57)
Indep	0.0042 (0.84)	0.1719 (0.86)
Dual	-0.0008 (-1.64)	-0.0560*** (-2.72)
FirmAge	/	0.1521*** (4.49)
Big4	/	0.0697* (1.91)
Inst	/	0.4091*** (8.33)
_cons	0.0254*** (3.70)	3.4393*** (12.43)
Year	Yes	Yes
Industry	Yes	Yes
N	25173	29090
adj. R ²	0.856	0.771

6.5. Mediation test

To examine the mediating effect of agency conflicts, this study employs Wen Zhonglin's three-step mediation approach to explore the mechanism by which strategic differentiation intensifies corporate financing constraints through the increase in agency costs. First, from the perspective of first-type agency costs, we hypothesize that strategic differentiation has a significant positive impact on the first-type agency cost of enterprises, which in turn exacerbates financing constraints. To test this hypothesis, we measure the first-type agency cost (Mfee) as the ratio of management expenses to the main business revenue of the company. The regression results indicate that in the first stage, the regression coefficient of strategic differentiation on the first-type agency cost is significantly positive at the 1% level, suggesting that strategic differentiation indeed significantly increases the first-type agency cost of enterprises. In the second stage, the regression coefficient of the first-type agency cost on financing constraints is also significantly positive, indicating that an increase in first-type agency costs exacerbates financing constraints. In summary, the results in columns (1), (2), and (4) of Table 7 support the mediating effect mechanism in which strategic differentiation intensifies financing constraints by increasing the first-type agency cost.

Table 7. Mediation test

	(1)	(2)	(3)	(4)	(5)
	KZ	Mfee	Occupy	KZ	KZ
Stragy	0.1223*** (3.22)	0.0518*** (14.99)	0.0019*** (2.65)	0.0691* (1.94)	0.1153*** (3.05)
Size	-0.1478*** (-14.00)	-0.0086*** (-11.93)	0.0001 (0.34)	-0.1389*** (-12.81)	-0.1477*** (-14.10)
Lev	5.9313*** (88.50)	-0.0832*** (-16.98)	0.0176*** (12.06)	6.0168*** (89.91)	5.8642*** (86.96)
Roa	-3.8849*** (-18.96)	-0.1928*** (-17.11)	-0.0292*** (-7.61)	-3.6868*** (-17.07)	-3.7879*** (-18.51)
Cashflow	-13.4808*** (-102.36)	-0.0071 (-0.91)	-0.0047* (-1.75)	-13.4736*** (-102.39)	-13.4643*** (-102.24)
Growth	-0.1721*** (-6.77)	-0.0119*** (-10.08)	-0.0012*** (-2.81)	-0.1598*** (-6.29)	-0.1674*** (-6.58)
FIXED	1.4982*** (20.97)	-0.0187*** (-3.08)	-0.0213*** (-14.35)	1.5174*** (21.41)	1.5734*** (21.75)
Top1	-0.5965*** (-8.21)	-0.0251*** (-4.82)	-0.0083*** (-5.43)	-0.5706*** (-7.97)	-0.5680*** (-7.84)
Board	-0.0367 (-0.58)	0.0070 (1.61)	-0.0029* (-1.88)	-0.0439 (-0.70)	-0.0265 (-0.42)
Indep	0.1526 (0.76)	0.0364** (2.50)	-0.0014 (-0.29)	0.1153 (0.58)	0.1573 (0.78)
Dual	-0.0818*** (-3.95)	0.0012 (0.95)	-0.0007* (-1.86)	-0.0830*** (-4.03)	-0.0780*** (-3.80)
Mfee	/	/	/	1.0275*** (4.31)	/
Occupy	/	/	/	/	3.5396*** (7.10)
_cons	3.0826*** (12.26)	0.2651*** (13.45)	0.0250*** (3.67)	2.8102*** (10.89)	2.9884*** (11.86)
Year	Yes	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes	Yes
N	29130	29130	29117	29130	29117
adj. R ²	0.768	0.389	0.172	0.769	0.769

Secondly, from the perspective of second-type agency costs, this study hypothesizes that strategic differentiation significantly increases an enterprise's second-type agency cost, which further exacerbates financing constraints. Referring to existing research, we measure the second-type agency cost (Occupy) as the ratio of funds occupied by major shareholders to the company's main business revenue. In the first stage, the regression results show that the regression coefficient of strategic differentiation on second-type agency costs is significantly positive at the 1% level, indicating that strategic differentiation leads to an increase in second-type agency costs. In the second stage, the regression coefficient of second-type agency costs on financing constraints is also significantly positive, suggesting that an increase in second-type agency costs further aggravates financing constraints. The results in columns (1), (3), and (5) of Table 7 confirm this mediation effect, supporting the mechanism whereby strategic differentiation exacerbates financing constraints by increasing second-type agency costs.

In conclusion, the mechanism analysis in this study confirms the pathway by which strategic differentiation affects financing constraints through both types of agency costs. This finding clarifies the mechanism by which strategic differentiation indirectly impacts financing constraints via agency costs as a mediating variable, thereby deepening our understanding of the relationship between corporate strategic differentiation and financing constraints.

7. Conclusion

Based on an empirical analysis method, this study takes non-financial listed companies on the Shanghai and Shenzhen A-shares from 2009 to 2022 as samples to thoroughly investigate the impact of strategic differentiation on corporate financing constraints. The study finds, through basic regression analysis, a significant positive correlation between strategic differentiation and financing constraints, indicating that as companies implement differentiation strategies, their level of financing constraints also increases accordingly. Further heterogeneity analysis shows that this positive correlation is particularly significant in state-owned enterprises and companies located in the central and western regions of China.

The results of this study reveal that increased strategic differentiation elevates the financing difficulty for enterprises, possibly due to increased uncertainty and intensified information asymmetry associated with differentiation strategies. Therefore, this study proposes the following recommendations: Firstly, enterprises should fully consider the impact of differentiation strategies on their capital structure and financing environment, reasonably adjust resource allocation, and reduce the potential risks brought by financing constraints. Secondly, policymakers should pay attention to the differences in financing constraints across enterprises with different ownership structures and regions. They should formulate differentiated financial support policies, particularly aimed at companies in the central and western regions, to further optimize the financing environment. Thirdly, enterprises should clarify their strategic approach when making adjustments, using measures such as strengthening internal management and increasing transparency to alleviate external financing pressure. Additionally, financial institutions can help reduce financing costs by enhancing information disclosure and credit assessment mechanisms, thereby reducing information asymmetry and ultimately improving the market competitiveness of enterprises.

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