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Marketing Channels for Contract Financing Control of High-tech Listed Companies: Basis for Strategic Plan

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Abstract. China's high-tech enterprises have experienced exponential growth in both number and market value, with significant contributions to innovation-driven development, as evidenced by the proliferation of listed companies on the Science and Technology Innovation Board and the Beijing Stock Exchange. This study delved into an assessment of corporate governance, internal control management, and risk management within high-tech enterprises in China, with a specific emphasis on contract financing control. Through a combination of analysis of publicly disclosed data, questionnaire surveys, and examination of internal control documents, the research aimed to provide targeted recommendations for enhancing internal control mechanisms and optimizing contract financing-related management systems. The findings highlighted strong compliance with domestic and international laws and regulations among the 10 selected high-tech listed companies, demonstrating robust performance across parent and subsidiary operations. While internal control documents were comprehensive, areas for improvement were identified. Despite favorable impacts of marketing channels on contract financing control strategies, challenges persisted, including identifying risk sources and addressing issues related to contract compliance, digital technology application, and customer security concerns. Notably, challenges in financial control marketing channel construction encompassed cash flow management, customer credit evaluation, bad debt, and default risks.

Keywords: Contract financing control; Corporate governance; High-tech enterprises; Internal control management; Risk management

1. Introduction

Over the past five years, the number of listed companies on the Science and Technology Innovation Board has surged from inception, exceeding 560, with a collective market value surpassing 6 trillion yuan. Similarly, the Beijing Stock

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Exchange marked its second anniversary with a trading market value of 290.634 billion yuan and 229 listed companies, as per a report by Hua Xia Times (2023). Chinese high-tech enterprises have flourished, with their number surpassing half of the total listed companies in China, owing to substantial government support and rapid development. These enterprises have not only demonstrated industry leadership in core competitiveness and innovation but have also set benchmarks in management and corporate governance, as reported by the China SCIO (The State Council Information Office) on February 24, 2023. The press conference highlighted the significant contributions made by Chinese high-tech enterprises to the nation's innovation-driven development over the past decade.

Recognition as a high-tech enterprise in China is rigorous and essential for accessing government funding at all levels. Emphasis is placed on enhancing technology research and development management and overall enterprise management. Post-listing, high-tech enterprises exhibit exceptionally high management standards, with some even achieving world-leading levels. Stringent pre-listing reviews and supervision ensure compliance with national regulations and laws, with listed companies demonstrating world-class corporate governance, management capabilities, and marketing revenue strategies. In addressing business challenges, scholars advocate not only focusing on contract design but also considering contract utilization and various boundary conditions, emphasizing dynamic management aimed at mitigating financing risks in marketing channels. Internal control management, as advocated by the Enterprise Internal Control Association (2022), emphasizes the business domain as the primary line of defense for risk and internal control, with effective marketing channel management playing a pivotal role in risk mitigation aligned with corporate objectives. The study aimed to determine the best practices for marketing channel management and contract financing control of high-tech public companies in China.

2. Methodology

The study utilized a descriptive research design. This design is specific to the quantitative research method and aims to gather quantifiable information from a group of people. This information was then analyzed using appropriate statistics to describe the overall findings. Bhandari (2021) defines quantitative research as a type of study that emphasizes collecting and interpreting data in a measurable way.

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2.1. Sampling Procedure

The study employed purposive sampling with the random selection of employees from diverse operational levels within the high-tech enterprise enhances the research's breadth. Randomly selecting employees from different departments and roles introduces diversity and represents the broader workforce.

2.2. Respondents

This study had two hundred (200) respondents and was chosen using a purposive sampling approach. These were the individuals directly involved in team-teaching creation, recognizing that their firsthand experience and expertise could offer unique and in-depth insights.

Table 1 Number of frequencies in each sample

2.2.1 Research Site

A very small number of companies are involved in overseas business. The decision to conduct this study in the Chinese Mainland was driven by its rapid economic growth and technological advancement in recent years, leading to the emergence and expansion of numerous high-tech enterprises.

Table 1 Distribution of the Respondents

NO.	High-tech listed Enterprises	CEO	Director	Managers	Employees	TOTAL
1	Lenovo Group	1	1	3	15	20
2	An Hui W-energy	1	1	3	15	20
3	Tencent	1	1	3	15	20
4	Alibaba	1	1	3	15	20
5	Ao Kang Group	1	1	3	15	20
6	JD Group	1	1	3	15	20
7	Teamsun	1	1	3	15	20
8	BeiMing Software	1	1	3	15	20
9	Sinopharm Holding	1	1	3	15	20
10	NHU Holding	1	1	3	15	20
	Total	**10**	**10**	**30**	**150**	**200**

The relevant data was sampled from these companies, focusing on specific aspects related to marketing channel management, contract financing control, and other pertinent areas.

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3. Results and Discussion

3.1. Profile of High-tech Listed Companies

The 10 selected high-tech listed companies represent a diverse range of business forms, including 4 state-owned enterprises, 4 private enterprises, and 2 joint ventures, offering a comprehensive view of the Chinese listed company landscape. With companies established for over 20 years, the study sample includes subsidiary data, enhancing the depth of analysis across various enterprises. These companies primarily focus on serving the domestic market, with regulatory compliance for international business accounting for over 20%, offering insights into both local and international regulatory environments.

3.2. Construction content of contract financing control marketing channel management of high-tech listed companies

Table 2. *Construction content of contract financing control marketing channel management of high-tech listed companies*

Indicators	Mean	Verbal Description
Channel construction and management	3.24	Very Good
Architecture	3.14	Very Good
Financial and Credit Control	3.24	Very Good
Best Practices	3.24	Very Good
Average Weighted Mean	**3.22**	**Very Good**

****Legend: 3.26-4.00-Excellent, 2.51-3.25-Very Good, 1.76-2.50-Good, 1.00-1.75-Poor*

The results indicate that high-tech listed companies have achieved good results in channel construction and management, but there is still room for improvement in performance evaluation and rewards and punishments for channel partners.

3.2.1. Channel Construction and Management

The study on channel construction and management in contract financing control marketing channel management of high-tech listed companies revealed that all five indicators scored above 3.22, with an average weighted mean of 3.24, indicating overall excellence in this aspect. The highest-rated statement, emphasizing the alignment of internal control documents with strategic goals, received particular praise, while areas such as evaluating channel partner performance received slightly lower scores, suggesting areas for improvement.

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Qian and Liao (2021), underscores the significance of channel partner behavior and performance evaluation in enhancing relationship governance efficiency.

3.2.2. Architecture

The assessment of marketing channel management structure in contract financing control of high-tech listed companies revealed scores above 3.1 for all indicators, with an average weighted mean of 3.14, indicating strong performance in construction content reflecting robust planning and execution capabilities. While Value at Risk assessment received the highest score of 3.17, indicating commendable practices, Risk source identification received the lowest score of 3.1, indicating areas for improvement. Factors such as globalization, technological advancements, and market complexity, as discussed by Engle (1982), Hull (2021), and Embrechts et al. (2005), contribute to challenges in accurately identifying and managing market risks in the contract financing process.

3.2.3. Financial and Credit Control

The challenges in financial and credit controls for high-tech listed companies' marketing channel management and contract financing include resource intensity, subjectivity in assessment, and the critical need for timeliness in decision-making. These complexities, highlighted by Eke (2015), Mikhail (2016), Zhang (2020), among others, underscore the necessity for aligning these tasks with the company's overarching strategic objectives. Enhancing resource allocation, providing clearer guidance, and ensuring alignment with strategic goals, as suggested by Smith and John (2018) and Scavo (2014), are crucial for improving the effectiveness of accounts receivable management.

3.2.3. Best Practices

The challenges with best practices in marketing channel management of contract financing control for high-tech listed companies involve issues with contract enforcement, complexity of contracts, communication gaps, and lack of monitoring and oversight. Bruce (2017), Aggarwal (2016), Zhuxiaoguo (2017), and Walker (2016) highlight the impact of internal processes, external factors, contract complexity, and communication on contract fulfillment and payment punctuality.

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3.3 Marketing channels for contract financing control of high-tech listed companies

Table 3. Marketing channels for contract financing control of high-tech listed companies

Indicators	Mean	Verbal Description
Internet based high-tech enterprises	3.07	Very Good
Production oriented high-tech enterprises	3.10	Very Good
Retail High-tech Enterprises	3.19	Very Good
High tech research and development design services	3.14	Very Good
Comprehensive high-tech enterprises	3.21	Very Good
Average Weighted Mean	**3.14**	**Very Good**

***Legend: 3.26-4.00-Excellent, 2.51-3.25-Very Good, 1.76-2.50-Good, 1.00-1.75-Poor*

The results indicate that high-tech listed companies have achieved good results in channel construction and management, but there is still room for improvement in performance evaluation and rewards and punishments for channel partners.

<u>3.3.1. Internet based high-tech enterprises</u>

The contract financing control and marketing channel management in selected Internet high-tech listed companies yielded a "Very Good" rating, with the average Weighted Mean at 3.07, indicating commendable strategic planning and execution. Despite this, the indicator focusing on digital technology application and other aspects, received the lowest score due to concerns over user privacy violations and regulatory compliance challenges, as highlighted by Acquisti (2016), Daniel (2016), and Xu (2018). These issues underscore the complexities Internet enterprises face in balancing innovative technologies with legal compliance and user privacy protection, as discussed by Hock (2018), Perren (2018), and Vassilis (2018), impacting their performance in contract financing control through marketing channels.

<u>3.3.2. Production oriented high-tech enterprises</u>

The data on contract financing control and marketing channel management in selected production-oriented high-tech listed companies indicate a "Very Good" rating, with an Average Weighted Mean of 3.10, reflecting

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commendable strategic planning and execution. Despite this, the indicator focusing on establishing effective contract and order management systems, received the lowest score of 3.05, highlighting persistent challenges in order delivery and performance compliance, as discussed by Chen (2019).

3.3.3 Retail High-tech Enterprises

contract financing control and marketing channel management in selected high-tech listed companies in the retail industry yielded a "Very Good" rating, with an Average Weighted Mean of 3.19, indicating commendable strategic planning and execution. Despite this, the indicator focusing on establishing secure and efficient payment and settlement management systems, received the lowest score of 3.1, highlighting challenges in meeting security, compliance, and technical requirements, as discussed by Chen (2018), Garcia (2019), and Johnson (2020).

3.3.4 High-tech research and development design services

The data on contract financing control marketing channel management in selected R&D design service enterprises from high-tech listed companies indicates a very good rating, with a weighted mean of 3.11. While indicators 1, 2, and 5 received high scores of 3.15, indicating effective marketing channels, the lower-scored indicator 4 highlights challenges in establishing complex project management processes for R&D design services. Resource constraints, technical challenges, and communication gaps are identified as key factors contributing to this discrepancy, as discussed by Cicmil et al. (2009), Christoph (2006), Kerzner (2017), Project Management Institute (2017), and Alexander Osterwalder (2010).

3.4. Challenges or Risks in the construction of marketing channels for financial control of high-tech listed companies

The challenges faced by selected high-tech listed companies in financial control marketing channel construction are evident, with scores below the average weighted mean of 3.10 for four indicators, the indicator pertaining to accounts receivable management.

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Table 4. Challenges or Risks in the construction of marketing channels for financial control of high-tech listed companies

No	Indicators	Mean	Verbal Description
1	Poor cash flow may lead to delayed collection or payment of payments, affecting the company's financial operations and debt repayment ability.	3.08	Significant
2	The flow of funds is not transparent, and there may be a risk of misappropriation or retention of funds, leading to financial losses for the enterprise.	3.16	Significant
3	Poor customer credit status or high operational risk may lead to default or overdue payment of accounts receivable, increasing bad debt risk.	3.13	Significant
4	Improper management of accounts receivable may lead to untimely or omitted account verification, affecting the financial condition and cash flow of the enterprise.	3.06	Significant
5	Inaccurate or incomplete customer credit assessment may lead to sales to customers with higher credit risk, increasing bad debt and default risks.	3.09	Significant
	Average Weighted Mean	**3.10**	**Significant**

***Legend: 3.26-4.00-Highly significant, 2.52-3.25 Significant, 1.76-2.50 Slightly significant, 1.00-1.75 Not Significant*

Table 4 shows the challenges or risks in the construction of marketing channels for financial control of high-tech listed companies. Muhammad (2016) highlights the intricate relationship between accounts receivable management strategies and firm profitability, emphasizing the need for comprehensive considerations beyond short-term tax benefits.

3.5. Proposed Strategic Plan

Based on the findings of the study, the researcher created a proposed strategic plan. Proposing tailored marketing channel strategies for various high-tech listed companies, including internet-based, production-oriented, retail, research and development design services, and comprehensive enterprises, can significantly enhance efficiency and competitiveness.

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4. Conclusions

The 10 high-tech listed companies in China exhibit strong marketing channel management through contract financing control, aligning well with domestic and international regulations. They demonstrate robust performance not only at the parent company level but also within subsidiaries. Despite comprehensive internal control documents, some areas require enhancement, yet the overall impact on contract financing control remains favorable. Challenges include identifying risk sources amidst external changes, encompassing contract compliance, digital technology integration, customer security, and efficient order management, necessitating proactive mitigation strategies.

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