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Government Guidance Funds and Corporate Organizational Resilience

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Abstract

As an important instrument for supplementing fiscal funds and correcting market failures, government-guided funds play a significant role in cultivating and enhancing corporate organizational resilience. Based on data from China's Shanghai and Shenzhen A-share listed companies from 2008 to 2023, this paper analyzes the impact mechanism of government-guided funds on corporate organizational resilience. The findings reveal that government-guided funds significantly strengthen corporate organizational resilience. Mechanism tests indicate that these funds enhance organizational resilience by alleviating financing constraints, boosting innovation capability, and raising risk-taking levels. Heterogeneity analysis shows that the promoting effect of government-guided funds is more pronounced in high-tech enterprises, firms with higher managerial ownership, and enterprises in the growth stage. The research conclusions provide important insights for enhancing corporate organizational resilience to achieve high-quality development, and also offer policy references for government-guided funds to support the sustainable development of the real economy.

Keywords

Government-Guided Funds; Organisational Resilience; Patient Capital; Corporate Innovation; Risk-Taking Levels

1. Introduction

Amid the accelerating changes of a century unseen before, instability and uncertainty in the international environment continue to intensify. The rise of unilateralism and protectionism, coupled with frequent geopolitical conflicts, poses severe challenges to the sustainable development of enterprises. These challenges manifest as heightened market volatility, a trend towards conservative investment, and increased employment pressure. Notably, the United States has intensified its technological blockade through measures such as "Entity Lists" and "Small Yard, High Fence," exposing Chinese enterprises to prominent risks in their industrial and supply chains and creating an urgent need to overcome "bottleneck" technological

challenges. In this context, enhancing enterprise organizational resilience holds significant practical importance for promoting high-quality economic development . As a critical enterprise capability, resilience helps organizations withstand shocks, adapt to changes, and seize opportunities in uncertain environments, thereby maintaining their competitive advantage. Consequently, how enterprises can build risk-resistance systems to achieve sustainable development has become a crucial issue that needs urgent resolution.

The Third Plenary Session of the 20th Central Committee of the Communist Party of China explicitly proposed developing "patient capital" and better leveraging the guiding role of government investment funds, charting the course for improving the quality and efficiency of government investment during the "15th Five-Year Plan" period. The 15th Five-Year Plan further emphasizes "coordinating and utilizing various types of government investment" and "maintaining reasonable investment growth" to promote an upgrade in the effectiveness of government investment. Since their inception in 2002, China's government-guided funds have undergone over two decades of development, with their scale continuously expanding and operational models constantly optimizing. By 2024, China had established 2,178 government-guided funds with a total target scale of approximately 12.84 trillion yuan and a committed capital scale of about 7.70 trillion yuan. Government-guided funds can effectively bridge the boundaries between government and market in resource allocation, playing a positive role . Then, as a typical form of patient capital, can government-guided funds genuinely enhance enterprise resilience and promote high-quality development? The practice in Hefei City offers a valuable reference. The local government places great emphasis on the function of guided funds in serving the real economy, forming the much-noted "Hefei Model." BOE Technology Group is a typical success story of sustained, multi-round investment by government-guided funds under this model. In 2008, when BOE faced industry downturns and capital chain pressure, the Hefei municipal government invested 6 billion yuan through its guided funds and took the lead in securing 17.5 billion yuan in project funding, helping BOE build the country's first high-generation liquid crystal display panel production line. This move not only propelled BOE to achieve technological breakthroughs and product upgrades but also, leveraging Hefei's home appliance industry foundation, gradually built a complete display industry cluster. With subsequent production lines coming online, BOE successfully ascended to the top tier of the global display industry. Through capital operations and industrial chain extension, the Hefei municipal government also continuously enhanced the enterprise's development resilience. This demonstrates that government-guided funds, as patient capital, can effectively improve enterprises' risk-resistance capabilities and contribute to the development of new quality productive forces.

Based on this context, this paper uses A-share listed companies in China from 2008 to 2023 as a sample to examine the impact of government-guided funds on enterprise

organizational resilience. The study finds that government-guided funds significantly enhance enterprise organizational resilience. Mechanism analysis indicates that this effect is primarily achieved by alleviating financing constraints, enhancing innovation capabilities, and increasing the level of risk-taking. Heterogeneity analysis further reveals that this positive effect is more pronounced in high-tech enterprises, firms with higher managerial ownership, and companies in their growth stage.

The marginal contributions of this paper may lie in the following three aspects: First, it expands the research on the policy effects of government-guided funds, providing evidence for understanding the relationship between patient capital and enterprise resilience. Existing research predominantly focuses on the impact of government-guided funds on "hard" economic indicators such as corporate financing capacity , innovation output , and business performance , with insufficient discussion on their role in shaping enterprises' long-term sustainable development capabilities. By adopting a long-term orientation perspective, this paper regards government-guided funds as an important form of patient capital and analyzes their empowering mechanism on enterprise organizational resilience, thereby linking macro-policy with micro-entity capacity building and enriching the research on the micro-level economic consequences of government-guided funds.

Secondly, it enriches the research on the influencing factors of enterprise organizational resilience, providing new pathways and perspectives for corporate sustainable development. Existing studies often explore the impact of internal firm characteristics and external macro environments on enterprise organizational resilience. This paper introduces government-guided funds, a policy instrument that integrates government support and market forces, revealing their unique role in enhancing enterprise organizational resilience and thus expanding the theoretical pathways for the formation of enterprise resilience.

Thirdly, it clarifies the specific pathways through which government-guided funds promote enterprise organizational resilience and reveals the specific scenarios where this enhancement occurs. This paper comprehensively analyzes the impact pathways of government-guided funds on enterprise organizational resilience from the three aspects of resource supply, innovation drive, and risk-taking. It also finds that the positive correlation between government-guided funds and enterprise organizational resilience is mainly present in high-tech enterprises, firms with higher managerial ownership, and companies in their growth stage, thereby providing clear scenarios and definite directions for further cultivating and strengthening government-guided funds and promoting high-quality enterprise development.

2. Theoretical Analysis and Research Hypotheses

As an important form of patient capital, government-guided funds prioritize long-term, stable returns over short-term gains. They can transcend economic cycles, provide enterprises with sustained financial support, and reduce financing costs.

Their relatively high risk tolerance helps to elevate enterprises' willingness to take risks, curb short-sighted behaviors, and play a key role in supporting innovation. Therefore, government-guided funds can enhance enterprise organizational resilience from three aspects: resource supply, innovation drive, and risk-taking.

From the perspective of resource supply, government-guided funds alleviate corporate financing difficulties through both direct and indirect effects, thereby building a resource base for resilience. Directly, the funds inject capital and liquidity in the form of equity investments, expanding the scale of disposable funds for enterprises and alleviating financial pressure [1]. Indirectly, leveraging their professional screening capabilities, the funds play a "certification" role, sending positive signals to the market and attracting additional social capital ; this "bellwether" effect enhances investor confidence, drawing extra attention and funding [2]. Furthermore, collaboration between the funds and banks helps enterprises establish social connections, facilitating easier access to credit and strengthening the "blood transfusion" function . The alleviation of financing constraints not only expands the scale of funds but also optimizes corporate resource structure and strategic decision-making capabilities. When facing external shocks, the more abundant and lower-cost the financing channels, the greater the enterprise's ability to mobilize funds to cope with difficulties , mitigate losses, and prevent the situation from deteriorating. Si Dengka et al. (2023) point out that sufficient funds help enterprises withstand shocks, forming a virtuous cycle. According to core competence theory, rational resource allocation can stimulate R&D awareness, increase intangible assets, attract external investment, lower financing costs, and thereby build a closed loop for sustainable development.

From the perspective of innovation drive, government-guided funds enhance enterprise organizational resilience by incentivizing R&D and boosting the corporate innovation level. On one hand, a high tolerance for failure shares the risks of corporate R&D, curbs managerial short-termism, and directs resources towards exploratory innovation projects , promoting long-term technological investment and the building of sustained R&D capabilities[3]. On the other hand, the funds can assist enterprises in formulating strategies, grasping policy directions, and obtaining government innovation subsidies and approval facilitation [4], thereby improving innovation efficiency, yielding more cutting-edge breakthrough achievements , and facilitating the transformation of achievements and improvement of business performance . From the perspective of dynamic capability theory, the enhancement of enterprise organizational resilience is essentially a paradigm shift in innovation capability . Specifically, the diversification of products and services brought about by technological innovation can enhance an enterprise's adaptability and crisis response capabilities , helping it cope with uncertainty during crises and reducing vulnerability . Continuous innovation is also key for enterprises to cultivate resilience and gain a resilience advantage. As the level of innovation continuity increases,

enterprises are more likely to activate resilience during crises and respond rapidly . On a deeper level, sustained R&D investment forms accumulated slack resources that act as a buffer during crises , consolidating the enterprise's ability to resist risks.

From the perspective of risk-taking, government-guided funds participate in corporate operations through supervision and governance mechanisms, helping to alleviate principal-agent conflicts. Principal-agent theory suggests that managers are typically more risk-averse than shareholders, which might cause the firm to miss out on high-risk investment opportunities with high expected returns. The involvement of government-guided funds can mitigate this issue. Firstly, through post-investment management, the funds provide enterprises with support in technology, management, and strategy, boosting managers' confidence in pursuing high-risk ventures [5]. Secondly, after receiving fund investments, enterprises are subject to supervision from stakeholders. This external constraint can curb management's short-term profit-seeking behavior, prompting them to focus more on long-term value and assume reasonable risks [6]. Finally, venture capital institutions can also stimulate managers' willingness to take risks by optimizing governance structures and incentive mechanisms[7]. As executives' willingness to take risks increases, the enterprise's overall risk-taking capacity also strengthens. This capability enables enterprises to react swiftly during crises, mitigating external shocks through strategic adjustments and business diversification, forming an "immune mechanism" against future risks. Concurrently, a firm's risk-taking behavior also reflects employees' proactive assumption of responsibility, constituting an important resource and behavioral foundation for enhancing organizational resilience. A higher level of risk-taking makes enterprises more agile in adversity, allowing them to explore new paths after a crisis and promote sustained and stable growth . It can be argued that risk-taking capacity is an important prerequisite for organizational resilience , helping enterprises resolve internal and external adverse factors [8], ensuring healthy development, broadening operational space, and thus effectively enhancing their organizational resilience[9].

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

H1: Government-guided funds can significantly enhance enterprise organizational resilience.

3. Research Design

3.1. Model Setting and Variable Definition

This study constructs the following two-way fixed effects model to test the research hypotheses:

$$Res_{i,t} = \alpha_0 + \alpha_1 SF_{i,t} + \alpha_2 Controls_{i,t} + \sum Year + \sum Industry + \varepsilon_{i,t}$$

Here, i represents the firm and t represents the year; the dependent variable Res denotes the enterprise organizational resilience; the explanatory variable SF

indicates the government-guided fund's investment in the firm; the control variables Controls include firm financial, equity, and governance characteristics; Yearand Industry represent year fixed effects and industry fixed effects, respectively; $\varepsilon_{i,t}$is the error term, and $\alpha_0$is the constant term.

The specific measurement standards of each variable are shown in Table 1.

Table 1. Variable Definition Table

Variable Type	Variable Symbol	Variable Definition
Dependent Variable	Res	The specific measurement method is as described above.
Independent Variable	SF	Takes the value of 1 if the firm has received support from a government-guided fund, otherwise 0.
Control Variable	Size	Natural logarithm of total assets at year-end.
	Lev	Total liabilities divided by total assets at year-end.
	ROA	Net profit divided by average total assets.
	ATO	Net sales revenue divided by average total assets.
	Growth	(Current year's operating revenue - Previous year's operating revenue) / Previous year's operating revenue.
	FIXED	Fixed assets divided by total assets.
	Liquid	Current assets divided by current liabilities.
	Loss	Takes the value of 1 if net profit for the year is less than 0, otherwise 0.
	Dual	Takes the value of 1 if the chairman and the general manager are the same person, otherwise 0.
	ListAge	Number of years since the company went public.
	Cycle	Natural logarithm of the firm's operating cycle. The operating cycle equals the sum of accounts receivable turnover days and inventory turnover days.

3.2. Data Source and Sample Selection

This study selects data from Chinese A-share listed companies spanning from 2008 to 2023. The year 2008 marks the progressive standardization of China's government-guided funds, which not only reduced the arbitrariness and opacity in fund utilization but also enhanced social capital participation and improved fund use efficiency. Consequently, samples post-2008 hold greater research value. The sample data primarily originate from the Zero2IPO Private Equity Database, the CSMAR Database, and the Wind Database. During the data preprocessing stage, financial industry firms, companies designated as ST, *ST, and PT, and enterprises listed for less than three years are excluded. Additionally, all continuous variables are winsorized at the 1% and 99% levels to mitigate the influence of outliers. Ultimately, 23,682 valid observations are obtained.

4. Empirical Results and Analysis

4.1. Descriptive Statistical Analysis

The descriptive statistical results are presented in Table 2. The maximum value of enterprise organizational resilience (Res) is 3.776, the minimum value is -3.551, the mean is 0.075, and the standard deviation is 0.655, indicating significant differences in the level of enterprise organizational resilience across firms. Furthermore, the

mean value of government-guided funds (SF) is 0.045, suggesting that approximately 4.5% of the sample firms have received support from government-guided funds. This indicates that among China's A-share listed companies, the proportion receiving support from government-guided funds is relatively low, leaving considerable room for further development, which is consistent with existing literature [10]. The indicators of other control variables are all within reasonable ranges according to standards established in prior literature and are not further elaborated here.

Table 2. Descriptive Statistics of Key Variables

Variable	N	Mean	Std. Dev.	Min	Median	Max
Res	23682	0.075	0.655	-3.551	0.065	3.776
SF	23682	0.045	0.207	0.000	0.000	1.000
Size	23682	22.503	1.286	19.406	22.323	26.548
Lev	23682	0.449	0.197	0.030	0.446	0.925
ROA	23682	0.032	0.070	-0.375	0.032	0.254
ATO	23682	0.665	0.432	0.055	0.570	2.918
Growth	23682	0.138	0.376	-0.648	0.086	3.596
FIXED	23682	0.216	0.150	0.002	0.187	0.736
Liquid	23682	2.079	1.913	0.252	1.526	30.640
Loss	23682	0.148	0.355	0.000	0.000	1.000
Dual	23682	0.240	0.427	0.000	0.000	1.000
ListAge	23682	2.525	0.501	1.609	2.565	3.434
Cycle	23682	5.175	0.854	2.135	5.237	8.148

4.2. Benchmark Regression Result Analysis

The baseline regression results are presented in Table 3. Column (1) includes only the government-guided fund (SF) and enterprise organizational resilience (Res). The coefficient of SF is 0.086, which is significantly positive at the 1% level, thus validating the hypothesis. Column (2) adds control variables to the baseline specification. The results show that the coefficient of government-guided fund (SF) remains significantly positive at the 1% level, with a value of 0.048. This further confirms the proposed hypothesis that government-guided funds can significantly enhance enterprise organizational resilience.

Table 3. Baseline Regression Results

Variable	(1)Res	(2)Res
SF	0.086***	0.048***
	(4.928)	(3.835)
Controls	No	Yes
Constant	0.071***	-0.109
	(18.080)	(-1.128)
Industry	YES	YES
Year	YES	YES
N	23682	23682
adj. R2	0.050	0.139

4.3. Robustness Tests

4.3.1. Replacing the Dependent Variable.

This study refers to the research of Li Ping and Zhu Jiazhe (2021) to reconstruct the enterprise organizational resilience indicator from the two dimensions of rebound and counter-surpassing. Specifically, following the approach of Shi Dan and Li Shaolin (2022) , we employ the quick ratio, slack resources (both precipitated and non-precipitated), and return on equity for a comprehensive measurement. Additionally, integrating the studies of Zhou Ping and Lin Nan (2015) and Guo Xiaochuan et al. (2019) , we select three indicators—the year-over-year growth rate of total assets, the year-over-year growth rate of operating revenue, and the year-over-year growth rate of net profit—to collectively reflect corporate growth capability. After standardizing the data of the above indicators and taking the mean value, we obtain a comprehensive value for enterprise organizational resilience (Res) and re-run the regression analysis. Column (1) of Table 4 reports the regression results, showing that the coefficient of SF is significantly positive at the 5% significance level, consistent with the main regression, further demonstrating the reliability of the conclusions.

4.3.2. Replacing the Explanatory Variable

This study follows the approach of Cheng Yusi et al. (2022) by replacing the government-guided fund investment variable (SF) with the logarithm of the cumulative investment amount received by the firm from government-guided funds plus one, and then re-conducts the regression analysis. The results show that the coefficient of SF remains significantly positive at the 5% significance level, consistent with the main regression, indicating that the findings of this study are robust.

Table 4. Alternative Variable

Variable	(1)Res1	(2)Res
SF	0.002**	
	(1.996)	
SF1		0.013**
		(2.132)
Controls	YES	YES
Industry	YES	YES
Year	YES	YES
_cons	-0.055***	-0.133
	(-6.240)	(-1.388)
N	23682	23682
adj. R2	0.934	0.139

5. Further Research

5.1. Heterogeneity Analysis

Driven by the innovation-driven development strategy, high-tech industries, characterized by high technological intensity and strong knowledge spillovers, are

often more capable of effectively responding to the innovation incentives provided by government-guided funds. In contrast, traditional industries, constrained by technological path dependence and innovation resource limitations, exhibit lower sensitivity to policy incentives. Therefore, this study posits that the promoting effect of government-guided funds on enterprise organizational resilience is more pronounced in high-tech enterprises. The results in Column (1) of Table 5 show that the coefficient of government-guided funds (SF) is more significant in the high-tech enterprise group, while its significance is weaker in the non-high-tech enterprise group. These findings indicate that the positive effect of government-guided funds on enterprise organizational resilience is primarily manifested in high-tech enterprises. A possible explanation is that high-tech industries typically possess a more solid R&D foundation, and the investments from government-guided funds are more aligned with their long-cycle R&D characteristics, enabling them to more effectively absorb the technological dividends brought by policies and thereby enhance their organizational resilience. Furthermore, leveraging government credit endorsement, high-tech enterprises can more easily access critical R&D information within the industrial chain, forming a dual-driven advantage of "policy + market."

Table 5. Heterogeneity Analysis by High-Tech Status

Variable	(1)Non-High-Tech Enterprises	(2)High-Tech Enterprises
SF	0.041***	0.091*
	(3.328)	(1.819)
Controls	YES	YES
Industry	YES	YES
Year	YES	YES
N	18,457	5,225
adj. R2	0.174	0.095

6. Conclusions and Implications

Based on data from Chinese A-share listed companies from 2008 to 2023, this study finds that: (1) government-guided funds can enhance enterprise organizational resilience; (2) mechanism analysis indicates that government-guided funds improve enterprise organizational resilience by alleviating financing constraints, strengthening innovation capabilities, and increasing the level of risk-taking; (3) heterogeneity analysis reveals that the positive effect of government-guided funds on enterprise organizational resilience is more pronounced in high-tech enterprises, firms with lower managerial ownership, and enterprises in the growth stage.

Based on these findings, this paper proposes the following recommendations:

Firstly, for enterprises, government-guided funds should be regarded as an important strategic partner for achieving sustainable development, rather than merely a financing channel. Enterprises should fully leverage the credit enhancement effect brought by fund investment and actively expand diversified financing channels. On the one hand, enterprises need to utilize the credit enhancement and cash flow

improvement brought by fund injections to broaden financing channels, prudently plan fund utilization, and prioritize resource allocation to long-term areas such as core technology research and development and key talent introduction, thereby reserving sufficient financial flexibility to cope with potential shocks. On the other hand, enterprises should attach importance to strengthening their governance capabilities, particularly by reinforcing governance systems and risk management frameworks, ensuring that external funds operate within an efficient and transparent management framework to maximize the efficiency of fund utilization.

Secondly, for governments, policies on government-guided funds should be adjusted according to local conditions. While focusing on supporting high-tech enterprises, firms with lower managerial ownership, and enterprises in the growth stage, attention should also be paid to the differentiated functions that guided funds can play throughout the entire enterprise life cycle. For high-tech enterprises, a "special fund for technological innovation resilience" could be established to strengthen their risk resistance capabilities in technology research and development and achievement commercialization. For enterprises with imperfect governance structures and insufficient management incentives, governance support and risk management services should be provided to enhance the scientific nature and long-term stability of their strategic decision-making. Meanwhile, the transformation and exit needs of mature and declining enterprises should not be overlooked. For mature enterprises, they can be guided to participate in industrial chain integration or cross-generational technology upgrades, leveraging guided funds to promote resource reorganization and efficiency improvement. For declining enterprises, diversified exit mechanisms such as mergers and acquisitions restructuring funds and asset securitization should be explored to assist them in smooth transitions or orderly exits, thereby enhancing the overall resilience of the industrial ecosystem and resource allocation efficiency.

Thirdly, for cooperative financial institutions and venture capital management teams, a role transformation from financial investors to value co-creators is necessary. For enterprises in the growth stage or with weak governance foundations, the focus should be on helping them improve their internal control and risk management systems, patiently nurturing their innovation capabilities. For enterprises with mature conditions, mechanisms such as tiered investment and income concessions can be designed to leverage more social capital to support long-term enterprise development, thereby effectively translating the policy orientation of guided funds into sustainable enterprise organizational resilience. Furthermore, venture capital institutions should establish investment evaluation systems aligned with the policy orientation of guided funds, incorporating enterprises' innovation capabilities, governance levels, and long-term value creation capacity into decision-making, encouraging invested firms to shift from pursuing short-term financial performance to focusing on sustainable development.

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