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Relationship between Enterprise Asset Structure and Enterprise Development Capability

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Abstract: Asset structure, as a manifestation of enterprise asset allocation, has a direct impact on the operational efficiency, market competition, and development ability of enterprises. Good asset allocation can improve productivity, asset utilization, and facilitate easier access to financing for research and innovation projects, enhancing market competitiveness. This article explored the differences between enterprises in different industries by analyzing data samples from different industries and examining the relationship between enterprise asset structure and development capabilities. The results showed that the weight ratios of monetary funds, accounts receivable, and inventory also showed significant dispersion, indicating that there is an urgent need for optimization in asset allocation for enterprises. There were significant differences in current asset ratios, and some enterprises had excessively high current asset ratios, which may have a negative impact on the overall profitability of the enterprise. There were significant differences in the development capabilities of different enterprises, with some industries experiencing rapid growth while others are facing development difficulties. This article aimed to provide practical guidance for enterprise managers to optimize asset allocation, enhance competitiveness and profitability, and achieve sustainable development goals.

1. Introduction

In today's fiercely competitive business environment, the asset structure and development capability of enterprises have become a highly concerned research topic in the fields of economics and management. The asset structure of an enterprise refers to the composition and allocation of various assets owned by the enterprise. The development capability of an enterprise refers to its ability to adapt, innovate, and develop in a constantly changing market environment. The relationship between these two is crucial for the long-term survival and success of enterprises.

In order to gain a deeper understanding of the relationship between corporate asset structure and

development capabilities, scholars have conducted extensive exploration and empirical research in this field in the past few years. Currently, scholars have provided valuable perspectives and methods for this. Among them, Dang H N indicated that the size and profitability of a company are positively correlated with its value, while capital structure is a factor that has a negative impact on its value [1]. Ariyani H F indicated that asset structure analysis has no significant impact on corporate development, while corporate profitability has a significant negative impact on capital structure. The size of a company has a significant positive impact on its capital structure, while the growth of a company also has a significant negative impact on its capital structure, indicating that profitability is the determining factor affecting a company's capital structure [2].

The development capability of an enterprise represents its potential and trend for development in the future. Asset structure not only involves asset allocation, but also relates to the business development capability of the enterprise in different economic cycles and market environments. According to Xin X's research, the relationship between service innovation performance and knowledge management capability in enterprise development capability plays a mediating role [3]. Zhang W's research showed that under the dual pressure of economic development and environmental protection, enterprises are facing constantly changing market environment challenges. The digital transformation of enterprises brings opportunities to improve green innovation efficiency for their development [4]. Li Juan mentioned in her research that most enterprises currently have an incomplete asset management system, a lack of systematic budget management, and outdated thinking and tools in asset management. The development ability of enterprises is closely related to their asset structure. Therefore, a sound asset management model that is suitable for enterprise development is an important issue to strengthen the core asset management ability and competitiveness of enterprises, and help promote their healthy development [5]. Xie Hui proposed that the asset structure and development ability of a company are interrelated and mutually influential. Debt paying ability, profitability, and operational ability are negatively correlated with the capital structure of a company, while development ability and company size are positively correlated with the capital structure of a company [6]. Li Ziwei stated that in the context of the Internet era, the development of the market economy is advancing rapidly, and competition among various industries is becoming increasingly fierce. In the actual operation process, enterprises need to combine their own actual situation, successful models in the industry, and analysis of the market situation to seek the best asset structure that suits them the most [7].

Through the review of relevant research mentioned above, it can be understood that the relationship between enterprise asset structure and development capability is diverse and complex. There are also differences in the views and research methods of different scholars regarding the relationship between corporate asset structure and development capabilities. However, existing research still has shortcomings, lacking in-depth analysis of the impact of asset structure on corporate financing ability, profitability, and risk tolerance. Therefore, this article delved into the relationship between enterprise asset structure and development capabilities, and studied the differences between different industries, providing practical guidance for enterprise managers to optimize asset allocation, enhance competitiveness and profitability, and achieve sustainable development goals.

2. Relationship between Enterprise Asset Structure and Development Capability

Asset structure is an important manifestation of enterprise asset allocation, which can directly affect the operational efficiency and market competition of enterprises. Good asset allocation can improve productivity and asset utilization, thereby promoting the development ability of enterprises. At the same time, it also helps enterprises to obtain financing more easily, thereby investing more

funds in research and innovation projects, improving their market competitiveness, accelerating product updates and iterations, and enhancing their development capabilities [8].

The choice of borrowing and equity financing, as well as their proportion, has a direct impact on the financial flexibility and sustainability of enterprises [9]. Large scale enterprises typically have more resources and can reduce costs through economies of scale. A high debt to asset ratio may increase a company's financial risk, but it may also increase its returns. Enterprises need to balance their asset liability ratio to ensure sufficient stability and risk resistance in the face of economic fluctuations or increased uncertainty. Enterprises in different industries may have different asset structures, which are influenced by industry characteristics and market demand [10]. Understanding the asset structure characteristics of the industry helps companies better respond to market challenges. Therefore, the relationship between enterprise asset structure and development capability is crucial for the long-term survival and success of the enterprise.

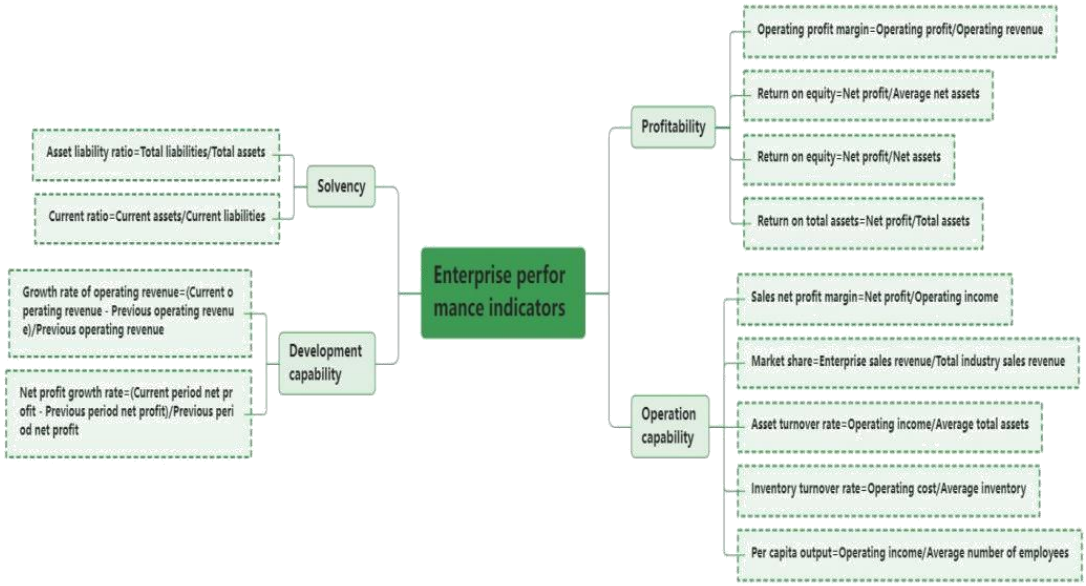

Figure 1. Indicators for measuring business performance

As shown in Figure 1, profitability, debt repayment ability, operational ability, and development ability are four financial indicators that measure the performance level of a company. The impact of asset structure on a company's profitability is the most significant. Asset structure represents the operation of assets and can have a direct impact on the operation and profitability of the company. Therefore, different asset structures of enterprises can also affect their operational performance and ultimately affect the value of their development capabilities [11].

3. Differences in Asset Structure and Development Capabilities among Enterprises in Different Industries

In order to further explore the relationship between corporate asset structure and development capability, data samples from different industries are obtained from the Financial Times website using the Kaiser-Meyer-Olkin (KMO) value and Bartlett's sphericity test analysis method. 120 financial statement samples from 40 companies in different industries from 2021 to 2023 are selected for analysis. The four major categories of current assets, fixed assets, intangible assets, and long-term equity investments in the total asset structure of the enterprise in the data are used to

calculate the proportion of enterprise asset weights separately. The monetary funds, accounts receivable, and inventory in current assets are subdivided to calculate the weighting ratios of these three items. Therefore, the impact of these assets on the development capability of enterprises is studied [12].

Table 1. Statistical table for description of asset structure of enterprises in different industries

Serial number	**Classification**	**N**	**Minimum value (%)**	**Maximum value(%)**	**Average value (%)**	**Standard value (%)**
1	Monetary fund ratio	120	6.21	80.62	31.51	16.75
2	Accounts receivable ratio	120	0.1	44.21	6.81	8.9
3	Inventory ratio	120	0.1	26.33	9.74	8.71
4	Liquidity Ratio	120	16.33	96.21	68.52	17.21
5	Long term equity investment ratio	120	0.1	65.32	4.54	11.23
6	Fixed asset ratio	120	0.1	58.45	11.36	10.26
7	Intangible asset ratio	120	0.2	28.18	4.58	4.65
8	Total asset size	120	5.89	13.91	8.12	1.65
9	Total Asset turnover	120	0.12	12.45	3.22	1.41
	Effective sample value "N" (list display)	120				

As shown in Table 1, the average monetary fund ratio of 120 enterprise samples is 31.51%, with a maximum value of 80.62%, a minimum value of 6.21%, and a standard deviation of 16.75%; the average current asset ratio of enterprises in different industries is 68.52%, with a maximum value of 96.21% and a minimum value of 16.33%. It can be inferred that a higher current asset ratio can prevent operational risks, but it may also affect the overall profitability of the enterprise. Most companies seem to be unaware of the importance of this issue, as their current asset ratios have been consistently high. On the other hand, in order to ensure normal operation, enterprises need to maintain a certain amount of monetary funds. However, there are significant differences in the proportion of monetary funds among enterprises in different industries, with some degree of dispersion and polarization [13].

The average accounts receivable ratio of enterprises in different industries in Table 1 is 6.81%, with a maximum value of 44.21% and a minimum value of 0.1%; for the average value, the situation is relatively good, but the difference between the maximum and minimum accounts receivable ratios of a company is very large. This affects the turnover speed of the company's funds, increases borrowing and financial risks, and endangers the normal operation of the company. The accounts receivable ratio of a company represents the proportion of its accounts receivable in total assets. A higher ratio may indicate that the company has more accounts receivable and slower fund recovery, which may lead to a broken capital chain, increased liquidity risk, and even default risk. Therefore, adjusting accounts receivable appropriately is beneficial for the development and operation of the enterprise's capabilities [14].

4. Results

From the asset structure, it can be seen that there are differences between different enterprises. For enterprises, the main purpose of long-term equity investment between different industries is to hold equity in the invested company and share its future profits and growth. In the internet economy and society, the role of intangible assets is particularly important, and the competitive advantage it brings to enterprises cannot be ignored. Unlike current assets, fixed assets are not easily liquidated quickly because they are primarily used to support production and operations, rather than directly generating cash flows. However, if the proportion of current assets is too high compared to corporate liabilities, it would have an impact on the overall income and development ability of the enterprise in terms of production, operation, and asset structure. Therefore, the asset structure of enterprises needs to undergo matching analysis and optimization, in order to more effectively achieve the sustainability of enterprise development capabilities.

Table 2. Statistical table of development capability of different enterprises

Serial number	Classification	N	Maximum value (%)	Minimum value (%)	Average value (%)	Standard value (%)
1	Total assets growth rate	120	1391.23	-80.12	77.95	167.54
2	Revenue growth rate	120	1146.86	-76.88	60.11	150.91
3	Net profit growth rate	120	2681.79	-36182.26	-341.79	3.36
	Effective sample value "N"	120				

The development capability of an enterprise emphasizes its ability to continuously grow and progress in the process of continuous operation, while the total asset growth rate reflects the growth of the enterprise's asset size during a certain period of time. Table 2 shows that the average total asset growth rate of different enterprises with different development capabilities is 77.95%, with a minimum value of -80.12% and a maximum value of 1391.23%; the average growth rate of operating revenue is 60.11%, with a minimum value of -76.88% and a maximum value of 1146.86%; the average net profit growth rate is -341.79%. From the data, it can be seen that there are significant differences in the development capabilities of different enterprises, indicating that some industries are in a period of rapid industry development, while the total asset size of some industries is actually shrinking, and the development prospects are worrying. The rapid growth of operating revenue in different industries may have a negative impact on the development ability of enterprises. Although rapid revenue growth may appear positive in the short term, if the growth rate is too fast and unsustainable, it may even lead to operational disruptions, decreased service quality, imbalanced financial structure, and more intense market competition.

Therefore, while pursuing revenue growth, enterprises need to comprehensively consider factors such as market demand, resource capacity, and internal management to ensure that the growth rate is sustainable and stable, and to maintain a match with the development ability of the enterprise. For enterprises with rapid growth in industry revenue, they should carefully monitor and manage risks during the growth process, and maintain strategic sensitivity and goal orientation, in order to achieve sustainable development.

5. Conclusions

In summary, through in-depth research on the relationship between asset structure and development capabilities of enterprises in different industries, it can be found that the weight ratio of asset categories such as current assets, fixed assets, intangible assets, and long-term equity investments directly affects the operational efficiency and market competitiveness of enterprises. There are differences in the allocation of these assets among enterprises in different industries. The proportion of monetary funds, accounts receivable, inventory, etc., in current assets has a significant impact on the financial flexibility and operational efficiency of enterprises. Enterprises need to manage these assets carefully in their operations, ensuring the rational allocation of current assets to reduce financial risks and improve capital turnover speed. There are differences in development capabilities among different industries, and indicators such as total asset growth rate, revenue growth rate, and net profit growth rate reflect the development status of enterprises over a certain period of time. However, rapid growth may lead to imbalanced financial structures and management risks. Therefore, while pursuing development speed, enterprises should maintain strategic stability and ensure sustainable development. Enterprises should also flexibly adjust their asset structure based on their own industry characteristics and market demands, and pay attention to the balance of assets and liabilities, in order to improve overall competitiveness and development potential.

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