

The Impact of Fiscal Transparency on the Regional Business Environment

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Abstract

Optimizing the business environment is an effective measure to cope with the current downward pressure on the economy, stabilize social expectations, and stimulate market vitality. Fiscal transparency is an important aspect related to the improvement of the business environment. It is also an important tool for coordinating the relationship between the government and the market and promoting the modernization of national governance capabilities. This article explores the impact and degree of fiscal transparency on the business environment, using provincial panel data from 2009 to 2018, and examining the relationship between the two by constructing a fixed panel model and an intermediary effect model. The study found that the increase in fiscal transparency has significantly improved the business environment, and there is regional heterogeneity, and its impact on the eastern and western regions is significantly higher than that in the central region. Moreover, fiscal transparency also improves the business environment by enhancing regional innovation capabilities. The mediation effect accounted for 39.8%. This provides new ideas for local governments to further deepen the reform of "delegation, control, and service" and improve the level of local government governance.

Keywords

Fiscal Transparency, Business Environment, Regional Innovation Capability.

1. Introduction

Foreign scholars Yu Jinhai et al (2021) examined the impact of the US government's financial transparency on its credit quality, and found that government financial transparency reduced the information asymmetry of the municipal bond market, thereby improving government credit quality. Gabriel et al (2021) studied the impact of fiscal transparency and legal basis for corruption control. Polite transparency can reduce information asymmetry, thereby reducing public officials, politicians and legislators, which are beneficial to promote market fairness and optimize business environments. Many scholars have studied the relationship between fiscal transparency and business environments. Among them, Wang Shujie et al. (2020) study fiscal transparency on impact regional innovation, using intermediary and threshold effect models to get financial transparency to directly promote regional innovation capabilities It is also possible to significantly promote innovative capacity improvement, financial transparency, budget violations, and corporate innovation expectations by suppressing budget violations and stabilization enterprises. There is a double door valve effect on regional innovation capabilities. The current three is in the influence of regional innovation capabilities. The impact range of the rise. Li Wei et al. (2021) found that the higher the effectiveness of economic growth, the more local governments tend to configure limited resources to larger enterprises in the region,

leading to the formation of extrusion effects in the development of enterprises in jurisdiction. The higher the financial transparency, the better the market economy theme, the better the government's intervention activities, and based on the maximization of profits, the reasonable configuration of production factors, make their own optimal investment choices, but in the government If the financial information is not open, the lower the financial transparency, the investment management environment faced by the company is very uncertain, the more prone to "subjective" investment errors, then transition investment, production capacity utilization decline, excess production (Deng Shuling, Zhu Ying, 2017; Zheng Wei, Wang Chunping, 2020).

In summary, the government public information has a certain impact on the innovation capabilities of the main enterprises, regional resource allocation, and the investment rate within the enterprise have a certain impact. The higher the financial transparency, the company will improve its own innovation capabilities, and regional resource allocation rates and increased investment rates in corporate internal investment will prevent excessive production capacity.

2. Theoretical Analysis and Research Fake

2.1. Financial transparency and business environment

The "Business Environment" Connotation earliest "2004 Annual Environmental Report" issued by the World Bank in 2003, mainly refers to the sum of the time and cost of the government to follow policy and regulations in accordance with the implementation of the policy and regulations in operation, business, trade, implementation contracts. . The impact of the government public information on the business environment depends on the following two aspects: the first economic benefits, reduce the transaction cost of the company. The budget information is disclosed is the core components of financial information, and the government budget content can fully manifest the government elements and resource allocation programs in accordance with the annual activities of the government. However, companies rely on their own market resource allocation information either require high costs, through a variety of non-disclosed ways, or may obtain uncommon or even erroneous market information, resulting in incorrect enterprises Decision-making behavior, causing greater market losses. Relatively speaking, the government's open financial information guarantees accuracy and authenticity, which is more objectively reflected in market resource allocation, and guides business and investment. Second, from the development of enterprises, improve fiscal transparency is conducive to the development of enterprises. From the view of the government's public information, in particular budget information, it can be seen that the government's tendency to resource allocation, and the proportion of enterprises through resource allocation can be seen in the direction of future development. China's market is a market economy with socialism with Chinese characteristics. The government's resource allocation is currently in the market important proportion, especially after the epidemic, the domestic international economy is not swaying, and the government needs the government to drive, the national decision-making A development trend of a corporate future. Therefore, this article can make the following hypothesis:

H1: Improve fiscal transparency and optimize business environment

2.2. Financial transparency, regional innovation capabilities and business environment

Our country's companies, especially state-owned enterprises, to a large extent affect regional innovation capabilities. If the company can't fully grasp the information to accurately expect, it will blindly adopt speculative behavior due to short-term fluctuations, or make short-sighted decisions due to the lag in the market mechanism. In this case, the company will less even cancel

innovation. Activity. Innovation is not a simple pursuit of advancement of technology, and it is consistent with national strategies and policy directions. If the company is going to the government's guidance, even if the technology itself is very advanced, it will eventually flood in the trend of the times, and it is only possible to fully understand the economic situation and policies of the government.

The higher the financial transparency, the better the market economy theme, the better the government's intervention activities, and based on the maximization of profits, the reasonable configuration of production factors, make their own optimal investment choices, but in the government If the financial information is not open, the lower the financial transparency, the investment business environment is very uncertain, the easier "subjective" investment errors, then transition investment, the energy can be reduced, and the overcapacity has occurred. Therefore, make the following hypothesis:

H2: Financial transparency will enhance regional innovation capabilities

H3: Financial transparency to improve business environment by improving corporate regional innovation capabilities

3. Empirical Analysis

3.1. Model setting

When processing the number of panels, use a fixed effect or a random effect, or use a mixed regression model, which is a basic problem. Therefore, it is necessary to judge the regression model used by three inspection. This paper takes a secondary return through the traditional Houseman test, and the results show that the P value is 0.0000, reject the original hypothesis, then calculate the variable expansion factor between the respective variables, the results are far less than 10, thereby judge that there is no severe multiple common linearity problem. According to the Houseman test results, the model is used to set the model as follows:

$$ys_{it} = \alpha_{it} + \beta_{it}cz_{it} + \theta_{it}control_{it} + e_{it} \quad (1)$$

YS means that the business environment, CZ represents the financial transparency, Control including each control variable, such as the level of economic development, fixed asset investment, and innovation. i and t representing time and urban trend, eit for random error items.

3.2. Data selection and instructions

3.2.1. The interpretation variable is explained. Business Environment Indicators (YS)

The research results on the business environment at home and abroad are relatively rich. One is to form a process of forming the business environment constituency from procedure or institutionalism, and another point is from the result orientation, and the enterprise feels as the main body, focusing on the micro-viewing angle. This article draws on the practice of Shangguan Zeming (2020), using Fan Gang Marketization Index to measure the excellent business environment.

3.2.2. Explain the variable. Fiscal Transparency (CZ).

This paper takes the financial transparency index of Shanghai University of Finance and Economics. Since the total score of each year is slightly different, the percentage results are unified in the data processing, and in order to make the data range substantially consistent, select the numerical range, and camp of the financial transparency after the percentage process. Commercial environment data is maintained.

3.2.3. Intermediary variable-Innovation capability (CX)

The improvement of innovation capacity is conducive to the good innovation performance, on

the one hand, a good innovation environment will make innovation investment increasingly increased, which will prompt enterprises to improve operating costs. On the other hand, a good innovation environment will also increase the efficiency of enterprise innovation, and increase innovation output under certain investment, enhance innovation performance. Therefore, from a long time, an innovative environment can improve a regional economic development method to promote high-quality business environment development. This article uses the "China City and Industrial Innovation Radio Report" in the "China City and Industrial Innovation Return Report" in the team released, due to the large data gap and partial data is 0, reference to Pan Wenqing, etc. (2017) treatment, former data Add 1 to 1 to take natural logarithm. "China Regional Performance Value" to measure the size of regional innovation capabilities.

3.2.4. Control the variable

(1) Economic development level (LNPGDP). According to the research and analysis, the level of economic development reflects a regional economic wealth, and the higher the economic development of a region, the more improved the market economy, the more enterprise development opportunities, and the competitive environment is more fair. Many quantitative research also generally leads to the improvement of economic development levels on business environment. In an existing study, the per capita regional production value is generally used as a measure of economic development, so this paper also uses the per capita area to reflect the level of economic development. (2) Fixed asset investment (Fig). Using fixed asset investment accounts for the proportion of GDP as a measure indicator of urban basic social facilities. Period data comes from China Statistical Yearbook. (3) Human cost (LNWAGE). Labor cost will increase the cost of production and management, and the profit will decrease. More capital investment is used in innovation and development, realizing high quality operation, and companies improve overall production efficiency. This article will use labor costs as an important control variable. Labor costs typically have two measurement indicators, based on data easy, using average salary as a proxy variable of labor costs. (4) Economic Export Degree (TRA). The annual average exchange rate of import and export trade in the economic export-to-export level [The annual average exchange rate for the US dollar . The calculation is performed, and then compares the total value of the region.

3.3. Source of data

The business environment indicators and fiscal transparency indicators come from "Fan Gang in Marketing Index Report" and "China Fiscal Transparency Report" (2010-2019). Innovation ability indicators come from "China City and Industrial Innovation Radio Report" and "China Regional Performance Value" (2010-2019). The remaining data is from "China Statistical Yearbook" (2010-2019). Due to data availability, the sample range includes 31 provincial data in 2009-2018, with a number of samples of 310.

Table 1 Descriptive statistics of variable

Variable	Obs	Mean	Std. Dev.	Min	Max
ys	310	0.618	0.209	-0.02	1
cz	310	0.336	0.153	0.12	0.78
lnpgdp	310	4.488	2.394	1.09	15.1
lnwage	310	10.837	.361	10.09	11.89
fig	310	0.156	0.136	-0.63	0.6
cx	310	0.289	0.105	0.158	0.595
tra	310	0.191	0.305	0.032	2.604

From Table 1, it can be found that the maximum difference between variables and minimum differences, reflects the level of economic development, government information disclosure, business environment, corporate innovation capacity, industrial structure, infrastructure investment is significant. Therefore, it is necessary to conspend the impact of the financial transparency of the regional business environment from many aspects.

4. Analysis of Empirical results

4.1. Fixed effect panel model results

With the transparency of fiscal transparency, the business environment is established by the variable to establish a fixed panel regression model and perform heterogeneity test. The regression results are shown in Table 2. As can be seen from the (1) to (6) columns, most of the financial transparency can still be found in the 5% confidence level by gradually joining the control variables, and the coefficients are positive and the factors are 0.150 to 0.286. between. This indicates that fiscal transparency has a positive impact on the injury environment, that is, the financial transparency is 1%, the business environment will improve 0.150% to 0.286%. At the same time, it can also be found that there is also a forward impact on economic development, economic external direction, and regional innovation ability and business environment. That is to say, with the level of economic development, external openness, regional innovation ability, business environment It will be greatly improved. However, there is a reverse impact between human cost and fixed asset investment and business environment. The possible reason is that the increase in the per capita salary willcupy the government funds to squeeze the government's tax concessions or financ squeeze out enterprise innovation space, and similarly, fixed asset investment is due to longer periodic, construction cycle Long, the amount of occupied funds will also ocial subsidies for improving the business environment, resulting in weakening the regional government's competitiveness, which in turn affects regional business environment.

Table 2 Fixed panel regression results

	(1)	(2)	(3)	(4)	(5)	(6)
	ys	ys	ys	ys	ys	ys
cz	0.286***	0.150**	0.0547	0.163***	0.154***	0.230***
	(0.0405)	(0.0564)	(0.0494)	(0.0473)	(0.0452)	(0.0506)
lnpgdp		0.345***	0.547***	0.353***	0.0394***	0.0560***
		(0.0178)	(0.0222)	(0.0294)	(0.00603)	(0.00638)
lnwage			-0.383***	-0.286***	-0.0855*	-0.241***
			(0.0316)	(0.0311)	(0.0347)	(0.0345)
fig				-0.110*	-0.112*	-0.209***
				(0.0536)	(0.0509)	(0.0571)
tra					0.981***	-0.0462
					(0.101)	(0.0311)
cx						0.873***
						(0.0971)
_cons	0.539	0.192***	3.996***	2.975***	1.075**	2.684***
	(0.0509)	(0.0251)	(0.315)	(0.317)	(0.364)	(0.364)

N	310	310	310	310	310	310
r2	0.855	0.573	0.711	0.771	0.747	0.731
FE	YES	YES	YES	YES	YES	YES

Note: *, **, *** are shown in 10%, 5%, and 1% levels of significance.

4.2. Regional heterogeneity test

Through Table 1 We can find that there is a large difference in regional differences, and it can be seen from Table 2, and the impact of fiscal transparency to business environments With the addition of economic development, innovation capabilities, the influence factor fluctuates greatly. Therefore, in order to further study the impact of fiscal transparency on regional business environment, this paper is divided into east, medium and western three regions in accordance with the Classification Standards of the National Bureau of Statistics, and the test results are shown in Table 3. It can be seen that fiscal transparency is significantly higher from the eastern region to improve the business environment. This is mainly due to the central part of the company, and the government information is publicly available. Environment such as investment is conducive to enterprises to do a good job of medium- and long strategic planning, and do the enormous environment. The western region is also significantly higher than the central region, from the real start, although there is a disadvantage in the western region, infrastructure and other disadvantages, but due to the attraction of government tax concessions or financial subsidies, the company has set up companies in the western region. This improves the level of marketization in the region, compared to the Eastern and Western, the central region, due to policy concessions, corporate types, etc. It can still be seen that the fiscal transparency is impact on the regional business environment. Thus, this paper verifies the establishment of hypothesis 1.

Table 3 Regional heterogeneous test regression

	East Region	Central Region	West Region
	ys	ys	ys
cz	0.280*** (6.52)	0.218*** (4.44)	0.234** (2.04)
lnpgdp	0.408*** (0.0484)	-0.158*** (0.0391)	0.235*** (0.0534)
lnwage	-2.024*** (0.558)	4.013*** (0.519)	-2.695*** (0.654)
fig	0.0206 (0.0634)	0.0107 (0.0524)	-0.224* (0.0890)
cx	0.265** (0.0871)	0.764*** (0.147)	2.267*** (0.272)
tra	0.481*** (0.201)	0.430* (0.331)	0.209* (0.213)
_cons	4.800*** (1.274)	-8.870*** (1.185)	6.090*** (1.543)
N	110	80	120

r2	0.816	0.675	0.681
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Note: *, **, *** are shown in 10%, 5%, and 1% levels of significance.

4.3. Intermediary Effect Test

Reference Wang Shujie et al. (2020) Constructs a Mediation Effect Model With Regional Innovation Capabilities, And ITS Model Is As Follows:

$$\begin{cases} y_{sit} = \alpha + bc_{zit} + e_1 \\ cx_{it} = \alpha + ac_{zit} + e_2 \\ y_{sit} = \alpha + b'c_{zit} + acx_{it} + e_3 \end{cases} \quad (2)$$

The model test results are shown in Table 4, and the factors of regional innovation capabilities and fiscal transparency are inspected by a 1% significance level, which proves that there is an indirect impact. This shows that the financial transparency improves the regional business environment through regional innovation capabilities. The financial transparency increases by 1%, through regional innovation ability is 0.287% of the regional market, and the intermediary effect is 39.8%. That is, fiscal transparency helps enterprises to stabilize, and companies are more willing to engage in Innovation Activities, Thus Improving Marketization, And Improving Business Environments. This Also Verifier The Establish in Hypothesis 2 and Hypothesis 3.

Table 4 Intermediary effect of regional innovation ability

	(1)	(2)	(3)
	ys	cx	ys
cz	0.323***	0.257***	0.287***
	(0.0397)	(0.0398)	(0.0683)
cx			0.398***
			(0.0576)
Control	yes	yes	yes
_cons	0.540***	0.301***	0.119***
	(0.0253)	(0.0148)	(0.0227)
N	310	310	310
R2	0.855	0.740	0.683

Note: *, **, *** are shown in 10%, 5%, and 1% levels of significance.

5. Conclusions and Suggestions

This paper analyzes the relationship between fiscal transparency and business environment by fixed panel effect and intermediary effect model: First, the financial transparency enhancement has improved the regional business environment. That is, the financial transparency is 1%, and the regional business environment is 0.286%. The second is that the financial transparency is due to the different levels of economic development, openness, human cost, and fixed asset investment, etc. have heterogeneity. Among them, the improvement of financial transparency to the eastern and western business environment is significantly higher than in the middle. The third is that the financial transparency will improve the business environment by enhancing regional innovation capabilities. That is, the financial transparency is 1%, and the business environment will improve 0.287%, and the regional innovation capacity is 39.8%.

Based on the above discovery, this paper believes that the local government will improve the regional business environment in the future: First, timely and moderately carry out government financial fund information disclosure, stable enterprise expectations. Timely information disclosure helps companies can prepare the future business environment in advance, develop medium- and long strategic planning, reduce business risks, expand the development of re-producing or conduct long-term research and development activities, and promote innovation. The second is that the regional government information can be made in uniform form, such as publication time, information disclosure, information disclosure, etc., as much as possible, as far as possible, the difference between regional economic development is caused by regional economic development. The third is to promote the transparency of the financial transparency to improve the business environment by improving the innovation ability of corporate innovation. Local governments have improved policy concessions and propaganda efforts to invest in R & D activities such as enterprises, improve technical levels, and improve fiscal transparency, and create a good atmosphere of corporate innovation, and improve the business environment.

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