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Sector-Specific Practices of Account Receivables in the Shanghai Stock Market

Fayziyeva Munisa Sharofiddin Kizi[1], Alfira Sofia[2], Ida Farida Adi Prawira[3] , Yusupov Komaliddin Bakhtiyor Ugli[4]
[1]Student Double Degree UPI-TSUE, [2,3]Universitas Pendidikan Indonesia, [4]Tashkent State University of Economics

A B S T R A C T

This study investigates the relationship between Price Close and Accounts Receivable (A/R) across five economic sectors: Technology, Consumer Cyclicals, Healthcare, Basic Materials, and Energy. A 2023 dataset of sector-specific financial metrics was analyzed using regression techniques to assess the impact of stock price movements on receivables management, with sector-specific coefficients calculated to explore distinct credit practices across industries. The results show a moderate positive correlation between Price Close and A/R, indicating that higher stock prices generally correspond with larger receivable balances. Regression analysis reveals that the Energy sector exhibits the most substantial coefficient, reflecting sensitivity to market valuation. In comparison, the Technology sector shows a tied to growth-oriented credit policies. The aggregate model explains the variance in A/R, emphasizing the sector-specific nature of this financial relationship. The findings enrich our understanding of how stock market performance influences corporate credit strategies and provide actionable insights for stakeholders in managing credit risks and aligning financial strategies with market conditions. This research uniquely emphasizes sector-specific variations in the linkage between stock prices and receivables management, offering a nuanced perspective on financial behavior and underlining the importance of contextualizing financial metrics within industry-specific frameworks. Future studies should expand the dataset and incorporate additional variables to comprehensively capture external influences.

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A B S T R A K

Studi ini menyelidiki hubungan antara Harga Penutupan (Price Close) dan Piutang Usaha (A/R) di lima sektor ekonomi: Teknologi, Barang Konsumen Siklis, Kesehatan, Bahan Dasar, dan Energi. Dataset tahun 2023 yang berisi metrik keuangan spesifik sektor dianalisis menggunakan teknik regresi untuk menilai dampak pergerakan harga saham terhadap manajemen piutang. Koefisien spesifik sektor dihitung untuk mengeksplorasi perbedaan praktik kredit di berbagai industri. Hasil penelitian menunjukkan adanya korelasi positif sedang antara Harga Penutupan dan A/R, yang mengindikasikan bahwa harga saham yang lebih tinggi umumnya berkaitan dengan saldo piutang yang lebih besar. Analisis regresi mengungkapkan bahwa sektor Energi memiliki koefisien terbesar, mencerminkan sensitivitas terhadap valuasi pasar. Sebagai perbandingan, sektor Teknologi menunjukkan hubungan yang terkait dengan kebijakan kredit berbasis pertumbuhan. Model agregat menjelaskan variansi dalam A/R, menekankan sifat spesifik sektor dalam hubungan keuangan ini. Temuan ini memperkaya pemahaman tentang bagaimana kinerja pasar saham mempengaruhi strategi kredit korporasi serta memberikan

Kata kunci:
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wawasan yang dapat diterapkan oleh para pemangku kepentingan dalam mengelola risiko kredit dan menyelaraskan strategi keuangan dengan kondisi pasar. Penelitian ini secara unik menyoroti variasi spesifik sektor dalam keterkaitan antara harga saham dan manajemen piutang, menawarkan perspektif yang lebih mendalam mengenai perilaku keuangan serta menekankan pentingnya mengontekstualisasikan metrik keuangan dalam kerangka industri tertentu. Studi mendatang disarankan untuk memperluas dataset dan memasukkan variabel tambahan guna menangkap pengaruh eksternal secara lebih komprehensif.

INTRODUCTION

In modern financial markets, stock prices are widely regarded as indicators of a company's market value and growth prospects. These prices reflect investor sentiment and market confidence, influencing internal financial management strategies such as liquidity and credit policies (Fama, 1970; Baker & Wurgler, 2006). Among corporate financial components, Accounts Receivable (A/R) plays a pivotal role in determining a firm's operational cash flow, credit management practices, and overall financial health (Hill et al., 2010). Representing the credit extended to customers for goods or services, A/R is critical for assessing a firm’s liquidity and creditworthiness (Petersen & Rajan, 1997). Stock price movements, often measured through indicators like Price Close, are hypothesized to influence company financial behavior, such as the propensity to extend or limit credit (Welch, 2004; Myers & Majluf, 1984).

Despite significant research on the impact of stock prices on investment and financing decisions (Kaplan & Zingales, 1997; Almeida & Campello, 2007), limited studies have explored their influence on A/R across economic sectors. This gap is notable given that A/R directly affects cash flow, liquidity, and profitability—factors critical to day-to-day operations (Deloof, 2003). Understanding how market valuation shapes credit extension strategies is essential for sector-specific financial planning (Love et al., 2007). Moreover, examining this relationship provides valuable insights into the interplay between external market dynamics and internal credit practices, which remain underexplored in financial literature (Chung et al., 1998).

This study focuses on five key economic sectors—Technology, Consumer Cyclicals, Healthcare, Basic Materials, and Energy—selected for their distinct financial structures and reliance on credit. For instance, the Technology sector, characterized by rapid innovation cycles, emphasizes growth-oriented credit policies (Gompers & Lerner, 2001), while the Energy sector is shaped by market confidence in commodity prices and long-term contracts (Kilian & Park, 2009). Analyzing these diverse sectors allows for a robust investigation of the linkage between Price Close and A/R, accounting for industry-specific factors.

The primary objectives of this research are to evaluate the overall relationship between Price Close and A/R, identify sectoral variations in this relationship, and provide actionable insights for stakeholders. By adopting a sector-specific perspective, this study bridges the gap between market behavior and corporate finance, highlighting how market confidence influences credit policies (Berger & Udell, 1995; Campello et al., 2010). It aims to provide a nuanced understanding of how external variables, such as stock prices, shape internal financial decisions, contributing to the literature and offering guidance for managers, investors, and policymakers to align their strategies with sectoral trends and market conditions.

LITERATURE REVIEW

The theoretical foundation of this study is grounded in corporate finance theories that examine the relationship between market valuation and internal financial decisions. Stock prices, often regarded as indicators of a company's market value, reflect investor sentiment and market confidence, influencing financial strategies such as credit policies (Fama, 1970; Baker & Wurgler, 2006). The concept of Accounts Receivable (A/R) plays a pivotal role in this dynamic, representing the credit extended by companies to their customers. A/R is critical for maintaining liquidity and operational cash flow, making it a vital measure of financial health and creditworthiness (Hill et al., 2010; Petersen & Rajan, 1997).

Previous studies have explored the broader implications of stock prices on corporate behavior, such as investment decisions and financial constraints (Kaplan & Zingales, 1997; Almeida & Campello, 2007). However, limited research has focused on how stock price movements influence A/R, particularly across different sectors. Welch (2004) and Myers and Majluf (1984) highlighted that rising stock prices often boost market confidence, encouraging companies to extend more credit, while declining prices lead to conservative credit policies to mitigate risk. This highlights the potential for stock prices to act as a predictor of credit extension behaviors.

Sector-specific variations further underscore the need for a focused examination of the Price Close-A/R relationship. Studies like those by Love et al. (2007) emphasized the interplay between market valuation and credit strategies in determining sector-specific financial practices. For instance, the Technology sector is characterized by growth-oriented credit policies due to rapid innovation cycles (Gompers & Lerner, 2001), while the Energy sector is more reliant on commodity prices and long-term contracts (Kilian & Park, 2009). These distinctions emphasize the importance of contextualizing financial metrics within industry-specific frameworks.

This study extends the existing literature by addressing the gap in understanding the relationship between stock prices and A/R across key economic sectors. Using regression analysis, it provides a theoretical framework for evaluating sector-specific variations in credit policies influenced by market valuation. By linking market behavior to corporate finance, this study aims to develop a nuanced perspective on how external variables shape internal financial strategies, ultimately contributing to a deeper understanding of sector-specific credit management dynamics.

RESEARCH METHODOLOGY

This study employs a quantitative research design to examine the relationship between stock prices (Price Close) and Accounts Receivable (A/R) across five key economic sectors: Technology, Consumer Cyclicals, Healthcare, Basic Materials, and Energy. The research relies on secondary data sourced from publicly available financial reports of companies listed on the Shanghai Stock Exchange, ensuring the integrity and relevance of the dataset. The study is conducted within the context of 2023, providing a focused temporal scope to capture recent financial dynamics.

The dataset includes two primary variables: Price Close, representing the closing stock price in USD, and Accounts Receivable (A/R), reflecting total trade receivables in USD. Sector classifications were applied to account for differences in financial practices and operational dynamics across industries. Companies with incomplete or missing data were excluded to maintain the dataset's reliability and validity.

Data collection followed a structured approach, focusing on publicly available reports to compile financial metrics for analysis. The analytical process involved three key steps. First, descriptive

statistics were calculated to summarize the central tendencies, variability, and distribution characteristics of the variables. Second, Pearson's correlation coefficient was used to measure the linear relationship between Price Close and A/R, offering initial insights into their association. Third, regression analysis was employed to evaluate the impact of Price Close on A/R. Both an aggregate model and sector-specific models were developed to identify variations in financial behavior across industries.

All analyses were performed using Excel, with robust statistical techniques to ensure precision and reliability. This methodology provides a comprehensive framework for understanding the interplay between stock price movements and receivables management, offering insights into sector-specific financial practices.

RESULT AND DISCUSSION

The relationship between Price Close (0CY, USD) and Accounts Receivable (A/R) across various economic sectors reveals significant insights into how stock price movements influence corporate receivables. The analysis integrates descriptive statistics, correlation measures, and regression modeling to provide a comprehensive understanding of this relationship. These findings highlight the interaction between market valuation and internal financial practices, both in aggregate terms and within specific sectors.

The descriptive statistics, summarized in Table 1, show substantial variability in Price Close and A/R. Price Close exhibits a mean of approximately 1.67 USD and a range of 27.69 USD, reflecting significant differences across observations. Accounts Receivable, meanwhile, has a mean of 245.64 million USD, with a highly skewed distribution and a maximum value exceeding 9.22 billion USD. The high kurtosis and skewness values in both variables indicate non-normal distributions, underlining the importance of a sector-specific analysis to effectively account for these variations.

Table 1: Descriptive Statistics for Key Variables

Price Close (0CY, USD)		**Account & Notes Receivable - Trade - Gross - Total (0FY, FY0, USD)**	
Mean	1,670628266	Mean	245635735,4
Standard Error	0,091328283	Standard Error	31489359,47
Median	1,128518696	Median	90751274,75
Mode	0,845332357	Mode	N/A
Standard Deviation	2,023699571	Standard Deviation	697757595,4
Sample Variance	4,095359955	Sample Variance	4,86866E+17
Kurtosis	68,54558215	Kurtosis	76,6209412
Skewness	6,632059871	Skewness	7,850425585
Range	27,69449689	Range	9220747290
Minimum	0,201470878	Minimum	368548,2333
Maximum	27,89596776	Maximum	9221115839
Sum	820,2784785	Sum	1,20607E+11
Count	491	Count	491

Source: Data compiled from publicly available financial reports of SSE-listed companies

The correlation analysis, presented in Table 2, demonstrates a moderate positive linear relationship (r = 0.522) between Price Close and A/R. This finding aligns with existing theories

suggesting that companies with higher stock prices are more likely to extend credit, driven by increased market confidence. Conversely, firms may restrict credit policies when stock prices decline as a precautionary measure against financial risks.

Table 2: Correlation Between Price Close and A/R

	Price Close (0CY, USD)	**Account & Notes Receivable - Trade - Gross - Total (0FY, FY0, USD)**
Price Close (0CY, USD)	1	0,522226
Account & Notes Receivable - Trade - Gross - Total (0FY, FY0, USD)	0,522226	1

Source: Data compiled from publicly available financial reports of SSE-listed companies

Regression analysis provides deeper insights, as outlined in Table 3. At the aggregate level, Price Close significantly predicts A/R, explaining approximately 27.27% of its variance. The regression coefficient indicates that a $1 increase in Price Close corresponds to an increase of approximately $180.06 million in A/R. These results confirm the significance of Price Close as a predictor of Accounts

Regression Statistics	
Multiple R	0,522226191
R Square	0,272720194
Adjusted R Square	0,271232914
Standard Error	595660700
Observations	491

	df	**SS**	**MS**	**F**	**Significance F**
Regression	1	6,50613E+19	6,50613E+19	183,3684558	1,05415E-35
Residual	489	1,73503E+20	3,54812E+17		
Total	490	2,38564E+20			

	Coefficients	**Standard Error**	**t Stat**	**P-value**	**Lower 95%**	**Upper 95%**	**Lower 95,0%**	**Upper 95,0%**
Intercept	-55177545,7	34872775,89	-1,582252754	0,114238411	-123696520,1	13341428,74	-123696520,1	13341428,74
Price Close (0CY, USD)	180059973,4	13297036,71	13,54136093	1,05415E-35	153933595,6	206186351,2	153933595,6	206186351,2

Receivable, emphasizing its role in shaping corporate credit policies.

Table 3: Regression Analysis of A/R on Price Close

Source: Data compiled from publicly available financial reports of SSE-listed companies

Sector-specific differences, detailed in Table 4, further underscore the variability of this relationship. The Energy sector exhibits the strongest coefficient ($290.42 million), reflecting its reliance on market valuation to drive credit practices. The Technology sector, with a coefficient of $117.0 million, highlights the influence of growth-oriented strategies linked to innovation cycles. Other sectors, such as Consumer Cyclicals and Healthcare, demonstrate moderate positive relationships. Conversely, sectors like Consumer Non-Cyclicals and Utilities show weaker or statistically insignificant associations, likely due to stable operational cycles and lower reliance on market-driven credit strategies.

Table 4: Sector-Specific Regression Analysis of A/R on Price Close

		Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Price Close (0CY, USD)	Academic & Educational Services	26787142,9	153836992,3	0,174126798	0,890247842	-1927897177	1981471462
	Consumer Cyclicals	248551455,5	18427523,09	13,48805557	1,16499E-24	212013081,3	285089829,8
	Basic Materials	35668371,89	20508128,94	1,739230917	0,085199539	-5039942,312	76376686,09
	Consumer Non-Cyclicals	-1708450,652	5149014,367	-0,331801492	0,741771486	-12114996,87	8698095,57
	Energy	290423090,5	51269580,15	5,664627829	7,8147E-06	184607877,7	396238303,2
	Financials	-230405113,2	167075888,3	-1,379044669	0,226377422	-199077130,5	659887356,9
	Healthcare	162675516,7	53912367,85	3,017406269	0,003911884	54541000,82	270810032,7
	Technology	72210496,52	38057796,57	1,897390365	0,059806554	-3022574,124	147443567,2
	Utilities	-1029410016	2988561059	-0,344450053	0,742259824	-8342155490	6283335458

Source: Data compiled from publicly available financial reports of SSE-listed companies

These results emphasize the importance of contextual factors in understanding the financial behavior of different industries. Growth-oriented and capital-intensive sectors leverage market conditions to extend credit, while stable sectors prioritize risk mitigation and liquidity. This sectoral variability suggests that a one-size-fits-all approach to analyzing the relationship between stock prices and receivables may overlook critical nuances.

The findings have practical implications for corporate managers, investors, and policymakers. Managers can align credit policies with market conditions to optimize liquidity and mitigate risks. Policymakers might use these insights to design sector-specific regulations aimed at stabilizing credit markets. Despite its contributions, the study is limited by its focus on data from 2023, restricting generalizability across economic cycles. Future research should expand the temporal scope and incorporate additional variables to capture external influences, such as macroeconomic conditions and regulatory policies.

CONCLUSION

This study confirms the significant influence of Price Close (0CY, USD) on Accounts Receivable (A/R), demonstrating the interconnectedness between stock market performance and corporate credit management. The moderate positive correlation and robust regression results reveal that higher stock prices often correspond with increased receivables, emphasizing the role of market confidence in shaping credit policies. Sector-specific variations underscore the unique dynamics within industries, with Consumer Cyclicals and Energy sectors showing strong positive relationships, driven by their sensitivity to market conditions. Conversely, Consumer Non-Cyclicals and Utilities display weaker or insignificant relationships, reflecting their reliance on stable cash flows rather than market-driven fluctuations.

By comparing these findings with prior research, this study contributes to the understanding of how market valuation influences credit strategies. Previous studies have explored the broad implications of stock prices on investment decisions; however, this research uniquely highlights their impact on A/R across sectors, offering novel insights into industry-specific credit behaviors. The observation of outliers and sectoral variability also provides a fresh perspective on the diverse financial practices within the corporate landscape.

The findings of this study provide practical implications for managers, investors, and policymakers. Managers can leverage these insights to align credit policies with market conditions, optimizing liquidity and mitigating risks. Policymakers, on the other hand, may design sector-specific regulations to address potential vulnerabilities arising from market-driven credit expansions. Despite its contributions, the study is limited to 2023 data, necessitating caution when generalizing across economic cycles. Future research should incorporate longitudinal data and external variables, such as macroeconomic conditions, to deepen the understanding of stock price influences on receivables management. This study lays the groundwork for further exploration into the complex interplay between market valuation and corporate financial behavior.

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