

Research on the Corporate Governance Evaluation of State-Owned Enterprises under the Mixed Ownership Reform

Lingyi Li

Business School, Chengdu University, Chengdu 610106, China.

Abstract: This paper analyzes the necessity of constructing the evaluation system of corporate governance of state-owned enterprises, systematically sorts out the relevant literature on corporate governance evaluation in recent years at home and abroad based on the background of mixed ownership reform of state-owned enterprises. The evaluation system adds dimension indicators such as strategic investors, classification reform and competition neutrality on the basis of existing indicators focusing on the two core tasks of the competitiveness of state-owned enterprises and the maintenance and appreciation of state-owned assets. It constructs the evaluation index system of corporate governance that is more suitable for the institutional background and governance environment of state-owned enterprises, so as to provide evaluation basis for improving the practice of corporate governance of state-owned enterprises.

Keywords: Mixed Ownership Reform; State-Owned Enterprise; Corporate Governance Evaluation; Evaluation Index System

1. Introduction

This paper analyzes the necessity of constructing corporate governance evaluation system of state-owned enterprises, and systematically sorts out the relevant literature of corporate governance evaluation at home and abroad in recent years. At the same time, focusing on the two core tasks of the competitiveness of state-owned enterprises and the maintenance and appreciation of state-owned assets, this paper adds dimension indicators such as strategic investors, classification reform and competition neutrality to the existing index system, and constructs an evaluation index system of corporate governance that is more suitable for the institutional background and governance environment of state-owned enterprises, so as to provide an evaluation basis for improving the corporate governance practice of state-owned enterprises.

2. Literature review

2.1 Research Content of Corporate Governance Evaluation System

As for the content of the evaluation system, according to the specific content of the evaluation elements, it can be summarized into two categories: single element evaluation and comprehensive element evaluation, among which the comprehensive element evaluation is mainly divided into internal governance mechanism and external governance environment.

Since Jackson Martindel first proposed the board of directors performance analysis method in 1950, around the single characteristic factors affecting corporate governance, scholars at home and abroad have constructed the board of directors governance evaluation index system, stakeholder evaluation system, the board of supervisors governance evaluation index system, managers governance evaluation index and investor relations management evaluation index system. Comprehensive factor evaluation is from the overall perspective, combined with external governance elements and internal governance elements, comprehensive corporate governance elements to evaluate.

Starting from the internal governance mechanism, Pei Wuwei focused on four dimensions : shareholders, board of directors, financial transparency and information disclosure^[2]. The Corporate Governance Research Center of Nankai University founded the corporate governance index of Chinese listed companies (CCGINK) . The index system included six dimensions : board governance, manager governance, shareholder governance, board governance, stakeholder governance and information disclosure^[2].

Based on the background of mixed ownership reform, Du Yuanchao and others constructed the evaluation system of state-owned enterprise governance ability, including equity structure, external social responsibility, risk control and information disclosure ^[8]. Li Weixian and others have built a green governance evaluation index system of listed companies from the four dimensions of mechanism, structure, responsibility and efficiency based on the concept of green development^[9].

2.2 Research Methods of Corporate Governance Evaluation System

Scholars usually construct the evaluation index of corporate governance from different perspectives, and then determine the weight of the index. The research methods of evaluation system are mainly reflected in the determination of index weight, such as expert evaluation method, multi-level analysis method, grey correlation analysis method, etc.

Bai Chongen and others empirically tested the correlation between market value and the governance effect of Chinese listed companies, and constructed a comprehensive indicator (G indicator) to measure its governance effect by using principal component analysis^[9].

Li Hanjun and Zhang Junxi used principal component analysis to calculate a series of shareholding ratio reflecting the degree of equity balance and the proportion of internal directors reflecting the level of board governance as a corporate governance index (IG) to reflect the level of corporate governance^[9].

Starting from the particularity of corporate governance of mixed ownership enterprises, Xia Xin et al. buildde a corporate governance index system with the help of DEA data envelopment analysis model to measure the efficiency of corporate governance efficiency of mixed ownership enterprises^[14].

By combing the relevant literature, it can be found that the research results on corporate governance evaluation system at home and abroad are further enriched, and the focus is gradually shifted from single element characteristics to both external and internal element characteristics, and the research methods gradually change from simple methods to complex and multiple methods. Although the research perspective is more rich and the focus is more differentiated, its main content is similar. At present, the evaluation objects are mainly for listed companies, and the evaluation system does not fully reflect its application situation.

There are few studies on the evaluation of corporate governance of state-owned enterprises, especially in the context of mixed ownership reform. Therefore, in view of the particularity of corporate governance of state-owned enterprises, this paper attempts to construct an evaluation index system of corporate governance based on mixed ownership reform.

3. Corporate governance index system of state-owned enterprises

3.1 Necessity of Corporate Governance Evaluation of State-owned Enterprises under Mixed Ownership Reform

A set of scientific and perfect corporate governance evaluation system can not only help companies grasp their own governance status, timely adjust the corporate governance structure and governance mechanism . At the same time, it can provide investors with reference information, helps investors make investment decisions. The key to evaluation is how to

evaluate, and evaluation must rely on evaluation indicators, so the scientific formulation of evaluation indicators is the primary task of corporate governance evaluation.

State-owned enterprises play an important role in the rapid and stable development of China's economy. However, in recent years, the efficiency of state-owned enterprises has decreased, the vitality has weakened, and the risk has increased due to the adverse effects of economic environment and other factors. Therefore, the state is vigorously promoting the reform of state-owned enterprises to improve their operation efficiency and the governance efficiency of state-owned enterprises, and enhance the vitality of state-owned enterprises. Practice has proved that the effective combination of mixed ownership reform and corporate governance can promote the efficiency of state-owned enterprise governance ; however, some enterprises have poor governance effectiveness due to the imperfect corporate governance structure and governance mechanism.

However, the existing corporate governance evaluation indexes for ordinary listed companies do not fully consider the difference between state-owned enterprises and private enterprises, the special governance environment of state-owned enterprises and the background of mixed ownership reform, which determines that the existing corporate governance evaluation system cannot be directly transplanted to evaluate it. Therefore, it is necessary to explore how to establish a set of corporate governance evaluation index system based on mixed ownership reform to evaluate state-owned enterprises, so as to improve the governance efficiency of state-owned enterprises.

3.2 Characteristics of corporate governance evaluation of state-owned enterprises under the background of mixed ownership reform

3.2.1 Classification reform

The industries that are fully competitive and played by the market mechanism, and the second is the people's livelihood and provide public goods and social services, called public welfare.

In view of the differences in the functions of commercial and public welfare state-owned enterprises, the focus of mixed ownership reform is different, and the governance objectives are also different. However, the existing corporate governance evaluation system does not classify state-owned enterprises according to their functions. Since most public welfare state-owned enterprises are monopoly industries, the reform objectives mainly focus on fairness and efficiency, and the intensity and depth of the reform is not as good as that of commercial state-owned enterprises. Based on this, this paper mainly aims at commercial state-owned enterprises to build state-owned enterprise corporate governance evaluation system.

3.2.2 Competitive neutrality

Whether the business environment of enterprises with different ownerships has achieved fair competition and whether it conforms to the principle of competitive neutrality are important factors affecting the governance level of state-owned enterprises and private enterprises. At the same time, the requirements for competition neutrality are also different in the classification reform of state-owned enterprises. The principle of competitive neutrality applies only to the commercial activities of state-owned enterprises.

3.2.3 Multi-level integrated development of mixed-ownership reform participants

When carrying out the mixed ownership reform, state-owned enterprises should consider the development space after the combination of capital, consider the characteristics of the industry, the status of the value chain and the business

development. Only when the introduced strategic investors and the state-owned enterprises are highly compatible in terms of matching degree, coordination, and sense of identity, can a good mixed reform effect be guaranteed.

On the one hand, we should pay attention to resource matching and business synergy. Specifically, it refers to whether the resources owned by the mixed reform participants can complement each other to create greater value for the enterprise, and whether the business of the mixed reform participants can coordinate to promote the extension of the enterprise value chain. On the other hand, attention should be paid to the value identity, which refers to whether investors have a strong willingness to participate and whether they have a value concept of common development after the combination of property rights and capital.

At the same time, it is necessary to take into account the core interests of the mixed reform participants, define a clear share proportion distribution, establish a clear capital entry and exit mechanism, and improve the protection mechanism of investors' interests in the distribution of interests.

4. Conclusion

The evaluation of corporate governance of state-owned enterprises is a rich complex system. In the future, the evaluation of corporate governance of state-owned enterprises can be broken through in the following three directions: (1) How should the governance evaluation factors of state-owned enterprises with Chinese characteristics be reflected? At present, state-owned enterprises have established the legal governance status of the Party committee. How to reflect the influence of the Party organization on the corporate governance effect in the index system, and how to fully reflect the superiority of the socialist system with Chinese characteristics in it? (2) The corporate governance objectives of state-owned enterprises need to achieve green governance. Although green governance cannot bring short-term profits, it helps to enhance the long-term value of enterprises. Therefore, how to use specific quantifiable indicators to reflect the level of corporate green governance such as energy conservation, emission reduction of three wastes, resource recycling and environmental information disclosure in the evaluation index system? (3) How should the multi-layer coupling effect between various corporate governance mechanisms be reflected? the index system formed by the simple arrangement and combination of a series of characteristics and factors of corporate governance. This will inevitably ignore the substitution effect, synergistic effect and multi-layer coupling effect between various corporate governance mechanisms to a certain extent, and these problems will be further studied deeply.

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