

Study on the Impact of Mixed Ownership Reform on the Performance of State-owned Enterprises

Shan Zhu^{1,*}

¹*School of Management, Shanghai University, Shanghai 200444, China*

**Corresponding author*

Abstract: *Based on 2013-2019 state-owned listed companies as samples, and from the aspects of ownership structure and top management, examine the influence of mixed ownership reform of state-owned listed companies performance, the results showed that the mixed ownership significantly promoted the reform of state-owned enterprise performance, and non-state-owned capital by appointed director of the senior management mode to promote the performance of state-owned enterprises effect is more obvious than ownership; In addition, it is also found that compared with SOEs with stronger government intervention, the improvement effect of mixed-ownership reform on SOEs' performance is more significant in SOEs with weaker government intervention.*

Keywords: *mixed ownership reform, performance of state-owned enterprises, government intervention*

1. Introduction

The mixed ownership reform of state-owned enterprises is in the same vein as the shareholding reform and corporate transformation of state-owned enterprises in the 1990s, aiming to introduce capital other than state-owned capital and promote the diversified development of equity [1]. Before the reform of state-owned enterprises is through the form of administrative instruction in direct adjustment, it in promoting the construction of modern enterprise system of state-owned enterprises and the perfection of supervision mechanism and so on has obtained the good effect, however, because of "insider control", "owner absence", such as the existence of the problem, state-owned enterprises implement the social production and the efficiency of resource allocation activities showing a decrease trend[2]. With the comprehensive deepening and development of reform, a new round of mixed ownership has emerged, one of the fundamental purposes of which is to promote the preservation and appreciation of state-owned capital.

Based on this purpose, this paper believes that under the background of mixed ownership reform, there are two urgent issues to be addressed as follows: First, how to further release the vitality of state-owned enterprises through mixed ownership reform? The other is how to effectively protect the rights of non-state-owned property rights and non-state-owned capital shareholders.

2. Theoretical analysis and research hypothesis

2.1 Mixed ownership reform and performance of state-owned enterprises

Based on the rational man hypothesis of western economics, non-state-owned shareholders have a strong incentive to supervise the management of state-owned enterprises and improve the internal control system in order to reduce investment risks and recover investment costs as soon as possible, so as to avoid the encroachment of interests. Of course, the effective implementation and implementation of the internal control system is conducive to the improvement of enterprise performance[3]. Therefore, the deeper the mixed ownership reform is, the more likely non-state-owned shareholders are to supervise managers[4], which is more conducive to reducing managers' opportunity behaviors and alleviating the first type of principal-agent problem. At the same time, with the increase of non-state-owned shareholders' shareholding ratio, a situation of coexistence and mutual checks and balances will be formed among several major shareholders. For the sake of their own interests, the struggle for control among major shareholders will restrain the encroachment of major shareholders. In the mixed-ownership ownership structure, the moderate control struggle between the non-state-owned shareholders and the state-owned shareholders can reduce the moral hazard of the controlling shareholders seeking personal gains and

alleviate the agency problem between the major shareholders and the small shareholders. Visible, non-state-owned capital can from different angles to the performance of state-owned enterprises play a governance role. Based on this, this paper puts forward the following hypotheses:

H1: Other conditions remain unchanged. Mixed ownership reform can effectively improve the performance of state-owned enterprises.

2.2 Influence of government intervention

On the one hand, government intervention will make SOEs undertake targets other than profitability, which will affect the effectiveness of non-state-owned capital's participation in corporate governance[5]. On the other hand, the strong government intervention may squeeze the non-state-owned capital to participate in corporate governance, initiative and effectiveness of the supervision and management, the non-state-owned capital is more difficult to shake the influence of the state-owned capital in the state-owned enterprises and non-state-owned capital even through equity ownership structure and top management is difficult to ease the absence of owners and management control[6]. Therefore, the strength of government intervention affects the effect of mixed ownership reform on the performance of state-owned enterprises. Based on this, the following hypotheses are proposed:

H2: Under certain other conditions, compared with SOEs with stronger government intervention, mixed-ownership reform plays a more significant role in improving the performance of SOEs with weaker government intervention.

3. The empirical research

3.1 Sample selection and data source selection

This paper takes the balance panel data of Chinese A-share listed companies from 2013 to 2019 as samples. The data is from CSMAR, WIND and RESSET.

3.2 The empirical model

In order to test Hypothesis 1 and verify the overall impact of mixed-ownership reform on the performance of state-owned enterprises, this paper constructs Model (1). The specific model is as follows:

$$Mava = \alpha_0 + \alpha_1 Nonsoe + \alpha_2 Size + \alpha_3 Lev + \alpha_4 Growth + \alpha_5 Age + \alpha_6 Ind + \alpha_7 Board + \alpha_8 Dual + \alpha_9 Industry + \alpha_{10} Year + \varepsilon_1 \quad (1)$$

Where,

Mava = Performance of state-owned enterprises

Nonsoe = The degree of mixed ownership reform

The rest are related control variables.

In order to test Hypothesis 2 and verify the impact of government intervention on the relationship between mixed ownership reform and performance of state-owned enterprises, this paper introduces the moderating variable government intervention on the basis of Model (1) and constructs the interaction term between mixed ownership reform and government intervention. Model (2) is designed as follows:

$$Mava = \alpha_0 + \alpha_1 Nonsoe + \alpha_2 Gov + \alpha_3 NonsoeXGov + \alpha_4 Size + \alpha_5 Lev + \alpha_6 Growth + \alpha_7 Age + \alpha_8 Ind + \alpha_9 Board + \alpha_{10} Dual + \alpha_{11} Industry + \alpha_{12} Year + \varepsilon_1 \quad (2)$$

4. Results and discussion

4.1 Mixed ownership reform and performance of state-owned enterprises

Columns (1) and (2) in Table 1 reports the results of the benchmark regression. It can be seen from

the regression results that the proportion of shares held by non-state-owned shareholders and the proportion of directors appointed by non-state-owned shareholders have a positive impact on the performance of state-owned enterprises at the 1% level. It shows that the mixed ownership reform can play a positive role in the performance of state-owned enterprises no matter in the level of ownership structure or in the level of high-level governance.

4.2 Moderating effect of government intervention

Columns (3) and (4) in Table 1 reports the results of Hypothesis 2 and confirms the impact of mixed ownership reform on the performance of state-owned enterprises when the government intervenes differently. The results show that both the ownership structure and the high-level governance level, the multiplier coefficient of mixed ownership reform and government intervention is significantly positive, indicating that the reduction of government intervention intensity can effectively promote the effect of mixed ownership reform on the performance of SOEs. So hypothesis 2 is true.

Table 1: Experimental data of sensor measurement accuracy

Variables	(1)	(2)	(3)	(4)
	Mava	Mava	Mava	Mava
Shrnonsoe	0.019*** (3.67)		0.012** (2.14)	
Dnonsoe		0.028*** (3.75)		0.017* (1.66)
Gov			0.000 (0.66)	0.000 (1.48)
ShrnonsoeXGov			0.002** (2.35)	
DnonsoeXGov				0.004* (1.67)
Size	0.014*** (18.12)	0.014*** (18.34)	0.015*** (23.39)	0.015*** (23.73)
Lev	-0.068*** (-14.64)	-0.069*** (-14.77)	-0.071*** (-19.37)	-0.072*** (-19.59)
Growth	0.009*** (5.90)	0.009*** (6.20)	0.010*** (8.47)	0.010*** (8.82)
Age	0.002 (0.41)	0.002 (0.47)	-0.002 (-0.54)	-0.001 (-0.49)
Ind	-0.039*** (-2.86)	-0.037*** (-2.66)	-0.037*** (-3.32)	-0.035*** (-3.15)
Board	0.005 (0.95)	0.006 (1.12)	0.010** (2.29)	0.010** (2.40)
Dual	-0.004* (-1.82)	-0.004* (-1.72)	-0.005*** (-2.89)	-0.005*** (-2.65)
Constant	-0.310*** (-13.36)	-0.316*** (-13.63)	-0.311*** (-16.82)	-0.317*** (-17.14)
Observations	4,708	4,708	4708	4708
Adjusted R ²	0.166	0.166	0.176	0.176

5. Conclusion

Based on 2013-2019 state-owned listed companies as samples, and from the aspects of ownership structure and top management, examine the influence of mixed ownership reform of state-owned listed companies performance, the results showed that the mixed ownership significantly promoted the reform of state-owned enterprise performance, and non-state-owned capital by appointed director of the senior management mode to promote the performance of state-owned enterprises effect is more obvious than ownership; In addition, it is also found that compared with SOEs with stronger government intervention, the improvement effect of mixed-ownership reform on SOEs' performance is more significant in SOEs with weaker government intervention.

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