Research on the Impact of Party Organization Embedding on the Corporate Environmental Performance

Qi Kang

School of Business, Xi’an International Studies University, Xi’an, China, 710128

Abstract: The party organization’s participation in the governance of state-owned enterprises can affect corporate environmental performance. First of all, in terms of stakeholders' theories, enterprises should not pursue the interests of shareholders in the traditional sense, but to maximize the overall interests of stakeholders. As a special group in China’s corporate governance, the party organization has the right to participate in the decision of major environmental matters on the corporate. At the same time, the party organization urges enterprises to support the policies of the party, play an important role in supervising the environmental performance of the enterprise, and then maintain the overall interests of the stakeholders. Secondly, under the framework of organizational legitimacy, the party organization embedded mainly through the supervision effect and checks and balance effects to improve the environmental performance of the enterprise. Therefore, this paper studies the relationship between party organizations participating in the governance of state-owned enterprises and corporate environmental performance. This paper argues that the "two-way entry" of the party organization has a positive correlation with the corporate environmental performance, that is, the higher the "two-way entry" of party organizations participating in the governance of state-owned enterprises, the higher the environmental performance of state-owned enterprises will be improved accordingly. Also, after further robustness tests, this conclusion is still established.

Keywords: Party organization embedding; Corporate environmental performance; Corporate governance

1. Introduction

1.1 Research Background

For more than ten years of reform and opening-up, China’s economy has developed rapidly. The extensive development model is more about excessive consumption and environmental pollution of resources. China’s state-owned heavy pollution enterprises are both the basis of economic growth and the main body of environmental problems. Out of the goal of sustainable development, heavy pollution companies should pay more attention to environmental protection, but in fact they ignore environmental performance while pursuing short-term financial performance. Facing the increasingly severe environmental situation, as part of the pillar of China's economy, state-owned heavy pollution enterprises should take economic performance and pollution control as the common goal of sustainable development.

On the one hand, as the government continues to incorporate the economic development ideas of environmental protection, energy conservation and emission reduction into the government work report, and the environmental protection demands of various stakeholders such as government supervision, public opinion, and media attention, enterprises began to realize the importance of protecting the environment in the production process. Its effectiveness of environmental pollution prevention and resource utilization not only is related to stakeholders, but also can win reputation and obtain consumer support for themselves. In the end, it is closely related to its own economic benefits. However, many reality shows that the effectiveness of ecological civilization with internal regulation is limited.

On the other hand, in the company’s internal governance, there are many differences between the Chinese company governance model and the Western corporate governance model. The more typical is the embedding of the party organization. State-owned enterprise party organization governance refers to participating in the company’s major decisions through the "two-way entry" way. The overall work
of the party building requires the core and political position of party organizations in state-owned enterprises. It can participate in the operating decision-making of state-owned enterprises in the “two-way entry” manner. It is an organic component of the governance structure of state-owned enterprises.

Then, state-owned enterprises are facing dual constraints from the government and the market, and they are dual responsibilities of political and economical. The party organization, which is an external force from the government, is embedded in the company’s governance to cooperate with other corporate governance subjects to enhance the environmental performance of the enterprise. It needs to be further discussed.

1.2 Research Significance

1.2.1 Theoretical Significance

The existing research focuses on the governance effects of party organization embedded in financial violations, corporate social responsibility, and information disclosure. From the perspective of party organization embedding, the theory of other behaviors of enterprises is very rich. However, there are few studies to consider its impact on corporate environmental performance. In China, the state-owned economy occupies a dominant position, and the political system of the unity of party and government determines that the core position of the party organization’s leadership among state-owned enterprises cannot be shaken. Therefore, this article analyzes the impact of party organization embedded on corporate environmental performance. Not only does it make up for the existing research on the embedded of party organizations to pay less attention to the lack of corporate environmental performance, but also enrich and expand the research of party organization embedded in corporate behavior.

1.2.2 Practical Significance

Firstly, in reality, people have mixed roles of the party organizations in enterprises, especially in the practice community usually hold a negative point of view of this, and believe that the party organization only plays an ideological role, and even has some interference on actual operations. In the enterprise, there is a waste of resources. However, this paper finds that the party organization is embedded in the company to improve the environmental performance by exerting supervision and checks and balance effects. This conclusion not only helps the correct understanding of the party organization embedded in the company in practice, but also helps the policy maker and the practical community to have a correct understanding and positioning of party organizations.

Secondly, “Constitution of the Communist Party of China” gives the party organization into the legal status within the company. Enterprises can make adjustments to the internal party organization system design to improve their environmental performance. At the same time, it provides potential paths to improve the current situation of environmental governance and further strengthen environmental monitoring.

Finally, the conclusions of the embedding of party organizations can enhance the environmental performance of corporate and enable enterprises to adjust the party building system to implement the idea of strictly governing the party, thereby improving the level of party organization construction and further improving environmental performance. The conclusion of this paper enables the majority of enterprises to contribute to environmental protection and party building, and promote high-quality economic development of the national economy.

2. Literature Review

2.1 Research on the Impact of Party Organization Embedding on Corporate Behavior

2.1.1 Research on the Impact of Party Organization Embedding on Corporate Financial Behavior

From the perspective of curbing the financial violations of enterprises, the embedded of the party organization has significantly suppressed the financial violations of private enterprises (Zheng Dengjin et al., 2020)[1]. From the perspective of curbing the enterprise earnings management, the greater the influence of the party organization, the lower the level of enterprise earnings management (Zheng Dengjin et al., 2020)[1]. Participating in corporate governance through "two-way entry" and "cross appointment " can significantly suppress state-owned listed companies in terms of surplus management
and real surplus management (Cheng Haiyan, 2020)[2].

2.1.2 Research on the Impact of Party Organization Embedding on Corporate Social Responsibility Behavior

The embedding of party organizations can also significantly improve the level of corporate social responsibility (Yu Lianchao, 2019)[3]. The existence of party organizations has significantly increased the investment in pollution, environmental protection pollution costs, and public welfare undertakings (Xu Guangwei et al., 2019)[4].

2.1.3 Research on the Impact of Party Organization Embedding on Corporate Information Disclosure Behavior

After working on the board of directors, supervisors, and executives of the party organization members, member of the party organization has greatly promoted the improvement of information transparency (Mao Zhihong et al., 2020)[5]; Party organizations embedded in the board of directors and party organizations into the supervisory committee to significantly improve the level of corporate environmental information disclosure, but the embedded management of party organizations cannot significantly promote it (Yu Lianchao, 2019)[6].

2.2 Research on Influencing Factors of Corporate Environmental Performance

2.2.1 Research of Corporate Governance Factors on Corporate Environmental Performance

Zahra et al. (1989) found that the size of the board of directors has a positive impact on environmental performance[7]. Members of long-distance environmental strategies in the large-scale board will make more rational decisions, which will help promote the environmental performance of the enterprise. Zhou Hui and Deng Shu (2017) studied the relationship between executive salary and environmental performance based on agency theory. The results showed that the two had a U-shaped relationship[8].

2.2.2 Research of Manager Characteristics of the Environmental Performance of Corporate

Ruegger & King (1992) found that older managers have a social responsibility orientation than young managers, so they have stronger moral awareness and more concerned about the ethics of the company in the environment. They has a strong sense of environmental responsibility[9]. Zou Hailiang et al. (2018) studies found that the chain relationship of the board of directors can bring external resources to the enterprise and improve the environmental performance[10].

2.2.3 Research on the environmental performance of corporate based on organizational legitimacy

Menguc et al. (2010) found that as the government’s environmental supervision strengthened, the level of corporate environmental performance was improved[11]. In addition, Shen Hongtao and Zhou Yankun (2017) believe that the interview system of the Ministry of Environmental Protection gives environmental protection supervision pressure, which can effectively improve the environmental performance of enterprises in the interview[12]. Ma Lina et al. (2018) believe that with the proper supervision and incentives of environmental protection design, the level of environmental performance of the enterprise can achieve exceeding their own expectations[13].

In summary, it can be seen that the embedded governance of the party organization has different impacts on corporate finance, social responsibility commitment, and information disclosure behavior. For the research on factors affecting corporate environmental performance, previous paper shows that corporate governance, managerial characteristics, and organizational legitimacy all affect corporate environmental performance.

At present, there are few research on the embedded of party organizations to study its role in improving corporate environmental performance. Therefore, related research needs to be further expanded and deepened, which also provides an opportunity for the research of this paper.

3. Theoretical Basis and Research Hypothesis

3.1 The theory of Stakeholders

The theory of stakeholders believes that enterprises are consolidated by shareholders, employees, government and other stakeholders. The company should not pursue to maximize shareholders’ interest,
but to maximize the overall interests of the stakeholders. With the increasingly stringent environmental regulations and legal systems and environmental protection policies, the requirements of environmental interests on the environmental performance of the enterprise are also rising, the environmental performance is closely linked to the profit level, and the economic interests of the stakeholders such as investors and other interests are affected.

However, the improvement of environmental performance often pays some economic benefits, resulting in insufficient motivation for enterprises to improve environmental performance. This is inseparable from the unique supervision power of the party organization in China, which just makes up for this shortcoming. The embedded of the party organization can effectively exert the supervision effect to improve the environmental performance of the enterprise, and correct the acts of violations of environmental laws and regulations and policies in order to profit. While reducing corporate risks, it improves the environmental performance level of the enterprise and meets the demands of relevant environmental interests.

3.2 The theory of Legitimacy

Based on the theory of legitimacy, the party organization has the right to participate in major decisions of the company based on the requirements of the "Constitution of the Communist Party of China", supervise the implementation of the party and the country’s policy and policy, and has a legal status in governance structure.

On the one hand, the embedding of the party organization has strengthened the awareness of corporate environmental policy and improves environmental legitimacy. The embedding of the party organization has strengthened the awareness of corporate environmental policy and improves environmental legitimacy. Members of party organizations enter the board of directors to participate in decision-making, directly affect the board structure, and internalize the political goals through the decision-making of the board into the operating goals, and immediately call the bill that is contrary to political principles or is not conducive to corporate development.

On the other hand, after the party organization is embedded, the environmental values of the enterprise will be shaped in the process of decision-making, supervision and implementation, improving their moral legitimacy, promoting environmental performance, and catering to the environmental demands and economic interests of the stakeholders (Yu Lianchao, 2019)[3]. Therefore, based on the above theory, party members joining the board can bring the advantages of supervision and checks and balances from both individual and organizational aspects, thereby improving the environmental performance of enterprises. At the same time, among the motives that affect the environmental performance of enterprises, the members of the party organization have a certain dominant position. Accordingly, this paper proposes the following hypothesis:

H1: The party organization enters the board of directors to participate in corporate governance through the "two-way entry", which is conducive to improving the environmental performance of the corporate.

4. Research Design

4.1 Sample Selection and Data Source

This article is based on the 2017-2019 state-owned listed company as the primaries. In this paper, mining, agricultural and sideline food processing industry, food and beverage industry, textile industry, wood and furniture manufacturing, paper and printing industry, pharmaceutical industry, metal and non-metal industry, petrochemical plastics industry and water, electricity and gas industry are selected as the samples of heavy pollution industries according to the Ministry of Environmental Protection’s Classification Management Directory of Listed Companies’ Environmental Protection Verification Industry and the industry classification of China Securities Regulatory Commission.

In this paper, the initial samples are screened as follows: (1) Collect and sort out the sewage fee data in the "overhead expenses" in the annual report manually, and exclude the data that did not disclose the sewage fee. (2) Manually searched and consulted the directors’ appointment information in the annual reports and web pages of listed companies, sorted out the list of party members and formed the indicator data of the explanatory variable "two-way entry". (3) Excluded ST, *ST and other listed companies with abnormal operating conditions. Delete the sample of missing values. In order to
eliminate the influence of extreme values, the continuous variables were reduced at the level of 1% and 99%. In the end, a total of 184 research data were obtained.

The obtaining data is mainly through the following channels: (1) Environmental performance data, from the listed company disclosed the sewage fee data in the annual report note; Operating income data comes from the operating income data in the financial statement in CSMAR. (2) The data in the party organization comes from CSMAR, corporate annual reports, Baidu search, company website etc. (3) Other data from the CSMAR.

4.2 Variable definition and model settings

4.2.1 Explained variables

Explained variables: CEP (Corporate Environment Performance) indicates corporate environmental performance. At present, the research of domestic scholars’ measurement of environmental performance mainly includes based on the performance of listed companies in terms of environmental performance, such as environmental awards, environmental punishment, and environmental information disclosure to build an environmental performance of an evaluation indicator to measure the enterprise. Some researchers choose three aspects to build an environmental performance index system to comprehensively reflect the level of corporate environmental performance (Chen Xuan et al., 2013)[14], and some researchers choose ten indicators to build systems to measure the environmental performance of the enterprise (Liu Beibei et al., 2019)[15]. However, these indicators constitute the projects and assignments of different values, and there are large differences in the caliber, and there are certain human subjectivity (Hu Quying, 2012) [16]. Or some scholars evaluate the company’s environmental performance by disclosing environmental information in the annual report of the enterprise or social responsibility report, the environmental rewards obtained by the enterprise, and the company’s environmental protection behavior (Tang Guoping et al. 2019, Xu Liping et al., 2018)[17][18], but this method is quite subjective. This article draws on Huqu Ying et al. (2012) to evaluate the corporate environmental performance, and use the operating income sewage fee of enterprise units as the rating indicator[16]. The unit’s operating income sewage fee is essentially a negative reflection of the environmental performance of the enterprise, which can greatly feedback the corporate environmental performance. The lower the unit’s operating income sewage fee, the better the pollution control effect of the enterprise, and the higher the environmental performance. Measurement formula for environmental performance: CEP = Ln (sewage fee / Ln(operating income )).

Explanation variables are embedded in party organizations (PartyA). The methods of current literature measured by party organizations mainly include: Firstly, “two-way entry”, that is, whether members of party organizations participate in the board of directors, supervisors, management governance. The proportion of members of the party organization in the board of directors, the board of supervisors, and management is used to measure the embedding of the party organization. (Cheng Haiyan et al., 2020, Chen Shihua, etc., 2014)[2][19]. Secondly, ”cross-term”, that is, whether the party committee secretary also serves as chairman, supervisor or general manager at the same time, is 1, whether it is 0(Yan Ruosen et al., 2019)[20]. This article draws on the research methods of Chen Shihua and Lu Changchong (2014) to measure the embedding of the party organization with the number of members of the party organization as a member of the board of directors[19].

<table>
<thead>
<tr>
<th>Variable name</th>
<th>Variable symbol</th>
<th>Variable description</th>
<th>Variable measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Explained variable</td>
<td>cep</td>
<td>Corporate environmental performance</td>
<td>Ln(sewage fee / Ln(operating income ))</td>
</tr>
<tr>
<td>Exploratory variable</td>
<td>partyA</td>
<td>Two-way entry</td>
<td>Ln(number of members of the party organization and also the members of the board of directors)</td>
</tr>
<tr>
<td>Control variable</td>
<td>sep</td>
<td>Separateness of two rights</td>
<td>The control ratio of the listed company owned by the actual controller of the enterprise minus the difference between the ownership ratio</td>
</tr>
<tr>
<td></td>
<td>indratio</td>
<td>Independent director ratio</td>
<td>Number of boards divide the Number of independent directors</td>
</tr>
<tr>
<td></td>
<td>dual</td>
<td>Combination of two rights</td>
<td>Virtual variable, when the chairman is the general manager, the value is 1, otherwise it will be 0.</td>
</tr>
<tr>
<td></td>
<td>growth</td>
<td>Corporate growth</td>
<td>The amount of the previous period of operating income divide the amount of operating income this period minus the amount of the previous year.</td>
</tr>
</tbody>
</table>

Control variables. This article draws on the relevant research of Shen Hongtao, Zhou Yankun, Wang Bing, etc. (2017)[21], and controls the following variables: separateness of two rights (sep),...
independent director ratio (indratio), two positions in one position (dual), corporate growth (growth). For the specific definition and measurement method of the above variables, see Table 1.

4.2.2 Model settings

On the basis of the above assumptions and variables, a diversified regression model of the panel data is established for the test assumption:

$$cep_{i,t} = \beta_0 + \beta_1partyA_{i,t} + \beta_2indratio_{i,t} + \beta_3dual_{i,t} + \beta_4sep_{i,t} + \varepsilon_{i,t}$$  \hspace{1cm} (1)

In the above model, variable cep represents the company’s environmental performance. Variable partyA represents the “two-way entry” of party organizations. Variable indratio represents independent director ratio. Variable dual represents combination of two rights. Variable growth represents corporate growth. The symbol of \(\beta_0\) is the constant item. The symbol of \(\beta_i\) is the coefficient of each variable. The symbol of \(\varepsilon_{i,t}\) is a random error item. Symbol i represents each sample company. The symbol of t represents the year.

5. Empirical Results Analysis

5.1 Description statistics

Table 2 shows the descriptive statistical results. Firstly, the average value of corporate environmental performance (CEP) is 0.64. It indicates that the average value of sample enterprises accounted for 64% of the proportion of operating income. The median of corporate environmental performance (CEP) is 0.662, the minimum value is 0.314, and the maximum value is 0.829. The average and median value of environmental performance is high. The standard difference between corporate environmental performance (CEP) is 0.100. This shows that there are certain differences in the environmental performance of state-owned heavy pollution enterprises, and the overall environmental performance is poor. Secondly, the average value of the party organization “Two-way entry” (partyA) is 1.675, the minimum value is 0.693, and the maximum value is 2.639. This shows that most enterprises have the situation of the party organization embedded in the board. The number of overlap people is at the average level. Thirdly, the average value of the two positions (dual) is 0.128. This shows that the average independent director ratio (indratio) is 0.376 and the median is 0.353. This shows that independent directors in the board of directors in the sample account for an average of 37.6%. The standard difference between corporate growth (growth) is 0.386, the maximum value is 2.856, the minimum value is -0.390, and the average value is 0.202. This shows that the development capacity of state-owned heavy pollution enterprises is uneven.

The standard deviation of the standard difference between the separateness of two rights (sep), the combination of two rights (dual), independent director ratio (indratio) and the corporate growth (growth) are all less than 1,000, and the volatility of the variables is small. Because the sample company belongs to the same industry, the samples of listed companies in the state-owned heavy pollution industry are relatively balanced on the control variables, and the differences are not large.

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>mean</th>
<th>sd</th>
<th>p50</th>
<th>min</th>
<th>max</th>
</tr>
</thead>
<tbody>
<tr>
<td>cep</td>
<td>184</td>
<td>0.640</td>
<td>0.100</td>
<td>0.662</td>
<td>0.314</td>
<td>0.829</td>
</tr>
<tr>
<td>partyA</td>
<td>184</td>
<td>1.675</td>
<td>0.436</td>
<td>1.792</td>
<td>0.693</td>
<td>2.639</td>
</tr>
<tr>
<td>sep</td>
<td>184</td>
<td>0.064</td>
<td>0.082</td>
<td>0.000</td>
<td>0.000</td>
<td>0.281</td>
</tr>
<tr>
<td>dual</td>
<td>180</td>
<td>0.128</td>
<td>0.335</td>
<td>0.000</td>
<td>0.000</td>
<td>1.000</td>
</tr>
<tr>
<td>indratio</td>
<td>184</td>
<td>0.376</td>
<td>0.060</td>
<td>0.353</td>
<td>0.333</td>
<td>0.571</td>
</tr>
<tr>
<td>growth</td>
<td>184</td>
<td>0.202</td>
<td>0.386</td>
<td>0.126</td>
<td>-0.390</td>
<td>2.856</td>
</tr>
</tbody>
</table>

5.2 Analysis of correlation

Table 3 reports the Pearson correlation coefficient between variables. The party organization’s "two-way entry" (partyA) is significantly negatively related to the level of corporate environmental performance (cep). This shows that the more the members of the party organization have entered the board of directors to participate in corporate governance without controlling other factors, the lower the environmental performance variables of the enterprise, and the better the company’s environmental
performance. Therefore, the relationship between the "two-way entry" and environmental performance of the party organization has been preliminary verification. In addition, the correlation between the interpretation variables and control variables, control variables, and control variables in the model is less than 0.3, indicating that the model does not have serious multiple common linear problems.

Table 3: Correlation analysis results

<table>
<thead>
<tr>
<th>Variable</th>
<th>cep</th>
<th>partA</th>
<th>indratio</th>
<th>dual</th>
<th>sep</th>
<th>growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>cep</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>partA</td>
<td>-0.16*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>indratio</td>
<td>-0.07</td>
<td>-0.27*</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>dual</td>
<td>0.09</td>
<td>-0.07</td>
<td>0.07</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>sep</td>
<td>-0.02</td>
<td>-0.05</td>
<td>0.00</td>
<td>-0.11</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>growth</td>
<td>-0.06</td>
<td>0.08</td>
<td>-0.06</td>
<td>-0.09</td>
<td>-0.06</td>
<td>1</td>
</tr>
</tbody>
</table>

***, **, and * mean that the value is significant at the level of 1%, 5%, and 10%, respectively.

5.3 Analysis of statistical regression results

Based on the model (4.1), this article combines the cep, partyA, and the control variable sep, indratio, and dual into the model for statistical regression. Table 4 reports the impact of the party organization's "two-way entry" on the environmental performance of the enterprise. The following conclusions can be obtained: (1) The statistical regression coefficient in columns in Table 4 shows that partyA and cep are significantly negatively related to the level of 5%, indicating that the embedding of the party organization is significantly negatively related to the sewage fee of the unit's operating income. The higher the degree of embedding of the party organization, the better the corporate environmental performance, that is, when the members of the party organization of the state-owned heavy pollution of listed companies enter the board of directors, the participation of the board will significantly improve the level of environmental performance of the enterprise. Therefore, assuming H1 is verified.

Table 4 also shows that indratio of the control variable is significantly negatively related to the cep at 10%. It shows that the greater the proportion of independent directors in the board of directors of the enterprise, the lower the level of corporate environmental performance. The regression coefficient of the dual and the cep is positive. The regression coefficient of the sep and the cep is negative, but neither is not significant.

In addition, it can be seen from the table that two R square values are 0.0485 and 0.0267, which indicates that the model interpretation variables have a certain explanation for the explanatory variable. Through testing with related experimental data, the models had high fitting degree and applicability.

Table 4: Party Organization Embedded and Corporate Environmental Performance

<table>
<thead>
<tr>
<th>Variable</th>
<th>(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>cep</td>
<td>cep</td>
</tr>
<tr>
<td>partyA</td>
<td>-0.0437**</td>
</tr>
<tr>
<td>indratio</td>
<td>-0.223*</td>
</tr>
<tr>
<td>dual</td>
<td>0.0244</td>
</tr>
<tr>
<td>sep</td>
<td>-0.0178</td>
</tr>
<tr>
<td>Constant</td>
<td>0.796***</td>
</tr>
<tr>
<td>Observations</td>
<td>180</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.0485</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.0267</td>
</tr>
</tbody>
</table>

***, **, and * mean that the value is significant at the level of 1%, 5%, and 10%, respectively.

5.4 Robustness test

In order to test the reliability of the regression conclusion, this article perform the robustness test. This article considers the systemic impact of corporate development capabilities on the environmental
performance of the enterprise, and it may also be caused by the omissions that have not been examined in the empirical research on the previous article. Thus, this article also tested the impact of corporate growth on environmental performance, and add growth as a control variable to the previous empirical model (4. 1). The result is shown in Table 5 After joining the corporate growth as a control variable, the party organization’s "two-way entry" (partyA) is still significantly related to the corporate environmental performance (cep), and the empirical results of the previous article are still established.

Table 5: Robustness Test Result

<table>
<thead>
<tr>
<th>Variable</th>
<th>(1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>cep</td>
<td>-0.0431**</td>
</tr>
<tr>
<td>partyA</td>
<td>(-2.46)</td>
</tr>
<tr>
<td>indratio</td>
<td>-0.226*</td>
</tr>
<tr>
<td>dual</td>
<td>0.0311</td>
</tr>
<tr>
<td>sep</td>
<td>-0.0218</td>
</tr>
<tr>
<td>growth</td>
<td>-0.0121</td>
</tr>
<tr>
<td>Constant</td>
<td>0.799***</td>
</tr>
<tr>
<td>Observations</td>
<td>180</td>
</tr>
<tr>
<td>R-squared</td>
<td>0.051</td>
</tr>
<tr>
<td>Adjusted R-squared</td>
<td>0.023</td>
</tr>
</tbody>
</table>

***, ***, and * mean that the value is significant at the level of 1%, 5%, and 10%, respectively.

6. Conclusions and Enlightenment

6.1 Research conclusion

This article uses listed companies in the state-owned heavy pollution industry as a sample. By analyzing the factors of corporate environmental performance and the impact of party organization embedded in enterprises on corporate behavior, on this basis, this article summarizes related research on party organization embedded in corporate governance and corporate environmental performance. On the basis, this article combines the theory of legitimacy theory and stakeholders, then puts forward the hypothesis of the relationship between the two. And through empirical analysis, this article deeply explores the members of the party organization to enter the board of directors to participate in whether the company's governance will improve the final environmental performance of the company. Based on this, the following main conclusions are obtained:

The party organization’s participation in corporate governance and corporate environmental performance is significantly positive. When members of the party organization entered the board of directors, they participated in the process of corporate governance decision-making, and played the role of leadership core and political core, which can effectively integrate the political decision functions of the party organization with the economic decision function of the board of directors, thereby improving the environment of state-owned heavy pollution enterprises. Performance makes it significantly improved. In addition, the conclusion is still established under the control variables that join the growth to further control the development capabilities of different state-owned heavy pollution enterprises.

6.2 Enlightenment

6.2.1 Theoretical enlightenment

In terms of theoretical inspiration, the study of this article improves the theory of the state-owned enterprise party organizations and enriches corporate governance theory with Chinese characteristics. State-owned enterprise party organizations enter the two-way participation governance. It can play leading core and political core role in corporate decision-making, improve the level of corporate governance, and then improve corporate environmental performance. The conclusion of this article has
reduced the negative views of the outside world’s role in state-owned enterprise party organization, and provide a useful proof of the governance role of state-owned enterprise party organizations in the theoretical and practical community.

6.2.2 Realistic enlightenment

In terms of practice, the research conclusions of this article can provide new governance ideas for strengthening my country’s environmental pollution prevention level in the new period. For heavy pollution companies, it is inevitable to cause environmental pollution, but how to improve environmental performance at the existing level and improve the effect of environmental protection governance is a difficult issue.

Through the study of this article, the company can join the external forces of the party organization in the actual governance to integrate the internal governance structure as supervisors and early warningists at the level of environmental performance. It can improve the consciousness of the company’s environmental values and environmental policies, meet the requirements of stakeholders, and promote the level of environmental performance.

References