

Analysis on the Key Points of China's Central Enterprises Promoting the Combination between Industry and Finance

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Abstract: In recent years, the combination of industry and finance has set off a new round of enthusiasm in China. From the international and domestic experience, as long as the risk is properly controlled, the combination of industry and finance is an important way for enterprises to achieve leap-forward development and become bigger and stronger. On the basis of summarizing the development rules of financial business of large-scale industrial groups at home and abroad, this paper puts forward the key points that China's central enterprises need to grasp to develop financial business.

1. Introduction

The combination of industry and finance has been in existence for more than 20 years in China, and there have been ups and downs in the middle. However, in recent years, the combination of industry and finance has set off a new round of enthusiasm in China. The practice of market economy development in developed countries shows that industrial capital and financial capital will inevitably have a process of integration, which is an objective requirement for the most effective allocation of social resources. This kind of integration is beneficial to optimize the regulation effect of national financial policies on the macro level. The micro level is conducive to the rapid flow of industrial capital and improve the efficiency of capital allocation. From the international and domestic experience, as long as the risk is properly controlled, the combination of industry and finance is an important way for enterprises to achieve leap-forward development and become bigger and stronger. According to statistics, more than 80% of the world's top 500 companies have successfully carried out the combination of industrial capital and financial capital. The integration of industrial capital and financial capital has become an irresistible world trend.

2. The Law of the Development of Financial Business of Large Industrial Groups

Industrial groups often use their own financial platforms to control the financial industry as the "engine" or "cash machine" for industrial development to achieve a virtuous circle of "financial dredge blood, industry to provide profits", and play a synergistic effect to improve return on assets. The development of the financial industry of Industrial groups is different from traditional financial companies. It has the following three characteristics.

First, the development of financial business is the demand for the development of large enterprises. The development of financial business of large-scale industrial groups has the following two motives. On the one hand, it adopts diversification strategy to enrich business types, expands enterprise scale, obtains profits and diversifies risks. On the other hand, internalizes financial services originally provided by external financial units. Enterprise management methods can be used to coordinate the allocation of internal resources, reduce transaction costs, and improve efficiency.

Second, according to the development needs, large-scale industrial groups timely adjust the financial business development strategy. With the changes in the internal and external environment, the development strategy of the industrial group has been continuously adjusted, and the financial business development strategy has been effectively optimized and changed, making it more in line with the adjusted industrial group strategy and promoting the Group's better development.

Third, marketization is an important way to achieve a stronger financial business. In the early stage of development, it can rely on the Group to develop its financial business and lay the foundation for market-oriented development. With the expansion of scale and the increase of business volume, in order to become bigger and stronger and establish their leading position in their respective industry fields, financial enterprises must comprehensively improve their comprehensive strength, fully participate in market competition, and obtain a larger market by developing market business. Share.

3. Key Points for Central Enterprises to Develop Financial Business

Investment on of finance China's central enterprise group is relatively strong. According to statistics, about one-third of China's central enterprise groups have carried out different levels of industrial investment finance. At this stage, the central enterprises must grasp the following four key points in developing their financial business.

3.1 Adhere to the Main Business, and Vigorously Promote the Integration of Industry and Finance to Stimulate Production and Coordinate Development.

By increasing the combination between finance and industry, the business collaboration capability between enterprises will be enhanced, the business collaboration operation mechanism and resource allocation mechanism will be improved, the competitiveness of the financial business market and the main business capability of service enterprises will be enhanced, and the interests of enterprises will be maximized. On the basis of serving the leading industry and transformation of the national power investment group, National Power Investment Group strengthens the overall coordinated operation, innovates financial services, and extends the depth and breadth of the combination of industry and finance. The Financial sector provides comprehensive financial services such as financing, fund management, settlement, unified insurance, futures, and investment banking.

3.2 A Clear Management Interface and Business Interface are required.

In terms of clear management interface, a centralized management system combined with hierarchical authorization should be established. Thus, the responsibilities and control points at all levels are clarified, and the efficiency of collaborative work and the vitality of development are enhanced. In specific operations, enterprise groups generally do not directly perform functions on financial enterprises, but fully authorize financial platform companies to conduct control through standardized corporate governance procedures. To clarify the business interface, the cross-cutting business should be standardized and the scope between various financial services within the group should be rationally divided.

3.3 A Market-oriented Employment and Incentive and Restraint Mechanism with Clear Guidance and Incentives in Place Should be established.

Classified management can be implemented, the members of the leading group of the enterprise shall be selected by the headquarters or the financial platform, and the middle management personnel and laborers shall be determined by each enterprise in the case of controlling the total amount. Establish a market-oriented financial enterprise compensation system that is performance-oriented, conforms to the market standards and industry status of each financial institution.

3.4 A Systematic Science and Control Effective Risk Prevention and Control Mechanism Should be established.

Based on the professional management system, with the aim of preventing risks and effective supervision, the central enterprises should continue to improve the risk management system, adhere to compliance, risk and value concepts, effectively standardize various business activities, and promote risk control and risk mitigation capabilities. Specific measures include formulating risk management policies, plans and plans; improving risk management system and risk management processes, setting risk assessment indicators and mechanisms, establishing accountability systems; conducting risk assessment and risk internal control evaluation, strengthening risk monitoring and early warning, and strengthening major decision risk management, etc.

4. Conclusion

Large-scale industrial groups develop financial business for their own needs, and the business become bigger and stronger by participating in market competition. Development strategies of financial business are adjusted according to internal and external situations. At this stage, central enterprises need to grasp the following points in the process of developing financial business. Adhere to the main business, and vigorously promote the integration of industry and finance to stimulate production and coordinate development. A clear management interface and business interface are required. A market-oriented employment and incentive and restraint mechanism with clear guidance and incentives in place should be established. A systematic science and control effective risk prevention and control mechanism should be established.

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