

Research on the integration of party organizations in corporate governance under the mixed reform of state-owned enterprises

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Abstract: The integration of party organizations into corporate governance is the requirement of the times for the reform of state-owned enterprises and an inevitable choice for enterprise development. This paper focuses on the corporate governance behavior of mixed reform enterprises, discusses the impact of the integration of party organizations on the effectiveness of corporate governance under mixed reform, and helps to identify the key points and difficulties.

1. Introduction

In the development of China's overall economy, the status of state-owned enterprises is dominant, because both central and local state-owned enterprises play an important role in supporting economic development. Based on the new changes in the integration of party organizations, how to realize the organic combination of the party's leadership over state-owned enterprises and the modern enterprise system has become the key to the deepening of state-owned enterprises in the new era.

2. Corporate governance mechanism under the mixed reform

2.1. Decision-making mechanisms

Under the existing Chinese state-owned assets management system, the management of people, management and assets are unified, the appointment and removal of the company's board members is completely decided by the company's shareholders, and the governance of the board of directors is reduced to the equity governance behind it. However, after the mixed reform, the profit-seeking nature of non-state-owned shareholders determines that they pay more attention to the company's profitability and operational efficiency, which can greatly improve the current situation of rigid decision-making of enterprises^[1].

2.2. Checks and balances mechanism

Since the Supervisory Board is elected from the general meeting of shareholders, it is likely to be affected by the actions of the controlling shareholders, which greatly reduces its independence. After the mixed reform, the equity was dispersed, and the behavior of state-owned shareholders could be constrained by the non-state-owned shareholders who were introduced, which improved the supervision mechanism of enterprises and established a more complete mechanism of checks and balances^[2].

3. The way in which Party organizations are integrated into corporate governance

3.1. "Two-way entry, cross-appointment"

On the one hand, qualified members of the leading body of a Party organization may enter the board of directors, board of supervisors and managers through legal procedures, and qualified Party members of the board of directors, board of supervisors and managers may enter the leading body

of the Party organization in accordance with relevant regulations and procedures, thereby ensuring that the Party organization can play substantive functions such as personnel appointment and removal power, administrative supervision, etc. On the other hand, members of the managerial level and members of the leading body of the Party organization appropriately cross-serve. In principle, the chairman and general manager are separated, and the secretary of the party organization and the chairman of the board are generally held by one person, thus forming a new type of corporate governance structure combination, which improves the decision-making power and leadership of the enterprise leadership group.

3.2. Participate in decision-making on major business matters

The process of party organizations participating in decision-making is the process by which they play a leading role. Xuexin Liu and others found that after the discussion was pre-implemented, the party committee was able to exercise the veto power of the issue motion to reduce dissent in the board's decision-making process^[3]. At present, it has become a very important way for party organizations to participate in decision-making before discussion at the management level and the board of directors, and at the same time, state-owned enterprises of different scales, different attributes and mixed reform backgrounds are different in terms of selecting party organizations before research and discussion nodes and content.

4. The main results of the integration of party organizations into corporate governance

4.1. Political dimension

As the cornerstone of the national economy, state-owned enterprises play an important role in ensuring the development of the country, shouldering the two major responsibilities of consolidating the foundation of China's national economy and the foundation of the party's governance. For state-owned enterprises after the mixed reform, they must not only have economic attributes, but also have political attributes^[4]. Therefore, the effectiveness of the political dimension is concentrated in mobilizing enterprises to pay attention to and respond to the implementation of national policies.

4.2. Financial dimensions

Mixed reform SOEs need to make a reasonable assessment of their economic conditions, usually with the help of financial indicators combined with the EVA method. Therefore, when the party organization of state-owned enterprises participates in corporate governance, it is also necessary to evaluate the changes in financial performance from the aspects of profitability, solvency and development ability of the enterprise, so as to judge whether it continues to promote the continuous improvement of the economic efficiency of the enterprise.

4.3. Internal management dimensions

The integration of the party organization of mixed reform state-owned enterprises in corporate governance has an obvious role in promoting the internal management level of the company. By participating in major decision-making of enterprises, Party organizations can optimize the salary incentive mechanism. At the same time, it gives full play to its role as a link in implementing the main responsibility, strengthening intra-party supervision, and establishing and improving the internal supervision system of enterprises.

5. Issues that need to be paid attention to when integrating Party organizations into corporate governance

5.1. Quantitative evaluation index system

The quantitative assessment model has effectively promoted the standardization of the integration of party organizations, improved the management level by establishing and improving a

complete branch management system, and also facilitated party organizations to better participate in enterprise decision-making^[5]. As shown by Company A, the evaluation system has a full score of 100 points, and after assigning the overall score of each work, its internal indicators are detailed and assigned to specifically test the effectiveness of the party organization after integrating into corporate governance.(Table1)

Table 1 The Party organization of Company A participates in the construction of the corporate governance system

level 1 indicators	Secondary indicators	Scoring criteria	remark
Party committee governance structure (30 points)	Whether it has legal status	Yes, 10 points; No, 0 points	Measure inlay
	Whether the secretary of the party committee of the company is also the chairman of the board	Yes, 10 points; No, 0 points	Measuring "Two-way entry, cross-appointment"
	The number of concurrently serving party committees and board members / Total number of board members	Not less than 20%, 10 points; Below 20%, 0 points	
Business decision-making process (30 points)	Whether to implement the pre-discussion of the party committee	Yes, 15 points; 1 point will be deducted for each "Three Importance and One Greatness" matter not included	Measure whether party committees are involved in corporate governance
	Whether there is a "Three Importance and One Greatness" decision-making agenda	Yes, 5 points; No, 0 points	Measure whether the participation of party committees in economic decision-making is standardized
	Number of minutes of meetings on agreed matters/Number of "Three Importance and One Greatness" party committees	Above 80%, 10 points; 80%-50%, 5 points; Below 50%, 0 points	
Ideological education work (20 points)	The company's leading cadres meet monthly Number of democratic life meetings	Above 2 times, 10 points; 1 time, 5 points; Less than 1 time, 0 points	Measure the mutual communication of the company's leading cadres, the situation of supervision
	The number of times Party members taught Party classes during the year	Not less than 1 time per person, 5 points; 1 point deducted for failure to carry out	Measure whether the party secretary of the enterprise is personally present carrying out ideological education
	Does the company's official website have it "Open Party Affairs" column	Yes, 5 points; No, 0 points	Measure your own attention and external supervision
Implement normative management (20 points)	Whether a target management assessment plan was formulated during the year	Yes, 10 points; No, 0 points	Measure whether the party committee of the enterprise exercises internal management functions and powers
	Whether integrity inspections are carried out	Yes, 10 points; No, 0 points	

5.2. Optimize and improve the "pre-checklist"

In reality, there is a tendency to leave everything to the party committee and board of directors, and let the party committee and board of directors fall into transactionalism, which is extremely disrespectful to the party committee and board of directors, and is not the original intention, and the scope of the "pre-list" should be clearly defined. In the context of mixed reform, the key to forming a mechanism of corporate governance with coordinated operation and effective checks and balances in state-owned enterprises lies in clarifying the boundaries of rights and responsibilities of each governance entity, and when organizing pre-research and discussion, it is necessary to focus on clarifying the judgment criteria and stimulating the development vitality of enterprises.

6. Conclusion

Party organizations should play their unified and coordinating role in integrating into corporate governance. We should also pay attention to the special nature of mixed reform of state-owned enterprises. With the combination of decision-making at the strategic level and process improvement, it is believed that the integration of party organizations into corporate governance will be more institutionalized and organized in the future.

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