

Original Paper

The Exploration of Corporate Governance on Enterprise Performance from the Perspective of Mixed Reform of State-owned Enterprises

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Abstract

The reform of state-owned enterprises refers to the reform of the organizational structure, operating mechanism, management system and other aspects of state-owned enterprises, aiming to improve the efficiency, competitiveness and innovation ability of state-owned enterprises. With the market economy system in accordance with the spirit of the report of the 20th National Congress of the Communist Party of China, the development of a mixed-ownership economy is the focus of deepening the reform of state-owned enterprises in the new era. Therefore, this paper explores the impact of corporate governance of state-owned enterprises on enterprise performance, in order to provide reference and reference for relevant state-owned enterprises.

Keywords

state-owned enterprise reform, corporate governance, corporate performance

1. Prolegomenon

1.1 Background

In order to meet the needs of the new era and promote the optimization and upgrading of the economic structure, our country has accelerated the pace of state-owned enterprise reform. The reform of mixed ownership of state-owned enterprises is of great practical significance for the study of mixed reform of state-owned enterprises with Chinese characteristics and in line with national conditions. Therefore, it is of great significance to study how to further deepen the reform and accelerate the process of mixed reform of state-owned enterprises to promote the modernization of the national governance system. On the one hand, the mixed reform of state-owned enterprises is conducive to enhancing the vitality of enterprises. On the other hand, the mixed reform of state-owned enterprises is conducive to the organic

integration of public ownership and market economy. If we want to truly achieve the sustainable development of enterprises, we should pay more attention to whether equity reform can trigger the optimization of corporate governance structure and governance mechanism. At present, our country's state-owned enterprises have problems such as imperfect internal governance, and these problems will hinder the development process of state-owned enterprises to a certain extent, so we must pay attention to the role of mixed ownership equity reform. By improving corporate governance, we can achieve the purpose of strengthening state-owned enterprises.

1.2 Research Significance

(1) Theoretical significance

As an important way to improve the socialist ownership structure with Chinese characteristics, the reform process of state-owned enterprise mixed reform is gradual, and with the continuous change of the policy of state-owned enterprise mixed ownership reform and the continuous advancement of reform, this paper analyzes the impact of state-owned enterprise mixed reform on corporate governance level and performance, which can provide certain theoretical support for relevant research.

(2) Practical significance

First of all, the reform of state-owned enterprises itself has strong practical significance. In recent years, the pilot of mixed reform of state-owned enterprises and the three-year action plan for state-owned enterprise reform (2020-2022) have been launched and implemented, and the Party Central Committee with Comrade leader as the core has made major decisions. This paper explores the impact mechanism of mixed reform of state-owned enterprises on the level and performance of corporate governance, and provides practical experience for optimizing the implementation effect of state-owned enterprise reform. Secondly, this paper analyzes the impact of corporate governance on performance, which helps enterprises pay attention to the risks and challenges that may be brought about by this mixed reform method, and provides some reference significance for other state-owned enterprises to help them play a greater role in mixed ownership reform.

1.3 Literature Review

1.3.1 State-owned Enterprises Mixed Reform

In the context of the rapid development of China's economy and market, the reform of mixed ownership is the response of practitioners to the problems of the times. Since the 18th National Congress of the Communist Party of China, the reform of mixed ownership has been accelerated, and the political system of public enterprise reform has gradually taken shape. Of course, the mixed reform still needs to be classified and promoted in layers, Guan Shujiang suggested that state-owned enterprises should be divided into three types of enterprises: competition, functional, and public welfare, and be treated classified and implemented in layers when implementing mixed reform, which is also a landing tactic to achieve mixed reform.

Zheng Zhigang believes that the reform of state-owned enterprises in our country is to transform state-owned enterprises from executors of directive plans to market competition subjects. The

establishment of a modern enterprise system is the direction of state-owned enterprise reform. Qi Haodong, Guo Junchao, Zhu Wei believe that different state-owned enterprises are suitable for different mixed reform methods, through the analysis of the mixed reform process, Zhang Chao chose Baowu China as a case, and put forward his own views: the procedure should be transparent and compliant, the selection of war investment should be appropriate, and the participation of employees should be prudently carried out to avoid the phenomenon of only mixing and not changing.

1.3.2 The Impact of Corporate Governance on Corporate Performance

Chen Qing found that the higher the level of corporate governance, the better the corporate performance of companies by constructing a CGI index system for the governance level of listed companies. From the perspective of various factors of corporate governance, Lappalainen et al. believe that the composition of the board of directors has a crucial impact on corporate performance. Hao Yang and Gong Liutang pointed out that private capital's investment in state-owned enterprises usually uses a salary incentive mechanism to act on enterprise performance, while state-owned capital invests in private enterprises and affects their performance by reducing tax burdens. Garcia Sanchez found that the participation of government shareholders encourages companies to actively fulfill their social responsibilities. Ding Xinfei and Zhao Binbin empirically studied the impact of the leadership composition of state-owned enterprises on enterprise performance under the background of "hybrid reform", and found that social networks weakened the negative impact of "official" leadership on enterprise performance, and at the same time enhanced the positive impact of "market-oriented" executives on company performance. David began to think about the impact of this policy on employees, a stakeholder, after the privatization of state-owned enterprises, which reduced the wages of Brazilian workers by 30 logarithmic points between 1996 and 2000 compared to the control group. In order to estimate the spillover effect of the private sector labor market, he constructed a control group of privatization measures, and finally found that compared with those labor markets that are less affected by privatization, wages in the labor market affected by privatization will decline, which will adversely affect the development of performance. Cai Mingrong and Wang Yihang sorted out and analyzed the data of high-tech industries from 1998 to 2013 by constructing variables, and empirically discussed the impact of mixed reform on the technical efficiency of state-owned enterprises by using the double difference method.

2. Related Concepts and Theories

2.1 Related Concepts

2.1.1 State-owned Enterprises Mixed Reform

In 2015, the State Council officially issued a document on encouraging a mixed ownership economy, and China launched version 1.0 of the state-owned enterprise reform, which is mainly characterized by the mixing of multiple ownerships. The reform of mixed ownership of state-owned enterprises follows the principle of market mechanism, and in accordance with the overall requirements of the

sixteen-character policy put forward by the Central Economic Work Conference, through the introduction of collective capital, non-public capital, foreign capital and other various capital flows into fully state-owned and state-controlled enterprises, the role of state-owned capital is amplified, the efficiency of state-owned capital allocation is improved, and the advantages of various capital complement each other and develop together, so that enterprises can become independent market entities in the true sense, and constantly rejuvenate and enhance core competitiveness in the competition of the market.

2.1.2 Corporate Performance

At present, there are many studies on enterprise performance, mainly focusing on enterprise financial performance, enterprise innovation performance, enterprise business performance, etc. Enterprise financial performance refers to the contribution and work effect of financial personnel in the process of achieving the strategic goals of the enterprise in the daily production and operation activities of the enterprise, and is an important part of the financial management content of the enterprise. By evaluating the financial performance of the enterprise, it is conducive to improving the enthusiasm and work efficiency of the financial personnel of the enterprise. At present, there are two ways to measure enterprise performance. One is to use a comprehensive evaluation system, such as a balanced scorecard, to evaluate the overall performance of the enterprise, while considering multi-dimensional factors. the other is to select a representative element of the enterprise for evaluation, such as enterprise value indicators. Enterprise value indicators mainly focus on the future of enterprises, evaluate the strategic planning, growth and market size of enterprises, including PE, Tobin Q value, etc. are representative indicators. This is uncommon in experimental studies due to the complexity of creating entire rating systems. Relatively speaking, the indicators that are characterized by a representative element of the enterprise are more extensive, and the return on assets (ROA) is easy to obtain and easy to understand intuitively, so it has become a common indicator to measure the performance of the enterprise. On the one hand, ROE (return on equity) is easy to manipulate, which affects the accuracy of the indicator; On the other hand, the requirements of IPO make earnings management more common, which also affects the accuracy of the indicator. Therefore, the measure of enterprise performance in this paper chooses ROA for return on assets.

2.2 Theory

2.2.1 Stakeholder Theory

The management of the company is carried out by balancing the requirements of all stakeholders. In our country, stakeholder management has become a new concept and model, and has been accepted by many enterprises. Compared with traditional shareholder supremacy, in this theory, the growth of all enterprises must rely on the participation or investment of various stakeholders, and the enterprise aims at the overall interest. On the basis of this theory, measuring corporate governance and performance analysis needs to clarify the needs of each stakeholder, and build a complete performance evaluation system based on the conditions of stakeholders' performance measurement, such as a balanced

scorecard. The optimal goal of modern enterprise financial management is to maximize shareholder wealth, and state-owned enterprises can introduce external major shareholders and reconstruct the proportion of the board of directors by introducing strategic investors. The company should recognize the development situation in the context of the industry according to its own development situation, measure the core interests of the company's stakeholders, and develop strategically and strategically under the premise of balancing stakeholders and the company's business objectives to maximize the value of the enterprise.

2.2.2 Principal-agent Theory

In the contract theory of institutional economics, the principal-agent theory occupies a major factor, which means that if the subject makes certain decisions on behalf of the interests of the principal, it constitutes an agency relationship. According to this interpretation, the owner of the company's resources is the principal, and the manager responsible for using such resources is the agent. The principal-agent theory takes a certain incentive and restraint mechanism as the ultimate goal, that is, to maximize the value of the principal by separating ownership from management rights. Therefore, the principal should design some practical and effective systems and measures to incentivize and restrain the agent's behavior, and urge the agent to choose the most beneficial behavior for the client, so as to resolve the conflict between the interests of both parties. The assets of our country's state-owned enterprises are owned by all the people, but it is difficult to be truly owned by individuals, and it is difficult for the central government as a representative to achieve efficient supervision of all state-owned enterprises, so there is a "layer by layer agency" from the central government to the grassroots level, which can easily lead to the distortion of responsibility and information layer by layer, and the "agency problem" of managers is inevitable.

3. Corporate Governance Path in the Context of Mixed Reform of State-owned Enterprises

3.1 Adhere to the Principle of the Party's Leadership over the Enterprise

The Fourth Plenary Session of the 19th Central Committee of the Communist Party of China clearly proposed to deepen the reform of state-owned enterprises and improve the modern enterprise system with Chinese characteristics. Adhering to the party's leadership over state-owned enterprises is a major political principle and a key element in ensuring the modern governance of state-owned enterprises, and must be consistent. And deeply integrate party building with business, and give full play to the leadership role of party organizations. On the one hand, state-owned enterprises should set up party organizations in the corporate governance structure, and the party secretary should hold important positions in the enterprise, and ensure that the party's will implements the business decisions of state-owned enterprises through the "triple and one" system and the list of pre-research matters of party organizations. At the same time, party organizations should strengthen strategic guidance to ensure that the development of state-owned enterprises is consistent with the national development strategy and promote the development of state-owned enterprises in the right direction. On the other hand, with the

establishment of clean state-owned enterprises as the core, we will increase the supervision and management of state-owned enterprise cadres and the construction of political ecology, set up discipline inspection and supervision institutions, persistently correct the "four winds", deepen the fight against corruption and promote integrity, establish and improve the legal system and rules and regulations within the enterprise, operate in accordance with the law, and protect the legitimate rights and interests of enterprises.

3.2 Optimize the Corporate Governance System

First, establish a modern enterprise system. State-owned enterprises may set up a board of directors and a board of supervisors to clarify the decision-making, supervision and management functions of the enterprise to ensure the scientific and rational decision-making of the enterprise. At the same time, the boundaries of the rights and responsibilities of management at all levels should be clarified, so that managers at all levels can play a professional management role in different fields. Second, optimize the power structure. State-owned enterprises should pay attention to avoiding excessive concentration of power, and should achieve power checks and balances through decentralization, coordination and supervision to reduce the possibility of abuse of power. At the same time, the decision-making procedure should be established to make the decision go through reasonable procedures and multi-party discussion, and reduce the arbitrariness of a single decision-maker. Third, introduce a market mechanism. In order to promote equity diversification and promote the market-oriented reform of state-owned enterprises, state-owned enterprises can introduce social capital to reduce direct government intervention in enterprises and improve the degree of marketization of enterprises through equity diversification. Finally, give full play to the role of the board of directors to ensure the independence of board members, avoid conflicts of interest, and make the decisions of the board of directors more objective and fair. At the same time, the scope of discussions on the board of directors should be expanded, focusing not only on economic performance, but also on corporate social responsibility and sustainable development. Through these measures, state-owned enterprises can optimize their internal governance structure and better achieve modern governance. In short, establishing a modern enterprise system, clarifying the enterprise management system, and optimizing the power structure can effectively prevent abuse of power. The introduction of market mechanisms will help enhance the competitiveness of state-owned enterprises; Strengthening the role of the board of directors can realize the scientific and rational internal decision-making. These efforts will help state-owned enterprises better adapt to the requirements of market economic development and improve their comprehensive competitiveness.

3.3 Strengthen the Operation and Management of State-owned Capital

First, state-owned enterprises can optimize the layout of state-owned capital, that is, conduct a comprehensive evaluation of the assets of state-owned enterprises, clarify their value and potential, and provide a basis for optimizing the layout. At the same time, formulate a reasonable strategic layout of state-owned capital according to national industrial policies and market demand to avoid waste of

resources and duplicate construction. Second, establish a budget mechanism for state-owned capital operation. State-owned enterprises can formulate annual, medium- and long-term state-owned capital operation budget plans according to the enterprise development strategy, and clarify the direction and limit of the use of funds. Third, play the role of budget control. State-owned enterprises can establish a budget execution monitoring system to grasp the budget implementation in a timely manner, and adjust and optimize as needed. Finally, set clear state-owned capital investment targets, including return on capital, market share, etc., and adjust them according to market conditions. At the same time, clarify the investment risk tolerance of enterprises, formulate risk control measures, and ensure the rationality and soundness of investment projects. Through the above measures, state-owned enterprises can strengthen the operation and management of state-owned capital, realize the effective allocation and value-added of resources, and improve the competitiveness and comprehensive benefits of state-owned enterprises.

3.4 Use modern Management Methods

First of all, state-owned enterprises can establish a digital management platform to achieve real-time collection, analysis and sharing of data, help management make more accurate decisions, and improve governance efficiency. Secondly, state-owned enterprises can use big data analysis technology to gain an in-depth understanding of market demand, consumer behavior, and competitors, and provide support for enterprises to formulate precise market strategies. Thirdly, artificial intelligence technology is used for predictive analysis, automated decision-making, optimization of production, logistics and marketing, and improvement of decision-making efficiency and accuracy. Finally, state-owned enterprises can introduce modern management concepts, such as lean management, supply chain management, etc. In terms of lean management, state-owned enterprises can apply lean production concepts to optimize production processes and reduce resource waste, thereby improving production efficiency and reducing costs. State-owned enterprises can also establish a supply chain management system to realize the coordination of suppliers, production, distribution and other links, improve the efficiency of resource allocation, and speed up the speed of product launch. In terms of supply chain management, we cooperate with upstream and downstream enterprises to jointly develop new products and technologies to achieve innovation and upgrading of the industrial chain.

3.5 Improve the Efficiency of Internal Communication Within the Enterprise

First, set up a variety of communication channels, such as internal social platforms, online meetings, employee feedback mechanisms, etc., to provide employees with smooth communication channels; Second, hold regular communication meetings, including departmental meetings, team meetings, etc., so that employees at different levels and departments can exchange information and share progress; Third, establish an information transparency system to disclose the development and strategic planning of the enterprise to all employees in a timely manner to enhance their sense of participation. Fourth, introduce digital tools, such as internal communication platforms, instant messaging tools, etc., to break through the limitations of time and space and facilitate employee communication. Fifth, encourage cross-departmental cooperation and set up cross-functional teams to promote information exchange and

knowledge sharing between different departments. Sixth, senior management should actively participate in internal communication, hold open symposiums or Q&A sessions, and respond to employees' concerns. Seventh, establish an employee feedback mechanism to encourage employees to put forward suggestions and opinions, and the management should respond in a timely manner and adopt reasonable suggestions. Through these specific measures, state-owned enterprises can establish a more open, transparent and efficient internal governance system, promote information flow and cooperation, reduce information asymmetry, enhance employees' sense of participation and belonging, and promote sustainable development of enterprises.

3.6 Promote Internal Control Optimization and Differentiated Evaluation

First, state-owned enterprises can establish clear internal control systems and processes, covering finance, risk management, compliance, etc., to standardize enterprise operations. second, clearly assign responsibilities and authority to managers at all levels to avoid abuse of power and concentration of risks; Third, establish a risk identification and assessment mechanism to detect and respond to internal and external risks in a timely manner. Fourth, set up an internal audit department to regularly audit the operation activities of the enterprise and check the implementation of internal control. In terms of differentiated evaluation, state-owned enterprises can take the following measures: first, according to the characteristics and development stage of the enterprise, set differentiated assessment indicators that are in line with reality to avoid one-size-fits-all; second, give greater weight to key performance indicators to ensure that the assessment results can more accurately reflect the actual situation of the enterprise; Third, adopt differentiated evaluation standards for different business departments, fully considering their respective operating environments and characteristics; Fourth, establish a comprehensive evaluation system to comprehensively evaluate indicators such as finance, business, risk, and innovation, and comprehensively measure enterprise performance.

4. Epilogue

The level of corporate governance plays a very important role in the process of the impact of mixed reform of state-owned enterprises on enterprise performance. In the impact of the mixed reform of state-owned enterprises on enterprise performance, the level of corporate governance plays a role. Strategic investors will change the company's equity structure, and they will generally optimize the equity structure after participating in the shares, and the key factor in corporate governance is the optimization of the equity structure and the improvement of the governance mechanism, so this will further have a good impact on corporate performance. The impact of mixed reform of state-owned enterprises on enterprise performance varies at different levels and industries. though Mixed reform is for all state-owned enterprises, but its effect is in central and local state-owned enterprises, competitive industries and monopolies The industry is different, because central enterprises are backed by the state and the government, strategic investors can achieve control The system is extremely limited, so compared with local state-owned enterprises, the effect of mixed ownership reform is not in central

enterprises It's significant. Similarly, because the monopoly industry itself has high monopoly returns, the level of corporate governance is high The improvement brought by improvement to enterprise performance is extremely limited, and the policy effect is also very limited. In order to better integrate state-owned enterprises and private capital, state-owned enterprises should establish a cooperation and mutual assistance mechanism, build cooperation bridges in business activities, carry out business cooperation, and take practical measures to promote the business development of all parties. At the same time, state-owned enterprises should be careful when choosing strategic investors and choose those suitable for their own development. In particular, there should be common characteristics in strategic planning and business activities, and the same goals in strategic development, so that the two sides will be more energetic and enthusiastic in cooperation, and can also make use of each other's advantages and resources to effectively avoid the problem of competition in the same industry. When it comes to the specific mixed reform plan and the ownership structure after the mixed reform, state-owned enterprises should be more cautious and repeatedly deliberate on the proportion of strategic investors to promote the implementation of mixed reform.

5. Revelation

Enterprises should improve the equity structure and governance mechanism to ensure that the total share of state-owned capital remains above 50% after the mixed reform to help avoid disputes over control and equity. The government plays a guiding and regulatory role, and under the general situation of mixed ownership reform of state-owned enterprises in our country, the government plays a leading role in promoting the mixed reform of state-owned enterprises, including formulating relevant policies, guiding and supervising, and comprehensively supervising the mixed reform of state-owned enterprises. In order to allow the government to better play a top-level role in the implementation of the mixed reform of state-owned enterprises, policy enlightenment is put forward from two aspects.

The government should promote the mixed reform of state-owned enterprises according to local conditions and teach students according to their aptitude. Encourage different types of state-owned enterprises to adopt appropriate mixed reform methods, and pay more attention to prudence and prudence in mixed reform at the enterprise level. For example, there are differences between central enterprises and local state-owned enterprises in terms of mixed reform, the main business scope of central state-owned enterprises involves key areas of the national economy, and strategic investors can be used more to achieve business synergy and complementary interests, while local state-owned enterprises are more inclined to carry out property rights reform through the establishment of state-owned business platforms.

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