

Performance Analysis of Enterprise Mixed Ownership Reform from the Perspective of Resource Complementarity

-- A Case Study of the Traditional Chinese Medicine Enterprise in Bozhou City

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Abstract

Under the guidance of the policies and theories of the Communist Party of China and the government of China, the mixed-ownership reform is making solid progress across the country. Chinese President Xi Jinping has stressed that State-owned enterprises and private enterprises 'get together' to 'mix' well. It is becoming increasingly important to strengthen mutual promotion between the state-owned and non-public economies and coordinate their advantages. This project takes the Chinese herbal medicine enterprise in Bozhou as the research object. From the perspective of complementary resources, we will objectively analyze the performance of finance, market and innovation since the implementation of mixed ownership reform, absorb the experience of reform and development, and provide reference for the future development of more enterprises.

Keywords

Mixed Ownership Reform; Resource Complementarity; Chinese Medicine.

1. Introduction

The Third Plenary Session of the 11th Central Committee of the Communist Party opened the mixed ownership reform, the 19th National Congress of the Communist Party of China describes a more grand blueprint, Chinese President Xi Jinping stressed: "to adhere to and improve the basic economic system, enhance the public sector, especially the state-owned economic development vitality, encourage, support, guide the development of the non-public sector of the economy." The research in this article will conform to the historical development trend, pay attention to hot topics, analyze the performance of enterprise mixed system reform from the perspective of complementary resources, and explore new development paths.

2. Research Overview

2.1. Research Background and Significance

Traditional Chinese medicine enterprises in Bozhou City, Anhui Province are rooted in the traditional Chinese medicine industry base and have profound development and accumulation. At the same time, the integration of state-owned enterprises brings the advantages of technical resources, procurement channels and customer resources to these private enterprises.

From the perspective of complementary resources, through the mixed ownership reform, these Chinese herbal medicine enterprises may expect to achieve the goal of "improving value and seeking development", burst out new progress vitality, and achieve steady and quality performance growth.

2.2. Research Status and Literature Review

2.2.1. Classified Reform has Laid the Foundation for Deepening the Mixed-ownership Reform

At present, the mixed ownership reform is progressing steadily. The classified reform is the basis of the reform of state-owned enterprises, which provides the premise for market-oriented and effective operation. Jingzhu Yuan(2019) pointed out that the specific practice of the classification reform is to classify the enterprises according to the different market attributes, taking into account their equity structure, industrial characteristics and development stage as well as a number of practical indicators. Such the classification results can lay a foundation for the mixed ownership reform.

2.2.2. The Actual Application of the Mixed Ownership Reform Mode Should be Determined According to the Situation of Enterprises

In view of the specific practice process of mixed ownership reform, the actual reform mode needs to be adjusted according to the situation of the enterprise itself. Ruilong Yang (2014) believes that the mixed ownership reform model is based on the characteristics of the industry and the nature of the supplied products;Qiliang Liu (2020) stated that the characteristic mixed ownership reform model should be developed according to local conditions, including its own nature and development background.

2.2.3. Mixed Ownership Reform is Gradually Promoted to the Group Company Level

Xiaoyu Xu(2020) put forward that from the specific progress of mixed ownership reform, the last round of mixed ownership reform is mainly focused on the level of secondary and tertiary subsidiaries, and the tide of this round of mixed ownership reform has involved the core business of major state-owned enterprises, and gradually promoted to the level of group companies.

To sum up, most of the current literature only study the general trend and direction of domestic mixed ownership reform in China from the overall level, leading to differences between the specific practice of enterprises and their theories. Although scholars have studied a series of problems such as how to formulate the reform model, how to achieve classified reform and advance to enterprise groups, mostly from the institutional and enterprise nature, but few from the perspective of complementary resources. From the above perspective, this paper will take the traditional Chinese medicine enterprises in Bozhou city as the research object to carry out an in-depth analysis of the performance of the enterprise mixed ownership reform.

3. Case Analysis -- Taking the Chinese Herbal Medicine Enterprises in Bozhou City as an Example

3.1. Analysis Background

On June 1,2018, China Traditional Chinese Medicine Holdings Co. Limited, a state-owned enterprise deeply engaged in the field of traditional Chinese medicine, signed an investment agreement with Bozhou Hongda Herbal Pieces Co., Ltd., and invested 50 million yuan to Hongda Company through equity transfer and capital increase. After the completion of the equity delivery, it will hold 51% of the equity of the company and realize the holding of it. Later, the former Hongda Company was renamed Anhui Fengliaoqing Herbal Pieces Co., Ltd. Based on this background, through field and in-depth investigation and research, this project will analyze the financial performance, market performance and innovation performance of enterprises after the reform, and explore the impact of the mixed ownership reform from the perspective of complementary resources.

3.2. Financial Performance Research

After the reform, the operating performance of Anhui Fengliaoqing Herbal Pieces Co., Ltd has developed well on the whole. The company's assets continue to expand, sales revenue has increased year after year, R&D investment has maintained steady growth, while having achieved a great leap in profits, see Table 1.

Table 1. Assets and operating income from 2018 to 2020
(unit: ten thousand yuan)

Time	total assets	sales income	research and development expenditure	Profit amount
2018	16166	24561	1009	391
2019	23720	30276	805	15
2020	38066	32435	1438	433

In 2019, the company carried out a large-scale workshop upgrading, which delayed the production progress to some extent and caused a great negative impact on the profit index. Excluding the 2019 exceptions, the company's profits increased between 2018-2021. In 2021, the company achieved a profit of 12.26 million yuan, and the profit amount entered the 10 million mark for the first time, setting a record high, see Figure 1.

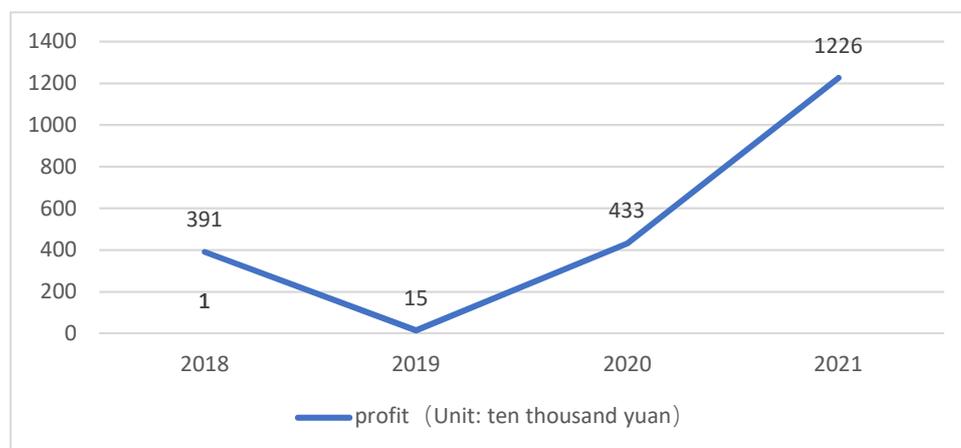


Figure 1. Line chart of company profit change from 2018-2021

3.3. Market Performance Research

China Traditional Chinese Medicine Holdings Co., Limited as a powerful state-owned enterprise, has a lot of capital volume and influence, it has owned Bozhou Chinese medicine enterprises, relying on their own technical resources and procurement channels, customer resources, using Bozhou local medicine distribution center resources, will It will promote the competitiveness and development potential of the city in the field of China Traditional Medicine. In the completion of Bozhou company assets restructuring at the same time, China Traditional Chinese Medicine Holdings Co., Limited has assisted Fengliaoqing company to promote the development of intelligent production workshop, expand production scale, improve production efficiency. Fengliaoqing company will be as its platform in Anhui province to share the layout of Chinese medicine intelligent distribution center. The move promotes the further expansion of the market of state-owned enterprises, also promote Fengliaoqing company gradually out of Anhui province, to the national market. This mixed-ownership reform and development mode integrated into state-owned enterprises will promote the mutual benefit and win-win results

of private capital and state-owned capital, realize industrial upgrading and market expansion, and fully demonstrate the correctness of the concept of complementary resources.

3.4. Innovation Performance Research

Anhui Fengliaoqing Herbal Pieces Co.,Ltd, relying on the new infusion of funds, to constantly blaze new trails, has invested more than 50million yuan in the transformation of production workshop, the construction of new Chinese herbal medicine processing production line, gradually realized the production automation, intelligent control,information management.It has also been widely concerned by the society. On August 26,2020,Bozhou TV Station conducted an exclusive interview with the company's production and operation situation,and made a "close-up" of the company's intelligent production equipment.

With investment in the field of scientific research and innovation, the company has won the "manufacturing and Internet integration development enterprise", "Anhui province high-tech enterprise", "Anhui province technology innovation demonstration enterprise" and other honors, has obtained three invention patents, six utility model patents and two design patents, and passed a number of ISO certification. The company will constantly inject strong vitality into the strategic positioning of "enhancing the core competitiveness and realizing the operation excellence", and open up a new pattern of the company's future development.

4. Conclusion

On the whole, the mixed ownership reform has fully and effectively realized the complementary resources and complementary advantages. The organic integration between financial advantages, technical advantages, customer resource advantages and environmental condition advantages, expands the development potential of the enterprise, and broadens the development prospects of the enterprise. Therefore, after the reform, the company has achieved great breakthroughs in financial performance, market performance and innovation performance. Through this case analysis, we can learn from the successful advanced experience of the mixed ownership reform, to provide reference for the development of more enterprises.

4.1. Pay Attention to the Choice of Mixed-ownership Reform Mode

Enterprises in different industries are facing different market environments and are suitable for different mixed-ownership reform modes. Therefore, when choosing the mixed ownership reform mode, it is necessary to fully investigate the company's own development situation and industrial environmental conditions, so as to take measures according to local conditions and achieve "one enterprise, one policy", so as to give better play to the benefits of the mixed ownership reform.

4.2. Pay Attention to the Functions of Complementary Resources and Strategic Coordination

In the process of mixed ownership reform, we should pay full attention to the complementarity of resources and strategic coordination, and give the greatest value to the limited resources through reasonable allocation. All parties have their own advantages and disadvantages in capital, technology, customers, environment and other conditions, but through mutual supplement and promotion, they can make up for the shortcomings and expand the advantages, so as to realize the expansion of benefits, the progress of development, and achieve a good prospect of mixed ownership reform.

4.3. Coordinate the Relationship between State Capital and Private Capital

In the mixed ownership reform, a relatively equal relationship between state capital and private capital should be maintained. Both sides should jointly guarantee each other's autonomy and voice, so that both sides can participate in corporate governance, mobilize the enthusiasm of

both sides, and achieve win-win results. By closely combining the interests of private shareholders and the interests of enterprises together, the enterprise governance mechanism will be better constructed, with both the vitality of private enterprises and the norms of state-owned enterprises. Enterprises will thus gain more adequate internal driving forces for development.

Acknowledgments

Anhui University of Finance and Economics Undergraduate Scientific Research and Innovation Fund Project Grant (XSKY21112).

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