Research on the Influencing Factors of Corporate Governance of Listed Companies
—Taking manufacturing as example

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Abstract—This paper studies the factors influencing the governance of listed companies in manufacturing industry to study modern enterprise management. The main goal of corporate governance is to solve the problem of controlling balance between the owner and the operator. By analyzing the status quo of governance, the influencing factors of management and the enlightenment of governance, this paper gives some inspirations and suggestions for the rational investment decisions and performance problems of enterprises, and points out the direction for the development of listed companies and the way for the management of modern Chinese enterprises.

Keywords—listed corporate governance; board of directors; governance status; duties and powers of the board of supervisors

I. INTRODUCTION

The ownership structure of a company creates the problem of information asymmetry and agency between the owner and the operator, which makes the operator act opportunistically and brings about the problems such as adverse selection and moral risk [1]. Therefore, corporate governance emerges at the right moment. The main goal of corporate governance is to solve the problem of controlling balance between the owner and the operator. Only the correct corporate governance system and structure can promote the interests of shareholders and operators to converge, thus helping operators to make reasonable investment decisions and improve corporate performance. This paper mainly analyzes the status quo of the corporate governance of listed companies, explores the factors influencing the corporate governance of listed companies, and finally gives the enlightenment and suggestions on the management of the corporate governance of listed companies, in the hope of providing countermeasures of reference value for the corporate governance of listed companies, and pointing out the future development direction of the corporate governance of listed companies.

II. THE STATUS QUO OF CORPORATE GOVERNANCE OF LISTED COMPANIES IN THIS PAPER IS MAINLY CARRIED OUT FROM THE FOLLOWING FOUR ASPECTS

A. Status Quo of Shareholders’ Meeting Governance

Shareholders meeting management is the foundation of corporate governance. In some manufacturing industries in Shenzhen stock, the governance of shareholders is obvious, among which, the shareholding ratio of the top three shareholders is high, the sum of the average level reaches above 45%, especially the shareholding ratio of the first largest shareholder is 35.6%. Second, the state and national legal person shareholding ratio is high, with an average of 32.1%.

B. Status of Board Governance

Board governance is the core of corporate governance. A descriptive statistical analysis is made of the board size, number of independent directors, proportion of independent directors and number of board meetings. Data show: the average board size of listed companies is 8.51 persons; Secondly, the board of directors of listed companies has a maximum of 15 people and a minimum of 2 people. The maximum number of independent directors of listed companies is 6, while the minimum number is 3. The average number of independent directors is 40%, greater than 33.3%, both of which are in line with relevant regulations. Independent directors shall not be less than one-third of the number of directors; In addition, the average number of board meetings is 2.684, which is also in line with the provisions of the articles of association for at least two meetings per year [2].

C. Party Organization: Core of Leadership

Little is known about the role of party organizations in corporate governance in China. Both the CPC constitution and the company law provide legal basis for the status of party organizations. The party has a central leadership position in state-owned enterprises, while its influence is growing in the private sector. Policy reforms in recent years have consolidated the party’s position, including many state-owned enterprises that incorporated party building into their corporate chartbooks between 2015 and 2017.
D. Board of Supervisors

Board of supervisors: monitor directors On China's listed companies set up according to laws and regulations of the board of supervisors shall include the company law, the listed company governance guidelines, the standardized operation of listed company guidance, the provisional regulations of the board of supervisors of state-owned enterprises, and many other normative documents, the content covers the structure and composition of the board of supervisors, the responsibilities and obligations, qualifications and run the program, etc. Article 117 of the company law stipulates that the basic structure of the board of supervisors of a joint stock limited company shall be: no fewer than three members; It shall include shareholders' representatives ("shareholders' supervisors") and employees' representatives ("employees' supervisors"); The proportion of staff and workers' representatives shall not be less than one third; No director or senior manager may concurrently serve as a supervisor. At the same time, some listed companies also have "external" or "independent" supervisors. Shareholder supervisors, as the name suggests, represent shareholders' interests -- usually the interests of the majority shareholder. The laws and regulations do not set a mandatory minimum shareholding ratio for shareholders to nominate supervisors, so companies usually set their own rules. However, the shenzhen stock exchange encourages listed companies to allow shareholders who own more than 1 per cent of a company individually or collectively to nominate shareholder supervisors. In fact, in companies in which the state has a controlling stake, shareholder supervisors are nominated by sasac. In some companies, sasac officials serve as supervisors in listed companies under sasac, and they are full-time supervisors because they no longer hold other positions. A full-time supervisor is usually independent of the management of a listed company and generally serves as the chairman of the board of supervisors, sometimes serving as a supervisor in two or three listed companies for a term of three years [4]. In some cases, the secretary of the company's discipline inspection commission (part of the party organization) serves as chairman of the supervisory board. "Supervisors of the staff and workers" shall be elected by the staff and workers of the company through the staff and workers congress, the staff and workers congress or other democratic forms. In fact, the position of supervisor is usually held by the President of the company's union. The category of "external supervisor" is broader. It refers to the person who no longer holds other positions in a listed company except as a supervisor. There are two kinds of external supervisors: one is the representative of shareholders, usually the employees of the major shareholder company, who are appointed to serve as supervisors in the listed company (for example, full-time supervisors appointed by sasac); The other is the "independent supervisor", that is, the supervisor who is independent from the shareholders and management of the company. In the a-share market, some listed companies have both external and independent supervisors. For example, tsingtao beer board of supervisors, the external supervision. Things account for more than half. Sinopec has four external supervisors. Unfortunately, there is no requirement for listed companies to distinguish between external supervisors representing shareholders and independent external supervisors [5]. The two are collectively referred to as "external supervisors", making it difficult for investors to distinguish them. It is true that some listed companies, such as icbc, clearly distinguish between two types of external supervisors. In addition, for companies listed abroad, external supervisors should account for more than half of the board of supervisors, and at least two or more independent supervisors.

III. FACTORS INFLUENCING THE GOVERNANCE OF LISTED COMPANIES

A. The Board of Directors is Controlled by Major Shareholders, Ignoring Relevant Stakeholders

The board of directors is easy to be manipulated by the major shareholders, and its function is limited. Management cannot play a full role in operation management and decision-making, and it will increase the probability of damaging the interests of minority shareholders and other stakeholders.

B. Imbalance of Constraint and Incentive Mechanism between Board and Management

It is the most common practice for manufacturing companies to increase management shareholding by means of stock options. However, due to the low management shareholding, the incentive and restraint mechanism of the management cannot play a role. Chen xiaodong (2016) proposed that the management is controlled by the board of directors, the independence of the management is poor, the incentive mechanism is ineffective, and the supervisory role of the board of directors is weakened, and the relationship between the rights, responsibilities and obligations between the board of directors and the management team is damaged [3].

C. The Board of Supervisors Has Little Effect

The supervision effect of the board of supervisors is not in place. Many supervisors hold several positions and the independence of the board of supervisors cannot be guaranteed. The compensation of the board of supervisors is relatively low, and it is difficult to recruit independent talents with professional knowledge to serve as the company's supervisor. The responsibility implementation system is not in place, the supervisor's work enthusiasm is low.

IV. MANAGEMENT INSPIRATION OF LISTED COMPANY GOVERNANCE

A. Optimize the Ownership Structure of the Company and Reasonably Arrange Related Responsibilities and Powers.

The listed companies of Chinese manufacturing enterprises can further optimize the shareholding structure and adopt some incentive measures to supervise and encourage the controlling shareholders, for example, to consolidate the controlling shareholders through equity incentive.

Location can also be used for senior managers to reduce the agency cost caused by the separation of management rights and all rights by using the equity incentive mechanism, make full use of the functions and powers of the board of directors and the board of supervisors, and reasonably arrange the size of
the board of directors and the board of supervisors [6]. The company should also perfect the supervision management mechanism, restrain and encourage balanced development.

B. Establish an Effective Management Incentive Mechanism

Management incentive mechanism is an important aspect of the corporate governance process! In order to improve the enthusiasm of the management, a set of complete compensation and equity dual track incentive system can be constructed.

C. Improve the Supervisory Organs of the Board of Supervisors

Aiming at the problem of the board of supervisors non-existing, may establish a national association of independent directors as a self-discipline organization, responsible for the qualification cognizance of the independent director, all the selection and appointment of independent directors in listed companies must pass a self-discipline organization audit, the organization will periodically for independent directors is responsible for the professional skills and comprehensive quality assessment, guarantee the quality of the independent director [7].

REFERENCES