



Research on the Basic Concepts, Functions and Theoretical Model of Performance Evaluation in State-Owned Assets and Enterprises

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Abstract. As the basic management system of the state-owned assets supervision system, the performance evaluation in state-owned assets and enterprises is an important part of the state-owned assets supervision system, which provides a institutional guarantee for fulfilling the responsibility of state-owned assets supervision according to law. In order to improve the three functions of performance evaluation (comprehensive evaluation, analysis and diagnosis, and behavior guidance) for the high-quality development of central enterprises. This research establishes enterprise's factors analysis framework and operation mechanism of performance evaluation in state-owned assets and enterprises, analyzes the problems of performance evaluation in state-owned assets and enterprises. This research provides theoretical assistance for the construction of performance evaluation index system for state-owned assets regulators and state-owned enterprises.

Keywords: State-owned Assets and Enterprises · Performance Evaluation · Theoretical Model

1 Introduction

As an efficient enterprise supervision system, performance evaluation is an important way to create and enhance enterprise value. With the continuous improvement of the market economy and the development of the tendency of economic globalization, the public has been paying increasing attention to the objectivity and authenticity of enterprise performance. The performance evaluation of state-owned enterprises in China has been developing and evolving with the gradual establishment and improvement of the socialist market economy system and the reform of state-owned enterprises [1]. From the perspective of state-owned assets supervision institutions, relevant concepts mainly include the following three types:

Firstly, financial performance mainly refers to the contribution made by the enterprise strategy and its implementation and execution to the final operating performance. It often

comprehensively and objectively measures the effect of enterprise cost control, the effect of asset utilization and management, the effect of capital source allocation and the return on shareholders' equity from profitability, operating capacity, solvency, risk resistance and other aspects [2].

Secondly, management performance reflects various management measures taken by the enterprise in a certain period and their management effectiveness [3]. Generally, the enterprise's management level in a certain period is qualitatively analyzed and comprehensively evaluated through expert evaluation [4].

From the perspective of supervision of state-owned assets and enterprises, performance evaluation means that SASAC emphasizes high-quality development, establishes evaluation index system and comprehensively evaluates the performance of central enterprises according to the strategic positioning and development goals of state-owned capital [5]. At the same time, from the perspective of high-quality development, the enterprise elements in the performance evaluation need to shift from the previous emphasis on quality and efficiency to the full link of evaluation that comprehensively reflects the ability, efficiency and effect, that is, to emphasize the "input-operation-output" analysis model. As shown in Fig. 1.

The input takes Development Ability as the main dimension, and focuses on measuring the level of development ability owned or controlled by the enterprise, mainly including innovation ability, talent ability and asset strength. The operation takes Asset Quality and Management Performance as the main dimensions, focusing on measuring the level of enterprise asset management and management performance, mainly including asset operation, risk prevention and control, basic management, strategic management and functional management. The output takes the enterprise's Operating Efficiency and Value Creation as the main dimensions, mainly measuring the enterprise's operating performance and social value creation, mainly including the implementation of national strategy, innovation driven, social responsibility, profit return, and business growth.

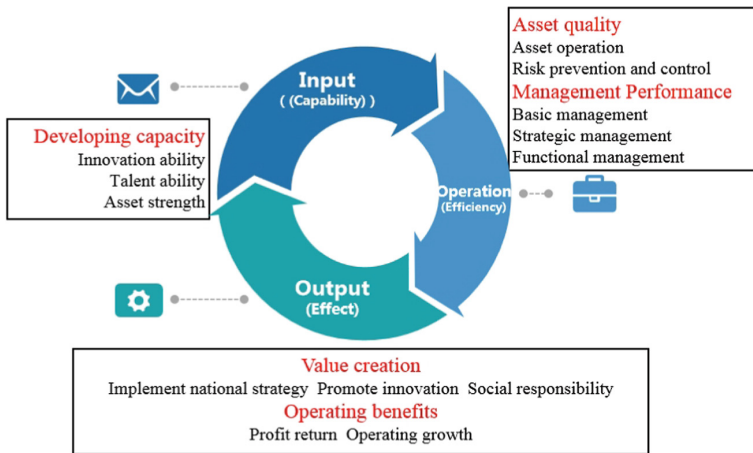


Fig. 1. Enterprise's factors analysis framework

2 Function of Performance Evaluation

2.1 Basic Function

Performance evaluation should be independent, precise and objective, and also guide the behavior of the evaluated subject. Therefore, under the supervision focus of “capital management”, through performance evaluation, the state-owned assets supervision institutions can not only avoid the rigid constraints under the logic of “enterprise management”, but also meet the requirements of preventing the loss of state-owned assets, and penetrate the whole processes of enterprise management.

In general, performance evaluation is an important support for fulfilling the responsibilities of investor supervision and industry supervision, an important mechanism for the state-owned assets supervision institutions to continuously innovate the supervision methods, deploy and promote major reform initiatives, and pilot enterprises to improve the quality of development, and a tool and “indicator” for the state-owned assets supervision institutions to master the operating status of enterprises and identify and diagnose potential inefficiencies of enterprises. On the one hand, performance evaluation focuses on “undertaking and guiding”, plays an crucial role in the management and control mechanism, promotes the implementation of major reform and development plans at the enterprise group level, and pilots enterprises to focus on the performance orientation that reflects high-quality development and supports the construction of a new development pattern. On the other hand, performance evaluation focuses on “early warning and diagnosis”, plays an important role in management and control tools, makes accurate diagnosis and problem solving for enterprise operation and management, and supports the state-owned assets regulatory authority to formulate and introduce adjustment measures in a timely manner.

2.2 Function in Assessment and Distribution

From the perspective of SASAC’s assessment and distribution work, performance evaluation has the operating conditions and technical tool requirements of becoming the key mechanism to the assessment and distribution work. It can play the role of early warning monitoring, diagnosis and evaluation, guidance and incentive through the “evaluation mechanism”, coordinate and interact with other work of assessment and distribution, enhance the operating effectiveness of the assessment and distribution system, and drive enterprises to become stronger, better and bigger. As shown in Fig. 2:

Firstly, the performance evaluation is based on the whole industry of the national economy and the whole sample of state-owned enterprises. Relying on the performance evaluation standard values by industry and scale, it can accurately scan the performance changes of key industries and key enterprises, thus playing to the unique early warning and monitoring function.

Secondly, performance evaluation combines “diagnosis” and “evaluation”, which can not only serve the SASAC to grasp the overall performance status of state-owned enterprises, but also provide a scientific and reasonable evaluation basis for the internal evaluation of state-owned enterprises.

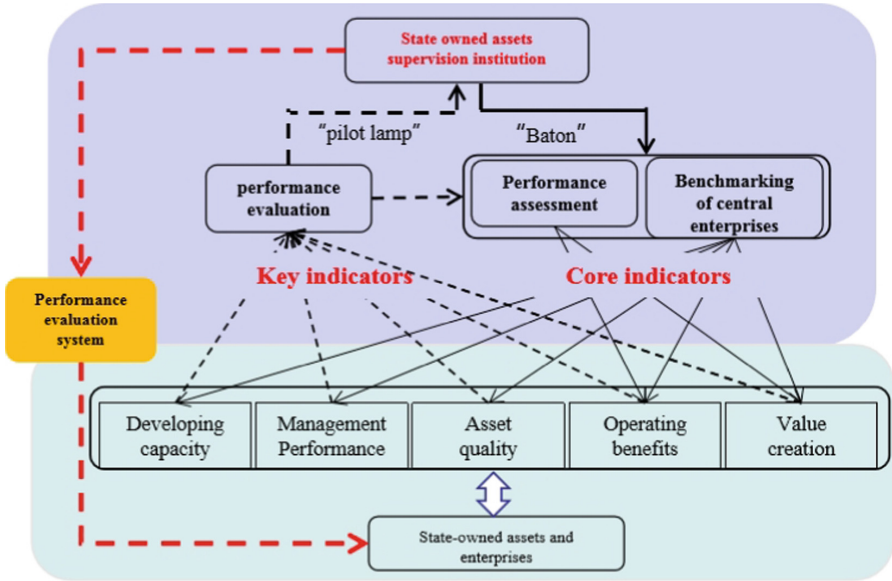


Fig. 2. Operating mechanism of performance evaluation in state-owned assets and enterprises

Thirdly, both performance evaluation and performance appraisal have the role of policy traction and baton. Through evaluation guidance and evaluation indicators, performance evaluation can embed the key points and objectives of state-owned assets and state-owned enterprises supervision, thus transmitting policy signals to enterprises earlier and more smoothly, and guiding enterprises to seize the key points and take quick action.

Fourthly, the performance evaluation is organically connected with other work of assessment and distribution. The appropriate publication of the evaluation results and the reasonable implementation of rewards and punishments can encourage enterprises to pay more attention to performance improvement, and encourage enterprises to fulfill other key tasks of assessment and distribution with high quality, thus forming incentive resultant force.

3 Theoretical Model of Performance Evaluation

Based on the analysis of enterprise elements, and the analysis of the relationship between regulatory elements, evaluation elements and enterprise elements, this paper combines the performance evaluation elements with the supervision and management of state-owned enterprises, constructs a performance evaluation model that conforms to the performance evaluation theory and reflects the characteristics of state-owned enterprises (Fig. 3).

with the requirements and demands of the state for central SOE. As an example, under the requirements of high-quality development, more emphasis is placed on the contribution of enterprises to the state and society, the strengthening, optimization and expansion of enterprises, the stronger anti-risk ability and the value-added ability of state-owned capital, which all provide specific directions for enterprise elements.

Secondly, the enterprise elements include five dimensions: development capability, asset quality, management performance, operating efficiency and value creation. On the one hand, the five dimensions are the main sources of the evaluation content, and the evaluation dimensions and evaluation indicators can be directly determined after combining the regulatory content. On the other hand, enterprise factors are mainly quantitative evaluation, which determines the selection space of evaluation methods. At the same time, if the management performance is included in the evaluation content, the qualitative evaluation method should also be considered in the evaluation method.

4 Conclusion and Enlightenment

In the long run, performance evaluation has great potential function in the application of evaluation methods and evaluation results. From the perspective of SASAC's assessment and distribution work, it is essential to improve the existing performance evaluation method, adhere to the principle of giving priority to efficient indicators and supplemented by process indicators, follow the high-quality development logic, innovate the ideas and methods of indicator system and the weight design, simplify the scoring rules of indicators, form a more advanced and mature methodology system, and improve the applicability and popularization of the evaluation methods.

First, it is essential to carry out the diagnosis and evaluation of the operation and management of central enterprises and local state-owned enterprises, put forward suggestions for improvement of the operation and management, carry out the classification and ranking analysis of the enterprises under supervision, give commendation to the enterprises with excellent performance evaluation results, and give supervision and prompt to the enterprises with lower performance evaluation results, or the enterprises with abnormal changes in the evaluation results;

Secondly, it is essential to take the performance evaluation results as an important reference for the setting of the business performance evaluation indicators of the enterprise leaders, as well as important content of the comprehensive evaluation of the term of office of the enterprise leadership; thirdly, it is essential to directly use the evaluation results into the performance assessment and distribution work of the SASAC, which optimizes the salary and total wage verification standards of the entrepreneur, and plays an incentive and constraint role.

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