

Mixed-ownership Reform and Quality of Internal Control of State-owned Enterprises: Logic and Evidence

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Abstract : As a capital organizing form, the mixed-ownership reform of state-owned enterprises (SOEs) is an important way to stimulate enterprises' vitality through reshaping the shareholding structure, enhancing mutual complementation of shareholders' resources, and improving corporate governance and the quality of internal control. Based on the process of mixed-ownership reform and according to IPO and the change in the key shareholding structure of the listed companies, this paper divides the reform into two stages: primary mixed-ownership reform and secondary mixed-ownership reform (deeper mixed-ownership reform), and uses this as the basis to construct the proxy variable of the mixed-ownership reform of SOEs, research on the relationship between the mixed-ownership reform of SOEs and the quality of internal control. The research reveals that: (1) SOEs completing a secondary mixed-ownership reform can enhance the quality of internal control; (2) In the secondary mixed-ownership reform, the introduction of heterogeneous major shareholders will generate more obvious enhancement in the quality of internal control than the introduction of homogeneous major shareholders. Further research shows that the internal environment and marketization process play a moderating role in the process of the secondary mixed-ownership reform affecting the quality of internal control, that is, a better internal environment or a higher degree of marketization can promote the improvement of the quality of internal control in secondary mixed-ownership reform. The conclusion of the research provides experimental evidence for the expected results of the mixed-ownership reform policy.

Keywords : mixed-ownership reform of state-owned enterprises, secondary mixed-ownership reform, quality of internal control, primary mixed-ownership reform

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