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INTRODUCTION

Under the conditions of economic globalization and market economy, survival of the fittest, survival of the fittest and improving the competitiveness of enterprises are the key to control the fate of enterprises. Since the reform and opening up, the reform of State-owned enterprises in China has made many achievements, their participation in social competition has increased, and some enterprises are full of vitality. But we also need to see that these are only temporary victories. It will take a period of time for state-owned enterprises to carry out in-depth reform and truly gain substantial competitiveness. They face severe challenges in overcoming the difficulties and entering the international market. Therefore, it is necessary for us to analyze the external and internal system of state-owned enterprises from multiple angles and ideas, and to find the countermeasures to improve the competitiveness of state-owned enterprises. The reform process of state-owned enterprises is also long-term and profound. In the new era, some profound contradictions have also emerged, such as the mismatch between the needs of enterprises and the market economy, weak innovation ability, imperfect enterprise management, and rigid operation mechanism, which are all problems that state-owned enterprises need to be effectively solved. The state has promoted the development of state-owned enterprises to the level of the reform of the state-owned economic system, reaching an unprecedented height and importance. Every major theoretical achievement is always accompanied by significant realistic current events. How to improve the competitiveness of state-owned enterprises is no longer just a theoretical study, but a major change of the urgency and difficulty of the national economy and people's livelihood.

This paper discusses how to improve the competitiveness of state-owned enterprises from various aspects, aiming to comprehensively analyze the objective, fair and reasonable realistic level, and find the development path suitable for state-owned enterprises to strengthen self-improvement and constantly improve their

competitiveness.

The object of the study of the master's qualification work is a process of increasing competitiveness of Chinese state-owned enterprises.

The subject of the research is the theoretical and methodical aspects of improving of the competitiveness of state-owned enterprises.

The purpose of the research is to develop recommendations and propositions for the improving the competitiveness of state-owned enterprises in China.

Tasks of the master's work:

- to analyze the concept of state-owned enterprises and their competitiveness;
- to assess the level of competitiveness and competitive situation of Chinese state-owned enterprises;
- to analyze the reasons of insufficient competitiveness of state-owned enterprises in China;
- to suggest ways to increase competitiveness of state-owned enterprises;
- to establish a management system for state-owned enterprise culture.

The selection of research methods aims to combine theory and practice, macro and micro perspectives, to deeply explore the challenges faced by state-owned enterprises in the modern market economy, and to explore effective strategies to enhance their competitiveness.

General analysis: From a macro perspective, examine the role and position of state-owned enterprises in the market economy, and analyze the common challenges they face, such as market competition, resource allocation, innovation capabilities, etc. This analysis will be based on macroeconomic data, industry reports, and policy documents to construct a macro understanding of the overall situation of state-owned enterprises.

Specific analysis: Through in-depth case studies of selected state-owned enterprises, analyze their specific operational status, management practices, market

strategies, and innovation activities. These analyses will be based on financial reports, market data, internal management documents, and employee interviews of the enterprise to reveal the specific situation of internal operations.

Literature collection is the foundation of this study, and the following detailed strategies were adopted: extensive review: collecting and reviewing academic articles and industry reports on enterprise competitiveness, enterprise management, and market strategies through online databases, library resources, and professional journals. This process not only involves sorting out the literature content, but also analyzing research trends and academic perspectives to ensure the comprehensiveness and foresight of the research. In depth analysis: critically read and analyze the collected literature to identify and summarize key theories and practices for enhancing the competitiveness of state-owned enterprises. This step will focus on the latest research findings and theoretical developments to ensure the forefront of research.

An element of scientific novelty is study the management experience and innovative practices of enterprises in other countries and economies, and explore their potential reference significance for state-owned enterprises. This will be conducted through comparative research, expert interviews, and international cooperation, in order to discover experiences that are suitable for domestic enterprises to learn from and learn from.

The practical significance of the obtained results is provide a series of practical and feasible improvement measures for state-owned enterprises to enhance their competitiveness in the market economy. These measures will be closely integrated with the specific situation and market demand of state-owned enterprises, ensuring that they can effectively respond to the current challenges and maintain a leading position in future competition.

The structure of the master's qualification work consists of an introduction, three sections, conclusion, references. The total volume of qualifying work is 86 pages. The work contains 1 table and 11 figures. The list of used sources includes

90 items.

SECTION 1

THEORETICAL BASIS AND CURRENT SITUATION ANALYSIS OF THE COMPETITIVENESS OF STATE-OWNED ENTERPRISES

1.1 The theory of competitiveness and the role of state-owned enterprises

In the vast world of economics, competitiveness is like the lifeline of a company, it is the sail that measures the company's ability to navigate in the sea of market economy. The concept of competitiveness is not limited to the quality of products and the quality of services. It is a multidimensional and multi-level complex that involves price competitiveness, innovation driving force, management efficiency, market adaptability, and the ability to sustain development. In the globalized economic environment, if enterprises want to continue growing, they must constantly enhance their competitiveness to cope with the constantly changing and challenging market.

State owned enterprises play a crucial role in China's socialist market economy system. They are not only the cornerstone of the national economy, but also an important carrier for achieving socialist core values and economic goals. Since China implemented the reform and opening-up policy in 1978, state-owned enterprises have undergone a profound transformation. This transformation is not only a transition from a planned economy to a market economy, but also a repositioning of the role and function of state-owned enterprises.

Under the new economic system, state-owned enterprises are no longer just a source of national fiscal revenue, they are endowed with more missions and responsibilities. State owned enterprises not only pursue the maximization of economic benefits, but also undertake social responsibilities, including providing

public goods and services, ensuring employment, and promoting regional economic development. At the same time, state-owned enterprises also have to undertake national strategic tasks, such as promoting technological innovation, ensuring national economic security, and participating in international competition.

The competitiveness improvement of state-owned enterprises is an important indicator to measure their reform effectiveness and development quality. A highly competitive state-owned enterprise can effectively use resources, improve production efficiency and reduce costs, thus gaining a larger share of the market. At the same time, highly competitive state-owned enterprises can also better respond to the changes of the market, quickly adapt to the changes of consumer demand, promote the innovation of products and services, so as to maintain the sustainable development and market leading position.

With the acceleration of globalization, the competitive environment of state-owned enterprises is becoming increasingly fierce. Competitors in the international market not only have advanced technology, rich management experience, but also have strong market operation ability. In this context, it is particularly urgent to enhance the competitiveness of state-owned enterprises. In order to gain a firm foothold in the international market, state-owned enterprises must strengthen internal management, optimize resource allocation, and improve production efficiency. At the same time, they also need to strengthen international cooperation, learn from foreign advanced management experience and technology, and improve their international operation ability.

The improvement of the competitiveness of state-owned enterprises is not only the need of their own development, but also the embodiment of national strategy. In terms of promoting technological innovation, state-owned enterprises can increase investment in R & D, establish innovation platforms, attract and cultivate high-level R & D talents, and strengthen cooperation with domestic and foreign scientific research institutions, so as to promote their technological progress and product upgrading. In terms of ensuring social stability, state-owned enterprises

can improve employee welfare and enhance their cohesion and centripetal force by providing stable employment opportunities. In terms of safeguarding national security, state-owned enterprises can ensure the stable operation of the national economy by strengthening the control of key areas and important resources. In terms of participating in international competition, state-owned enterprises can expand the international market, enhance their brand influence and enhance their international voice.

State-owned enterprises also assume important responsibilities in promoting regional economic development, providing employment opportunities and realizing social equity. By investing in infrastructure construction, state-owned enterprises can drive the development of related industries and promote the balanced development of regional economy. By providing diversified employment opportunities, state-owned enterprises can absorb different levels of labor force and relieve the social employment pressure. By implementing fair compensation systems and welfare policies, SOEs can narrow the income gap and promote social equity and harmony.

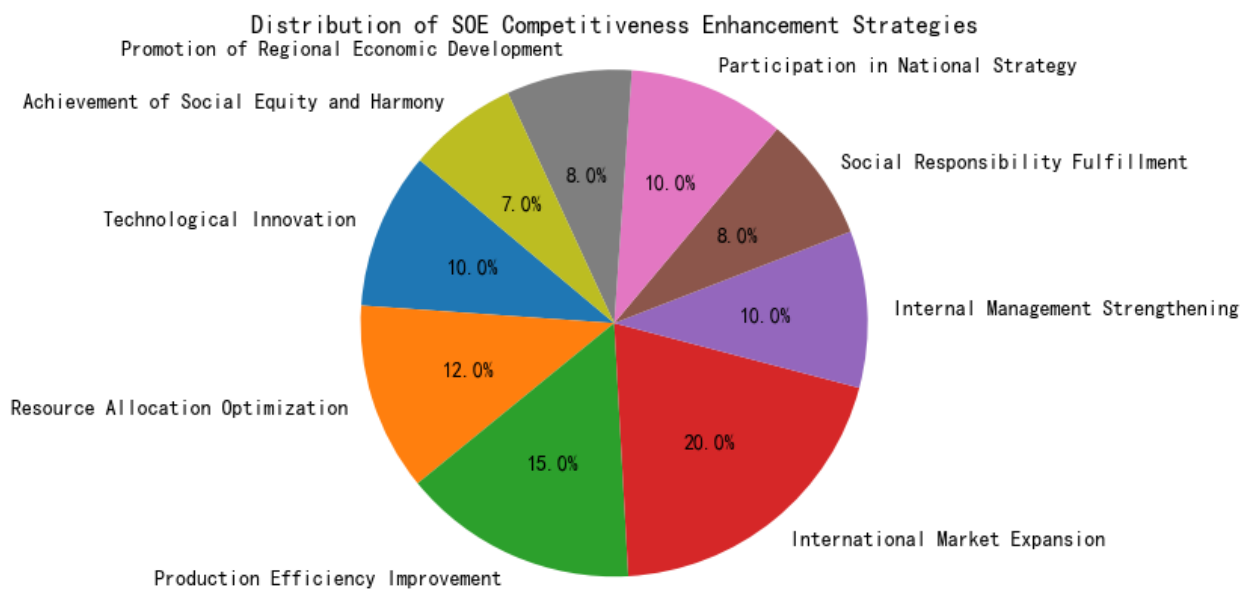


Figure 1.1 – Display the distribution of strategies for enhancing the competitiveness of state-owned enterprises.

1.2 The current state of competitiveness

Concept and characteristics of state-owned enterprises: State owned enterprises, which are enterprises invested or controlled by the state, have ownership belonging to the state, and are exercised by the state on behalf of the entire population, and are subject to state supervision and management. State owned enterprises have the following characteristics: they have national investment characteristics. Whether it is a state-owned sole proprietorship or a state-owned holding enterprise, their commonality is that they are invested by the state, and their profits belong to the state and are used by the whole people. This is also the core difference between state-owned enterprises and private enterprises. State owned enterprises are divided into profitable and non-profit enterprises. State owned enterprises mainly implement national planned economic policies, obey government orders, highly planned management, and assume the function of national economic management (regulating social economy). Compared to private enterprises, their main purpose is profit and their development is blind. State owned enterprises have the characteristics of both public and private legal entities. Personnel appointed by the state to participate in enterprise management, strengthen internal supervision, and guide the development policy of the enterprise. At the same time, state-owned enterprises also possess the characteristics of both corporate entities and consortium entities.

The development process and current situation of state-owned enterprises: Since the reform and opening up, China's state-owned enterprises have undergone innovative reforms, adhered to the economic center, and taken the path of sustainable development. The reform of state-owned enterprises always has new breakthroughs and cutting-edge theories or deepening reforms in policies, or selectively implements contraction and adjustment. From the perspective of industry distribution, in terms of the number of enterprises, 3/4 of China's state-owned enterprises are distributed in competitive industries, while the other 1/4 are distributed in monopolistic, public welfare, and other industries, mainly focusing

on general production, processing, manufacturing, and commercial services; Nearly two-thirds of state-owned enterprise employees are distributed in competitive industries, while the remaining one-third are distributed in monopolistic, public welfare, and other industries; Two-thirds of the main business income of state-owned enterprises comes from competitive industries, while monopolistic, public welfare, and other industries contribute another one-third of the main business income. Two fifths of the profits of state-owned enterprises come from competitive industries, while monopolistic, public welfare, and other industries create nearly three fifths of the profits. From the perspective of the regional composition of state-owned enterprises and assets nationwide, over 50% of state-owned enterprises, over 40% of state-owned enterprise employees, over 60% of state-owned enterprise assets, main business income, and nearly 70% of state-owned enterprise profits are concentrated in the eastern coastal areas, while the rest are distributed in the central inland and western remote areas.

The development of state-owned enterprises in recent years:

Asset size: As of the end of 2020, the total assets of state-owned enterprises in China reached 437.1 trillion yuan, an increase of 15.1% compared to the end of 2019. This indicates that state-owned enterprises have increased their asset size in the past year, but specific data may vary depending on the industry and enterprise.

Profit situation: In 2020, state-owned enterprises in China achieved a revenue of 63.3 trillion yuan, a year-on-year increase of 9.1%; Realized a total profit of 3.42 trillion yuan, a year-on-year increase of 4.3%. This indicates that state-owned enterprises have seen growth in both revenue and profits, but the growth in profits is relatively small.

Tax contribution: In 2020, the total amount of taxes paid by state-owned enterprises in China reached 4.8 trillion yuan, a year-on-year increase of 6.5%. This indicates that state-owned enterprises have also increased their tax contributions and made significant contributions to the national fiscal revenue.

Industry distribution: State owned enterprises are mainly distributed in

infrastructure construction, energy, manufacturing, finance, transportation, communication, technology and other fields, playing a key role. The development of state-owned enterprises in these fields is of great significance for the stability and growth of the national economy.

International competitiveness: Some state-owned enterprises, such as China Construction, China Railway Construction, China Telecom, etc., have already entered the ranks of the Fortune Global 500 companies. This indicates that state-owned enterprises have a certain influence and competitiveness in the international market.

Reform and Innovation: State owned enterprises are actively promoting mixed ownership reform, modern enterprise system construction, optimization of corporate governance structure, technological innovation, and talent cultivation to enhance market competitiveness. These reform measures aim to stimulate the vitality and innovation ability of state-owned enterprises, and improve their position in market competition.

Development prospects: During the 14th Five Year Plan period, state-owned enterprises will continue to deepen reforms, strengthen technological innovation, improve management levels, and achieve high-quality development. This indicates that state-owned enterprises will continue to play an important role in the country's economic development, while also facing challenges and opportunities for reform.

The current situation and shortcomings of the competitiveness of state-owned enterprises: Since the reform and opening up, many achievements have been made in the reform of state-owned enterprises. The management rights of enterprises have been strengthened, the operating mechanism has been continuously optimized, the participation in social competition has been enhanced, and some enterprises are full of vitality. However, these are only temporary victories, and state-owned enterprises need to go through a period of process to achieve deep level reform and truly gain substantial competitiveness. At present, state-owned enterprises still face many problems in improving efficiency and enhancing competitiveness.



Figure 1.2 – A bar chart displays the total assets of state-owned enterprises at the end of 2019 and 2020, as well as the growth rate of 15.4%.

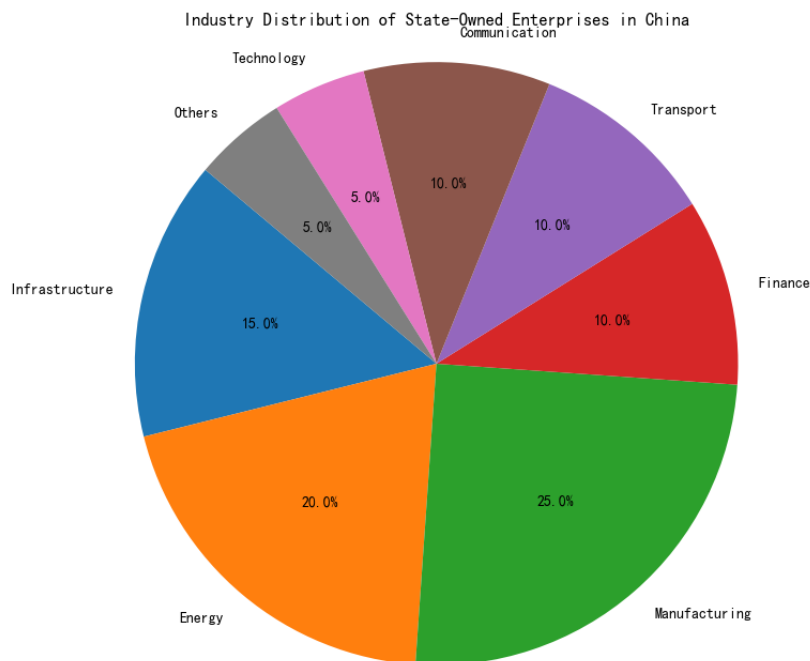


Figure 1.3 – A pie chart illustrates the primary industry sectors where state-owned enterprises are concentrated.

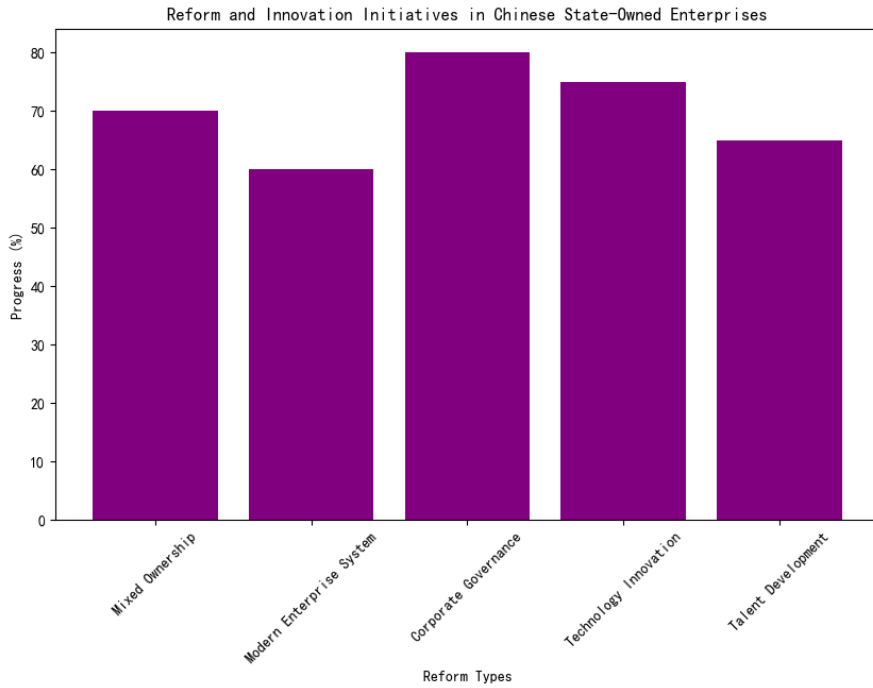


Figure 1.4 – The chart presents the reforms and innovative measures that state-owned enterprises are currently implementing.

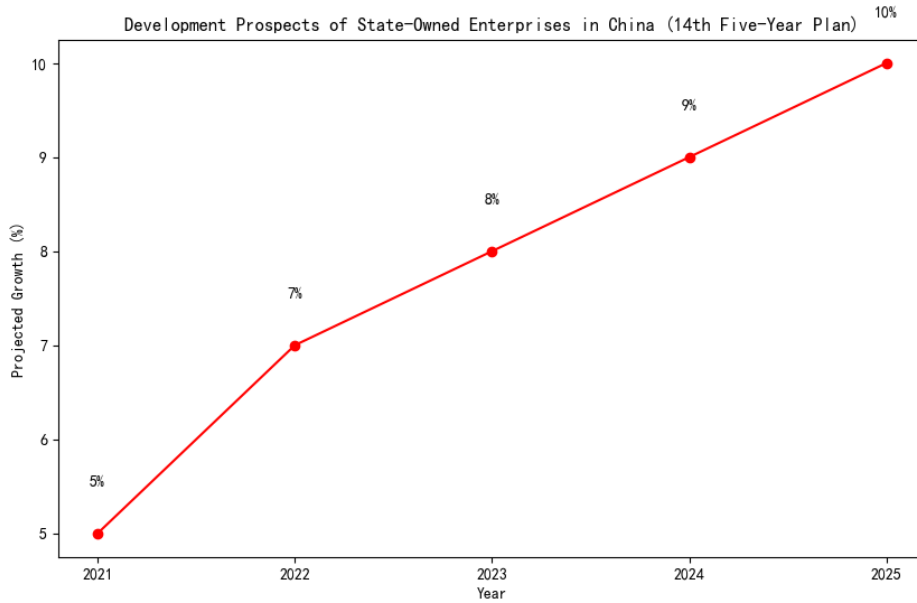


Figure 1.5 – The financial and operational conditions of China's state-owned enterprises in 2020, as well as the development prospects during the "14th Five-Year Plan" period.

In state-owned enterprises, the ownership of the enterprise should belong to the

state, and the management rights should belong to the enterprise's managers. However, the ownership and management rights of state-owned enterprises in our country are unclear, which directly leads to the unclear rights and responsibilities of state-owned enterprises. The distance between the government and enterprises is uncomfortable. In China's economic system reform, the layout and strategic adjustment of state-owned economy is a major measure related to the overall interests of the socialist market economy. To deepen political system reform and transform government functions, the government needs to take a comprehensive view of the overall situation of the market economy from a practical perspective, improve the shortcomings in reality, and solve prominent problems such as the separation of government and enterprise, improper intervention, and regulatory failure. State owned enterprises lack strong technological innovation capabilities. The development of human society is driven by the great innovative force of productivity, which is manifested in the division of times and the historical fact that technological revolution has changed human society. China's state-owned enterprises should play an advanced and leading role in leading the trend of national economic development. However, there is still a significant gap between state-owned enterprises and developed countries in terms of independent innovation capabilities and efficient resource utilization. Enterprise management lags behind traditional enterprise management in China, mainly referring to the commonly used enterprise management model after the 1950s, which was mainly influenced by Soviet management theory. The main characteristic of traditional enterprise management is the planning and control in enterprise management, while modern enterprise management is a collective term for a set of various systems related to enterprise adaptation to the modern market economy system that originated from the industrial revolution in Europe and America. Serious talent loss. Due to the lack of emphasis on human factors in traditional enterprise management, relying solely on existing management models for rigid management without innovative and competitive awareness, talent cannot be effectively utilized

to drive enterprise innovation. State owned enterprises lack corporate culture. The culture in state-owned enterprises is basically influenced by traditional Chinese culture and is not in line with the development of the times.

The reform direction and measures of state-owned enterprises: In order to establish a modern enterprise system and adapt to the requirements of the times, state-owned enterprises should strengthen the requirements for the management ability of internal managers of state-owned enterprises, strictly select managers with decision-making and execution abilities, reform and improve the employment system of enterprises, and build a management team under a market-oriented competition system to cope with increasingly fierce market competition. Corporate culture construction. Corporate culture is the soul of a company and plays a significant role in its survival and development. Corporate culture is the strategic and business philosophy of a company, which encompasses the shaping of corporate beliefs, values, and cohesion, as well as the formation of innovation and team spirit. The intangible form of enterprises permeates the development of enterprises, which is conducive to enhancing the beliefs accepted by employees, improving their sense of work mission, maximizing the imagination and creativity of employees, and realizing their life value. Technological innovation is an important component of the core competitiveness of state-owned enterprises. State owned enterprises should increase investment in research and development, establish a sound research and development system, introduce and cultivate high-end talents, strengthen cooperation with universities and research institutes, promote the transformation of scientific and technological achievements, and enhance the technological content of products and services. Talent cultivation is the key to the development of state-owned enterprises. State owned enterprises should innovate talent cultivation mechanisms, increase training efforts, improve employee quality, create a good environment that respects, cultivates, and utilizes talents, establish a sound incentive mechanism, and fully mobilize the enthusiasm and creativity of employees. Market expansion. The market is the stage for the

development of state-owned enterprises. State owned enterprises should actively expand domestic and international markets, increase market share of products and services, enhance brand influence, and enhance their competitiveness. To enhance competitiveness, state-owned enterprises must deepen reforms, innovate institutional mechanisms, strengthen technological innovation, improve management levels, cultivate talents, expand markets, and enhance core competitiveness. Only in this way can state-owned enterprises stand invincible in the fierce market competition and make greater contributions to the country's economic development.

1.3 Benefits of improving the competitiveness of state-owned enterprises

In order to improve the competitiveness of state-owned enterprises, we need to improve the benefits from the following aspects: Optimizing resource allocation: State owned enterprises should improve the efficiency of resource allocation, better utilize existing resources, improve production efficiency, and thus enhance market competitiveness. This includes the rational allocation of raw materials, capital, technology, and human resources to ensure that each resource can be effectively utilized. Optimizing resource allocation also means that state-owned enterprises need to conduct regular resource audits to ensure effective utilization of resources and reduce waste.

Technological innovation and research and development investment: Increasing investment in technological innovation and research and development can not only improve product quality and performance, but also reduce production costs and enhance the core competitiveness of enterprises. State owned enterprises should establish dedicated R&D departments to encourage employees to innovate, while collaborating with universities and research institutions to introduce advanced technologies. In addition, state-owned enterprises should also pay attention to the

latest technological developments in the industry, adjust their research and development direction in a timely manner, and ensure that they are always at the forefront of industry technology.

Management system reform: Reform and improve the enterprise management system, improve decision-making efficiency and execution, reduce management costs, enhance the operational efficiency and market response speed of the enterprise. This includes optimizing organizational structure, simplifying decision-making processes, and establishing effective supervision and incentive mechanisms. In addition, state-owned enterprises should strengthen internal communication to ensure timely transmission of information and improve transparency in decision-making.

Talent training and incentive mechanism: strengthen the talent training and incentive mechanism, attract and retain excellent talents, improve the work enthusiasm and innovation ability of employees, so as to enhance the overall competitiveness of the enterprise. State-owned enterprises should provide competitive compensation and benefits, and good career development opportunities. In addition, state-owned enterprises should also establish a sound training system to provide continuous learning and growth opportunities for their employees.

Market expansion and brand building: actively expand the domestic and foreign markets, strengthen the brand building, improve the market visibility and influence of enterprises, and enhance the market competitiveness. State-owned enterprises should formulate effective market strategies, strengthen marketing and publicity, and enhance their brand image. In addition, state-owned enterprises should also pay attention to the changes in consumer demand, and timely adjust their products and services to meet the market demand.

Social responsibility and sustainable development: State-owned enterprises should actively fulfill their social responsibilities, pay attention to environmental protection and resource conservation, achieve sustainable development, enhance

their corporate image, and enhance their market competitiveness. This includes promoting green production, participating in social welfare activities, and building a good corporate citizen image. In addition, state-owned enterprises should also pay attention to the welfare and rights and interests of employees and provide a safe and healthy working environment.

Policy support and external cooperation: Fully utilize government policy support, strengthen cooperation with domestic and foreign enterprises, achieve resource complementarity, and improve the competitiveness and risk resistance of enterprises. State owned enterprises should actively seek government support and guidance, while establishing cooperative relationships with other enterprises in the industry to share resources and information. In addition, state-owned enterprises should actively participate in international cooperation, introduce advanced foreign technologies and management experience, and enhance their competitiveness.

Through these measures, state-owned enterprises can maintain their advantages in the fierce market competition and achieve sustainable development.

Conclusions to section 1

In the context of globalization and rapid development of the market economy, state-owned enterprises, as an important component of China's socialist market economy system, are particularly important in enhancing their competitiveness. This section first explores the theoretical basis of competitiveness, pointing out that competitiveness is a multidimensional and multi-level concept that involves multiple aspects such as price, innovation, management, market adaptability, and the ability to sustain development. State owned enterprises play a crucial role in China's economic development, not only pursuing maximum economic benefits,

but also undertaking social responsibility and national strategic tasks.

Subsequently, this section analyzed the current situation of the competitiveness of state-owned enterprises in China, pointing out that state-owned enterprises have undergone profound transformation since the reform and opening up, and have achieved a series of achievements, such as increasing asset size, improving profitability, increasing tax contributions, optimizing industry distribution, and enhancing international competitiveness. At the same time, it also pointed out the problems and shortcomings of state-owned enterprises in terms of property rights clarity, government enterprise relations, technological innovation capabilities, enterprise management, talent cultivation, and corporate culture.

In order to enhance the competitiveness of state-owned enterprises, this section proposes a series of reform directions and measures, including optimizing resource allocation, increasing investment in technological innovation and research and development, reforming management systems, strengthening talent cultivation and incentive mechanisms, market expansion and brand building, fulfilling social responsibilities, and strengthening policy support and external cooperation. These measures aim to enhance the internal management efficiency, innovation capability, and market competitiveness of state-owned enterprises, in order to adapt to the requirements of the market economy and the challenges of international competition.

Finally, this section emphasizes that although state-owned enterprises have achieved certain results in the reform, they still need to continuously deepen the reform and solve existing problems in order to truly achieve high-quality development. The enhancement of competitiveness of state-owned enterprises is not only a need for their own development, but also a reflection of national strategy, which is of great significance for promoting the sustainable and healthy development of the national economy.

SECTION 2

IDENTIFY THE SHORTCOMINGS OF CHINESE STATE-OWNED ENTERPRISES

2.1 Analysis of the problem of lack of competitiveness

The property right is not clear

The unclear property rights of state-owned enterprises are a historical legacy issue, rooted in the highly centralized management of the planned economy era. Under the planned economy system, the ownership and management rights of state-owned enterprises are highly concentrated in the government, and enterprises lack the ability and motivation to operate independently. Since the reform and opening up, state-owned enterprises have gradually delegated power and benefits, but property rights reform has not made substantial progress. Unclear property rights lead to unclear rights of state-owned enterprises, and their development is constrained by government power, making it difficult to form effective market competition. The unclear property rights of state-owned enterprises are reflected in multiple aspects. Firstly, the ownership and management rights of state-owned enterprises have not been completely separated. Although the law stipulates that the ownership of state-owned enterprises belongs to the state, in practical operation, the management rights of state-owned enterprises are often held in the hands of the enterprise's management. The management has significant autonomy in the operation of the enterprise, but due to unclear property rights, the management often only focuses on short-term benefits, neglects the long-term

development of the enterprise, and even engages in corrupt behavior. This phenomenon leads to losses and liabilities for state-owned enterprises, seriously weakening their competitiveness. The ownership of state-owned enterprises is unclear. Although the law stipulates that the property rights of state-owned enterprises belong to the state, in reality, the ownership of state-owned enterprises is not clear. In the process of state-owned enterprise reform, some enterprises have their property rights privatized, but the property rights of most state-owned enterprises still belong to the state. Due to the unclear ownership of property rights, there is a certain degree of confusion in the operation and management of state-owned enterprises, which restricts their development. The property rights reform of state-owned enterprises lags behind. Since the reform and opening up, China's state-owned enterprises have undergone multiple reforms, but the property rights reform has not made substantial progress. In the process of state-owned enterprise reform, some enterprises have undergone shareholding reform, but the property rights of most state-owned enterprises still belong to the state. The lagging property rights reform has led to a lack of flexibility in the operation and management of state-owned enterprises, which has constrained their development. In order to address the issue of unclear property rights, China needs to further deepen the reform of state-owned enterprises. Firstly, it is necessary to clarify the ownership of state-owned enterprises and achieve complete separation of ownership and management rights. The government should separate the ownership and management rights of state-owned enterprises, allowing them to operate independently and improving their market competitiveness. We need to promote the shareholding reform of state-owned enterprises. Through the reform of the shareholding system, the rights and responsibilities of shareholders can be clarified, and the separation of ownership and management rights can be achieved. At the same time, the reform of the shareholding system can also introduce private capital, increase the vitality of enterprises, and improve the decision-making efficiency of enterprises. We need to improve the corporate governance structure

of state-owned enterprises. Establish an independent director system, increase the proportion of external directors, and make enterprise operations more scientific and standardized. At the same time, strengthen the supervisory role of the supervisory board to prevent the occurrence of corporate corruption. We need to strengthen the supervision of state-owned enterprises. Establish a sound regulatory system, effectively supervise and manage the business activities of state-owned enterprises, and prevent the occurrence of corporate corruption. Solving the problem of unclear property rights in state-owned enterprises requires the joint efforts of the government, enterprises, and all sectors of society. By deepening the reform of state-owned enterprises, clarifying the ownership of property rights, improving the corporate governance structure, and strengthening supervision, state-owned enterprises can develop more healthily and orderly, and enhance their competitiveness.

The distance between the government and the business is inappropriate

The inappropriate distance between the government and enterprises is a major problem faced by Chinese state-owned enterprises. In the reform of China's economic system, the layout and strategic adjustment of the state-owned economy are important indicators that affect the overall interests of the socialist market economy. The inappropriate distance between the government and enterprises seriously hinders their independent operation and open competition, and restricts their independent development. According to data from the State owned Assets Supervision and Administration Commission (SASAC) of the State Council, as of 2019, 80% of central enterprises in China have achieved separation of government and enterprise, while the proportion of local state-owned enterprises is 60%. This indicates that the government has achieved certain results in promoting the separation of government and enterprises, but there is still room for improvement in local state-owned enterprises. With the continuous deepening of reform, we have seen many new and emerging problems. The situation where politics and enterprises are not separated is a disadvantageous factor that hinders enterprises

from achieving independent operation and open competition. The development of enterprises cannot be separated from the entire economic environment. According to the China Enterprise Development Report, in 2018, 65% of state-owned enterprises achieved independent operation, while in 2010, this proportion was only 40%. This indicates that state-owned enterprises are gradually achieving independent operation, but there is still significant room for improvement. The degree of government intervention is also an important issue. According to a survey conducted by the Chinese Academy of Social Sciences, in 2019, the average number of times the government intervened in the management decisions of state-owned enterprises in China was 1.2 times per quarter, compared to 2.4 times per month in 2010. This indicates that the government has achieved significant results in reducing intervention in state-owned enterprises, but further efforts are still needed. The appropriate adjustment of the distance between the government and enterprises is of great significance for improving the competitiveness of state-owned enterprises and promoting their sustainable development. According to the Global Competitiveness Report released by the World Economic Forum, in 2019, the global competitiveness index of Chinese state-owned enterprises was 55.7, ranking 42nd in the world, while in 2010, this index was 48.6, ranking 50th in the world. This indicates that Chinese state-owned enterprises have achieved significant results in improving their competitiveness, but there is still a significant gap compared to developed countries. The inappropriate distance between the government and enterprises can also affect the satisfaction of enterprises. According to a survey of Chinese entrepreneurs, in 2019, the average satisfaction rate of employees with corporate management in Chinese state-owned enterprises was 72%, compared to 60% in 2010. This indicates that state-owned enterprises are gradually improving their management level, but there is still room for improvement. In addition, the inappropriate distance between the government and enterprises can also affect their innovation capabilities. According to the China Innovation and Development Report, in 2019, the proportion of R&D

investment in China's state-owned enterprises to operating revenue was 2.5%, while in 2010, this proportion was only 1.5%. This indicates that state-owned enterprises have achieved significant results in improving their innovation capabilities, but there is still a significant gap compared to developed countries. Overall, the inappropriate distance between the government and enterprises has had a significant impact on the development of Chinese state-owned enterprises. In order to solve this problem, China needs to take a series of measures, including promoting the separation of government and enterprises, improving the corporate governance structure, strengthening information communication, establishing cooperation mechanisms, and strengthening supervision. Only through these measures can the distance between the government and enterprises be appropriately adjusted, promoting the healthy development of state-owned enterprises, enhancing their competitiveness, and achieving sustainable development of state-owned enterprises.

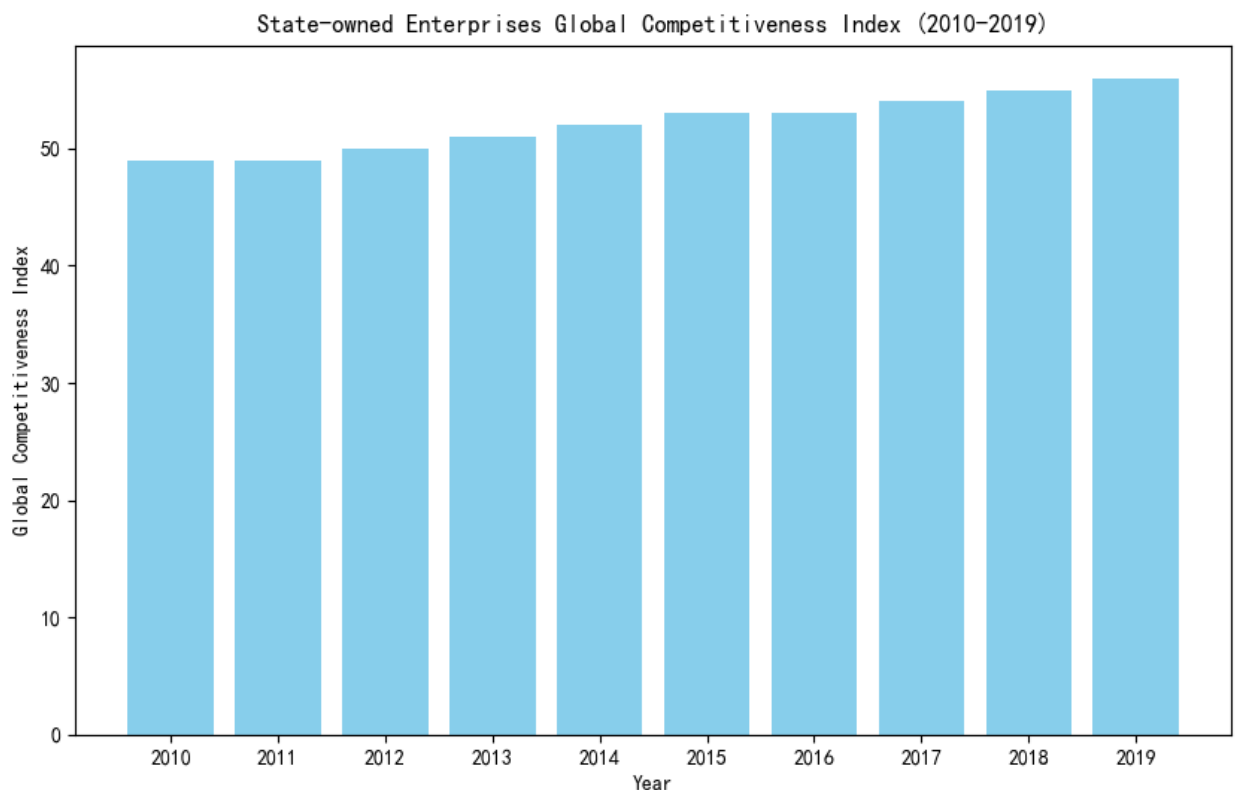


Figure 2.1 – The Global Competitiveness Index of China's state-owned enterprises from 2010 to 2019.

State-owned enterprises technology innovation ability is not strong

In today's era of economic globalization and informatization, the competitiveness and development potential of a country increasingly depend on its technological innovation capability. Comrade Jiang Zemin once said, "Innovation is the soul of a country's progress and the endless driving force for its prosperity and development." This statement profoundly reveals the core position of innovation in national development. For China, state-owned enterprises play a crucial role in promoting national economic development. However, in the face of fierce international competition and the demand for domestic economic transformation, the lack of technological innovation capabilities of state-owned enterprises has become a key factor restricting their further development.

The importance of technological innovation in state-owned enterprises is the core driving force for economic development. The integration of science and technology is the main driving force for modern social development, and the combination of the two can have a huge social impact. For example, the emergence of Internet technology has changed the way people communicate, and the popularity of smart phones has made information access more convenient.

Competition in the background of globalization and information technology: in the current era, the competition between countries is more reflected in the field of science and technology and economy. A country's ability of technological innovation often determines its status and influence on the international stage.

The key to improving national competitiveness:

The international gap in innovation capability: Compared with developed countries, there is a significant gap in independent innovation capability and resource utilization efficiency among Chinese state-owned enterprises. For example, the products exported by state-owned enterprises in China generally lack high-level and technological content, and lack industrial competitiveness.

The economic benefits of technological innovation: Technological innovation is not only the key to enhancing product competitiveness, but also an important way to improve economic benefits. Through technological innovation, enterprises can

develop more competitive products, increase market share, and thus achieve economic growth.

Achievements since the reform and opening up:

Technology introduction and market-oriented operation: Over the past thirty years, state-owned enterprises have accelerated the process of marketization by introducing advanced technology and management experience. For example, many state-owned enterprises have introduced advanced production technology and equipment through cooperation with foreign enterprises, improving production efficiency and product quality.

Economic growth and industrial upgrading: These measures have to some extent promoted economic growth and optimized industrial structure. For example, some state-owned enterprises have successfully transformed from traditional industries to high-tech industries through technological innovation, achieving industrial upgrading.

Challenges:

Lack of independent innovation capability: State owned enterprises rely too much on technology introduction, and their independent innovation capability is insufficient, making it difficult to form core competitiveness. For example, many state-owned enterprises have relatively low R&D investment and lack the ability to conduct independent research and development.

Low resource utilization efficiency: In terms of resource utilization, compared with developed countries, China's state-owned enterprises have lower efficiency, which affects the process of technological innovation. For example, some state-owned enterprises suffer from waste in resource allocation, leading to insufficient research and development resources.

Strengthen independent research and development:

Increase R&D investment: State owned enterprises should increase their investment in scientific and technological research and development, especially in key technologies and core areas. For example, companies can establish dedicated

research and development funds to support the research and development of new technologies.

Cultivating innovative talents: Establishing and improving talent cultivation mechanisms to attract and retain high-level scientific and technological talents. For example, companies can collaborate with universities to establish scholarships and attract outstanding students to participate in scientific research work.

Optimizing the innovation environment:

Policy support: The government should introduce more policies to support technological innovation and provide a good innovation environment for state-owned enterprises. For example, the government can provide tax incentives, financial support, and other policies to encourage enterprises to engage in technological innovation.

Incentive mechanism: Establish an effective incentive mechanism to encourage enterprise employees to engage in technological innovation. For example, companies can establish technology innovation rewards to reward employees who have achieved important innovation results.

Strengthening international cooperation:

Introduction of advanced foreign technology: On the basis of adhering to independent research and development, appropriate introduction of advanced foreign technology is necessary to accelerate technological updates. For example, enterprises can introduce advanced production technology and equipment through cooperation with foreign enterprises.

Participate in international scientific and technological cooperation: Through international cooperation, enhance the international perspective and innovation capabilities of state-owned enterprises. For example, companies can participate in international scientific research projects and collaborate with international research institutions.

Promote industrial upgrading

Transforming traditional industries: Utilizing technological innovation to

promote the upgrading and transformation of traditional industries. For example, enterprises can improve the production efficiency and product quality of traditional industries through technological innovation.

Developing strategic emerging industries: Increase investment in new energy, information technology, and other fields to develop strategic emerging industries. For example, companies can invest in the field of new energy and develop new energy technologies.

State-owned enterprises play an irreplaceable role in China's economic development. Facing the dual challenges of international competition and domestic economic transformation, enhancing the technological innovation capabilities of state-owned enterprises has become an urgent task. This not only requires the efforts of enterprises themselves, such as increasing R&D investment and cultivating innovative talents, but also requires government support, such as optimizing the innovation environment and providing policy support. Only through these comprehensive measures can state-owned enterprises play a greater role in leading the development of the national economy and promote the sustained and healthy development of the Chinese economy.

Enterprise management is relatively backward

The traditional enterprise management in our country mainly refers to the commonly used enterprise management model after the 1950s, which was mainly influenced by Soviet management theory. The main characteristic of traditional enterprise management is the planning and control of enterprise management, while modern enterprise management is a collective term for various systems that enterprises adapted to the modern market economy system generated by the European and American industrial revolution. From the perspective of enterprise management, there are three main differences between traditional and modern enterprise management:

A. Modern enterprise management companies are better at making strategic decisions and have a better ability to adapt to market economy competition

patterns and decision-making than traditional state-owned enterprises. The mechanism of traditional enterprise management is either "leadership as the main body" or controlled by the government, without independent decision-making power, and enterprises do not need to bear responsibility for losses. This is mainly due to the inertia of the planned economy era, which led to a lack of business expectations for enterprises. Modern enterprise management, on the other hand, focuses more on closely related market factors and directly solves problems from the source. In addition, modern enterprise management constantly gives enterprises a sense of urgency and motivation to move forward in the market, forcing them to set goals, make business decisions, and improve efficiency through a series of positive measures. Therefore, the management level of enterprises will continue to improve.

B. Modern enterprise management has a scientific and sound organizational system, and traditional enterprises implement the administrative and appointment system. In the modern enterprise management concept, more emphasis is placed on adjusting the relationship between owners, operators and employees. Through the decision-making, execution and supervision organization of the enterprise, realize the independence and clarity of its rights and responsibilities, so that the enterprise can operate in accordance with the relevant national laws and regulations and the articles of association of the company, and realize the simple and effective close integration of the enterprise and the market. For example, a company manager has an appointment system that holds the board accountable, rather than a more advanced appointment system.

C. Modern enterprise management pays more attention to the people-oriented concept than in the past. The traditional management concept believes that "I am a brick, it is the place where I need to move", and it is more concerned about the needs of the interests of the enterprise, while ignoring people's own value. More people just do their own work, "do not pursue achievements, but do not pursue mistakes." In today's market competition, talent is more important in society than

ever before. The world has been a competitor of the talent market, and talent is the core competitiveness of the era of knowledge economy. It is clear that the brain drain in China and India is the direct cause of the birth of Silicon Valley, the high-tech center in the United States today. The state should give full play to the role of talents in state-owned enterprises, and do a good job in cultivating, attracting and cherishing talents.

The brain drain is very serious

Due to the lack of emphasis on human factors in traditional enterprise management, relying solely on existing management models for rigid management, lacking innovation and competitive awareness, it is impossible to effectively utilize talents to promote enterprise innovation. In this situation, discussing a people-oriented management model is just an empty conversation. This shopping center claims to be a battlefield without gunpowder, and the real determining factor in war is people, not weapons. There are many problems with the talent management concept of state-owned enterprises:

In terms of enterprise management philosophy, the people-oriented scientific development concept has not been upheld. This is not conducive to the development requirements of enterprise innovation, nor is it conducive to correctly grasping the personal value of talents. It is because state-owned enterprises lack talent management and fail to reflect the spirit of liberating their minds and pursuing practical results of the times.

State owned enterprises have insufficient investment in employee training. Without good corporate training, it is difficult to improve the skills of enterprise talents, and enterprises cannot obtain intrinsic innovation vitality. In addition, enterprises can promote and educate corporate culture in employee training, and cultivate a high-quality talent team.

There are issues with the distribution of benefits. The distribution of benefits is related to the significant interests of talents and is also a necessary means for enterprises to motivate talents. However, the distribution of benefits among

employees in Chinese enterprises is not related to the production efficiency of the enterprise. State owned enterprises also lack effective evaluation methods, which cannot effectively motivate the contribution of talents, resulting in the innovative distribution system model lagging behind modern enterprises and unable to effectively mobilize the work enthusiasm of talents.

State-owned enterprises lack a corporate culture

The lack of corporate culture in state-owned enterprises has become an important factor limiting their development and competitiveness. Corporate culture, as the soul and spiritual pillar of a company, not only affects the behavior and attitude of employees, but also determines the image and competitiveness of the company in the market. However, many state-owned enterprises have obvious shortcomings in corporate culture construction.

The current situation of state-owned enterprise culture

The culture of state-owned enterprises is often influenced by traditional Chinese culture, which to some extent limits their ability to adapt to the modern market economy. For example, a traditional culture that values hierarchy and authority may lead to rigidity in decision-making and communication within businesses. At the same time, the collectivist tendency in traditional culture may lead to insufficient individual innovation and initiative, which is a disadvantage in a market economy that emphasizes individuality and innovation. Lack of sense of responsibility and mission In many state-owned enterprises, employees often lack a strong sense of responsibility and mission. They may view work more as a means of livelihood rather than a way to realize personal value and contribute to society. This mentality makes it difficult for employees to combine corporate interests, work responsibilities, and personal interests, thereby affecting the overall cohesion and competitiveness of the enterprise.

The influence of the corporate culture

Lack of internal vitality "big pot rice" type of egalitarianism culture affects the internal vitality of the enterprise. In this culture, the efforts and contributions of

employees are not properly recognized and rewarded, which leads to the decline of work enthusiasm and the lack of a scientific, healthy, strong and complete talent management system, which makes it difficult for the enterprise to attract and retain excellent talents, and further weakens the competitiveness of the enterprise.

Lack of external competitiveness

The lack of a strong corporate culture makes state-owned enterprises appear to lack vitality and competitiveness in market competition. The lack of corporate culture makes it difficult for state-owned enterprises to compete with private enterprises or multinational corporations with strong corporate culture in terms of brand image, customer service, and innovation capabilities.

Efforts to build corporate culture

Since its establishment, the State owned Assets Supervision and Administration Commission has taken a series of positive measures to accelerate the construction of corporate culture. For example, by promoting the importance of corporate culture, state-owned enterprises are encouraged to engage in cultural innovation and reform. Hangzhou Iron and Steel Group is a successful example. It has been awarded the "National Enterprise Culture Demonstration Base", adheres to technological innovation, strives to become a more refined and powerful steel industry, continuously improves management level, follows the path of connotation development, and uses corporate culture to guide strategic transformation. This not only expands the development space of the enterprise, but also creates the world-renowned cultural Hangzhou steel brand and image. The airport is also another successful case. Ranking among the top 100 Chinese enterprise groups for six consecutive years, attaching great importance to corporate culture construction, and adhering to a diversified development strategy that combines main business and culture are important factors for achieving significant performance.

The lack of corporate culture in state-owned enterprises has become an important factor limiting their development and competitiveness. In order to

change this situation, state-owned enterprises need to attach importance to the construction of corporate culture, establish a corporate culture that adapts to the modern market economy through innovation and reform. This includes valuing the personal value and innovation ability of employees, establishing effective incentive mechanisms, and shaping a positive and upward corporate image. Through these efforts, state-owned enterprises can enhance their competitiveness in the market and achieve sustainable development.

2.2 The current situation of state-owned enterprise management entities

In China, the main managers of state-owned enterprises are appointed and dismissed by the state-owned asset supervision agency. These managers supervise state-owned enterprises, make resolutions on major events of state-owned enterprises, and correctly implement shareholder meeting resolutions. They are responsible for appointing and dismissing senior management personnel such as managers, deputy managers, and financial managers of state-owned sole proprietorships, managing daily business operations, and implementing board resolutions. This management model helps to ensure the stable operation and effective management of state-owned enterprises. Employees of state-owned enterprises can also serve as directors and supervisors of the enterprise through democratic elections of employees in accordance with relevant laws and administrative regulations. This approach helps to increase the participation of employees in the management of state-owned enterprises, and increases their sense of belonging and responsibility towards the enterprise. There is no specific requirement for the number of directors appointed by state-owned enterprise employees to participate in the operation and management of state-owned enterprises, but regulations are formulated based on local specific circumstances.

Therefore, we should give state-owned enterprise employees the right to participate in state-owned enterprise management. The right of employees to participate in the management of state-owned enterprises can be achieved by granting trade union shares, allowing employees to participate in the operation and management of state-owned enterprises, and enhancing their awareness of participating in the operation and management of state-owned enterprises. However, state-owned enterprises also have some problems in their management. The management philosophy of some state-owned enterprises is relatively backward, and there is a lazy thinking of "waiting, relying, and needing", which seriously leads to insufficient innovation in state-owned enterprises. The lag of this management concept makes it difficult for state-owned enterprises to adapt to the rapidly changing market environment, affecting their market competitiveness and sustainable development ability. The financial management of most state-owned enterprises has always adopted traditional management models, resulting in slow updates of financial management methods, facing difficulties such as poor financial information transmission, disconnection between finance and business, and lax fund control. This conservative financial management model makes it difficult for state-owned enterprises to effectively respond to market risks, affecting their operational efficiency and profitability. In terms of management systems, the state-owned asset management entities in different regions are inconsistent, with some being the finance department and some being the development and reform commission. There is a phenomenon of "multiple departments and multiple dragons", which reduces the professionalism and effectiveness of state-owned asset management. The shortcomings of this management system result in a lack of unity and coordination in the management of state-owned enterprises, which affects the overall operational efficiency of the enterprise. In terms of management incentive mechanisms, the incentive mechanisms for responsible persons in state-owned enterprises are not sound or perfect, which seriously affects the improvement of management efficiency in

state-owned enterprises. This unscientific management incentive mechanism results in a lack of sufficient motivation and motivation for management personnel, which affects the overall management level and operational efficiency of the enterprise. In order to better promote high-quality development, the State owned Assets Supervision and Administration Commission (SASAC) of the State Council implements an overall target management system of "one profit and five interests" for central enterprises. This system requires all central enterprises to seize market opportunities, create high-end and differentiated competitive advantages, strengthen management systems and capacity building. Through this management system, state-owned enterprises can better adapt to market changes, improve management efficiency, and achieve sustainable development. There are some problems in the management of state-owned enterprises in our country, such as outdated management concepts, conservative financial management, insufficient management systems, and unscientific incentive mechanisms. These issues have affected the market competitiveness of state-owned enterprises, leading to insufficient innovation and inefficient resource allocation. In order to improve the management efficiency and market competitiveness of state-owned enterprises, we need to take a series of measures, such as improving the corporate governance structure, clarifying the responsibilities and authorities of management at all levels, and ensuring scientific and effective decision-making. At the same time, strengthen internal supervision mechanisms to prevent abuse of power and corruption. In terms of talent management, establish a scientific and effective incentive mechanism to enhance the enthusiasm and innovation ability of employees. In addition, strengthen the construction of corporate culture, promote socialist core values, create a good working atmosphere, and stimulate the enthusiasm and creativity of employees. Finally, strengthen risk management and improve the risk prevention and control capabilities of state-owned enterprises to cope with the increasingly complex and changing domestic and international economic environment. Through these measures, the management system of state-owned

enterprises is an important component of China's economic system, and its management efficiency and level directly affect the operational efficiency of state-owned enterprises and the economic development of the country. In order to improve the management efficiency of state-owned enterprises, it is necessary to conduct in-depth analysis of their management system, identify existing problems, and propose corresponding improvement measures.

Table 2.2– The management hierarchy and corresponding responsibilities of state-owned enterprises

Management level	Entity / Character	Description of responsibilities
1	State-owned assets supervision agency	To be responsible for the appointment and removal of state-owned enterprise managers, supervise the operation of state-owned enterprises, and make major decisions.
2	Board of directors of state-owned enterprises	Responsible for the strategic planning and decision-making of the enterprise, and guide the development direction of the enterprise.
3	Board of supervisors	Oversee the work of boards and executives to ensure compliance with decision-making and operations.
4	Senior executives	Responsible for the daily business operation, implement the resolutions of the board of directors, and manage the specific affairs of the enterprise.
5	Worker's congress	Through democratic election, to participate in the management and supervision of

Management level	Entity Character	Description of responsibilities
		enterprises, on behalf of the interests of workers.

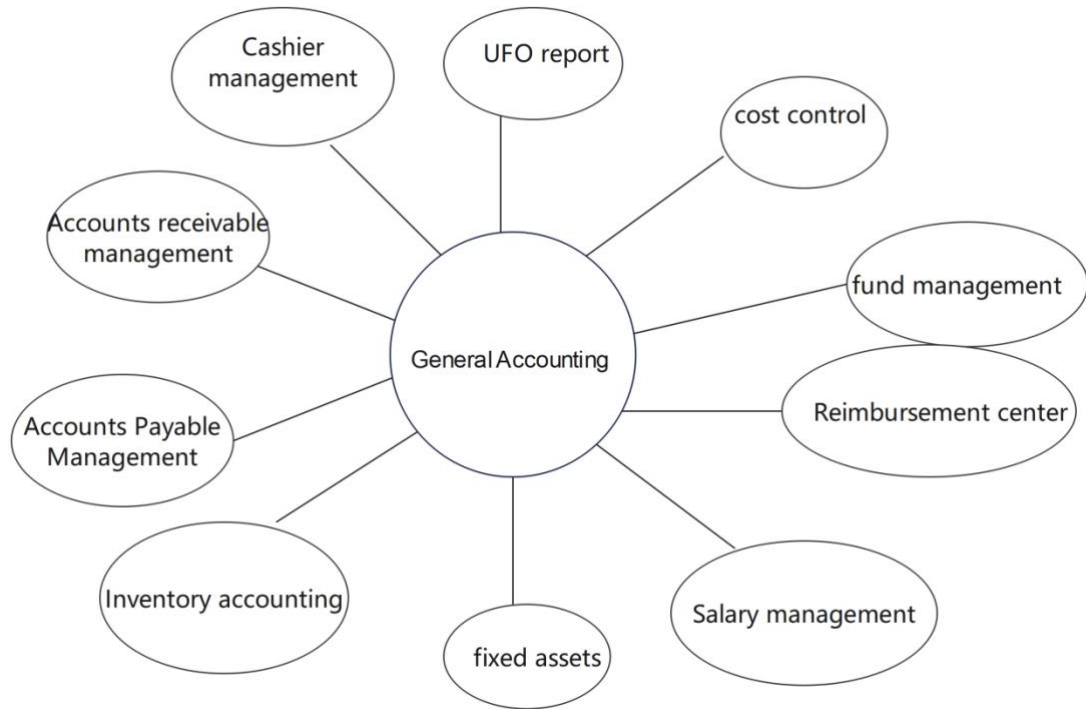


Figure 2.3—Accounting management of state-owned enterprises



Figure 2.4—Bar chart analysis of management issues in state-owned enterprises

The current situation and problems of the management system:

Appointment and supervision of managers: Managers in state-owned enterprises in China are mainly appointed and dismissed by state-owned asset supervision agencies. This system ensures that managers are loyal to national interests, but also has certain limitations. For example, the selection mechanism for managers may not be transparent enough, lacking market competition mechanisms, resulting in uneven abilities and qualities of managers. Employees serve as directors and supervisors of enterprises through democratic elections, which reflects the concept of democratic management. However, in practical operation, due to the low level of employee participation in management, their role and influence are limited.

Lagging management concepts: Some state-owned enterprises have relatively lagging management concepts, lacking innovation and market awareness, resulting in a disadvantaged position in market competition. The lag of this management philosophy often stems from the internal culture and habits of the enterprise, which need to be broken through reform and innovation.

Conservative financial management: The financial management model of most state-owned enterprises is relatively conservative and difficult to adapt to the rapid development of the market economy. This not only leads to poor transmission of financial information, but also disrupts financial management from business, affecting the business decision-making of the enterprise.

Shortcomings in the management system; The inconsistency of state-owned asset management entities in different regions has affected the professionalism and effectiveness of management. This phenomenon of "multiple departments and multiple dragons" not only reduces management efficiency, but also increases management costs.

The unscientific management incentive mechanism; The incentive mechanism of state-owned enterprises is not sound or perfect, which leads to low enthusiasm of management personnel and affects the improvement of management efficiency.

Corrective actions: Improve the selection mechanism for managers; Establish a more scientific and transparent selection mechanism, introduce market competition mechanism, and improve the ability and quality of managers. Strengthen training and motivation for managers, enhance their market awareness and innovation ability. The innovative management concept promotes cultural reform within state-owned enterprises, establishes market awareness and innovation awareness, and stimulates the enthusiasm and creativity of management personnel. Introducing modern management concepts, such as lean management and agile management, to improve the management efficiency and competitiveness of enterprises. Reform the financial management model by introducing advanced financial management tools and methods, achieving close integration between finance and business, and improving the efficiency of fund utilization. Strengthen the construction of financial informatization, improve the speed and accuracy of financial information transmission. Establish a unified state-owned asset management system, clarify the responsibilities and authorities of each management entity, and achieve professionalization and standardization of state-owned asset management. Strengthen the training and motivation of state-owned asset management personnel, and improve the professionalism and effectiveness of management. Improve the management incentive mechanism and establish a scientific and reasonable incentive mechanism to stimulate the enthusiasm and innovation ability of management personnel. Strengthen the performance evaluation of management personnel to ensure that their responsibilities and interests match.

2.3 Financial management risks and improvement

State-owned enterprises play an pivotal role in China's economy, and their financial management and risk control ability are directly related to the stability

and development of economy. However, in the current complex and changeable economic environment, state-owned enterprises are facing many challenges and deficiencies in these two aspects, and it is urgent to improve and upgrade through a series of effective measures.

Specific manifestations of inadequate financial management

Lack of strict budget management: Some state-owned enterprises lack necessary supervision and control in the process of budget preparation and execution, resulting in low efficiency of fund utilization, and even waste and misappropriation of funds. For example, companies may not have established a comprehensive budget approval process, resulting in greater arbitrariness in budget execution, unreasonable fund allocation, and inability to effectively monitor fund flow and utilization efficiency.

Poor cost control: Cost management is an important component of corporate financial management, but some state-owned enterprises have deficiencies in this regard. This may lead to the inability of enterprises to effectively reduce production and operating costs, affecting their profitability and market competitiveness. For example, due to the lack of effective cost control measures, companies may face high costs in raw material procurement, production processes, sales, and distribution.

Low financial transparency: The financial information disclosure of state-owned enterprises is not transparent enough, making it difficult for external investors and regulatory agencies to fully understand the financial situation of the enterprise. This affects the reputation and financing ability of the enterprise. Low financial transparency may lead to a lack of investor confidence in the company, affecting its financing costs and market evaluation.

Specific manifestations of inadequate risk control

The risk assessment mechanism is not sound: State owned enterprises lack effective mechanisms and tools in risk identification, assessment, and management. This makes it difficult for enterprises to accurately predict and respond to market

risks, credit risks, etc. For example, companies may not have established a comprehensive risk assessment system, resulting in insufficient sensitivity to changes in the external economic environment and inability to adjust their business strategies in a timely manner.

Weak internal control system: Internal control is an important guarantee for ensuring the stable operation of enterprises, but the internal control system of some state-owned enterprises is not perfect enough. This may lead to management vulnerabilities and operational risks. For example, companies may lack effective internal audit and supervision mechanisms, resulting in inaccurate financial reports, or internal personnel abusing their power to engage in improper transactions.

Insufficient ability to cope with market changes: Faced with rapid changes in the market environment, state-owned enterprises need to flexibly adjust their business strategies. However, some companies find it difficult to respond quickly due to the lack of effective risk management measures. This may result in companies being at a disadvantage in market competition and unable to seize market opportunities in a timely manner.

Specific content of improvement measures

Strengthening budget management: State owned enterprises should establish a sound mechanism for budget preparation and execution supervision to ensure the rational allocation and effective use of funds. This includes establishing a strict budget approval process, implementing real-time monitoring of budget execution, and regularly evaluating and adjusting budget execution.

Improve cost control capability: Through refined management, optimize production processes, reduce unnecessary cost expenditures, and improve the cost-effectiveness of the enterprise. This can be achieved by introducing advanced cost management systems, implementing cost accounting and control, and conducting regular cost analysis and optimization.

Enhance financial transparency: State owned enterprises should regularly publish financial reports to improve the transparency and transparency of financial

information. This can be achieved by establishing a standardized financial reporting system, strengthening communication with investors and regulatory agencies, and utilizing information technology to improve the quality and timeliness of financial reporting.

Improve risk assessment mechanism: Establish a scientific risk assessment system, conduct regular risk assessments, promptly identify potential risks, and develop response strategies. This includes establishing a risk management committee, developing risk management policies and procedures, and utilizing risk management tools for risk quantification and analysis.

Strengthen internal control: strengthen the construction of internal control system, reduce management loopholes and operational errors through institutionalized and standardized management. This can be achieved by establishing internal audit and supervision mechanisms, implementing internal control self-assessment, and strengthening employee awareness and training on internal control.

Improving market adaptability: State owned enterprises should increase their sensitivity and adaptability to market changes, and flexibly adjust their business strategies. This can be achieved by strengthening market research, establishing a rapid response mechanism, and cultivating a management team with market insights.

Data support

Guiding Opinions on Accelerating the Construction of a world-class Financial Management System by Central Enterprises

This guidance clearly states that central enterprises should significantly improve their overall financial management level through about 5 years of effort, and establish a financial management system that is suitable for world-class enterprises within about 10-15 years. The setting of this goal not only reflects the high importance that the country attaches to the improvement of financial management capabilities of state-owned enterprises, but also points out the development

direction and goals for state-owned enterprises.

Notice of the Ministry of Finance on Doing a Good Job in the Financial Accounting Final Report of State Owned Enterprises for the Year 2022

The notice emphasizes the importance of strengthening the analysis and research of financial settlement data, and requires all units to fully leverage the supporting role of financial information of state-owned enterprises in policy formulation. This indicates that the financial information of state-owned enterprises is not only a requirement for internal management, but also an important basis for national macroeconomic management and decision-making.

Research on PwC China

PwC China mentioned in its research that building a risk warning system requires a common data foundation. Considering the diversified nature of local state-owned enterprise business, enterprises exhibit diversified characteristics in business, management, and data types. Therefore, it is particularly necessary to establish a debt risk warning and monitoring system for local state-owned enterprises. This research result suggests that state-owned enterprises need to pay more attention to data integration and application in risk management to improve their risk warning and response capabilities. The PwC China study

In its research, PwC China noted that building a risk early warning system requires a common data base. Considering the diversified business characteristics of local state-owned enterprises, enterprises show the characteristics of diversification in business, management and data types, so it is particularly necessary to establish the debt risk early warning and monitoring system of local state-owned enterprises. The research results suggest that state-owned enterprises need to pay more attention to the integration and application of data in the risk management, in order to improve the risk early warning and response capacity.

Conclusions to section 2

As an important component of China's national economy, the improvement of management level and competitiveness of state-owned enterprises is of great significance to the development of the national economy. Through in-depth analysis of the current management situation of state-owned enterprises, we can find some common problems, such as unclear property rights, inappropriate distance between the government and enterprises, weak technological innovation capabilities, backward enterprise management, serious talent loss, and lack of corporate culture. These problems seriously affect the operational efficiency and market competitiveness of state-owned enterprises, and constrain their sustainable development.

To address these issues, a series of measures need to be taken, including deepening the reform of state-owned enterprises, clarifying property ownership, promoting the separation of government and enterprises, improving corporate governance structure, strengthening supervision, enhancing technological innovation capabilities, increasing research and development investment, cultivating innovative talents, optimizing the innovation environment, strengthening international cooperation, promoting industrial upgrading, improving enterprise management, establishing scientific incentive mechanisms, and valuing corporate culture construction. The implementation of these measures requires the joint efforts of the government, enterprises, and all sectors of society to ensure that state-owned enterprises can play a greater role in the market economy and promote the sustained and healthy development of the Chinese economy.

At the same time, state-owned enterprises also have shortcomings in financial management and risk control, such as lax budget management, inadequate cost control, low financial transparency, inadequate risk assessment mechanisms, weak internal control systems, and insufficient market adaptability. In order to improve the financial management level and risk control ability of state-owned enterprises,

it is necessary to strengthen budget management, improve cost control ability, enhance financial transparency, improve risk assessment mechanism, strengthen internal control, and improve market adaptability.

Through the implementation of these improvement measures, state-owned enterprises can better adapt to market changes, improve management efficiency, and achieve sustainable development. At the same time, this also helps to enhance the competitiveness of state-owned enterprises in the global market and make greater contributions to China's economic development. In short, the reform and development of state-owned enterprises is a systematic project that requires efforts and collaborative cooperation from multiple aspects in order to achieve long-term development of state-owned enterprises and prosperity of the national economy.

SECTION 3

THE CONSTRUCTION OF IMPROVING THE COMPETITIVENESS OF STATE-OWNED ENTERPRISES

3.1 Enhance internal management and democratic supervision

As an important pillar of the national economy, the effectiveness of internal management and democratic supervision of state-owned enterprises is directly related to the healthy development of enterprises and the stability of the national economy. With the development of market economy and the deepening of globalization, state-owned enterprises are facing increasingly complex business environments and fierce market competition. In this context, strengthening the internal management and democratic supervision of state-owned enterprises is particularly important. This article will explore from multiple perspectives how to enhance the internal management and democratic supervision of state-owned enterprises by improving laws and regulations, establishing internal supervision and management mechanisms, leveraging the role of trade union organizations, enhancing corporate

transparency and sense of responsibility, and promoting democratic and scientific decision-making.

Improve laws and regulations, establish the status of trade unions

Law is the foundation of governance and the fundamental foundation of enterprise management. In order to ensure that trade union organizations can effectively participate in the business decision-making of state-owned enterprises, it is necessary to clarify the legal status and responsibilities of trade union organizations through legal construction and institutional improvement. This includes the formulation and revision of relevant laws and regulations, granting trade union organizations the statutory right to participate in the management of state-owned enterprises, and ensuring that trade union organizations can participate in the business decision-making and supervision management of enterprises within the legal framework. Through this approach, trade union organizations can become an important force in internal management and democratic supervision of enterprises.

In China, the Trade Union Law and other relevant laws and regulations have provided a certain legal basis for trade union organizations to participate in enterprise management. However, there are still some problems and challenges in practical operation. Therefore, it is necessary to further refine and improve relevant laws and regulations, clarify the participation and supervision rights of trade unions in enterprise decision-making, as well as the specific procedures and methods of participation in decision-making. At the same time, it is necessary to strengthen supervision and inspection of the implementation of laws and regulations to ensure that the legitimate rights and interests of trade unions are effectively protected.

Establish and improve the internal supervision and management mechanism

State-owned enterprises should establish and improve internal supervision and management mechanisms, including financial auditing, risk assessment, decision review, and other aspects. The establishment of internal supervision mechanisms

can ensure the rationality and legality of enterprise decisions, and prevent violations and potential risks in enterprise operations. Trade union organizations can play an important role in this process by participating in supervision, ensuring transparency and fairness in enterprise decision-making, and also protecting the legitimate rights and interests of employees. The establishment of internal supervision and management mechanisms needs to start from the following aspects: first, establish a sound financial audit system, regularly audit the financial status of enterprises, and ensure the authenticity and accuracy of financial information. Secondly, establish a risk assessment mechanism to conduct risk assessments on major decisions and business activities of the enterprise, and promptly identify potential risks and issues. Once again, establish a decision-making review mechanism to review major decisions of the enterprise, ensuring the scientific and rational nature of the decisions. Finally, establish a accountability mechanism to severely deal with illegal operations and improper decision-making, ensuring the legality and standardization of enterprise business activities.

Effective participation of trade union organizations

Trade union organizations, as representatives of employees, should actively participate in the management and supervision of state-owned enterprises. Trade unions can collect and reflect the opinions and suggestions of employees through organizing employee meetings, symposiums, and other forms, providing reference for enterprise decision-making. At the same time, trade unions can also supervise the employment, salary distribution, welfare benefits, and other aspects of the enterprise, safeguarding the legitimate rights and interests of employees. Through this approach, trade union organizations can not only protect the interests of employees, but also promote the democratization and scientificization of enterprise decision-making.

The effective participation of trade union organizations needs to be carried out from the following aspects: firstly, trade unions should strengthen

their own construction, improve the professional ability and level of trade union cadres, and ensure effective participation in enterprise management and supervision. Secondly, trade unions should strengthen communication and coordination with enterprises, actively participate in the decision-making process of enterprises, and propose rational suggestions. Once again, trade unions should strengthen publicity and education for employees, enhance their legal and rights protection awareness, and encourage them to actively participate in the management and supervision of the enterprise. Finally, trade unions should establish and improve the system of employee representative conferences, listen to the opinions and suggestions of employees through forms such as employee representative conferences, and reflect the interests and needs of employees.

Case analysis: The practice of Luohe City

In the reform of state-owned enterprises in Luohe City, trade union organizations actively participated in the operation and management of the enterprise. By establishing a system of employee representative conferences, improving the system of employee directors and supervisors, the internal management and democratic supervision of the enterprise were enhanced. This approach not only enhances the transparency and sense of responsibility of enterprises, but also promotes the democratization and scientificization of enterprise decision-making, effectively enhancing the operational efficiency and social image of enterprises. The practice in Luohe City has shown that the effective participation of trade unions is of great significance for the healthy development of state-owned enterprises.

The case study of Luohe City shows that the participation and supervision of trade unions in state-owned enterprises not only helps to protect the rights and interests of employees, but also promotes the democratization and scientificization of enterprise decision-making. By establishing a sound system of employee representative conferences, trade union organizations can better reflect the

opinions and suggestions of employees and participate in the decision-making process of enterprises. At the same time, by improving the system of employee directors and employee supervisors, trade union organizations can better supervise the business activities of enterprises and ensure their legal and compliant operations.

The government of Luohe City requires state-owned enterprises in Luohe City to retain trade union organizations and play their role in enterprise restructuring. The trade union organization of the restructured enterprise has been timely renewed or rebuilt, and the Municipal General Administration has placed the construction of the trade union organization of the restructured enterprise in an important position based on the situation of the enterprise restructuring in Luohe.

Finally, the government of Luohe City requires state-owned enterprises in Luohe City to shift from being a mere formality before the restructuring to actively participating in state-owned enterprise operations during the reform.

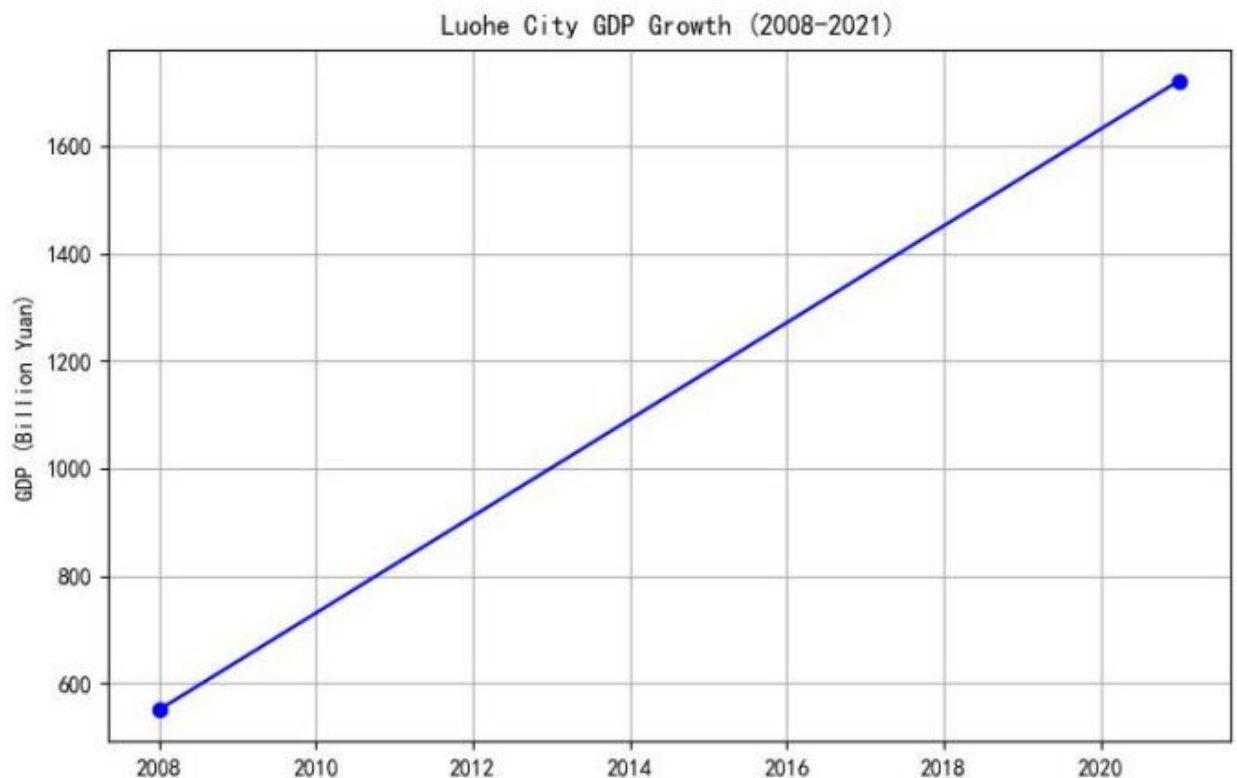


Figure 3.1– The GDP growth of Luohe city from 2008 to 2021

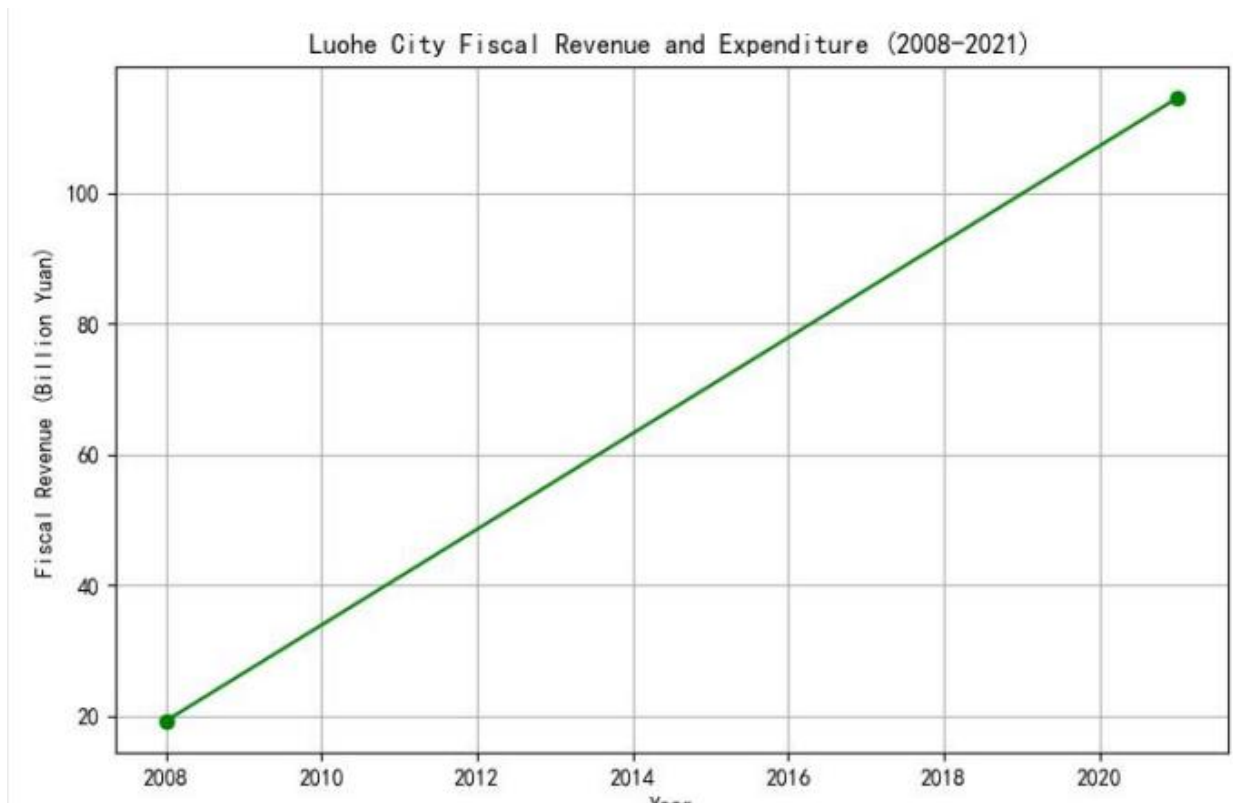


Figure 3.2– Financial revenue and expenditure of Luohe City from 2008 to 2021

Operators are required to closely link their personal interests with the fate of the enterprise.

Only by being responsible to their employees can they take responsibility for themselves. Only by mobilizing the enthusiasm of employees can they strengthen and grow the enterprise. Therefore, the restructuring of enterprises truly regards democratic management as an essential feature of the enterprise, and adhering to and improving the system of employee representative conferences is an effective form of running the enterprise well. Luohe Renewable Resources Company entrusts all the development and production and operation plans of the enterprise to the employees for discussion, making collective contracts and wage negotiations more humane. The enterprise and employees work together to get rid of losses and move towards profitability.

Enhance corporate transparency and sense of responsibility

Enhancing the transparency and sense of responsibility of state-owned enterprises is an important goal in enhancing internal management and democratic supervision. Enterprises should regularly disclose their business operations, financial status, and major decisions, and accept supervision from society and employees. At the same time, enterprises should also establish and improve accountability mechanisms. For illegal operations and improper decisions, they should be dealt with seriously to ensure the legality and standardization of their business activities.

The improvement of enterprise transparency needs to be carried out from the following aspects: firstly, enterprises should establish a sound information disclosure system and regularly disclose the business and financial status of the enterprise to the society and employees. Secondly, enterprises should establish a sound decision-making disclosure system. For major decisions, they should be communicated and explained to employees through forms such as employee representative meetings. Once again, enterprises should establish a sound system of responsibility disclosure, and promptly disclose the results of violations and improper decisions to society and employees. Finally, enterprises should establish a sound supervision and feedback system, and provide timely feedback and handling of social and employee supervision opinions.

Promote the democratization and scientificization of enterprise decision-making

Democratic and scientific decision-making is an important feature of modern enterprise management systems. State owned enterprises should establish sound decision-making mechanisms to ensure the openness, fairness, and impartiality of the decision-making process. This includes establishing decision-making consultation mechanisms, expert review mechanisms, risk assessment mechanisms, etc., and improving the scientific and rational nature of decision-making through various opinions and suggestions. At the same time, enterprises should also encourage employees to participate in decision-making, listen to their opinions and suggestions through forms such as employee representative meetings, and make

decisions more closely related to the actual needs of employees and the development direction of the enterprise. The democratization and scientificization of enterprise decision-making need to be carried out from the following aspects: first, enterprises should establish a sound decision-making process, clarify the steps and requirements of decision-making, and ensure the standardization and effectiveness of decision-making. Secondly, enterprises should establish a sound decision-making consultation mechanism, and improve the scientificity and rationality of decision-making by soliciting the opinions and suggestions of experts and employees. Once again, enterprises should establish a sound risk assessment mechanism to assess and prevent potential risks associated with decision-making, ensuring the safety and feasibility of decision-making. Finally, enterprises should establish a sound employee participation mechanism, encourage employee participation in decision-making through forms such as employee representative conferences, and make decision-making more in line with the interests and needs of employees.

In the context of the new era, state-owned enterprises are facing more complex internal and external environments. How to build an effective supervision system has become an important issue in the reform of state-owned enterprises. Building a "big supervision" pattern for state-owned enterprises means integrating various supervision resources, forming a joint supervision force, and improving supervision efficiency. This not only includes various forms of supervision such as intra party supervision, investor supervision, audit supervision, employee democratic supervision, and public opinion supervision, but also requires institutional innovation and mechanism construction to achieve the effectiveness and normalization of supervision. To build a "big supervision" pattern, it is necessary to first clarify the responsibilities and authorities of various supervisory subjects, and avoid overlapping and gaps in supervisory responsibilities. Secondly, it is necessary to establish a sound supervision and coordination mechanism, and achieve effective integration of supervision resources through information sharing,

problem reporting, joint investigations, and other means. Once again, it is necessary to strengthen the evaluation and feedback of supervision work, and through the application of supervision results, promote the improvement of enterprise management and operational efficiency. Finally, it is necessary to strengthen the training and management of supervisory personnel, improve their professional quality and ethics, and ensure the fairness and effectiveness of supervisory work.

The role of the board of supervisors of state-owned enterprises

The supervisory board of state-owned enterprises in China is a mandatory institution for state-owned enterprises as defined in the Company Law. It represents the state in exercising the supervisory power of investors and comprehensively supervises the financial and operational management of enterprises based on the ownership of investors. The establishment and effective operation of the supervisory board are of great significance for improving the management level of state-owned enterprises and preventing operational risks.

The supervisory board shall independently exercise its supervisory power in accordance with the law, and supervise the financial status, business activities, internal control, etc. of the enterprise. The supervisory board should also review major decisions of the enterprise to ensure their legality and rationality. In addition, the supervisory board should also evaluate the internal control system of the enterprise, identify potential risks and issues, and propose improvement suggestions. Through these efforts, the supervisory board can effectively promote the standardized operation and healthy development of enterprises.

Improve democratic bottom-up

The democratic supervision of state-owned enterprises not only includes the internal supervision mechanism of the enterprise, but also the supervision of the employees and the masses. Improving bottom-up democratic supervision means fully leveraging the supervisory role of the workers and masses, and establishing sound democratic supervision channels to enable them to directly participate in the

management and supervision of enterprises. Improving bottom-up democratic supervision needs to be carried out from the following aspects: firstly, enterprises should establish a sound system of employee representative conferences, and through forms such as employee representative conferences, allow the employees to directly participate in the decision-making and management of the enterprise. Secondly, enterprises should establish a sound mechanism for feedback and handling of opinions, and promptly provide feedback and handling of the opinions and suggestions put forward by the employees. Once again, enterprises should strengthen publicity and education for employees, enhance their legal and supervisory awareness, and encourage them to actively participate in the management and supervision of the enterprise. Finally, enterprises should establish a sound incentive mechanism and provide appropriate rewards and commendations to employees who actively participate in supervision work and achieve results.

Strengthening the internal management and democratic supervision of state-owned enterprises is a systematic project, which needs to take comprehensive measures from the aspects of legal construction, internal supervision, trade union participation, transparency enhancement, democratization and scientific decision-making, the construction of a "great supervision" pattern, the effective operation of the board of supervisors, and the improvement of bottom-up democratic supervision. Through the continuous improvement of the internal supervision mechanism, to ensure that trade unions can really play a role, the management level and decision-making quality of state-owned enterprises will be significantly improved, so as to provide a solid guarantee for the sustainable development of enterprises and the stable growth of the national economy. State-owned enterprises should actively explore and practice, constantly sum up the experience, innovate the management mode, so as to adapt to the development requirements of the new era, and make greater contributions to the realization of the high-quality development of the national economy.

3.2 Promote the reform of the shareholding system

Dong Fulun, Director of the Academic Committee of the Economic and Scientific Development Foundation, Hua Sheng, believes that although the joint-stock system has a history of hundreds of years, introducing the joint-stock system into the reform of state-owned enterprises and conducting large-scale joint-stock transformation of state-owned enterprises as the direction of the entire national enterprise reform still has important theoretical innovation significance.

I believe that the development of the socialist market economy with Chinese characteristics requires China's economic development to adhere to public ownership, with public ownership as the main body and multiple economies developing together. At the same time, we should actively leverage the government's regulatory capabilities to guide the development of the market economy. Give full play to the government's leading role in the economy, adapt to the constantly changing and socialized development trend of economic marketization. Therefore, we must implement a shareholding system, while developing the economy of state-owned enterprises, we also encourage the cross integration and mutual promotion of various types of capital.

The shareholding system of state-owned enterprises is also a practical requirement for promoting property rights system reform and an objective requirement for aligning with international standards. Committed to the task of restructuring state-owned enterprises, it is conducive to reversing the bankruptcy situation of state-owned enterprises caused by unclear entities, which leads to insolvency and no hope of turning losses around.

The development of a market economy is diversified, and the mature development of modern enterprise systems is a significant result of the growing market economy. So, market-oriented reform of state-owned enterprises is also inevitable for the development of the national economy. Diversification of equity

in state-owned enterprises is a practical requirement for clarifying the diversified competition in the market economy, and attracting other enterprises to join the ranks of state-owned enterprises is a way for the country to fully leverage the advantages of the market economy, achieve the "imperial examination, and select the best candidates for admission".

Classification and differentiation of enterprises in China

The Company Law of our country divides companies into limited liability companies and joint-stock limited liability companies, among which limited liability companies are further divided into state-owned sole proprietorship companies and non-state-owned sole proprietorship companies. In a broad sense, state-owned companies can be distinguished based on their investment situation and can be divided into state-owned sole proprietorship companies, state-owned holding companies, and state-owned equity participating companies. Should state-owned companies and enterprises in China be limited liability companies or joint-stock limited liability companies? There is no clear specific explanation or analysis in our country yet. I analyze the composition of state-owned enterprise entities based on the differences between limited liability companies and joint-stock limited liability companies.

The difference between a limited liability company and a joint-stock company is that the latter divides all capital into equal shares, while the former does not do so. The Company Law has limitations on the number of shareholders of a limited liability company. Article 24 of the Company Law stipulates that a limited liability company shall be established with the investment of less than 50 shareholders, and there may also be individual limited liability companies; The number of initiators of a joint-stock limited liability company is 2 to 200, and there is no limit on the number of shareholders. Comparing the two, a joint-stock company conforms to the democratic centralism proposed by the state, and can be jointly participated in by the majority of shareholders in the development of state-owned enterprises. Therefore, we say that China's state-owned enterprises should be joint-stock state-

owned enterprises.

The main difference between a limited liability company and a joint-stock limited company is that: 1. A limited liability company is a joint venture, while a joint-stock limited liability company is a joint venture; 2. Whether the shares are of equal value. All assets of a limited liability company do not need to be divided into equal shares. Shareholders only need to contribute according to the agreed proportion of capital and enjoy rights and assume obligations in this proportion; 3. Number of shareholders. A limited liability company should not have too many shareholders due to its certain degree of human cooperation and trust among shareholders. The Company Law of our country stipulates that a limited liability company has 2-50 members. Limited liability companies only have a lower limit requirement, which only specifies the minimum number of initiators, but in reality only sets the minimum statutory number of shareholders, without specifying the upper limit of shareholders. This makes the shareholders of limited liability companies have the greatest breadth and considerable uncertainty; 4. Is fundraising public or closed. A limited liability company can only raise funds through public offering within the scope of its investors. The company is not allowed to publicly raise funds through public offering. The capital contribution certificate issued by the company to the investors is also different from stocks and cannot be circulated or transferred in the market; 5. Freedom of share transfer. The capital contribution certificate of a limited liability company cannot be transferred or circulated. Shareholders' contributions can be transferred between shareholders or to individuals outside of shareholders; However, due to the nature of human cooperation, its transfer must be strictly restricted. According to the provisions of the Company Law, transfer must be approved by more than half of all shareholders; Under equal conditions, other shareholders have the right of first refusal.

Implementation forms of state-owned enterprise shareholding system

Firstly, to achieve the shareholding system of state-owned enterprises, a mixed ownership economy should be developed. Firstly, developing a mixed ownership

economy can amplify the function of state-owned capital, enhance the cohesion, competitiveness, and influence of the state-owned economy. The state-owned economy should play a leading role in the national economy and lead the direction of national economic development. By developing a mixed ownership economy, state-owned enterprises can attract more social capital investment under the leadership of a joint-stock system, effectively implement national investment, jointly operate state-owned enterprises, share national entrepreneurial achievements, and expand national disposable income and income forms. In the era of diversified state-owned enterprises, the state only needs to control the main shares, allocate national profits reasonably, have the power to make major business decisions, and guide the development and operation direction of enterprises. Secondly, the reform of state-owned enterprises requires China to develop a mixed ownership economy and comprehensively achieve the preservation and appreciation of state-owned assets. State owned shares enter the market economy, allowing for equity transfer, leveraging market competitive advantages, exiting past monopolies, comprehensively promoting marketization, and enhancing competitive awareness. Once again, developing a mixed ownership economy is also beneficial for strengthening the country's ability to resist financial crises. When the national economy is sluggish and enterprise management cannot make ends meet, state-owned assets are inevitably reduced, idle, or dissolved. However, the state can strengthen the vitality of state-owned enterprises by regulating and adjusting the merger, integration, and restructuring of state-owned capital.

Secondly, in terms of the company's capacity, joint-stock enterprises can accommodate a larger number of employees holding equity. So when a company encounters difficulties, the choice between the company and its employees can only be to ride the storm together, rather than solving the difficulties by sacrificing the interests of the majority through layoffs. So, limited liability companies can also reduce unemployment. In contrast, limited liability companies have a limited number of shareholders, and the company's power is concentrated in the hands of

minority shareholders. When faced with difficulties, they often sacrifice the interests of the majority for the benefit of a few, especially in the event of an economic crisis. Shareholders of limited liability companies may want to reduce costs and lay off employees, resulting in a large number of unemployed individuals.

Thirdly, from the classification of enterprises, we can know that the management rights of state-owned enterprises are in the hands of the state, and the state authorizes a few leaders to operate and manage them. Lack of public supervision can easily lead to personal corruption. From the perspective of democratic centralism, state-owned enterprises are public enterprises, and their business development should be decided by the majority of employees. Employees are the true owners of the enterprise, and the enterprise operator should be the representative of all employees. Only by transferring the management rights of state-owned enterprises to all employees can we continuously improve the core competitiveness of state-owned enterprises while adhering to public ownership.

Fourthly, to achieve the shareholding system of state-owned enterprises, the state should strengthen legal norms. Firstly, the country should accelerate the legislative process, improve the existing legal system, and establish a sound mechanism for state-owned enterprise shareholding. Firstly, the state should clarify the establishment system of state-owned enterprises, with a shareholding system as the form of state-owned enterprise establishment. We should actively and correctly guide the transformation and reform of existing non joint-stock state-owned enterprises, and encourage and support state-owned enterprises to establish a joint-stock system. Secondly, the country should actively strengthen management, strengthen state-owned enterprises, introduce a large amount of market funds, concentrate on developing the economy of state-owned enterprises, and merge private enterprises for common development. Give full play to the leading role of state-owned enterprises in private enterprises, establish a correct development concept, guided by the scientific development concept, and enhance the competitiveness of state-owned enterprises.

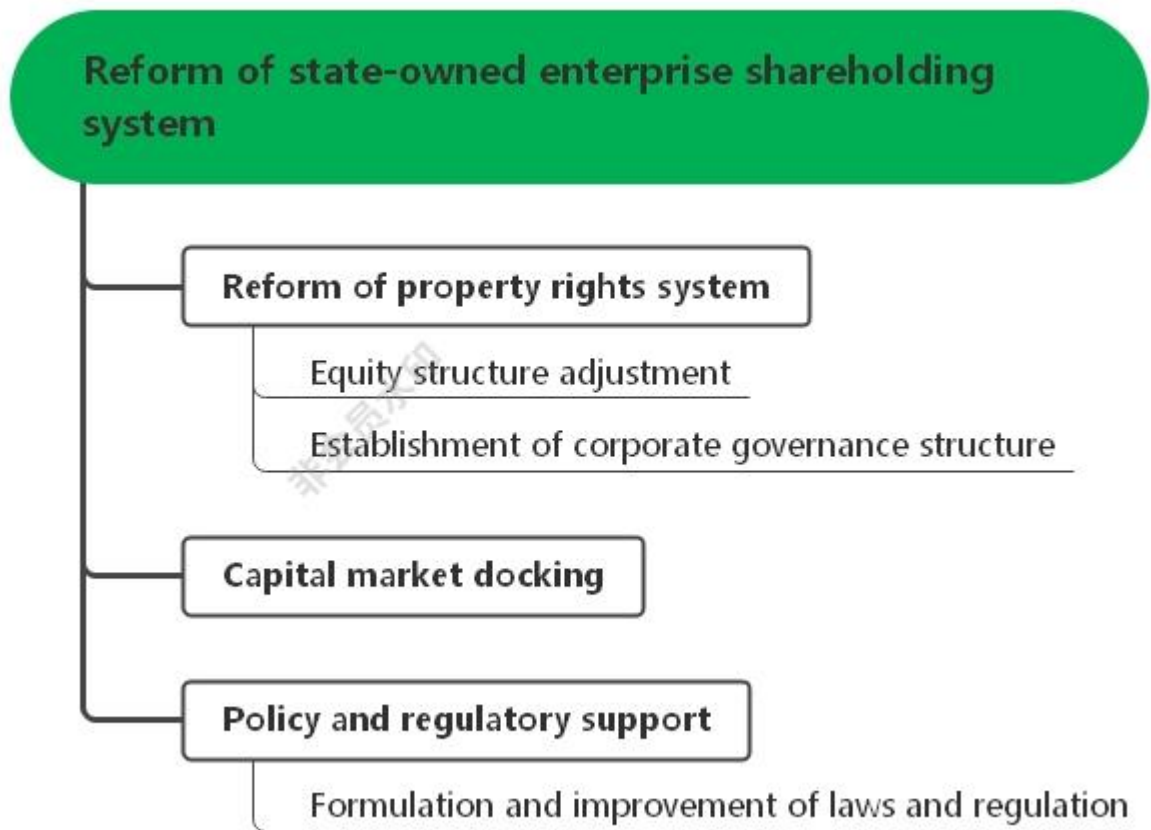


Figure 3.3– The reform of state-owned enterprises into shareholding systems and the interrelationships of related concepts.

3.3 Improve market competitiveness and management capabilities

There are many definitions for the term management, all of which are proposed from different perspectives and only reflect certain aspects of the nature of management. In order to conduct extensive research on management, rather than being limited to a particular aspect, we adopt the following definition: management is the coordination of human, material, and financial resources through planning, organization, control, motivation, and leadership. In order to better achieve organizational goals, of course, it also requires a certain perspective to observe the market. The focus of enterprise management is to establish a comprehensive

enterprise management system. Therefore, the management of state-owned enterprises can be divided into four aspects: manager management ability, talent management, management culture, and system.

Strengthening the management ability of state-owned enterprise operators

To establish a modern enterprise system and meet the requirements of the times, state-owned enterprises should strengthen the requirements for the management ability of internal managers, strictly select managers with decision-making and execution abilities, reform and improve the employment system of enterprises, and build a management team under a market-oriented competition system to cope with increasingly fierce market competition. A thousand soldiers are easy to obtain, but one general is difficult to obtain. As a business leader, the operator determines the important direction for the healthy development of the enterprise and bears the major responsibility for the rise and fall of the enterprise. They must fulfill the norms of the enterprise in all aspects, and serve the needs of state-owned enterprises by strengthening self-discipline and improving their own quality.

As an extremely special corporate class with decision-making power, the task of building the management team of state-owned enterprises is particularly important and increasingly urgent. How to strengthen the constraints and incentives on enterprise managers, correctly guide and unleash the work enthusiasm of enterprise managers, and encourage them to conscientiously fulfill their responsibilities under certain incentive conditions; And consciously accept intra party supervision and non party democratic supervision, consciously cooperate with enterprise performance evaluation and hold accountable appropriately. Enterprise operators are also members of the enterprise team. They should promote team spirit, love the enterprise collective, guide employees to adhere to socialist worldviews and values, strengthen the spiritual civilization construction, social ethics construction, and professional ethics construction of the enterprise, and truly play the core value role within the enterprise.

Strengthening talent management in state-owned enterprises

Talents are indispensable for the development of any era. In the new era, talent is particularly important and a key component in building a company's core competitiveness.

1. Innovate the concept of enterprise management and make talent management a core strategic issue for the long-term development of the enterprise. A first-class enterprise cultivates first-class talents, and first-class talents create first-class enterprises. China has proposed the strategy of building a strong country through talent, which is reflected in the need for modern enterprises to strengthen the importance and management of talents. Through good training and management, we can motivate and guide talents to unleash their intelligence and expand the development space of enterprises. Therefore, state-owned enterprises must firmly establish the concept of talent resources, emphasize people-oriented, and place talent management in a prominent position. Do a good job in talent development and training, and adjust the good development relationship between talents and enterprises. Enterprises provide a stage for talents, and individuals will also pursue the realization of their self-worth.

2. Enterprises should strengthen the training of employees and continuously enhance their comprehensive qualities. The enhanced ability of enterprises to cultivate talents injects new vitality into their development, consolidating and enhancing the centripetal force and cohesion of team cooperation, and adding weight to the victory of enterprises in market competition. Cultivating talents is a long-term mechanism for enterprises to improve the quality of their talent team. Once enterprises have high-quality employees, it will play a role in the development of the enterprise with half the effort. Timely and short-term talent cultivation is both necessary and necessary, as it will benefit the long-term investment return of the enterprise. To go further, it is necessary to constantly replenish energy, and the investment of enterprises in talent is precisely based on practical and long-term considerations and planning, reflecting the foresight and ambition of enterprise managers.

3. Enterprises should have a mechanism to motivate and constrain talents, in order to better manage talents. A scientifically effective incentive mechanism is an important aspect of modern enterprise talent management research. State owned enterprises generally adopt material incentive methods represented by money, which are relatively effective, but the incentive methods should be diverse. To meet the needs of different employees, it is necessary to adopt a variety of incentive measures to stimulate their labor enthusiasm and form a spiritual encouragement and stimulation. By combining reasonable distribution of benefits, employees can maximize their creativity.

Establish the management of state-owned enterprise culture

Corporate culture is the soul of a company and plays a significant role in its survival and development. Corporate culture is the strategic and business philosophy of a company, which encompasses the shaping of corporate beliefs, values, and cohesion, as well as the formation of innovation and team spirit. The intangible form of enterprises permeates the development of enterprises, which is conducive to enhancing the beliefs accepted by employees, improving their sense of work mission, maximizing the imagination and creativity of employees, and realizing their life value. A nation should have its own characteristics, and a country should have its spirit. The evolution of human history has benefited from the sedimentation and inheritance of culture. For enterprises, achieving sustainable development requires an internal spiritual drive. This kind of spirit is concentrated in the culture of the enterprise, is a necessary product for the healthy operation of the enterprise, is the soil for the birth of product characteristics and professional ethics of the enterprise, and is crucial for the rise and fall of the enterprise and the cultivation of employees.

Corporate culture is like the core force of a company. From the establishment of the company by its managers, their governance philosophy is embedded in the operation of the company. With the deepening development of enterprises and the improvement of management level of managers, corporate culture is also

constantly evolving invisibly. We can also see that the more excellent a company is, the better its corporate culture must accompany it. Corporate culture runs through the entire development of the enterprise, and the two are in a relationship of seeking and responding with the same spirit. Therefore, attaching great importance to the construction and management of corporate culture is necessary to inject vitality into enterprises, continuously enhance their competitive strength, and enable them to stand invincible in the wave of economic globalization and fierce competition. John Kotter, a renowned professor at Harvard Business School and a world-renowned authority in management behavior and leadership science, believes in his book "Corporate Culture and Business Performance" that corporate culture is likely to become a key factor in determining the rise and fall of businesses in the next decade.

Therefore, the ways to realize the state-owned enterprise culture are as follows:

1. Establish cultural institutions within state-owned enterprises to enhance their cultural level. Proactively produce corporate culture. We can see that the representative enterprise in China is Tongrentang, while the main representative enterprises in foreign countries are Ford in the United States and Panasonic in Japan. These representative enterprises have experienced several generations of managers who have long adhered to cultural construction in order to achieve their current success. They emphasize the realization of individual corporate values. Enterprise leaders lead by example and lead the development of company culture. Xia Ming believes that the leadership style and behavior of leaders have a subtle impact on employees within the company, forming a common set of values, beliefs, and behavioral norms. Internally, the enterprise implements unified management of corporate culture and supervises the cultural promotion work of various departments through internal construction of corporate culture. The cultural promotion situation of each unit is implemented. For departments that violate regulations by depriving employees of cultural training, communication and coordination should be carried out with the department first, and any behavior of

the department that insists on depriving employees of cultural training should be dealt with in a timely manner. At the same time, we can provide relief measures for employees and provide a reporting mailbox. Through the supervision and management of the cultural management department, comprehensively improve the values, beliefs, and behavioral norms of employees in state-owned enterprises, make them recognize the cultural management of their respective enterprises, and give employees a sense of belonging. Improve the corporate culture awareness of the internal employees in state-owned enterprises. First of all, through the company's publicity column to launch the corporate culture newspaper, promote the enterprise construction and development concept and other aspects, strengthen the corporate culture awareness of internal employees. Encourage employees of state-owned enterprises to actively participate in the construction of their internal culture. Secondly, we can regularly hold cultural activities with the development direction and value of the enterprise, improve the cultural awareness of employees of state-owned enterprises, and then let everyone care about and support the construction of corporate culture, to achieve the goal of harmonious corporate culture.

2. Enhance the awareness of corporate culture among employees within state-owned enterprises. Firstly, we can strengthen the awareness of corporate culture among internal employees through various aspects such as launching corporate culture newspapers through the company's promotional column and promoting the development concept of enterprise construction. Encourage employees of state-owned enterprises to actively participate in the internal cultural construction of the enterprise. Secondly, we can regularly hold cultural activities with the theme of enterprise development direction and value, enhance the cultural awareness of state-owned enterprise employees, and then make everyone care about and support the construction of corporate culture, achieving the goal of a harmonious corporate culture.

3. Strengthening ideological and political work in enterprises is the

implementation of the policy of "two pronged approach, both pronged must be firm", and it is an inevitable requirement for creating a high level of socialist material and spiritual civilization. Strengthening the construction of corporate culture requires strengthening the ideological and political work of employees. Only by strengthening ideological and political work can we correctly carry out the construction of corporate culture. Only by strengthening ideological and political work can we improve the cohesion of enterprises, cultivate a team of employees with thoughts, ideals, morals, and innovative consciousness, make enterprises have fresh vitality, inject fresh blood into enterprises, and build good and fast state-owned enterprises. Ideological and political work construction is the engine of development and has a promoting effect on enterprises. We should be guided by the Scientific Outlook on Development, strengthen the importance of ideological and political work for the development of enterprises from the perspective of strategic sustainable development, and strengthen the internal cultural construction of enterprises.

State employees should introduce a system of resignation and blame in managing their work in state-owned enterprises. The Provisional Regulations on the Resignation of Party and Government Leading Cadres stipulate that "due to serious work errors or dereliction of duty, significant losses or adverse effects are caused, or important leadership responsibilities are borne for major accidents.". In the Provisional Regulations on Resignation of Party and Government Leading Cadres, the interpretation of the word "jiu" is that when the degree of illegality has not been reached or although it is illegal, legal responsibility is not pursued in accordance with the law, leading cadres should take the blame and resign. Compared to the political environment in capitalist countries, resignation is a self blaming behavior of political officials (referring to elected and appointed officials) rather than ordinary civil servants. The introduction of the resignation system is conducive to strengthening the management awareness of managers, improving their enthusiasm, and requiring them to work seriously and responsibly.

Optimizing internal controls in state-owned enterprises is an important component of enhancing their competitiveness, a crucial aspect of achieving self-improvement, and a crucial guarantee for their growth from large to strong. Due to the weak management foundation, weak competitive awareness, unclear rights and responsibilities, and inadequate supervision of traditional state-owned enterprises, internal control in China's state-owned enterprises is disrupted, management concepts are outdated, management efficiency is low, asset loss is severe, and there is a lack of modern enterprise atmosphere.

To establish a sound internal control mechanism for enterprises, the following steps should be taken:

1. Establish a sound internal control system for state-owned enterprises. The overall function is greater than the partial function. With a sound internal control system in the enterprise, a virtuous cycle of internal control can be born on the basis of a good internal control environment.

2. Transform traditional management concepts into modern enterprise management concepts. Managers of state-owned enterprises should assess the situation, take a comprehensive view of the strong competitive environment of global development, strengthen their awareness of the overall situation, enhance their sense of responsibility, utilize the advantages of global cooperation and competition, information communication, and improve the concept of enhancing enterprise competitiveness through internal control and management.

3. Develop scientific and reasonable management rules. The internal structure of the enterprise is reasonable, which not only simplifies the organization but also facilitates the organization to play its respective functions, making the enterprise operate efficiently; Scientific and reasonable rules enable enterprise institutions to follow the laws of enterprise development, facilitate the strengthening of internal control, and achieve clear rights and responsibilities.

4. Strengthen the performance evaluation and economic responsibility audit of internal managers. Starting from the leader of the enterprise, grasping the core part

of the enterprise's human resources is conducive to playing the leading role of the leader, stimulating the vitality of the internal organization of the enterprise, and improving work efficiency.

5. Establish an effective supervision mechanism. The Audit Law of the People's Republic of China stipulates the right of audit institutions to conduct audit supervision on the execution of state-owned capital operating budgets and the audit supervision objects of state-owned enterprises; The law also grants any unit or individual the right to report and accuse the loss of state-owned assets. In addition, state-owned enterprises should establish supervisory boards, internal audit departments, and financial supervision institutions appointed by the central or local governments to strengthen internal supervision, eliminate illegal and disciplinary behavior, safeguard the rights and interests of investors, and also maintain the national economic order; Not only has it consolidated and developed the state-owned economy, but it has also strengthened the protection of state-owned assets and safeguarded national interests.

The optimization of internal control in state-owned enterprises is a requirement of the times and reflects the spirit of keeping up with the times. It is an inevitable result obtained from a comprehensive consideration of the current development status of state-owned enterprises in China. It is conducive to improving the management level, work efficiency, and modernization level of state-owned enterprises in China, and is an extremely important way to enhance the competitiveness of state-owned enterprises. The improvement of the competitiveness of state-owned enterprises is a major project, not a one-time achievement, and requires long-term tests of international and domestic market competition, as well as the increasingly perfect system and mechanism. The purpose of establishing a modern enterprise system for state-owned enterprises is to enhance their competitiveness and achieve effective and profitable development of the national economy. Therefore, it is necessary to overcome the obstacles of small group interests and departmental interests, strengthen the marketization, rule

of law, and publicization of operation, management, and supervision, adhere to the principle of enterprises serving the public, benefiting the country and the people, reflect the uniqueness of China's state-owned enterprises, and contribute to the enrichment and development of market economy content.

Conclusions to section 3

In the process of exploring how to improve the competitiveness of state-owned enterprises, we conducted in-depth analysis of key measures such as enhancing internal management and democratic supervision, promoting shareholding reform, and enhancing market competitiveness and management capabilities. The implementation of these measures has significant economic significance for the long-term development of state-owned enterprises and the stable growth of the national economy.

Strengthening the internal management and democratic supervision of state-owned enterprises is the foundation for ensuring their healthy development. By improving laws and regulations and establishing the status of trade unions, state-owned enterprises can ensure that the rights and interests of employees are effectively protected, while also enhancing the transparency and sense of responsibility of the enterprise. Establishing a sound internal supervision and management mechanism, including financial auditing, risk assessment, and decision review, helps to improve the rationality and legality of decision-making, prevent illegal operations and risk hazards. In addition, building a "big supervision" pattern, integrating various supervision resources, forming a joint supervision force, and improving supervision efficiency are of great significance for improving the management level of state-owned enterprises and preventing operational

risks. Promoting the reform of state-owned enterprise shareholding system is a key step in achieving clear property rights and improving enterprise efficiency. The reform of the shareholding system helps to amplify the function of state-owned capital, enhance the cohesion, competitiveness, and influence of the state-owned economy. By developing a mixed ownership economy, state-owned enterprises can attract more social capital investment and achieve the preservation and appreciation of state-owned assets. In addition, joint-stock enterprises can accommodate a larger number of shareholding employees, reduce unemployment rates, enhance the stability and risk resistance of the enterprise. Improving the market competitiveness and management capabilities of state-owned enterprises is an important way to enhance their core competitiveness. Strengthening the management ability of operators, selecting capable managers, reforming the employment system of enterprises, and establishing a management team under the market competition system are the key to improving management level. At the same time, strengthen talent management and corporate culture construction, improve employee quality through training, incentive, and constraint mechanisms, enhance the centripetal force and cohesion of team cooperation, and thus enhance the overall competitiveness of the enterprise.

Through the implementation of these comprehensive measures, state-owned enterprises can not only improve their management efficiency and market competitiveness, but also better serve the high-quality development of the national economy and achieve healthy development of state-owned enterprises under the socialist market economy system. These solutions will help state-owned enterprises better play their role in the globalized economic environment, promote stable economic growth and comprehensive social progress.

CONCLUSIONS

Under the background of the current economic globalization and the rapid development of market economy, the competitiveness of state-owned enterprises as an important part of state-owned economy has great economic significance for

the stable growth of national economy and the improvement of socialist market economic system. Through the in-depth analysis of the competitiveness enhancement of state-owned enterprises, this paper puts forward a series of solutions to promote the high-quality development of state-owned enterprises and better serve the overall development of the national economy.

In terms of internal management and democratic supervision of state-owned enterprises, the status of trade unions should be established by improving the system of laws and regulations to ensure that the rights and interests of workers are effectively protected, and that the transparency and responsibility of enterprises are improved. The establishment of a sound internal supervision and management mechanism, including financial audit, risk assessment and decision-making review, helps to improve the rationality and legitimacy of decision-making, and prevent illegal operations and hidden risks. It is of great significance to improve the management level of state-owned enterprises to construct the construction of "big supervision" pattern, integrate all kinds of supervision resources, form the joint force of supervision and improve the supervision efficiency.

We will advance the reform of the shareholding system in state-owned enterprises to achieve clear property rights and improve their efficiency. The shareholding system reform helps to enlarge the function of state-owned capital and enhance the cohesion, competitiveness and influence of the state-owned economy. Through the development of mixed ownership economy, state-owned enterprises can attract more social capital investment and realize the preservation and appreciation of state-owned assets. Joint-stock enterprises can accommodate more shareholding employees, reduce the unemployment rate, and enhance their stability and ability to resist risks. This reform will not only help to enhance the market competitiveness of state-owned enterprises, but also to promote the steady economic growth and the overall social progress.

Improving the market competitiveness and management ability of state-owned enterprises is an important way to enhance the core competitiveness of enterprises.

Strengthening the management ability of operators, selecting competent managers, reforming the employment system of enterprises, and establishing the management team under the market competition system are all the key to improve the management level. At the same time, strengthen the construction of talent management and enterprise culture, through the training, incentive and restraint mechanism, improve the quality of staff, enhance the centripetal force and cohesion of team cooperation, so as to enhance the overall competitiveness of the enterprise.

Under the background of the new era, state-owned enterprises are facing a more complex internal and external environment. How to build an effective supervision system has become an important topic in the reform of state-owned enterprises. To construct the "big supervision" pattern of state-owned enterprises means to integrate all kinds of supervision resources, form supervision force and improve supervision efficiency. It is not only necessary to clarify the responsibilities and authority of various supervision subjects, but also to establish a sound supervision and coordination mechanism to realize the effective integration of supervision resources through information sharing, problem notification, joint investigation and other ways. Strengthen the evaluation and feedback of the supervision work, and promote the improvement of enterprise management and operating efficiency through the application of the supervision results. At the same time, strengthen the training and management of supervision personnel, improve the professional quality and professional ethics of supervision personnel, to ensure the fairness and effectiveness of supervision work.

The role of the board of supervisors of state-owned enterprises cannot be ignored. As a mandatory institution for state-owned enterprises specified in the Company Law, the board of Supervisors exercises the supervision power of the investors on behalf of the state and conducts comprehensive supervision over the finance and operation management of enterprises. The establishment and effective operation of the board of supervisors are of great significance for improving the

management level of state-owned enterprises and preventing operational risks. The board of supervisors shall independently exercise the power of supervision in accordance with law and supervise the financial situation, business activities and internal control of the enterprise. The board of supervisors shall also review the major decisions of the enterprise to ensure the legitimacy and rationality of the decisions. In addition, the board of Supervisors should also evaluate the internal control system of the enterprise, find out the potential risks and problems, and put forward suggestions for improvement. Through these work, the board of supervisors can effectively promote the standardized operation and healthy development of the enterprise.

In terms of the democratic supervision of state-owned enterprises, it is also important to improve the bottom-up democratic supervision mechanism. This means that to give full play to the supervisory role of the workers, through the establishment of a sound democratic supervision channels, so that the workers can directly participate in the management and supervision of the enterprise. The enterprise shall establish a sound system of workers 'congresses, so that the staff and workers can directly participate in the decision-making and management of the enterprise through the workers' congress and other forms. The enterprise shall establish a sound feedback and handling mechanism for opinions, and give timely feedback and handling to the opinions and suggestions put forward by the staff and workers. The enterprise shall strengthen the publicity and education of the staff and workers, raise their legal awareness and supervision awareness, and encourage them to actively participate in the management and supervision of the enterprise. Finally, the enterprise should establish a sound incentive mechanism, to actively participate in the supervision work and achieve results of the workers, should give appropriate rewards and commendations.

Through the implementation of these comprehensive measures, state-owned enterprises can not only improve their own management efficiency and market competitiveness, but also can better serve the high-quality development of the

national economy, and realize the healthy development of state-owned enterprises under the socialist market economy system. These solutions will help state-owned enterprises play a better role in a globalized economic environment and promote steady economic growth and overall social progress.

In the process of enhancing the competitiveness of SOEs, we also need to realize that the implementation of these measures is not isolated, but interrelated and mutually supportive. For example, the strengthening of internal management and democratic supervision can provide a stable enterprise environment and a good governance foundation for the shareholding reform, and the promotion of the shareholding reform can further stimulate the vitality of enterprises and create conditions for the improvement of market competitiveness and management ability. At the same time, the promotion of market competitiveness and the enhancement of management ability will in turn promote the deepening of internal management and democratic supervision, forming a virtuous circle.

In addition, the measures to enhance the competitiveness of state-owned enterprises are not only of great significance to the development of state-owned enterprises themselves, but also have a profound impact on the overall development of the national economy and the improvement of the socialist market economic system. Through deepening reform, innovating management and strengthening supervision, state-owned enterprises will show stronger vitality and competitiveness in the new era and contribute to the great rejuvenation of the Chinese nation. The implementation of these measures will help state-owned enterprises to play a better role in the globalized economic environment and promote steady economic growth and all-round social progress.

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