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Mixed Reform of State-owned Enterprises and High-quality Development of Enterprises

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Abstract: The reform of mixed ownership in SOEs advances their high-quality development through deepened reforms, optimized state economic layouts, and enhanced capital allocation efficiency. Utilizing A-share listed company data from 2008 to 2022, this study employs a two-way fixed effects model for empirical analysis. The findings reveal a notable positive correlation between SOE mixed-ownership reforms and improvements in corporate governance, incentive mechanisms, and constraints. Moreover, the role of party building plays a crucial moderating function in these reforms. This research elucidates the integration of public ownership with the market economy for listed firms, identifies fresh strategies to boost SOE vitality, efficiency, and competitiveness, and supports the establishment of modern enterprise systems. It also offers theoretical underpinning for the transformation, upgrade, and sustainable growth of state-owned enterprises.

Keywords: state-owned enterprises mixed reform, high-quality development of enterprises, party building work.

1. Introduction

Currently, the global landscape is undergoing rapid transformation, and high-quality development, a pivotal theme in China's economic and social progress, is integral to the broader context of China's social modernization. However, some state-owned enterprises still face challenges in achieving high-quality development, such as excessive administrative intervention, complex management levels, and imperfect incentive and constraint mechanisms, which affect their vitality and efficiency. Fostering high-quality development in SOEs is especially critical for these enterprises to navigate challenges and attain a higher level of success. Such development not only bolsters the competitiveness and innovating the state-owned economy ensures the safeguarding and enhancement of state assets, while also aiding in the optimization of the industrial structure and the improvement of the supply system's quality. As a result, state-owned enterprises (SOEs) are more effectively equipped to back national strategies and foster the evolution and upgrade of the economic structure.

As the global economy evolves, the mixed reform of SOEs has emerged as a key measure to boost enterprise competitiveness and invigorate markets in China. Currently, some SOEs that have not undergone mixed ownership reform may lack flexibility in their decision-making processes due to the absence of private capital participation, which can impair their market competitiveness. Additionally, a singular state-owned capital structure can constrain an enterprise's capacity to access

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diverse resources and manage risks effectively. In contrast, introducing non-state capital through SOE mixed reform can facilitate the optimization of corporate governance structures, improve decision-making efficiency and market responsiveness, and enhance the enterprise's innovative capabilities and market adaptability.

By integrating private capital, the mixed reform of SOEs has optimized the corporate governance structure, spurred innovation, bolstered market competitiveness, enabled more efficient resource allocation, and facilitated the optimization and upgrading of the economic structure. However, while stimulating corporate vitality and enhancing efficiency, the mixed reform of SOEs may also introduce a range of challenges, including conflicts over control that could result in decision-making deadlocks and complicate management. To address these challenges, it is essential to establish an effective corporate governance structure, foster cultural integration, and develop managerial capabilities. This ensures that the mixed reform proceeds smoothly and achieves the anticipated outcomes. As such, the mixed reform of SOEs is vital for their high-quality development.

The unique contributions of this paper are outlined as follows: We highlight how the mixed-ownership reform enables state-owned enterprises (SOEs) to overcome conventional institutional barriers, thereby enhancing capital operational efficiency and facilitating economic transformation. This reform is crucial for driving the high-quality development of SOEs; drawing on modern enterprise theory, we underscore the importance of diversified ownership and optimized corporate governance structures. This offers an innovative pathway, enriches the theoretical framework of SOE reform, and provides a theoretical foundation along with practical guidance for SOEs to compete internationally and sustain growth; while prior research has addressed the high-quality development of SOEs through the lens of mixed-ownership, there has been a lack of focus on the effects of corporate governance and incentive-constraint mechanisms on this process. This oversight creates a valuable research opportunity for our study.

2. Literature review

The high-quality development of SOEs signifies an all-around advancement in their economic, social, and environmental impacts within the contemporary era. This is achieved through deep reforms, fostering innovation, streamlining structures, enhancing productivity, and ensuring balanced gains across economic, social, and environmental dimensions. It entails efficient resource utilization, bolstering innovation capabilities, refining and upgrading industrial sectors, augmenting market competitiveness, and cultivating sustainable development capacities during the growth phase. Moreover, high-quality development encompasses party-building efforts. In the new phase of comprehensively constructing a socialist modernization state, it upholds the party’s leadership over SOEs, strengthens and builds upon the successes of party-building within these enterprises, and advances the deep integration of party-building with operational activities. Ensures high-quality party-building drives high-quality development in SOEs [1]. Non-state shareholder governance constructively advances high-quality development in mixed-ownership state enterprises[2] Furthermore, The rapid advance in technologies like AI and big data marks the digital age's onset. Innovation-driven strategies are now key for state-owned enterprises to achieve high-quality development[3].

State-owned enterprise (SOE) mixed reform involves the introduction of non-state capital into state-controlled entities to create a diversified ownership structure. This initiative aims to enhance the effectiveness of state-owned capital, guide the flow of social capital, and efficiently consolidate industry resources. It also seeks to optimize the operational mechanisms of the state-owned economy and boost the allocation and operational efficiency of state-owned capital.A key aspect of SOE mixed reform is to refine the corporate governance structure through reforms, establish a modern enterprise system, and transform the operational mechanisms. This helps in strengthening market

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competitiveness and innovation capabilities. By undergoing mixed reform, SOEs transition from traditional state-owned entities to autonomous market players under the market economic system. This enhances the vitality and innovation capacity of enterprises and improves the overall quality and efficiency of the state-owned economy. In the current context, mixed reform significantly boosts total factor productivity in SOEss [4],mixed reform in state-owned enterprises notably enhances investment agility in publicly traded firms.[5]. In the context of investment decisions, the extent of mixed reform in SOEs shows a significant positive correlation with both the likelihood and the frequency of dissenting views expressed by independent directors. This indicates that mixed ownership reform bolsters the oversight function performed by independent directors within SOEs.[6].

SOE mixed reform influences their high-quality development in complex, multifaceted ways. While numerous studies have examined the diverse effects of SOE mixed ownership reform, there is a scarcity of research that systematically analyzes the connection between SOE mixed reform and their high-quality development. Consequently, delving into how mixed ownership reform can advance the high-quality development of SOEs by refining corporate governance structures and enhancing incentive and restraint mechanisms holds significant theoretical and practical value.

3. Research hypotheses

The mixed reform of state-owned enterprises impacts their high-quality development through two primary avenues: first, it aids in optimizing the corporate governance structure of these enterprises. By bringing in external strategic investors, adjusting the shareholding structure, and refining boards and other governance bodies, the reform enhances managerial efficiency and propels high-quality development. Additionally, the introduction of strategic investors into mixed reforms leads to better performance compared to purely state-owned structures; enterprises with a mixed ownership structure exhibit higher performance levels. Following mixed ownership reform, the profitability of state-owned enterprises with a pure state-owned equity structure can be notably enhanced[7] To achieve high-quality development of SOEs, Li Xiaoqing, Li Menghan[4] Li Xiaoqing and Li Menghan posit that the judicious application of SOE mixed ownership reform can enhance the total factor productivity of SOEs and refine their corporate governance mechanisms, thereby addressing shortcomings in high-quality development. Furthermore, the more advanced the degree of SOE mixed reform, the more pronounced the effect on boosting total factor productivity, and the greater the contribution to empowering high-quality development.

Instead, following the mixed-ownership reform, SOEs focus on developing and enhancing mechanisms for incentives and constraints. By emulating private sector practices, such as performance-based rewards and stock incentives, these SOEs aim to invigorate their internal operations, boost their innovative capabilities, and continuously fuel the high-quality growth of state assets. Li Xiaoqing[4] et al. argue that through the executive compensation incentive framework, mixed ownership reform invigorates the entrepreneurial drive of state-owned enterprise (SOE) executives by enhancing their financial reward structures. This, in turn, boosts the overall factor productivity within these entities. Companies typically employ various incentive mechanisms, such as remuneration packages, stock options, and shareholding schemes for top management and key personnel, to mitigate issues of information disparity during operational and managerial processes. When specific business targets are established for executives, sales teams, and core technical staff, this aligns their efforts more closely with corporate strategies and goals, leading to increased efficiency. Both managerial compensation incentives and equity incentives have a demonstrable impact on corporate performance[8]. Based on the analysis, this study posits the following hypothesis:

H1: The mixed reform of SOEs is hypothesized to significantly boost their high-quality development.

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In the context of SOE mixed reform, party-building activities play a crucial role in steering the reform towards the correct path. These activities serve as a significant catalyst for the high-quality development of SOEs. Focusing on grass-roots governance, it can be found that grass-roots party organisations, at the forefront of party work, ensure that reform measures are close to the reality and the masses by going deep into the staff and understanding and reflecting the wishes and needs of grass-roots employees. At the same time, grass-roots party organisations play a supervisory role in the mixing and reforming process, ensuring the democratic and scientific nature of reform decisions, preventing rent-seeking and transfer of benefits in the reform process, and guaranteeing the fairness and transparency of the reform. Facing the swiftly evolving domestic and international landscapes and technological advancements, to ensure the Party's effective leadership over high-quality development and facilitate its smooth progression, it is essential to continuously enhance Party-building efforts. This involves deepening the understanding of high-quality development, leveraging the outcomes of theoretical and practical innovations in Party building to promote high-quality development, and thoroughly implementing the new development philosophy[9] This study posits the following hypotheses:

H2: Party-building work is hypothesized to positively moderate the high-quality development of enterprises.

4. Research design

4.1. Sample selection and data sources

This study selects A-share state-owned listed companies from 2008 to 2022, excluding financial sector companies and those under Special Treatment (ST). After removing instances with missing data, 17,851 samples remain. Data on mixed ownership reforms is collected manually from annual reports, and other financial data comes from the CSMAR and Wind databases. Sample variable values were winsorized at the 1% and 99% quantiles to reduce outlier impact.

4.2. Selection of variables

4.2.1. Explained variable: High-quality development of SOEs

High-quality development of enterprises (TFP_{it}): TFP_{it} Total factor productivity serves as a comprehensive indicator reflecting product quality, the extent of scientific and technological innovation, and the level of enterprise development. It measures an enterprise's capacity to maximize its output given a fixed set of input factors. In this paper, with the help of Lu Xiaodong and Lian Yujun[10] Lu and Lian Yujun, this study employs the LP (Levinsohn-Petrin) method within the semiparametric approach to measure the total factor productivity of enterprises. This method addresses simultaneity bias and sample selection bias simultaneously, thereby effectively mitigating the issue of endogeneity. Additionally, the results obtained using the OP (Olley-Pakes) method are utilized as proxy variables in the robustness test.

4.2.2. Explanatory variables - State-owned enterprises mixed reforms

Equity integration or checks and balances ($Mixrate_{it}$), referring to Yang[11] et al.Calculate the ratio of state-owned to non-state-owned shares in SOEs. Use the larger proportion as the denominator and the smaller as the numerator (i.e., when $Es > Ep$ When $Mixrate_{it} = Ep / Es$; when $Es < Ep$ when$Mixrate_{it} = Es / Ep$), the resulting ratio is defined as the degree of integration of mixed equity or SOE mixing ($Mixrate_{it}$).$Mixrate_{it}$ The larger the resulting ratio, the higher the degree of integration

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between state and non-state capital within the state-owned enterprise (SOE), indicating a more pronounced system of checks and balances.

4.2.3. Control variables

Refer to Cao Yue[12] et al.[4] et al.'s study to set control variables, i.e., firm size (Size), financial leverage (Lev), firm's ability to grow (Growth), firm's profitability (SOE), dual position (Dual), independent director size (Indep), and firm value (TobinQ) Specific variables and their definitions are shown in Table 1.

Table 1: Definition of variables.

variant	variable name	variable code	Variable Definition
explanatory variable	high-quality development of enterprises	TFP_{it}	LP method to find the residual value logarithmically
explanatory variable	mixed reform of SOEs	$Mixrate_{it}$	When state-owned shares (Es) is greater than non-state-owned shares (Ep), then $Mixrate_{it}$ =Ep /Es and vice versa$Mixrate_{it}$ =Es /Ep
control variable	Enterprise size	Size	Total assets at the end of the year are logged as the natural logarithm
	financial leverage	Lev	Financial leverage = total liabilities/total assets
	Enterprise development capacity	Growth	Current year's operating income/previous year's operating income - 1
	Corporate profitability	Cashflow	Net profit margin on total assets
	Nature of property rights	SOE	State-owned enterprise holding takes the value of 1, otherwise, it takes the value of 0.
	two jobs in one	Dual	1 if chairman and GM are the same person (me), else 0
	Size of independent directors	Indep	Proportion of independent directors to total number of directors
	enterprise value	TobinQ	TobinQ

4.3. Modelling

To test whether the mixed reform of SOEs can promote the high-quality development of SOEs from various aspects, this paper refers to Li[4] et al. study, the following regression model is set:

$$TFP_{it} = \beta_0 + \beta_1 Mixrate_{it} + \beta_n Controls_{it} + \mu_i + \tau_i + \varepsilon_{it} \quad (1)$$

where subscript i denotes city and subscript t denotes year. The explanatory variableTFP_{it} denotes the level of high-quality development of enterprise I in year t; $Mixrate_{it}$ denotes the mixed reform of SOEs; $Controls_{it}$ denotes control variables;μ_i denotes individual firm fixed effects;τ_i denotes year

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fixed effects;ε_{it} i denotes the random perturbation term. The coefficientsβ_1 The impact of SOE mixing on the high-quality development of SOEs is estimated.

5. Empirical analysis

5.1. Descriptive statistical analyses

Table 2 displays the descriptive statistics for key variables. The data reveal an average score of 8.574 for the high-quality development of SOEs, with a standard deviation of 1.126. This suggests that the high-quality development of SOEs exhibits a normal distribution with some variation, potentially influenced by their mixed ownership reform. The mean value for the extent of SOE mixed reform is 0.233, indicating that, on average, the level of mixed reform among sampled SOEs constitutes approximately 23.3% of the total. As more firms deepen and maintain their reforms, the highest degree of mixed reform reaches up to 96.9%. Other variables display good distribution patterns, aligning with existing research, so further elaboration is unnecessary.

Table 2: Descriptive statistics.

variant	sample size	average value	(statistics) standard deviation	minimum value	maximum values
TFP_LP	17851	8.574	1.126	6.110	11.353
Mixrate	17851	0.233	0.257	0.000	0.969
Size	17851	22.595	1.394	19.963	26.262
Lev	17851	0.497	0.201	0.075	0.894
ROA	17851	0.032	0.056	-0.169	0.201
Growth	17851	0.143	0.375	-0.524	2.032
Indep	17851	37.214	5.430	33.330	57.140
Dual	17851	0.138	0.345	0.000	1.000
TobinQ	17851	1.872	1.180	0.834	7.308

5.2. Mixed reform and high-quality development in SOEs: Benchmark regression

The central question of this paper is whether the mixed reform of SOEs will significantly enhance the high-quality development of SOEs. Therefore, this paper conducts a benchmark regression on the sample of SOEs. Table 3 shows the test results of model (1), column (1) is the regression results without controlling other variables factors or time effects; column (2) is the results of high-dimensional stationary regression without controlling other variables factors but controlling time and individual effects; column (3) is the results of high stationary regression after controlling other variables factors and controlling time and individual. The regression analysis in Table 3 reveals a strong positive association between the degree of State-Owned Enterprise (SOE) mixing and the high-quality performance of SOEs, significant at the 1% level. This holds true irrespective of whether control variables are included and whether time and individual effects are accounted for. After adjusting for all potential lagged variables that could influence the outcomes, each one-unit rise in the extent of SOE mixed reform leads to a 0.056-unit increase in the high-quality output of the sampled SOEs. This finding implies that the high-quality performance of SOEs improves as the degree of mixed reform increases. Deepening the mixed reform of state-owned enterprises contributes to fostering their high-quality development and ensuring the sustainable and healthy growth of these entities. Thus, Hypothesis H1 is supported by these results.

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Table 3: Benchmark regression.

	(1) TFP_LP	(2) TFP_LP	(3) TFP_LP
Mixrate	0.130***	0.055**	0.056***
	(5.20)	(2.56)	(3.38)
Size			0.545***
			(80.60)
Lev			0.368***
			(13.13)
ROA			2.238***
			(32.35)
Growth			0.211***
			(27.21)
Indep			-0.000
			(-0.32)
Dual			-0.011
			(-1.03)
TobinQ			0.017***
			(4.43)
N	17851.000	17851.000	17851.000
r2	0.002	0.259	0.580
Scode	Yes	Yes	Yes
year	No	Yes	Yes

t statistics in parentheses,* p < 0.1,** p < 0.05,*** p < 0.01

5.3. Robustness tests for benchmark regressions

5.3.1. Replacement of explanatory variables

To reinforce the assertion that the mixed reform of SOEs promotes their high-quality development, this study employs an alternative measurement approach for high-quality development. Following Yujun Lian and Xiaodong Lu's methodology, the high-quality development of SOEs, initially gauged using the Levinsohn-Petrin (LP) method, is now assessed through the Olley-Pakes (OP) method. The results outlined in column (3) of Table 4 show a statistically significant coefficient of 0.038 for SOE mixing, at the 5% level. This supports the findings from previous analyses.

5.3.2. The effect of lagging one period

To tackle the endogeneity concerns, specifically reverse causality and prospective bias as identified by Xingquan Yang, this study employs a one-period delay for the SOE mixing variable. The results shown in Table 4, Column (4), indicate that the SOE mixing coefficient, when lagged by one period, retains its statistical significance. This finding is consistent with prior outcomes and further bolsters the hypotheses and conclusions.

Table 4: Robustness test.

	(1) TFP_OP	(2) TFP_OP	(3) TFP_OP	(4) TFP_LP
Mixrate	0.127***	0.052**	0.059***	0.045**

Table 4: (continued).

	(5.34)	(2.49)	(3.38)	(2.37)
Controls	NO	NO	Yes	Yes
N	17851.000	17851.000	17851.000	15688.000
r2	0.002	0.243	0.485	0.489
Scode	Yes	Yes	Yes	Yes
year	No	Yes	Yes	Yes

t statistics in parentheses,* $p < 0.1$,** $p < 0.05$,*** $p < 0.01$

5.4. Heterogeneity analysis

5.4.1. Whether the nature of property rights is state-owned

Listed companies are categorized by the controller's property rights as state-owned or non-state-owned. A dummy variable, labeled as SOE, is used to denote the ownership nature of each company. This variable is set to 1 for companies controlled by state-owned enterprises and 0 for all other entities. As observed in Table 5, columns (1) and (2), when dealing with non-state-owned enterprise property rights, the SOE mixing ($Mixrate_{it}$) coefficient is 0.096, significant at the 5% level. In contrast, for state-owned enterprises, the SOE mixing coefficient is 0.053 and is significant at the 1% level, suggesting a higher level of significance compared to non-state-owned entities. A plausible explanation is that non-SOEs might adopt a cautious stance and express concerns over the risks associated with reform due to their limited influence in the decision-making process of mixed reforms. In contrast, SOEs benefit from national policy backing and guidance, as well as a higher concentration of R&D personnel. Consequently, the mixed reform of SOEs appears to have a stronger impact in advancing their high-quality development.

5.4.2. Regional distribution of enterprises

The enterprises are categorized into three regions: eastern, central, and western, using the dummy variable Area to denote this classification. This variable assigns values as follows: 2 for eastern enterprises, 1 for those in the central region, and 0 for western enterprises. From Table 5, columns (3), (4), and (5), we observe that the impact of SOE mixed ownership reform on high-quality development is most pronounced for eastern enterprises, with the SOE mixing ($Mixrate_{it}$) coefficient standing at 0.091 and showing significance at the 1% level. Conversely, enterprises in the western region negatively impact the high-quality development of enterprises. This could be attributed to the more advanced economic conditions and mature markets in the east, facilitating easier access to foreign and private capital during the reform process, driving technological innovation and managerial improvements, and accelerating industrial transformation. In contrast, the less-developed western region, along with limited policy support and financial resources, might impair the enterprises' capacity to raise funds and invest.

Table 5: Heterogeneity test.

	(1)	(2)	(3)	(4)	(5)
	SOE=1	SOW=0	Area=2	Area=1	Area=0
	TFP_LP	TFP_LP	TFP_LP	TFP_LP	TFP_LP
Mixrate	0.053***	0.096**	0.091***	0.012	-0.050
	(3.12)	(2.01)	(4.29)	(0.35)	(-1.17)
Controls	Yes	Yes	Yes	Yes	Yes

Table 5: (continued).

N	14379.000	3472.000	10920.000	4086.000	2845.000
r2	0.585	0.580	0.586	0.601	0.560
Scode	Yes	Yes	Yes	Yes	Yes
year	Yes	Yes	Yes	Yes	Yes

t statistics in parentheses,* $p < 0.1$,** $p < 0.05$,*** $p < 0.01$

6. Role channel analysis

Results show that advancing mixed ownership reforms in SOEs significantly boosts total factor productivity and drives sustainable, high-quality development. To understand how these reforms achieve such outcomes, we can explore the mechanisms at play. One channel involves expanding the board of directors, which diversifies expertise and decision-making, enabling a more comprehensive evaluation of market dynamics and optimizing strategic execution. Additionally, the role of party building is pivotal in the mixed ownership reform of SOEs. It ensures that the Party's leadership and policies are implemented in corporate decision-making and operations, and provides political guarantee and directional guidance for corporate reform.

6.1. Mediating effects of board size

Table 6, column (1), shows a significant positive association between SOE mixing ($Mixrate_{it}$) and board size, indicating a mediating effect, the mediating variable, board size (Board). The regression analysis reveals that the coefficient of SOE mixing on SOEs is 0.043, significantly positive at the 1% levell. This suggests that an appropriately sized board facilitates more effective and efficient decision-making. In enterprises undergoing mixed ownership reform, board members better represent the interests of diverse ownership components, fostering mutual oversight, complementarity, and mutual benefit. This, in turn, enhances the quality of business decisions and propels state-owned enterprises towards high-quality development.

6.2. The moderating effect of the number of party organisations in the board of directors and supervisors

Table 6, columns (2) and (3), illustrate the moderating influence exerted by the count of directors, supervisors, and senior party groups (SPCPC) on the high-quality development of SOEs, across both decentralized and centralized contexts. As evidenced in the table, irrespective of the degree of centralization, the quantity of directors and supervisors within senior party groups significantly enhances the high-quality development of SOEs at the 1% significance level. These findings suggest that the presence of party organizations on the boards and among supervisors is linked to their effectiveness in playing their roles. If the number of party organizations is insufficient, it may be challenging to establish a strong leadership nucleus and a cohesive front, potentially undermining the quality and effectiveness of the mixed ownership reform. Conversely, an overly large number of party organizations might reduce decision-making efficiency and create internal discord within the organizations. Therefore, establishing a suitable number of party organizations within boards and among supervisors signifies effective party-building initiatives and exerts a substantial, The positive influence enhances high-quality growth within SOEs. This finding aligns with and preliminarily validates Hypothesis H2 of this research.

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Table 6: Table of mediating and moderating effects.

	(1) Board	(2) TFP_LP	(3) TFP_LP
Mixrate	0.043*** (9.34)		
Mixrate * SPCPC		0.016*** (3.59)	
c_Mixrate * c_SPCPC			0.016*** (3.59)
Controls	Yes	Yes	Yes
N	17851.000	17851.000	17851.000
r2	0.580	0.580	0.580
Scode	Yes	Yes	Yes
year	Yes	Yes	Yes

t statistics in parentheses,* $p < 0.1$,** $p < 0.05$,*** $p < 0.01$

7. Conclusions and Recommendations

7.1. Conclusions of the study

This research examines A-share SOEs listed between 2000 and 2022. Through theoretical analysis and empirical testing, it is concluded that mixed ownership reform in SOEs supports their advancement towards higher quality development. By introducing a diverse range of investors, including private and foreign capital, the mixed reform disrupts the traditional single-ownership structure of SOEs, leading to improved corporate governance structures. This, in turn, energizes the internal dynamics of the enterprises, boosts market competitiveness, and encourages a greater focus on efficiency and innovation. The mixed ownership reform of SOEs assists these entities in aligning more closely with the demands of the market economy. By adopting market-oriented operations, SOEs can enhance resource allocation efficiency, optimize capital structures, and reduce operational costs. This reform not only facilitates deeper integration of SOEs into the market economy but also improves their market responsiveness and resilience, allowing them to adapt more flexibly to market fluctuations. Furthermore, it encourages a shift from a scale-driven growth model to one focused on quality and efficiency. This transition positions SOEs to ascend to higher tiers within the industrial and value chains, paving the way for sustainable development.

7.2. Research recommendations

To advance the mixed-ownership reform of SOEs profoundly, it is essential to examine the practical challenges and impediments they face. Addressing these issues can help develop a system suitable for contemporary corporate governance. Drawing from the insights and conclusions of the preceding work, the following suggestions are proposed: To start with, enhancing the equity configuration and governance framework is crucial: in the context of mixed reforms, state-owned enterprises (SOEs) need to adjust their equity structures appropriately by bringing in a variety of investors, thereby boosting corporate vitality. Concurrently, SOEs must strengthen their governance mechanisms by setting up effective decision-making processes and transparent oversight systems, which will elevate corporate governance standards and ensure that decisions are made scientifically while maintaining market competitiveness. Next, boost technological innovation and R&D investment: to advance the mixed reform of SOEs, they must ramp up investment in research and development, foster the creation of innovative teams, and strengthen their capacity for self-driven innovation. By advancing

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technological progress and product innovation, SOEs can enhance their core competitiveness. Thirdly, enhance risk management and market responsiveness: during the mixed reform, state-owned enterprises (SOEs) must establish a robust risk assessment and control framework, and improve their sensitivity and responsiveness to market fluctuations. Additionally, they need to conduct thorough market research and demand analysis, and be agile in adjusting their business strategies to ensure stable growth in a complex and dynamic market environment.

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