

China's State-owned Enterprises and Private Enterprises Capital Budget System Analysis

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Abstract: Strengthening enterprise capital operation budget is the basic requirement of China's socialist market economic system, and also the need of the development of the times. In the process of the company's growth, budget management is an inseparable part. Doing a good job in the company's capital budget can effectively ensure the effectiveness of its decision-making, maximize the utilization efficiency of operating costs, and then contribute to the company's sustainable operation. With the continuous growth of China's national economy, the budget system of China's state-owned capital and private enterprises is becoming more and more perfect. Based on the basic definition of China's state-owned capital operation and private enterprise capital budget, this paper studies the problems faced in the capital budget system and management mechanism, and on this basis, puts forward the application of strengthening the market mechanism in the construction process of China's private enterprise capital budget system and management mechanism, emphasizing the reform of enterprise management concept and improving enterprise management ability. Finally, combined with the background of the new coronavirus epidemic, the corresponding countermeasures and suggestions are put forward for the optimization of enterprise financing channels and capital budget.

Keywords: Capital budget, China's state-owned enterprises, Private enterprises, Market mechanism.

1. Introduction

The development of market economy has also strengthened the competition among enterprises. Under the premise of legal operation, it is the consistent development goal of enterprises to achieve the lowest cost and maximize the value of enterprises. "Everything is pre-established, and nothing is pre-abandoned," but whether it is for Chinese state-owned enterprises or private enterprises, capital budget management is the core part of enterprise management, and it has become an important starting point for enterprises to achieve development strategies. Chinese state-owned enterprises have a relatively special existence in the economic system because of their own government background, both for profit and public welfare purposes. With the rapid growth of the construction of the socialist market economy, China's state-owned enterprises have become more and more aware of the necessity of capital budget control. Budget control has become an indispensable key control method in the operation of state-owned enterprises, which has become a major challenge for managers of state-owned enterprises in China today. Similarly, with the rise of international trade protectionism and the impact of public health emergencies such as the new coronavirus in recent years, the development of private enterprises is also facing a dilemma. In addition to the overall transformation, private enterprises are more important to enhance their core competitiveness. The key is that the company has an advanced internal control system, and capital budget management is indispensable for the improvement of the company's internal management level. Therefore, on the basis of analyzing the management characteristics of Chinese state-owned enterprises and private enterprises, it is of practical significance to study their capital budget management system and put forward optimization suggestions.

2. Overview of China's State-owned and Private Enterprises

Since China's reform and opening up, state-owned enterprises and private enterprises have become the main components of China's means of production ownership economy. Through orderly competition and inclusive development, they have laid a solid foundation for high-quality economic development. The report of the Third Plenary Session of the 18th Central Committee of the Communist Party of China clearly stated that socialist economic development and non-public economic development are important components of China's market economy and an important foundation for the construction of socialist market economy.

2.1. China's state-owned enterprises

All-owned companies and wholly state-owned enterprises are all established by state-owned capital and are typical Chinese state-owned enterprises. In other joint stock limited companies and limited liability companies, there are also companies with state-owned capital holding a controlling position. This mixed ownership enterprise can also be regarded as a state-owned enterprise. State-owned holding also includes absolute holding and relative holding. State-owned absolute holding enterprises refer to companies with a share of operating state-owned assets exceeding or equal to 50%, while state-owned relative holding enterprises refer to enterprises whose operating state-owned assets do not obtain absolute control of the company, but still account for a higher proportion than other major economic components, mainly referring to enterprises whose state-owned capital obtains company ownership through agreement. Therefore, the 'state-owned enterprise' in this paper refers to the wholly-owned enterprise registered in the form of operating state-owned capital, or the company in the form of state-owned capital,

including the company owned by the whole people, the state-owned company, the state-controlled enterprise and so on.

2.2. China's private enterprises

China's current laws, regulations and statistical norms do not determine the definition of 'private enterprises', only the concept of private enterprises is introduced, and the current definition of private enterprises is mainly derived from media reports and academic research. More broadly speaking, any private enterprise organization in China except state-owned enterprises can be called private enterprises, including collective enterprises and foreign-funded enterprises. In a narrow sense, private enterprises refer to companies funded or invested by shareholders, which are actually private enterprises. Due to the deepening of the economic system, the trend of mixed development of various ownership economies is becoming more and more obvious, and the capital composition of enterprises is diverse. Therefore, the 'private enterprises' described in this paper refer to non-state-owned enterprises invested or controlled by private capital outside state-owned enterprises. Moreover, there are also some 'state-owned private' and 'private-owned state-owned' types of private enterprises in specific economic development stages or certain fields. For example, in the early stage of China's reform and opening up, the separation of corporate ownership and management rights was completed, resulting in a number of 'state-owned private' enterprises. In the banking industry, which is related to financial security and stability, although private capital has achieved a controlling position in some banks, its business activities and some executive appointments are still directly intervened by regulators, and state organs are involved in the management of private banks to varying degrees.

In general, China's current state-owned enterprises are basically large and medium-sized enterprises, and their ability to resist risks in response to market price changes is also more robust than most private enterprises. Small and medium-sized private enterprises will undoubtedly be at a disadvantage compared with state-owned enterprises. From the perspective of capital budget management, there are also essential differences between the two. The capital budget of state-owned enterprises has some functions of management and regulation of the economy, while the capital budget of private enterprises focuses on maximizing the value of the enterprise itself.

3. Capital Budget of Chinese State-Owned Enterprises

3.1. Definition

The investment budget of China's state-owned enterprises is a variety of capital expenses that occur in the profit distribution activities while the state as an investor obtains the profits of state-owned capital according to law. It is also an important part of the total financial budget. According to the provisions of "state ownership, classified supervision," the government uniformly controls the funds and property owned by the government according to the relevant rules and regulations of the state. With the vigorous development of China's socialist market economy, the capital operation budget of China's state-owned enterprises has also begun to change from the original single detailed cash payment of specific projects and flows to both budget functions and corporate operation control responsibilities. Today's state-

owned capital budget is an important part of China's economic development strategy, which is related to the decentralization, adjustment and evaluation of China's macroeconomic policies.

3.2. Development status

The capital budget system of state-owned enterprises mainly includes the capital budget management system of state-owned enterprises, the capital budget preparation system of state-owned enterprises, the asset budget implementation management system of state-owned enterprises, and the supervision system of state-owned enterprise assets. Among them, the management of state-owned capital management institutions is the basis and key to the formation of enterprise operation budget system. The construction of the capital budget system of state-owned enterprises must take into account the operating costs and benefits of various fields in the economy and society. It is necessary not only to coordinate the relationship between the central government and the local government, the relationship between finance in different economic regions, and the relationship between finance and economy, but also to coordinate the investment plan of state-owned enterprises and the actual needs between finance and social economy. It is also necessary to give full play to the active role of the State-owned Assets Committee and the central government and state-owned enterprises holding a large amount of operating state-owned assets to overcome the problems faced by the current state-owned capital operation budget system. At present, the construction of China's state-owned capital management budget management system and mechanism is still in its infancy. How to manage, formulate, implement and supervise the state-owned capital budget has initially formed a relatively clear institutional framework at the end of 2017.

After the completion of the management and preparation of the investment budget of state-owned enterprises that have encountered difficulties in the long-term operation of enterprises, the main goal of the specific implementation is whether the capital management system of state-owned enterprises can build a successful social foundation. First of all, the primary task of the state-owned capital budget should be to achieve the role of investors in corporate revenue and meet the needs of good social impact, and attach importance to the management, formulation, implementation and supervision of state-owned capital management and state-owned enterprise investment. Secondly, because the current capital budget management of state-owned enterprises has not reached the pre-defined objectives, the main reference elements of the investment assessment system are uncertain, the supervision system for the preparation of investment budgets for state-owned enterprises, and the specific implementation process of investment projects for state-owned enterprises. The control and binding force is still insufficient, the state of the supervision and implementation system in the whole system of the enterprise is not ideal, and the overall preparation and implementation system of the investment budget cannot achieve the desired results. Finally, the effect of the implementation mechanism of the investment plan of state-owned enterprises on improving the overall budget efficiency of enterprises is not clear enough. In the investment plan supervision system of state-owned enterprises, the most important role is the effective supervision of the National People's Congress and local government departments. However, the social supervision

system is not smooth enough, and it is impossible to implement strong constraints and supervision on the capital budget of state-owned enterprises.

3.3. Suggestions to speed up the construction of state-owned enterprise capital budget system and operation mechanism

3.3.1. Deepening the role of market mechanism in the optimization of asset budget system and operation mechanism of state-owned enterprises

In the process of building the asset budget management system and operating mechanism of state-owned enterprises, first, we should pay attention to the preparation and improvement of the budget committees of governments at all levels, and at the same time set up special supervision departments and institutions to be responsible for the management, assessment and supervision of the implementation and management of state-owned asset plan implementation organizations at all levels. Secondly, we should also pay attention to the establishment of special institutions for the preparation and supervision of operating state-owned assets, which are different from the budget management in the field of public services. The regional people 's congresses and their standing committees should also set up special committees for the budget supervision and management of operating state-owned assets, so as to avoid the unclear definition of functions and powers of government organs in the implementation, resulting in the cross phenomenon of power functions, which seriously affects the effect of the asset budget management mechanism of state-owned enterprises and the good image of enterprises in the eyes of the people. Thirdly, the government should pay attention to the reform of national capital investment system and the operation mechanism of enterprise marketization. Only by deepening the important role of market mechanism in the construction of asset budget system and operation mechanism of state-owned enterprises can we effectively realize the profitability and macro-control function of state-owned capital, realize the rational redistribution of operating state-owned assets and social property, coordinate the distribution relationship of social labor, and maintain the industrial value of state-owned capital. Finally, it is necessary to strengthen the market-oriented operation of operating state-owned assets, ensure the good operation of most state-owned capital investment projects and investment operation projects of state-owned enterprises in a completely fair competition investment market, ensure that state-owned capital is always budgeted in a complex market competition environment, and strive to achieve China 's social and economic development is always at a higher level.

3.3.2. Deepening the role of market mechanism in the optimization of asset budget system and operation mechanism of state-owned enterprises

The normal mechanism of asset budget of state-owned enterprises needs effective legislation. At this stage, because the mechanism of the investment budget management system of state-owned enterprises is not yet in place, and the people 's congresses at all levels and their standing committees also lack specific arrangements for the supervision of the capital budget of state-owned enterprises and the definition of the authority and supervision methods of the implementing agencies, the implementation and supervision of the investment plans of state-owned enterprises are often affected

by various factors, and the implementation work cannot be effectively carried out. Under such circumstances, it is very important to provide a good implementation platform for the state-owned capital operation budget.

3.3.3. Deepening the reform concept, to highlight the contradiction oriented

At present, the high-quality development of China 's national economy is progressing steadily, but with the progress of economic development and scientific and technological development, many of the original management views and methods of state-owned capital management budget have become outdated and outdated, and have been unable to meet the current complex and changeable international situation and domestic and international environment. Therefore, in view of such a special situation, it is very important to further deepen the reform concept and solve the new problems in the operation budget management in time. First of all, it is necessary to reflect on the current capital budget management system and operation mechanism of state-owned enterprises at the theoretical, technical, practical and regulatory levels. Then, in the implementation process of the state-owned capital operation budget, the corresponding system construction should be further improved to promote the establishment of the national social security system. Finally, state-owned enterprises must further grasp and adapt to the socialist market-oriented operation concept, and design the enterprise 's operating budget implementation plan for the year, and strictly implement the internal approval charter of state-owned enterprises, and finally submit it to relevant agencies for review and filing. In general, the state-owned capital operation budget is increasingly highlighting its functions with the deepening of the national financial management reform. It is of great practical significance and practical value to improve the management system and operation mechanism of state-owned capital operation budget, form a more scientific management budget management system, compilation system, implementation mechanism and supervision system, and continuously promote the effective operation of the national operation budget operation system, so as to further optimize the rational distribution pattern of social operating state-owned assets and give full play to the important function of state-owned capital operation budget management in the macro-control field of economic and social development.

4. Capital Budget of Private Enterprises

The economic benefits of private enterprise operation are closely related to the development of capital investment. If there is no scientific and reasonable planning and management of project design, it will increase the probability of major financial risks of enterprises, and even threaten the stable production and operation of enterprises. By adopting a reasonable capital budget, the company can further enhance its operating capacity to achieve the company 's strategic value development goals, and then enhance its comprehensive strength to ensure the stability of the company 's mechanism and the maximization of investors ' common wealth. In the decision-making process, the company is required to fully consider the investment budget, evaluate the effectiveness of the policy, and achieve the optimal return of the company 's assets and owners through continuous evaluation methods.

4.1. Definition

For companies, capital budgeting refers to the process of planning and managing long-term investment activities, and it is also a link to find better investment and financing opportunities. The fund planner must first formulate the methods and principles of capital budget for the relevant details of the project. Then obtain basic data for the relevant project content and make uncertainty analysis. There are various ways of capital budgeting. Each company can choose various ways according to its own needs, but there will still be various problems in the process of estimating the inflow and outflow of funds. Some companies select projects based on experience, some companies artificially choose biased estimation methods in order to make the project approved smoothly, and some companies deliberately exaggerate the advantages of the project so that the final choice is not the best solution.

4.2. Limitations of private enterprise capital budget

At present, the problems exposed by private enterprises in the implementation of financing plans are mainly manifested in : First, the relationship with other projects is not clear. When confirming as the main body of the project, the project management organization is not clear due to the unclear rights of their respective functions ; second, the capital composition of the construction project is not clear. The unclear capital composition of construction projects is mainly due to the unclear investor composition and shareholding ratio ; third, the technical method of project management is not mature. Due to the key technology and equipment of project management, the lag of capital plan cannot correctly predict the value of project management related technology and equipment. Fourth, the final product design method of project management is not clear. The capital plan is unsustainable, sometimes due to unclear product design methods ; fifth, the external requirements for project management are not clear. In the feasibility study verification stage, due to the unclear external requirements of the project, the uncertainty of the plan will be increased, so that the capital plan cannot be implemented smoothly. Sixth, the implementation date of the project is not clear. The capital budget is not accurate because there may be errors in start-up and investment ; seven is the product price is not clear. The deviation from the capital budget can also mean that the final sales price of the product obviously deviates from the market rules. Due to various limitations of products, private enterprises need to make more clear choices for capital plans and investment decisions.

4.3. Suggestions to improve the capital budget system and management mechanism of private enterprises At present, th

4.3.1. Improve the management level of enterprise managers

Effective capital operation and investment cooperation of private enterprises can promote private enterprises to invest more actively in the increasingly fierce market competition. Business operators need to reasonably control the cost. That is, operators should closely combine market rules and legal provisions, and examine the company's management activities and project management from a broader perspective. The managers of private enterprises also need to have a comprehensive understanding of the management mechanism

of enterprises, accurately locate the strategic objectives, and evaluate and predict the market economy environment from a higher perspective. Based on this, develop a more instructive budget method. Enterprise managers need to continuously optimize financing choices from the perspective of economic dynamics in order to accurately grasp the opportunities to achieve fast and scientific investment. Relying on the strong financial foundation of the enterprise, the scope of investment and the content of the investment plan can be reasonably determined. As an indispensable means of capital budget, the content of enterprise investment should also be strictly based on the national project strategic deployment plan and requirements. Private enterprise employees should constantly innovate business value and vigorously improve productivity. Therefore, capital operation can be effectively realized, so as to further enhance the competitiveness of the company. However, in the process of specific cost control, managers should realize the key position of capital budget in corporate financial management. We should reasonably grasp the operating rights and interests of investors, financing units and major shareholders, so as to ensure that the company can maximize its wealth. In particular, because investors control the company 's financial decision-making process to a certain extent, they emphasize the importance of maximizing revenue. Or it can be considered that the protection of the legitimate rights and interests of shareholders is the final result of the balance of financing budget of private enterprises. Therefore, the company 's management should regard the above factors as key considerations and propose a practical and guiding budget plan.

4.3.2. Pay attention to the actual market rules

The discussion on capital budget of private enterprises should be based on the actual market rules and make a new discussion on capital management. That is, the relevant managers must be aware of the effectiveness and scientificity of the investment plan, focusing on the planning process of the investment project. Only by ensuring that the various processes of the plan can be reasonably and smoothly implemented, can the company 's efficiency be greatly improved. Through scientific and reasonable capital allocation, private enterprises should expand reproduction. Therefore, private enterprises must gradually expand their investment capacity. Whether in fixed asset investment or intangible asset management, the proportion of capital operation should be increased. And actively innovate and improve product technology, product quality, etc., to further enhance the private enterprise 's own market competitive advantage. With high-quality products and high-standard service quality, more investors are obtained. Private enterprises should also study and prospect the current financing situation, investment mode and business environment from an international perspective, so as to further improve the whole process of capital investment. The company 's management should optimize the integration and utilization of all available funds, and timely adjust the capital budget strategy. Gradually increase the input of soft power and hard power, so that the company 's ability has been significantly improved. When optimizing and improving the budget process, enterprise managers should scientifically manage large investment projects. In general, enterprises can not establish a unified means of operation for the budget work itself. However, in the actual work process, private enterprises often need to determine the appropriate direction of capital investment according to the operation characteristics and

management forms of enterprises. The factors such as the development of the market and the law of industrial operation are analyzed, and the final investment project is selected through appropriate investment decision-making criteria. Private enterprises should further evaluate and analyze the investment plan, establish a scientific and reasonable budget evaluation system, and grasp and supervise the whole process of capital budget project.

5. Optimization of Corporate Financing Channels and Capital Budget Under the Impact of The New Coronavirus Epidemic

The COVID-19 epidemic in recent years has caused a great negative impact on all aspects of China's economy and society, and the budget management and cost control of various enterprises have also received a greater impact. Whether state-owned enterprises or private enterprises have been impacted to varying degrees in the capital operation budget, many private enterprises' production and operation behaviors have been completely stalled in the early stage of the epidemic. With the further change of the government's epidemic prevention strategy and enterprise management policy, the production and operation behavior of private enterprises has also fallen into a relatively uncertain state. However, with the gradual stabilization of the epidemic situation at home and abroad, private enterprises are bound to need to resume production, operation and management. For enterprises, any resources are scarce. Enterprises need to formulate detailed plans to deal with various negative external shocks in combination with their own development strategies, strengthen risk identification and risk control, guide enterprises to operate stably, and ensure the smooth completion of development goals. In the context of the economic downturn, enterprises should take the government's policies as a guarantee, rely on the services of financial institutions, strive to enhance their competitiveness, obtain relevant information in time, formulate budget risk management plans, and minimize the adverse effects of risks on enterprises..

Acknowledgment

This work was funded by Tianjin Postgraduate Research and Innovation Project in 2021 under Grant 2021YJSS280.

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