



Research Article

ISSN : 0975-7384
CODEN(USA) : JCPRC5

The empirical study of ownership structure and performance of listed companies-based on manufacturing companies

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ABSTRACT

Performance indicators to measure the operating results of a business, which could improve business performance, has positive significance to the promotion of enterprise development. The ownership structure is the basis of the survival and development of listed companies, how to optimize the shareholding structure in order to improve corporate performance has been a problem of listed companies. This article taking the related data of 57 listed companies in the year of 2008 to 2011 as subjects, analyzes the performance and its driving factors for empirical research. According to empirical analysis results, the first shareholders' shareholding ratio, company size, profitability and corporate performance do a significantly positive side on the performance; the second to the tenth largest shareholders and executives shareholding ratio, leverage levels and capital expenditures do a negative side.

Key words: Manufacturing; ownership structure; corporate performance

INTRODUCTION

SOURCES AND SIGNIFICANCE OF THE STUDY

Shareholding structure of the Company is the foundation of a corporate governance, which will effect the the governance efficiency, and will reflect on the company's financial performance ultimately. China's non-tradable shares has been implemented in 2005, by division and gradually lifting of non-restricted shares and restricted share.

However, the shareholding structure of listed companies in China is very complicated, excessive concentration of equity, a large proportion of state-owned shares, non-tradable shares and poor mobility, lacking of diversified holdings topic, a larger proportion of related shareholders accounting, there exists a share with different prices, a stock with different stock rights, a stock with different profits. Although the company's performance is a relatively old problem, but its research indicators confused, the results are also big differences. For a long time, indicators of the performance of listed companies is accounting profit which is represented by the earnings per share and return on net assets. There are big flaws in these financial indicators, for examples, they can not reflect the true operating; the accounting sense of value added and the economic sense of value added are different; the traditional financial analysis indicators lacks predictability; the traditional methods of measuring operating performance fail to link corporate financial objectives closely and so on.

By reading and related finding, we first assume a different ownership structure for the impact of company's operating performances are different, taking the Chinese listing Corporations in manufacturing as the research object. On the basis of empirical research on the issue, using EVA model to quantify listed companies' operating performance and assuming that it is the different capital structure lead to the different performances of the companies. On determining a fiscal year, using MLR model to get the regression models of influence factors of operating performances and capital structures. This article hopes to offer some constructive advices to the reforms of Chinese listed manufacturing companies.

RESEARCH STATUS**RESEARCH STATUS AT ABROAD**

There are three different views on the relationship of ownership structure and corporate performance at abroad, positive correlation, negative correlation and uncorrelated. For examples, Jensen and Mcckhng (1976) think increasing the equity ratio of the the internal shareholders who have controlled the enterprises will improve business performance; Shleifet and Vishny (1980) considered sufficient concentration will enhance the value of the company; Alrerto, Julio and Chabela hold the view that the more concentrated equity, the bigger firm value; or Demsetz (1985) believe that large shareholders may by pursuing selfish goals rather than the target of company to maximize their own interests, this study has concluded that there is a negative correlation between ownership concentration and firm value in a company which exists large controlling shareholders. Demsetz (1983) considered the ownership structure is unrelated to firm value. However, a research by Wuxiang Zhu and Yong Song (China, 2010) shows that there is no significant correlation between ownership structure and firm value in appliance companies which have more intense competitions.

RESEARCH STATUS AT HOME

Domestic scholar also obtained three different perspectives. Firstly, positive correlation. Xiaonian Xu, Yan Wang (1997) found that there exists a significant positive correlation between the degree of equity centralization and corporate performance. Zhang Hongjun (2000) concluded that the proportion of equity of corporate shareholders has a significant positive effect on corporate performance [17]. The study of Bai Xun et al (2005) suggests that, large shareholders (in addition to the largest shareholder) hold more concentrated equity and higher shareholding ratios, the higher firm value will be [15]. Jusheng Sun, Xiaojun Li (2006) suggests that corporate shareholders have "economic man" personified characteristics, their proportions of shareholdings are positive correlated with corporate performance [13]. Liping Xu (2006) found that there exists a positive effect in listed companies which hold some shares in state-owned asset management institutions by ownership concentration to operating performance [14]. Heping Xia's research (2006) shows that the proportion of the largest shareholder with a shareholding is not a significant negative impact on corporate performance, the second to the tenth large shareholders' concentrated equity help to improve corporate performance. Yongzhong Jiang, Ping Xiong (2006) found that a company with a higher equity concentration, the better corporate performance it will have. Secondly, negative correlation. Xiaonian Xu and Yan Wang (1997) considered although there is a significant positive correlation between ownership concentration and corporate performance in the general sense, while if the ownership concentration belongs to the state, the proportion of state-owned shares and the return on assets, return on equity has significant negative correlation. Hongjun Zhang's (2000) empirical findings also showed low efficiency of the national shareholders. Chongen Bai (2005) founded that the government controlled companies lack of efficiency in the operation [15]. Jusheng Sun and Xiaojun Li's (2006) research shows that the proportion of state-owned shares and corporate performance is significant negative correlated as the same as the proportion of tradable shares and corporate performance, in the degree of ownership concentration, ownership dispersed companies' performances are better than equity focused companies; Thirdly, uncorrelated [13]. Shukun Wu' (2002) empirical results show that the concentration of ownership and corporate performance showed a significant inverse U-shaped relationship [16]. Jie Hu and Yin Hu' (2006) empirical results show that ownership structure and corporate performance exists uncertain relationship, role of corporate shareholders on corporate performance is not obvious [12]. Yongzhong Jiang and Ping Xiong' (2006) studies suggest that the relationship between circulation stock proportion and company performance is not significant. Jinghuai She and Jie Hu (2007) analyzed that ownership structure and corporate performance is related uncertainly, for the more competitive industry, ownership structure does not have significant correlation on corporate performance, for non-competitive industries, the concentration of ownership on corporate performance has positive effect, there is a U-shaped relationship between the proportion of state shares and corporate performance, corporate shareholders, tradable shareholders on corporate performance is not obvious [11]. Yuejing Sun's (2007) empirical research on private listed companies which are in the growth stage or in mature stage concluded that the characteristics in the growth stage are more obvious, the concentrated ownership structures on performance is more stronger, the characteristics mature stage are more prominent, the dispersed ownership structure is more benefit the company performance, but the balance of ownership on corporate performance did not influence significantly [10].

**EVALUATION OVERVIEW OF PERFORMANCE, EQUITY STRUCTURE AND THE EVA MODEL
CORPORATE PERFORMANCE THEORIES****THE DEFINITION OF PERFORMANCE**

Scholars at home and abroad have different opinions about the definition of performance. Foreign scholars pointed out that performance contains three layers of meaning, namely: (1) effect, comparing with competitors' products and services, performance measurement is usually expressed as a sales growth and market occupancy; (2) efficiency, namely the ratio of input resources and output, performance measurement is usually expressed as a pre-tax yield or return on investment; (3) adaptability, namely the strain capacity of an enterprise in the face of environmental threat and making choices when opportunity comes, performance measurement is usually expressed as the product

quantity or the sales rate which come into the market successfully during one period. Some domestic scholars have also given definition to performance. Some pointed out that "performance" is also called as results or achievements, which reflect the achievements or results when people engaged in an activity. Some think that the operating performance of an enterprise refers to the operating results of the enterprise in an operation period such as Asset operation, financial benefits and hedging and value-added of capital. Also some people think that, for an enterprise, its performance is not only characterized by the realization of the strategic objectives, but also showed by process efficiency of the strategic objectives, namely the enterprise's degree of saving resource.

THE MEASUREMENT OF CORPORATE PERFORMANCE

Performance evaluation is come up with by the owner a company in order to strengthen the control of the capital ownership. After more than a century of exploration and practice, corporation performance evaluation has become a mature method of regulation, which plays an increasingly important role in promoting enterprises to improve management and increasing the economic benefit. From the point of all kinds of literature, the index of enterprise performance measurement can be divided into two categories. One is "single indicator performance measurement", and the other is "multiple indicators performance measurement".

(1) Single indicator performance measurement

Single indicator performance measurement has been widely applied to academia and business. Performance appraisal indicators include the return on total assets, return on equity, Tobin-Q value, EVA, the investment yield, P/E ratio and so on, which are often used by scholars and experts. Return on total assets, return on equity and P/E ratio is relatively simple, and their computation formulas are confirmed. So it is not necessary to talk about them again here. The following will introduce the Tobin-Q value and EVA. Tobin Q theory was proposed by James Tobin in the 1969's. It is used to compare the size of market value and the purchase cost of the enterprise and connect the market value of the enterprise with asset replacement cost. When inflation is rising asset prices or technological progress cause asset prices fall, Tobin-Q value can be used to judge whether the value of the asset have been underestimated. It shows that the value created by enterprise is greater than the cost of investment asset if Tobin-Q value is greater than 1, and it indicates that the enterprise creates value for the society. Otherwise, it is a waste of social resources. Currently, the enterprises in the USA also use the method of EVA to measure the management performance. EVA is the difference between the adjusted operating profits of the company with the opportunity cost of economic value of the existing asset, which is a method of performance evaluation put forward by Stens • Stewart consulting company in the United States in the 1990s. EVA index is superior in indexes of corporate profits because it has considered the opportunity cost of every department capital, and it is characterized by integrity of using information, authenticity of reflecting the results, clarity of revealing the value, comparability of risk, etc. It is put forward to provide a new train of thought and a new solution for evaluating banks, and it is a indicator of economic value after adjusting the profit. It can accurately reflect the value for shareholders created by company in a certain period. EVA is actually the economic profit evaluation of enterprises; it shows the comparison between net operating profit and the lowest returns that investors gain if they invest in other securities which have similar risk with the same investment capital; it reflects the quantity which the former is higher or lower than the latter. The advantages of single indicator performance measurement are that it only uses one indicator to measure performance, which will simplify calculation process and strengthen the feasibility. The disadvantages of single indicator performance measurement are that it can not consider both financial indicators and non-financial indicators; Enterprise organization chase not only one goal, but multiple targets. So the single indicator can not fully express the whole scale of the enterprise performance.

(2) Multiple indicators performance measurement

In order to overcome the shortcomings of single indicator performance measurement, scholars begin to consider measuring the performance of enterprises with multiple indicators method. The multiple indicators method for now includes analytic hierarchy process method (AHP) and balanced score method. The so-called analytic hierarchy process refers to a system approach which regards a complicated multi-objective decision-making problem as a system, decompose the target into many objectives or principles, and decompose it into several levels of multiple index (or principles, constraints) and calculate hierarchical single sorting (weight) and hierarchical total sorting through fuzzy quantification method of qualitative index as the target (multiple index) or decision of multiple scheme optimization, called the analytic hierarchy process. Balanced score method is also called balanced scorecard method which is a new train of thought of performance management suitable for assessment of a department team. The balanced scorecard is designed by professor Robert • S • Kaplan from the business school of Harvard and David • P • NORTON who is the president of Renaissance International Plan in 1992. It is a comprehensive system of the strategic evaluation index, combining financial indicators with non-financial indicators. The most prominent feature of the balanced score method is to link the prospect, mission and development strategy with performance evaluation system of the enterprise; it transform the company's mission and strategy into specific objectives and

evaluation indicators in order to realize the combination of strategy and performance.

EQUITY

DEFINITION OF EQUITY

Equity structure refers to the proportions and relationships of different natured shares of whole capital of a company. Equity structure is the basis of corporate governance structure, corporate governance structure is the concrete operation of the form of the ownership structure. Different ownership structures determine the different organizational structure of enterprises, so as to determine the different corporate governance structure, determine the firm's behavior and performance finally.

THE FORMATION OF EQUITY STRUCTURE

What kind of the equity structure is of great significance to the type, the development and the formation of the organizational structure of the enterprise. When the social environment and scientific technology changes, corporate ownership structure changes accordingly. So, equity structure is a plasticity of a dynamic structure. The dynamic changes of ownership structure will lead the organizational structure of enterprise and supervisory mode to change, in fact, the enterprise is a flexible and dynamic management organization.

The form of ownership structure determines the type of enterprise. The proportion of capital, natural resources, technology, knowledge, market and management experience are effected by the development of science and economic globalization. With the emergence of a global network and new types of enterprises, technology and knowledge takes a more important role in corporate ownership structure, the development of the society will eventually go from "capital wage labor" to "labor hire capital." Manpower Capital in the enterprise by its unique identity enjoys operating results, and share residual claim right with capital owners. This is the great power of science and technology, it makes the knowledge capital becomes the most important capital to decide the fate of enterprise. The change of enterprise ownership structure reflects a problem: the resources which is the most scarce and the share resources which is the most unavailable are bound to be a dominant position in the enterprise resources. Enterprises benefit-sharing model and organizational model are determined by the dominant resources in enterprise.

In the world of globalization, the importance of human capital or intellectual capital has become increasingly prominent, the traditional "ownership" and "control" concept has met an unprecedented challenge, which has become a new topic of future research in enterprise management.

Ownership structure is variable, the internal force is a change in the development of science and technology and the mode of production, to choose a good ownership structure which is suitable for enterprise to develop has far-reaching significance.

EVA MODEL OVERVIEW

EVA (Economic Value Added) is the abbreviation of economic value added, referring to the income which deducted equity and debt total investment cost of capital from the net operating profit after tax. EVA is a performance evaluation tool which can total evaluate the ability of enterprise managers in the use of capital and create value for shareholders, and is the foundation and the core of enterprise value management system.

EMPIRICAL ANALYSIS

DATA PREPARATION

Objective of this article is to study Chinese manufacturing listed companies, so select manufacturing companies listed in 2008-2011 in Shanghai and Shenzhen as the research sample, the total sample is 1408.

In the choice, we according to the following 4 standards for selection: (1) Company data considered the issue of B shares will be affected by the B-share market to a certain extent, but this paper is concerned with the A share market. So we will remove the companies which take the issue of B shares for the vast superiority. (2) Excluding the companies which treat stock specially. Here refers to the ST (Special Treatment) and *ST Inc. (3) Excluding the companies whose data is not full. (4) Excluding asset-liability ratio is greater than 1 and the square of portions held by the second to the tenth shareholders smaller than the observed value of 0. According to different industries, using stratified sampling method, finally won the 57 manufacturing listing Corporation. Data access from the Guo Tai An database, data analysis is completed by SPSS 11.5 software and Excel 2003 software.

For the convenience of the study, respectively, to represent the 57 sample firms' name with 1 ~ 57 serial number. As shown in table 1.

Tab. 1: Sample Firms number table

Number	Name	Number	Name	Number	Name
1	Red Sun	20	HuaYang Science and Technology	39	Zhengzhou Sanquan Foods
2	ChangZheng Electrical	21	JinLu Group	40	KAILE Science and Technology
3	Elec-Tech	22	ShengHua Biok Biology	41	Shanghai Zi Jiang Enterprise Group
4	DongYuan Electrical	23	HUBEI BOTHWIN INVESTMENT	42	ZOOM
5	CITYCHAMP DARTONG	24	JiangNan MPT	43	BBCA Pharmaceutical
6	Media	25	SANDY	44	JIANGSU YUYUE MEDICAL EQUIPMENT & SUPPLY
7	SunShine	26	SHENZHEN GLOBE UNION INDUSTRIAL	45	Jiangsu Heng Rui Medicine
8	MiZuDa	27	Ningxia Hengli Steel Wire Rope	46	HuaDong Medicine
9	Tangshan Jingyuan Yufeng Electronics	28	DunAn	47	JinYu
10	HANGZHOU SILAN MICROELECTRONICS	29	HUBEI HONGCHENG GENERAL MACHINERY	48	HuaShan JinMA
11	TDG Holding	30	XIBEI BEARING	49	SiChuan Swellfun
12	XinChaoShiYe	31	Beijing Dynamic Power	50	DongLiang New Material
13	HENAN HUANGHE WHIRLWIND	32	ZHEJIANG DAHUATECHNOLOGY	51	Xinjiang Joinworld Company Limited
14	LuYang	33	Qinhuangdao Bohai Physical Distribution Holding	52	ZHEJIANG KAN SPECIALITIES MATERIAL
15	Ningbo Shanshan	34	Fujian SBS Zipper Sci & Tech	53	ChuanRun
16	Huaxi Village	35	Hefei Rongshida Sanyo Electric	54	Guangdong Mingzhu Group
17	White Cat	36	SiHuan Bioengineering	55	GREATOO
18	ZHEJIANG TRANSFAR	37	DaYuan	56	Jiangsu Miracle Logistics System Engineering
19	ShineWay	38	Harbin HI-TECH Soybean Food	57	ZOJE Sewing Machine Company Limited

VARIABLE DEFINITION

This paper mainly studies whether debt finance has positive significance on corporate governance or can increase the value of the company, so after screening, the variables are defined in table 2.

Tab. 2: Variable definition

Variable Type	Variable Name	abbreviation	Meaning and value
Dependent Variable	corporate performance (Y)	EVA	(after-tax operating profit)-(investment capital)*(cost of capital)
Independent Variable	The largest shareholder's shareholding ratio (X1)	First	ownership concentration
	The sum of square of portions held by the second to the tenth shareholders (X2)	H10	Reflect the equity restriction
	Executives' shareholding ratio (X3)	Ggeg	the power belong to corporate executives
	the degree of separation of two rights (X4)	Divid	Degrees of separation of ownership and management
control variate	company scale (X5)	Size	ln(The final total assets of company)
	Leverage (X6)	Lev	(the final total liabilities)/(the final total assets)
	profitability (X7)	Roe	net profit/ owner's equity
	growth (X8)	Growth	Tobin Q to measure
	Investment (X9)	Inv	Construction of the ratio of fixed assets, intangible assets and other long-term assets to ending total assets

MODELING

This article choose EVA value as variable Y to represent the enterprise value, which can reflect corporate performance. Because the EVA value represents the value enterprise creates for the shareholder, the value is greater, the shareholders' gain is higher, company performance is better; on the contrary, its value is lower, the company performance is worse. In order to reflect the relationship between corporate performance and various indexes generally, this article selects many index. Among the variables, the author first to consider is the stake of the largest shareholder, this represents an ownership concentration of a company, so ,set X1 to represent; the second largest shareholder to the tenth largest shareholder's stake is a measure of the enterprise equity restriction, so we choose second to tenth shareholding ratio as(H10) .Executives' shareholding ratio (Ggeg) as well as the separation of two

rights (Divide) is a factor ownership system, they are recorded as X3 and X4. In order to exclude the influences of other factors on the test results, we take the company size (X5), financial leverage level (X6), profitability (X7), growth (X8) and capital expenditure (X9) as control variables. Modeling as follows:

$$Y = \beta_0 + \beta_1 X_1 + \beta_2 X_2 + \beta_3 X_3 + \beta_4 X_4 + \dots + \beta_9 X_9 + \varepsilon_i$$

Y represents the company performance (EVA), X1 represents the proportion of the largest shareholders; X2 represents the second to the tenth largest shareholder's ratio; X3 represents the stockholders' ratio; X4 represents the separation of two rights; X5 represents the company scale; X6 represents leverage; X7 represents the profitability; X8 represents Capital expenditure; β_i ($i=1,2,3,\dots,9$) represents parameters, ε_i represents the random error term.

DESCRIPTIVE STATISTICAL ANALYSES

Make descriptive statistics on the dependent variable and independent variable indicators of the sample in each of 2008-2011 to find out the change rule. Table 3 shows the statistical results of manufacturing company operating performance of listed companies (EVA) and the independent variables, which are the average value of the first biggest shareholder's shareholding ratio, the sum of the second to the tenth biggest shareholders' shareholding ratio, executives' shareholding ratio (Ggeg) and the degree of the separation of two powers. All the changing tendencies has been shown in figure 1, 2, 3, 4 and 5.

Tab. 3: Statistics of each variable on average in every year

	2008	2009	2010	2011
(EVA)	141879035.1001	190920115.9647	-49309042.8266	412209996.2933
(First)	27.5096	27.7558	29.2165	30.5993
(H10)	53.8604	53.6232	54.2299	55.8541
(Ggeg)	0.0842	0.0770	0.0749	0.0704
(Divide)	8.2107	7.5606	7.5507	8.3873

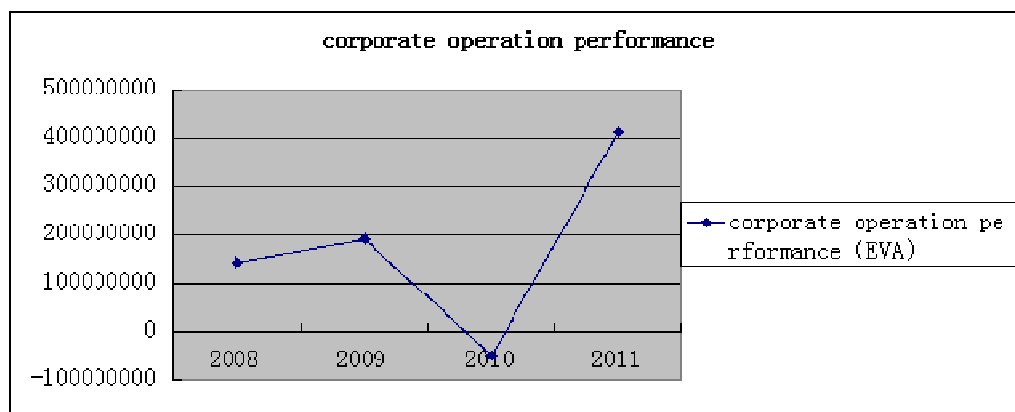


Fig. 1: Average changing tendency of EVA (2008-2011)

It can be seen from the figure 1 that the EVA rose from 141879035.1001 in 2008 to 190920115.9647 in 2009, fell to -49309042.8266 in 2010 and then jumped to 412209996.2933 in 2011. This is in line with the overall trend of market changes. Due to factors such as the financial crisis, Chinese stock market is falling from the high record in 2006 until 2008. After that the shares rose slowly, and total asset yields of manufacturing listed companies have been influenced by it.

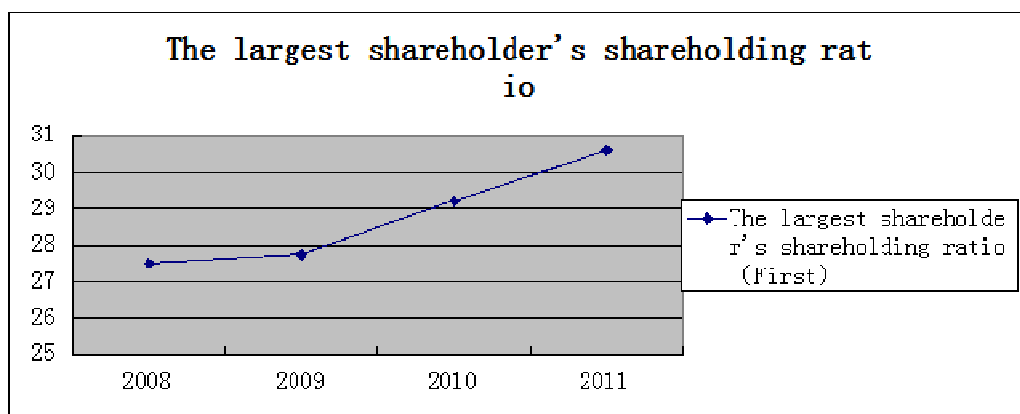


Fig. 2: The changing trend of the largest shareholder's shareholding ratio (2008-2011)

From figure 2 it can be found that, from 2007 to 2010, the first major shareholders ratio increased from 27.51% in 2008 to 27.76% in manufacturing listed corporation in 2009, 2010 and 2011 are accompanied by large rise, rose to 29.22% and 30.60% respectively. In the recovery phase, the first major shareholders began to hold the stock, to get more economic benefit.

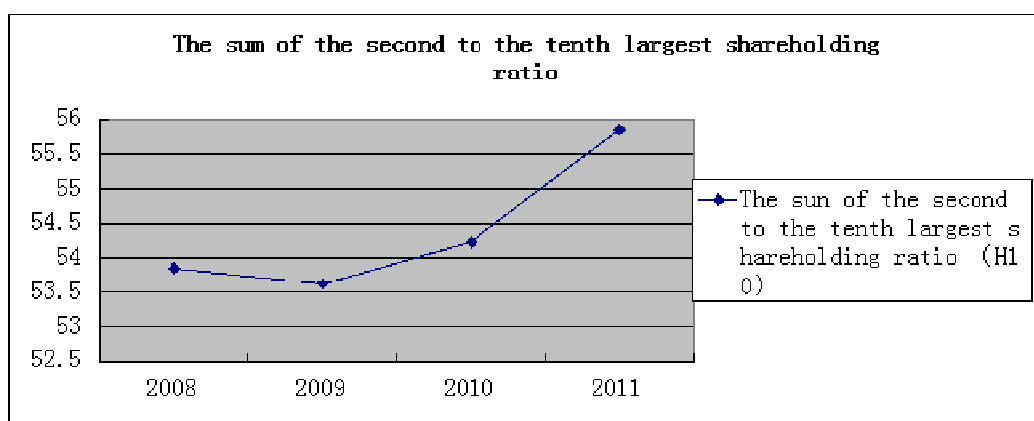


Fig. 3: The changing trend of the sum of the second to the tenth largest shareholding ratio

As you can see from figure 3, 2008 to 2011, in Chinese manufacturing listed companies the second to the tenth largest shareholding ratio decreased from 53.86% in 2008 to 53.62% in 2009, subsequently, rose to 54.23% in 2010, rose to 55.85% in 2011 ultimately. That, in a period of economic recovery, the shareholders to own more stocks because they look to further increase.

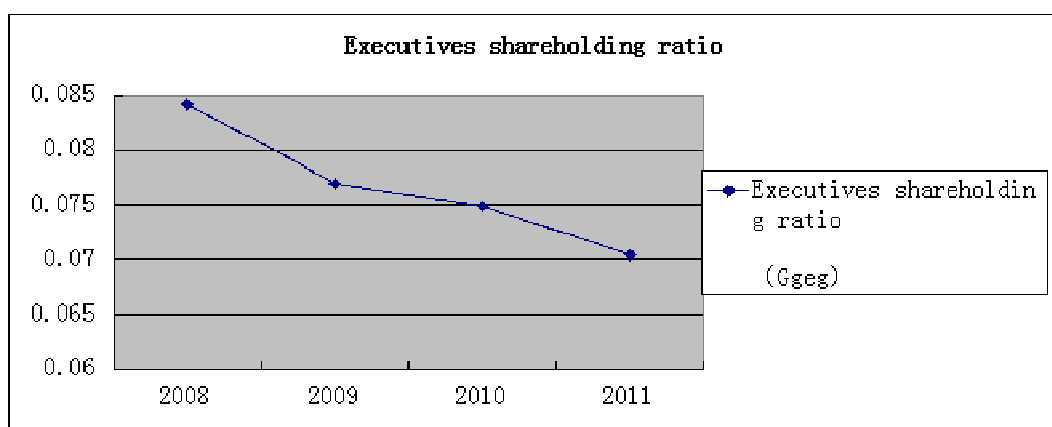


Fig. 4: The changing trend of Executives shareholding ratio

As you can see from figure 4, executives shareholding ratio decreased year by year. Decreased from 8.42% in 2008 to 7.70% in 2009, then dropped to 7.49% in 2010, then fell to 7.04% in 2011. That, holdings of stocks in the top ten

shareholders, the executive must reduce the shareholding ratio.

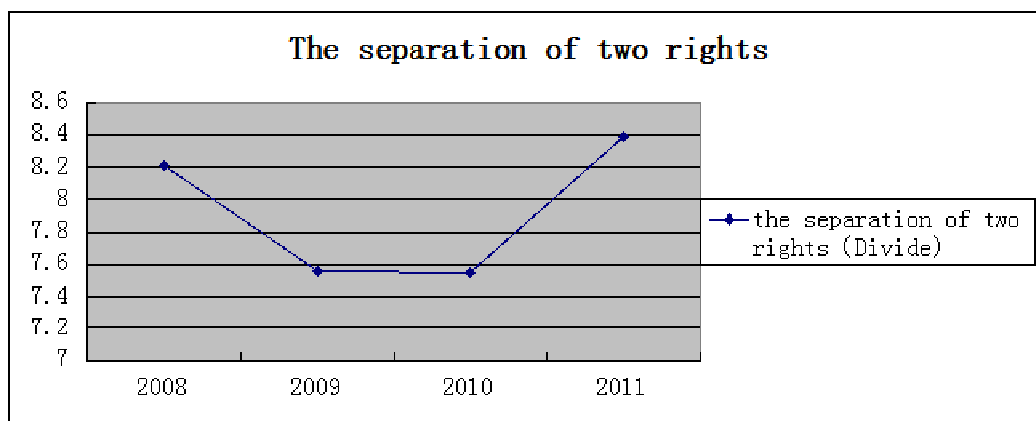


Fig. 5: The changing trend of the separation of two rights

As can be seen from figure 5, 2008 to 2011, in listed companies in the manufacturing, the separation of ownership (Divide) fell from 8.2107 in 2008 to 7.5606 in 2009, the separation of ownership in 2010 years is 7.5507, close to the last year, and finally rose to 8.3873 in 2011. That, among 2008 to 2011 Chinese manufacturing listed companies' degree of the separation of ownership was a "U" trend.

Table 4 is Chinese manufacturing listed companies' 4-year overall descriptive statistics from 2008 to 2011, the table shows the mean value, standard deviation and the number of cases of variables. We can see from the table: Chinese manufacturing listed corporations' debt-to-asset ratio is 46.21% on average, compared with western developed countries, the ratio is relatively low.

The share proportion of Chinese manufacturing listed corporations' executives is small, only 0.076%, that is to say in China the separation of two rights done well.

In Chinese manufacturing listed corporations the gap between the first shareholding ratio and the second to the tenth shareholding ratio is small, that is to say equity restriction is higher.

Tab. 4: Descriptive statistics

	N	Mean value	standard deviation
eva	228	1.7393E+08	1.68780E+09
first	228	28.7703	11.81102
H10	228	20.0918	12.92048
Ggeg	228	.0766	.15603
Divide	228	7.3488	8.34799
Size	228	21.4130	.91636
Lev	228	.4621	.16886
Roe	228	.0739	.13652
Growth	228	2.2685	1.8064
Inv	228	.3029	.14474

REGRESSION ANALYSIS

Table 5 is the correlation coefficient results. The table shows the Pearson correlation coefficient, significant test probability p value and the number of cases among variables. The correlation coefficient of company performance (EVA) and the largest shareholder's ratio (First) is 0.196**, the probability p value is 0.003; the correlation coefficient of company performance (EVA) and the second to the tenth largest shareholders' ratio (H10) is -0.021, the probability p value is 0.750; The correlation coefficient of company performance (EVA) and executives stock ratio is -0.008, the probability p value is 0.900; the correlation coefficient of company performance (EVA) and the separation of two rights (Divide) is 0.077, the probability p value is 0.244; the correlation coefficient of company performance (EVA) and the size of the company (Size) is 0.296, the probability p value is 0; the correlation coefficient of company performance (EVA (Lev)) and leverage is -0.050, the probability p value is 0.453; the correlation coefficient of company performance (EVA) and profitability (Roe) is 0.273**, the probability p value is 0; the correlation coefficient of company performance (EVA) and capital expenditure (Inv) is -0.054, the probability p value is 0.419; the correlation coefficient of company performance (EVA) and growth (Growth) is -0.039, the probability p value is 0.555.

Tab. 5: Correlation test of ownership structure and control variables on corporate performance

		eva	first	h10	ggeg	divide	size	lev	roe	inv	Growth
eva	Pearson correlation	1	.196**	-.021	-.008	.077	.294**	-.050	.273**	-.054	.039
	Significance (bilateral)		.003	.750	.900	.244	.000	.453	.000	.419	.555
	N	228	228	228	228	228	228	228	228	228	228
first	Pearson correlation	.196**	1	-.137*	-.004	.287**	.253**	.060	.221**	-.040	-.027
	Significance (bilateral)	.003		.039	.949	.000	.000	.366	.001	.549	.682
	N	228	228	228	228	228	228	228	228	228	228
h10	Pearson correlation	-.021	-.137*	1	.445**	-.175**	-.099	-.178**	.288**	-.101	.065
	Significance (bilateral)	.750	.039		.000	.008	.135	.007	.000	.127	.326
	N	228	228	228	228	228	228	228	228	228	228
ggeg	Pearson correlation	-.008	-.004	.445**	1	-.286**	-.216**	-.173**	.133*	-.053	-.100
	Significance (bilateral)	.900	.949	.000		.000	.001	.009	.044	.423	.131
	N	228	228	228	228	228	228	228	228	228	228
divide	Pearson correlation	.077	.287**	-.175**	-.286**	1	.305**	.088	.158*	.011	-.113
	Significance (bilateral)	.244	.000	.008	.000		.000	.183	.017	.864	.088
	N	228	228	228	228	228	228	228	228	228	228
size	Pearson correlation	.294**	.253**	-.099	-.216**	.305**	1	.333**	.452**	-.196**	-.164*
	Significance (bilateral)	.000	.000	.135	.001	.000		.000	.000	.003	.013
	N	228	228	228	228	228	228	228	228	228	228
lev	Pearson correlation	-.050	.060	-.178**	-.173**	.088	.333**	1	-.137*	-.162*	-.376**
	Significance (bilateral)	.453	.366	.007	.009	.183	.000		.039	.014	.000
	N	228	228	228	228	228	228	228	228	228	228
roe	Pearson correlation	.273**	.221**	.288**	.133*	.158*	.452**	-.137*	1	-.249**	.064
	Significance (bilateral)	.000	.001	.000	.044	.017	.000	.039		.000	.333
	N	228	228	228	228	228	228	228	228	228	228
inv	Pearson correlation	-.054	-.040	-.101	-.053	.011	-.196**	-.162*	-.249**	1	-.082
	Significance (bilateral)	.419	.549	.127	.423	.864	.003	.014	.000		.215
	N	228	228	228	228	228	228	228	228	228	228
Growth	Pearson correlation	.039	-.027	.065	-.100	-.113	-.164*	-.376**	.064	-.082	1
	Significance (bilateral)	.555	.682	.326	.131	.088	.013	.000	.333	.215	
	N	228	228	228	228	228	228	228	228	228	228

* Significant correlation at the 0.05 level (bilateral)

** Significant correlation at the 0.01 level (bilateral)

After multiple regression test, to eliminate some variables did not pass the test, the results is table 6. Table 6 is the summary of the model. The table shows the fit situation of each variable. It can be seen from the table, the correlation coefficient of this model is 0.350a, the coefficient of determination is 0.123, adjusted coefficient of determination is 0.111, standard error of the estimate value is 1.59152*109.

Tab. 6: Model Summary

Model	R	R2	adjusted R2	standard errors of estimates
1	.350a	.123	.111	1.59152E+09

a. predictive variable: (constant), First, Size, Roe

Table 7 is a regression analysis of variance table, the table shows the results of an analysis of variance model. It can be seen from the table, in model 1, observation of the F statistics is 14.077, significant probability of F-distribution (sig.) is 0.000, on the significant level of 0.05 cases, there is significant linear correlation between dependent variable and predictor variables, regression effect is remarkable, the regression equations is effective.

Tab. 7: Analysis of variance table

Model		quadratic sum	df	mean square	F	Sig.
1	regression	7.927E+19	3	2.642E+19	10.432	.000a
	residuum	5.674E+20	224	2.533E+18		
	gross	6.467E+20	227			

a. predictive variable: (constant), First, Size, Roe

b. variables: EVA

Table 8 lists the linear regression coefficients, shows: partial regression coefficient of model, standard error, constant, standardized partial regression coefficient, T statistic observation of regression coefficient test and a probability value p correspondingly.

Tab. 8: Model coefficient table

Model	Unstandardized coefficients		Standardized coefficients		t	Sig.
	B	standard error	trial version			
1	constant	-8.039E+09	2.751E+09		-2.922E+00	.004
	first	1.588E+07	9.316E+06	.111	1.704	.090
	size	3.553E+08	1.313E+08	.193	2.707	.007
	roe	1.996E+09	8.742E+08	.161	2.284	.023
<i>a.variable: EVA</i>						

According to table 7 model coefficients, the constant term is -8.039×10^9 , coefficient of argument First is 1.588×10^7 , coefficient of the Size is 3.553×10^8 , coefficient of Roe is 1.996×10^9 , thus simplifying the regression equation as follows:

$$EVA = -8.039 \times 10^9 + 1.588 \times 10^7 \text{ First} + 3.553 \times 10^8 \text{ Size} + 1.996 \times 10^9 \text{ Roe}$$

(1.704) (2.707) (2.284)

CONCLUSION

Conclusion 1: the model structure shows that the first shareholder's shareholding ratio, firm size and profitability are positively correlated with the company's operating performance.

What the First shareholder's shareholding ratio reflects is a reflection of decision-making ability of the first shareholder in the enterprise and the concentration of stock ownership. Ownership concentration plays a vital role in a firm decision. If it's too high, the ownership balance is not enough, and it is easy to lead to policy mistakes; it makes decisions lose efficiency if Ownership concentration is too low. In this article, shareholding rate of the first shareholder is only 28.77% on average. On this level, shareholder's shareholding rate has a positive impact on corporate performance.

Company size is the scale of company assets. From the model results, it can be seen that the scale of manufacturing assets of listed companies have an obvious influence on the company's operating performance. The bigger the asset scale is, the higher the return on total assets is.

What Profitability reflects is the income of main business in the enterprise. It is the core indicators to measure the company's performance as well as the biggest factor which makes a greatest contribution to the performance of. The stronger the profitability is, the better the company's operating performance is.

Conclusion 2: the degrees of factors influencing the company's business performance significantly are different.

From Results of the model, it can be seen that profitability (Roe) is the most significant factor influencing Chinese manufacturing company performance, and company size is at the second place, the least significant factor is the first shareholder's shareholding ratio. The ratio about the three is 1:22:12.5. It shows strong profitability can contribute to higher performance.

Conclusion 3: in the factors whose influence degrees are lower than those in the model, the total of the second to the tenth largest shareholder's shareholding ratio (H10), executives' shareholding ratio (Ggeg), leverage (Lev) and capital expenditures (Inv) have negative correlations with corporate performance.

The total of the second to the tenth largest shareholder's shareholding ratio and executives' shareholding ratio reflect the enterprise's equity checks and balances. If equity checks and balances are too high, conflicts even power struggles will exist more easily among big shareholders. It will result loss in decision-making efficiency and the shrinkage of the company value. From another perspective, too high degree of equity checks and balances means reduction of The equity proportion of the shareholder controlling stake in the listed companies, which makes them lack of effective incentive to actively participate in corporate management and reduces their diligence. In this case, ultra strong control of listed companies by managers will exist more easily, and it generates greater agency conflicts, increases the agency cost, and eventually lead to a decline in the value of listed companies.

Leverage (Lev) reflects the capital structure in the balance sheet and shows the usage degree of financial leverage. Debenture capital ratio is a sensitive index. Too high is bad, which leads to big capital risk; Too low is also not good, which shows poor ability in capital operation. In the United States market, debt-equity ratio is usually 1:1, and in the Japanese market it is 2:1. In this article, debenture capital ratio is only 46.21, reflecting capital operation ability of

the manufacturing enterprises is poor, which reduces their corporate performance.

Conclusion 4: divide and growth of a company are positively correlated with corporate performance.

The higher the divide of enterprises is, the better the growth is, and this makes the enterprise's performance improved.

ADVICES

INCREASE THE FIRST SHAREHOLDER'S SHAREHOLDING RATIO APPROPRIATELY

Chinese listed manufacturing company performance is influenced by many factors, and shareholding ratio of the largest controlling shareholder in the equity structure has significant positive influence. Therefore, Chinese listed manufacturing companies make the first largest shareholder hold high shareholding ratio in a certain range in order to make sure the management and supervision of big shareholders to the company, and this will improve the efficiency of decision making to some extent so that the performance of listed manufacturing companies can be improved.

Of course, the first biggest shareholder's shareholding ratio cannot be excessively high, because the existence of the controlling shareholders is likely to make the main business of the company and its profit in the control and influence of controlling shareholders who will damage the company's interests with the help of unreasonable related transactions, occupying operating funds of the listed company's directly or take office of important position of governance and management in listed companies. So equity control is indispensable on the premise that the decision-making efficiency is good.

STRENGTHEN THE EXPLOITATION OF FINANCIAL LEVERAGE

It can be seen from the regression results that the debt asset ratio of listed manufacturing industry in China is far less than 100% of the one in American market and 200% of the one in Japanese market. Therefore, what needs to be studied in listed manufacturing industry in China is how to improve the efficiency and the size of the usage of debt. Company scale has a significant positive correlation with corporate performance, so increasing debt assets ratio of the enterprise and expanding the scale of the company in a certain range will improve corporate performance.

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