

Original article

Research on the Impact of Ownership Structure to Operation Performance of the Chinese Listed Port Companies*

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Abstract

The ownership structure which has a huge impact on company operation performance is the foundation of corporate governance structure choice. At present, the number of China's listed port companies is the largest in the world; however, they have a very complex ownership structure. This study discusses the impact of ownership structure on the operation performance of the Chinese ports. This empirical research applies factor analysis to evaluate the operation performance of listed port companies, and then adopts linear regression analysis based on the evaluation results to explore the impact of ownership structure to operation performance. Finally, it proposes recommendations for optimizing the ownership structure of listed port companies, in order to promote a better and faster development of China's port industry. The empirical results show that for most of the listed port companies, the largest shareholder is in the absolute controlling position, and the gap between the largest shareholder and the second largest shareholder is very large, which means the ownership concentration is relatively high. Meanwhile, the top five shareholders equity ratio squared is in negative correlation with operation performance.

Keywords: Ownership Structure, Operation Performance, Listed Port Companies

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I. Introduction

In recent years, the development of Chinese port enterprises has been relatively fast, and China owns the largest number of listed port companies in the world. The listing of port companies can be divided into two stages: (1) 1993-2000 is the first listing period of port enterprise. During this time, the development of port industry was rapid and its scale was also expanding; (2) 2002-2010 is the second listing period of port enterprises. In this period, the port industry developed on the basis of the first period, and the container throughput soared. In addition, there are still some ports that are actively preparing for listing.

Therefore, it has become a very important issue how to optimize the ownership structure of Chinese listed port companies. In this study, we discuss the impact of the ownership structure on operation performance from the perspective of listed port companies and analyze the characteristics of ownership structure, in order to provide some valuable information and guidance for optimizing the ownership structure.

In regards to the relationship between ownership structure and operation performance, most western scholars believe that higher ownership concentration is conducive to improving operation performance. They think that too dispersed ownership structure will lead to a lack of supervision operators (Berle and Means, 1932). Recent research also shows that ownership concentration and operation performance are in significant positive correlation (Edwards, 1999). There are also a number of scholars who study the impact of ownership structure on operation performance only from the perspective of ownership concentration, and most findings show that ownership concentration and operation performance are in positive correlation. (Zhang Hongjun, 2000; Zhang Ruijun and Zhuang Hao, 2008, Zhang Xueping , 2010).

Despite the mixed results of scholars at home and abroad, they are very useful references for the descendants of the research and it can be summarized as follows: (1) research ideas, most of them use ownership structure as an independent variable and operation performance indicator as a dependent variable; (2) selection of indicators, most of them focus on ownership concentration; (3) research conclusions, most of them show that ownership concentration is positively correlated with operation performance, but a few scholars believe that ownership concentration is not conducive to enhancing operation performance or the existence of an inverted U-shaped relationship.

This paper is attempting to study the mechanism of action of ownership structure on operation performance in two angles including the nature and ownership concentration. It also evaluates the performance of Chinese listed port companies based on data from the annual reports, and then proposes recommendations to optimize and improve ownership structure of three companies.

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