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How Does Ownership Structure Affect Business Performance?–A Study based on 2021 Fortune 500 Retail Industry Enterprise

Si-Ning Chen [1, *]

[1] School of International Business, Xiamen University Tan Kah Kee College
* Correspondence: INB19003@xujc.com

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Abstract: This paper mainly analyzes the impact of ownership concentration on corporate financial performance from the perspective of ownership structure and company financial performance. The equity concentration is mainly demonstrated from the proportion of the largest shareholder's shareholding, and the financial performance is mainly demonstrated from three aspects: solvency, operating ability, and profitability. It is to study whether the ownership structure is related to the financial performance of the retail industry and how to pass change corporate ownership structure to improve corporate financial performance. Based on the analysis of the ownership structure and financial performance data of 14 retail companies in the "2021 Fortune 500", EViews 10 software was used to process the data. Results of the study demonstrate that when the state-owned holding factor is included, the shareholding ratio of the largest shareholder has a significant negative correlation with company performance. This also means that, for enterprises in the retail industry, the higher the degree of equity concentration of the enterprise, the less conducive to the growth of the financial performance of the enterprise.

Keywords: Retail Industry; Ownership Concentration Degree; Financial Performance; Dummy Variable

1. Introduction

In the context of expanding global consumer demand, more and more retail companies choose to expand production scale and improve production efficiency through financing to achieve their own sustainable development. As one of the most important industries in China's economic development, the retail industry has suffered a huge blow due to the influence of e-commerce on the development of the traditional retail industry. In order to ensure the position and competitiveness of the retail market, most retail enterprises began to look for new development paths and business models. Among them, adjusting ownership structure to improve corporate performance and stimulate corporate vitality is the preferred management means of many retail companies. At present, among the global Top 500 enterprises, the retail industry enterprises are mainly led by China and the United States. Seeking a new development path has become an urgent issue for the global retail industry enterprises to explore.

This paper mainly discusses the relationship between ownership structure and corporate financial performance in the retail industry of Fortune 500. The first section is the introduction, which mainly introduces the research background and significance of the paper. The second part is the methods and ideas needed for the research of the paper, and at the same time summarizes the main content and structure of the paper. The third part is the structure framework and innovation point overview.

The second section is a literature review. The first part mainly introduces the research results of the correlation between ownership structure and financial performance at home and abroad, and analyzes the current situation of the research at home and abroad. The second part is an overview of the theories related to ownership structure and corporate financial performance that explains the related concepts into line, including the top ten shareholders holding, the largest shareholder's shareholding equity concentration and so on. The

basic theory related to equity is discussed and contrasted to analysis carried out on the Chinese companies and other companies for the importance of equity. The third part is the analysis of the status quo of China's retail industry and the analysis of the development status of other top 500 retail industries in the world, including the development of China's retail industry, the introduction of China and the world's retail industry, and the summation of overall development level of the retail industry.

Section three is the model establishment and analysis. Firstly, according to the data of the annual reports from 2012 to 2021 selected in this paper, EViews 10 software is used to describe and analyze the sample data. The ownership structure mainly includes the ownership concentration of the sample company and the shareholding ratio of the largest shareholder. The main indicators selected for the analysis of financial performance are the company's debt paying ability, operating ability and profitability. Cash ratio reflects the company's short-term debt paying ability and cash situation. The operating capacity of the company is reflected by the total capital and production turnover (SIZE); The profitability of the company can be reflected through the net profit margin (NPM) and other indicators to establish the model of each variable and establish relevant assumptions.

The fourth Section is empirical analysis. Descriptive analysis was conducted first on the sample data followed by regression analysis according to the comprehensive performance value and shareholding structure-related indicators to verify the hypotheses. The last Section is the conclusion. The empirical results are sorted out combined with the current conditions and reasonable suggestions to improve the retail industry equity structure.

2. Materials and Methods

Studies of correlation between ownership structure and financial performance believe that the company's ownership structure and corporate performance is related (Chalmers and Godfrey, 2005; We *et al*., 2005; Bhagat and Bolton, 2008; Drakos and Bekiris, 2010; Wang, 2021). However, whether there is a positive correlation or a negative correlation has not yet reached a consensus conclusion (Demsetz and Villalogna, 2001; Core *et al*., 2004; Cheung, 2006; Guo and Liu, 2022). Current market structure and development changes have been quite different and shareholding structure, such as the shareholding ratio of the top five shareholders or the shareholding ratio of the largest shareholder, also hampers the relationship. On the other hand, the samples selected by domestic scholars are mainly companies listed on the Shanghai and Shenzhen stock exchanges in China. Since China's stock market is flawed and distorted compared with the market environment of foreign countries, the conclusions drawn may not be consistent with the real situation (Zhang and Liu, 2022; Wang and Dong, 2022). Although some scholars have studied the Fortune 500 manufacturing companies in as an example, however, the manufacturing industry can be subdivided into many industries, including household appliances, food, medicine, steel, automobiles, etc. The conclusions based on the analysis of the manufacturing industry are still not convincing.

Literature has chosen different indicators in empirical studies, resulting in different conclusions. Most foreign scholars take Tobin's *Q* index as the standard to reflect the quality of corporate financial performance (Street and Cereola, 2004; Durnev and Kim, 2005; Drakos and Bekiris, 2010), while domestic scholars mostly discuss the relationship between financial performance and corporate ownership structure by return on equity (ROE)(Cao *et al*., 2010; Shang, 2021). Therefore, the conclusions drawn by domestic and foreign scholars are different. Fortune Global 500 has listed companies in the retailing for more than 27 years. In order to avoid one-sidedness measure, data for the sample companies released the earnings of nearly ten years is selected to avoid discontinuous.

3. Literature Review

Due to the selection of data or the selection of verification methods, the correlation between corporate ownership structure and financial performance has not reach a consistence. Some of the studies used the agency theory to study the relationship between ownership structure and corporate value (Jensen and Meckling, 1976), and concluded that corporate value increases with the increase of shareholding ratio. They believed that the cost of deviating from value maximization will decrease with the increase of shareholding ratio of managers. Demsetz (1983) studied the ownership structure and the company's performance. He believed that there was no significant correlation between the ownership structure and the company's performance, and the company's ownership structure was the endogenous result of competitive selection. In this process, the advantages and disadvantages of various costs were balanced to achieve a balanced company's ownership structure. Stulz (1988)

proved through the model that the higher the shareholding ratio of internal shareholders, the greater the value of the company. When the shareholding ratio reaches a certain level, the higher the shareholding ratio of internal shareholders. On the contrary, the value of the company begins to decline, that is, there is a curvilinear relationship between the value of the company and the proportion of equity held by internal shareholders. With the increase of the shareholding ratio of managers, the value of the company initially increases, and then decreases. Cho (1988) has applied the data of Fortune 500 manufacturing companies and drew the empirical conclusion that the change of ownership structure would affect the company's investment, and the change of investment would affect the company's performance. He also believed that the company's performance would affect the company's ownership structure with the conclusion that ownership structure is an endogenous variable. Subsequently, McConnell and Servaes (1990) found a linear correlation between ownership structure and corporate value through research. Berle and Means (1991) believed that the degree of equity dispersion was inversely correlated with corporate performance, that is, the more decentralized the company's equity was, the better the company's performance would be. Gorton and Schmid (2000) also concluded the linear relationship between ownership structure and corporate performance through research. Davies *et al*. (2005) conducted further research on this issue and found that indicators related to ownership structure are non-linear correlated with corporate value. The ownership structure of a company is found related to the performance of the company, the specific relationship, however, has not been accurately explained for the relevant issues.

In recent years, domestic scholars have also carried out many studies on the relationship between ownership structure and corporate financial performance, including ownership concentration, shareholding ratio of the largest shareholder, state-owned holding and so forth. Due to different samples referred, different data selected and different verification methods applied, the conclusions diverse.

In the research on the relationship between ownership concentration and corporate performance, some believes that ownership concentration is positively correlated with corporate performance. Cao *et al*. (2010) believed that in different life cycles of a company, the higher the proportion of control is, the higher the value of the company is. In other words, the higher the proportion of control is, the more likely the controller is to occupy most interests of the company, thus causing losses to the company. On the other hand, the higher the concentration of ownership results in higher performance of the company, that is, there is a positive correlation between them. It also means that the higher the shareholding ratio of corporate shareholders will also significantly increase the corporate performance, which indicates that corporate shareholders play a great role in the company, including the role of incentive and supervision. Ruan *et al*. (2015) believed equity structure has a significantly positive correlation with the company's financial situation, and the company's financial status and the listed company value creation ability also has a significant positive correlation. Although the direct effect of equity structure of listed company value creation ability is not obvious, but the ownership structure can influence the listed company indirectly through the company's financial value creation ability. Xu *et al*. (2006) found a significant positive linear relationship between ownership concentration and business performance. At the same time, they believed that for shareholders with different ownership nature, this positive correlation is significant, indicating that controlling shareholders can positively influence corporate performance. Sun and Huang (1999) showed that compared with a decentralized ownership structure, highly concentrated ownership is beneficial to the operation incentive, merger and acquisition, agency competition and supervision mechanism of a company. Feng *et al*. (2002) believe that the performance of listed companies is positively correlated with ownership concentration, that is, the better the performance of listed companies, the higher the ownership concentration. When the ownership concentration is too high and the state-owned shares are dominant, the performance of listed companies will become worse and worse. At the same time, they believe that the state-owned shares are positively correlated with the ownership concentration, and the higher the proportion of state-owned shares, the ownership concentration is relatively high.

4. Model Building and Analysis

4.1. Data Selection

The data is selected from 11 retail companies in the Fortune 500 from 2012 to 2021, a large part of which comes from Yahoo Finance and CSMAR, and some data from company websites and financial reports. Among them, the equity information includes the shareholding ratio of the largest shareholder, the shareholding ratio of the top ten shareholders, and the financial indicators including net profit margin, total asset turnover, and cash ratio.

4.2. Comparison and Analysis of Financial Performance

4.2.1. Analysis of Revenue

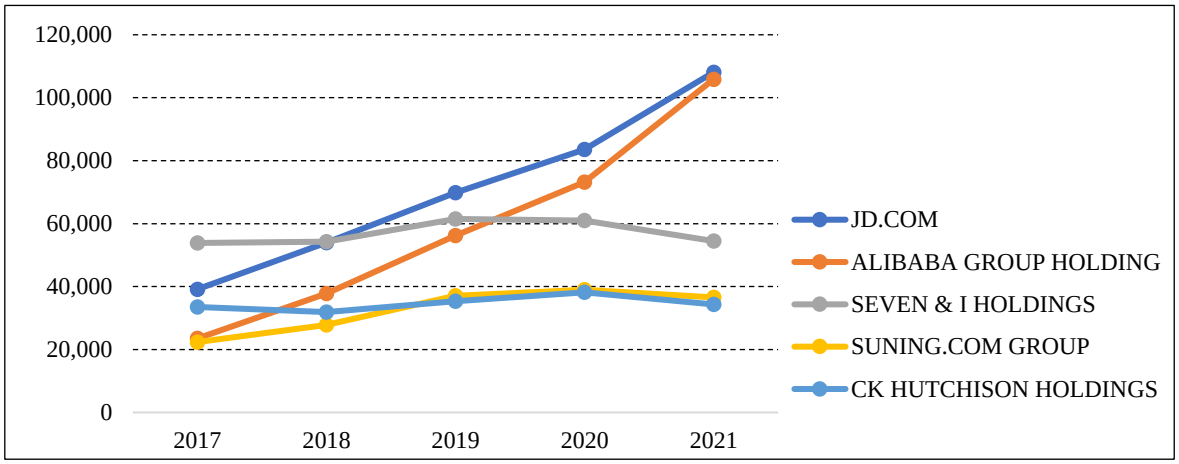
(1) Analysis of the Revenue of Each Company in Asia

Table1 and Figure 1 list the basic situation of the operating income of Asian retail industry companies in the Fortune 500. JD.COM and ALIBABA GROUP HOLDING have been in the leading position in the industry from 2017 to 2021. The operating income of JD.COM and ALIBABA GROUP HOLDING far exceeds that of other companies in Asia and the growth rate is further improving. SEVEN & I HOLDINGS had operating income of 53,858 in 2017, an absolute leader in Asia, but saw negative growth in 2020 and then declined year on year, falling to 36,564.5 in 2021. The operating income of CK HUTCHISON HOLDINGS and SUNING.COM GROUP decreased compared with before 2021, but its total operating income basically remained stable for five years. There are five retail companies in Asia that have entered the Fortune 500, of which 4 are Chinese companies. Comparing the four retail companies in China, it is not difficult to find that their operating income has been more polarized in the past five years.

Table 1. Fortune 500 Asian retail industry companies operating income in the past five years (millions of US dollars).

Company Name	2017	2018	2019	2020	2021
JD.COM	39,155	53,965	69,848	83,505	108,087
ALIBABA GROUP HOLDING	23,517	37,771	56,147	73,166	105,866
SEVEN & I HOLDINGS	53,858	54,217	61,487	60,952	54,442
SUNING.COM GROUP	22,366	27,806	37,032	38,971	36,565
CK HUTCHISON HOLDINGS	33,475	31,892	35,361	38,166	34,347

Data Sources: Company Websites and Financial Reports



Data Sources: Company Websites and Financial Reports

Figure 1. Fortune 500 chart of revenue trends of companies in the Asian retail industry.

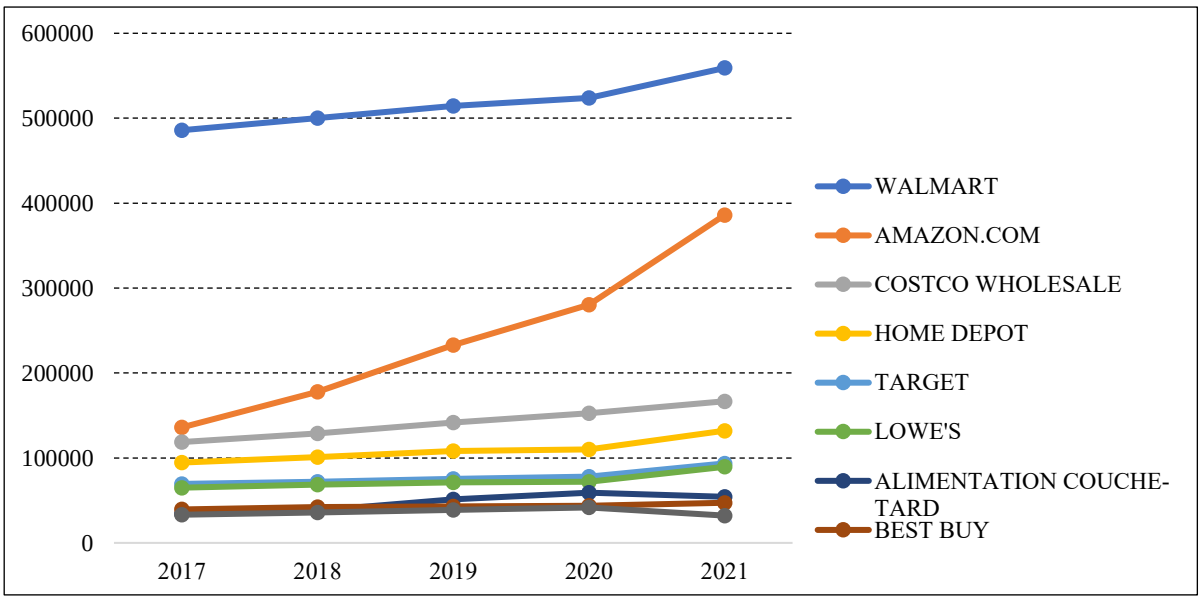
(2) Analysis of Revenue of Various Companies in North America

Table 2 and Figure 2 list the basic situation of the operating income of Fortune 500 Central and North American retail industry companies. WALMART has always been in an absolute leading position in the retail industry. From 2017 to 2021, WALMART's operating income has been far ahead of North America. Other retail companies in the Americas and around the world rank among the top ten in the Fortune 500 every year. It is worth mentioning that AMAZON's operating income between 2017 and 2021 has achieved exponential growth, and is far ahead of other retail companies in North America and the world. The operating income of COSTCO WHOSALE, HOME DEPOT, LOWE's and BEST BUY was relatively flat between 2017 and 2019, showing relatively stable development trend. The operating income of ALIMENTATION COUCHE-TARD and TJX remained basically stable between 2017 and 2020, but decreased in 2021.

Table 2. The operating income of the Fortune 500 Central and North American retail industry companies in the past five years (million US dollars).

Company Name	2017	2018	2019	2020	2021
WALMART	485,873	500,343	514,405	523,964	559,151
AMAZON.COM	135,987	177,866	232,887	280,522	386,064
COSTCO WHOLESALE	118,719	129,025	141,576	152,703	166,761
HOME DEPOT	94,595	100,904	108,203	110,225	132,110
TARGET	69,495	71,879	75,356	78,112	93,561
LOWE'S	65,017	68,619	71,309	72,148	89,597
ALIMENTATION COUCHE-TARD	34,145	37,905	51,394	59,118	54,132
BEST BUY	39,403	42,151	42,879	43,638	47,262
TJX	33,184	35,865	38,972	41,717	32,137

Data Sources: Company Websites and Financial Reports



Data Sources: Company Websites and Financial Reports

Figure 2. Fortune 500 Central and North American retail companies' revenues in the past five years.

4.2.2. Analysis of Net Profit

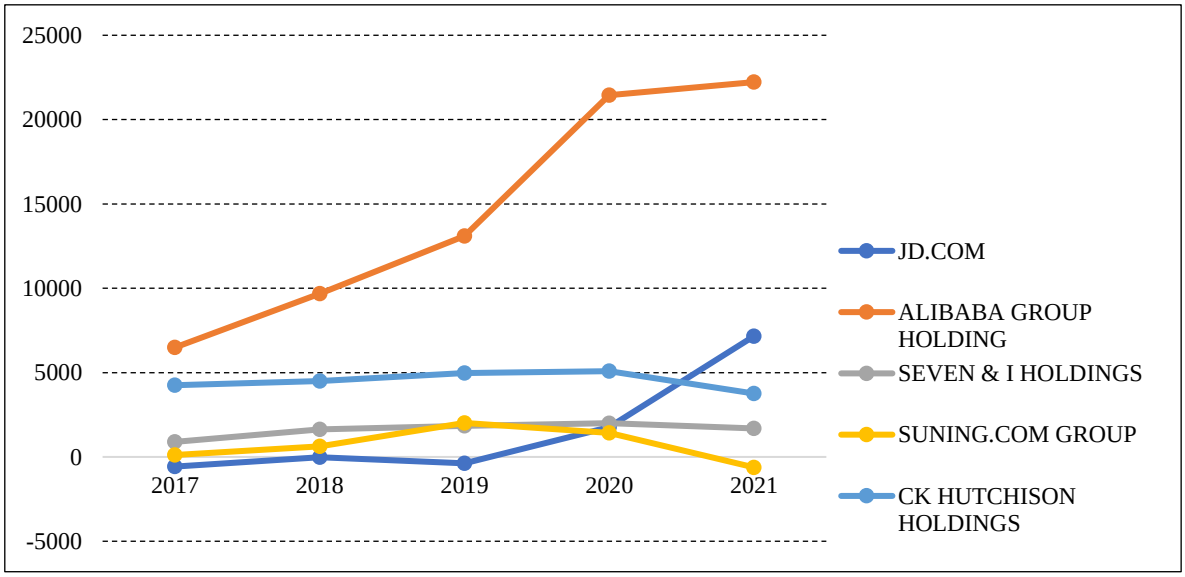
(1) Analysis of the Net Profit of Various Companies in Asia

Table 3 and Figure 3 list the basic situation of net profit of Asian retail companies in Fortune 500. ALIBABA GROUP HOLDING, as one of the top Asian retail companies in terms of operating income, has the largest net profit. ALIBABA GROUP HOLDING's net profit growth rate is as fast as its turnover, reaching 22,224 million US dollars and has been leading the industry since 2017. As an operating income that far exceeds that of other companies in Asia, JD.COM's net profit growth rate is still among the best and has turned losses into profits after 2019. The net profit of SEVEN & I HOLDINGS, CK HUTCHISON HOLDINGS and SUNING.COM GROUP from 2017 to 2020 is relatively stable. After 2021, the net profit of these three companies has declined to varying degrees, but the overall trend is relatively stable. To sum up, compared with other companies, the two giants in China's retail industry are still developing rapidly, with high profitability and stable profitability.

Table 3. The net profit of Asian retail companies in the Fortune 500 in the past five years (million US dollars).

Company Name	2017	2018	2019	2020	2021
JD.COM	-573	-22.5	-376.7	1,763.70	7,160.20
ALIBABA GROUP HOLDING	6,489.50	9,673.10	13,094.40	21,450.20	22,224.00
SEVEN & I HOLDINGS	892.9	1,626.70	1,838.00	2,001.50	1,692.40
SUNING.COM GROUP	106	623.3	2,014.80	1,424.80	-619.5
CK HUTCHISON HOLDINGS	4,252.40	4,504.50	4,976.30	5,083.70	3,757.50

Data Sources: Company Websites and Financial Reports



Data Sources: Company Websites and Financial Reports

Figure 3. Trend chart of net profit of Asian retail industry companies in Fortune 500.

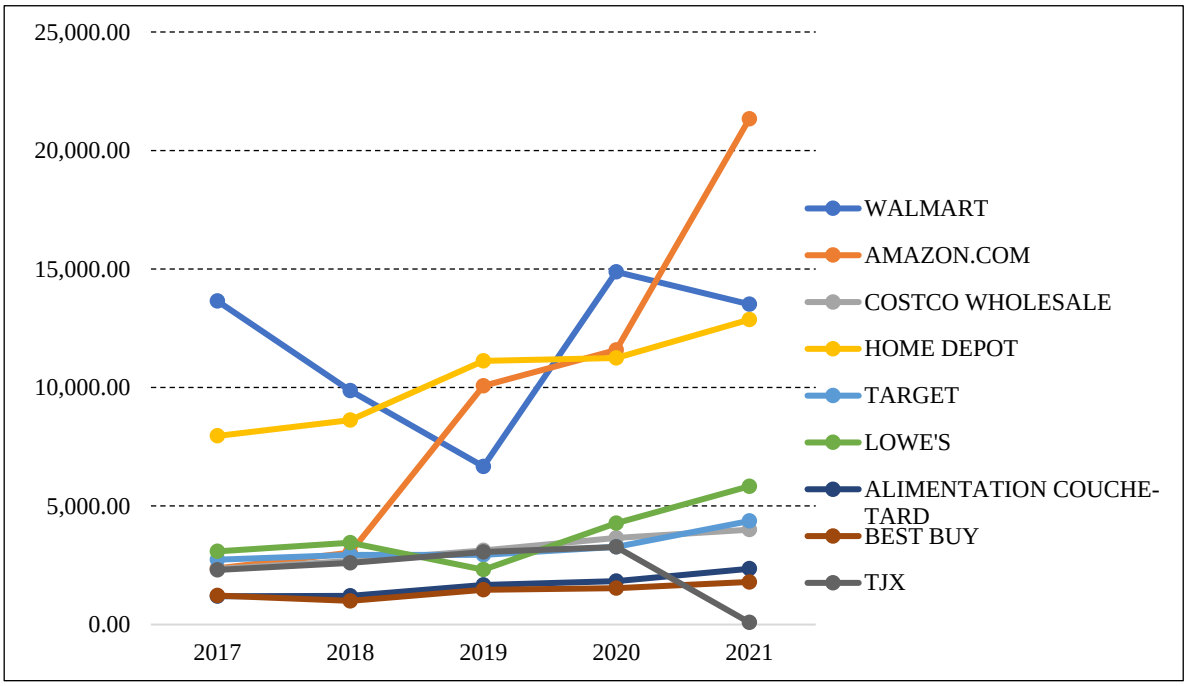
(2) Analysis of the Net Profit of Various Companies in North America

Table 4 and Figure 4 list the basic situation of the net profit of Fortune 500 companies in the Central and North American retail industry. The net profit of WALMART, AMAZON.COM, and HOME DEPOT has fluctuated greatly in the past five years but in general with increased trend. Among them, AMAZON.COM and HOME DEPOT have the largest net profit growth, and AMAZON.COM's net profit reach 21,331 in 2021, far ahead of other companies. The net profit of LOWE'S, TARGET, ALIMENTATION COUCHE-TARD, and BEST BUY between 2017 and 2021 tends to be stable and has increased slightly. It is worth noting that TJX's net profit increased steadily and slightly from 2017 to 2020 but seriously dropped to 90.5 in 2021.

Table 4. Net profit of Fortune 500 Central and North American retail companies in the past five years (million US dollars).

Company Name	2017	2018	2019	2020	2021
WALMART	13,643	9,862	6,670	14,881	13,510
AMAZON.COM	2,371	3,033	10,073	11,588	21,331
COSTCO WHOLESALE	2,350	2,679	3,134	3,659	4,002
HOME DEPOT	7,957	8,630	11,121	11,242	12,866
TARGET	2,737	2,934	2,937	3,281	4,368
LOWE'S	3,093	3,447	2,314	4,281	5,835
ALIMENTATION COUCHE-TARD	1,194	1,209	1,674	1,834	2,354
BEST BUY	1,228	1,000	1,464	1,541	1,798
TJX	2,298	2,608	3,060	3,272	91

Data Sources: Company Websites and Financial Reports



Data Sources: Company Websites and Financial Reports

Figure 4. Net profit trend of Fortune 500 Central and North American retail companies in the past five years.

4.3. Variable Selection

The content and data selected in this article are from the Fortune 500 and the company's official website. The development of capital markets in different countries varies, and the relevant academic definitions are also diverse. Ownership concentration, the proportion of shares held by the largest shareholder, and the proportion of state-owned shares are often chosen as the variables of ownership structure. Indicators such as ROE and Tobin's *Q* value are used as variables of financial indicators.

This paper selects the variables related to the ownership structure as follows: The shareholding ratio of the company's largest shareholder is taken as the company's shareholding concentration. The investor who holds the most shares of the company is the controlling shareholder of the company, that is, the company's largest shareholder. The degree of dispersion of the company's equity can be seen from the ownership concentration variable, who owns the company's control rights can be seen from the nature of the largest shareholder. As for the company's financial performance, although short-term and long-term solvency index can expose the solvency problem, but the company's assets and the operating ability index are critical. The variables related to financial performance finally selected in this paper are as follows: The indicators of solvency are cash ratio (CASH) and asset-liability ratio (DAR); The indicator of operating capacity is total asset turnover (SIZE); The indicators of company's ownership structure are the largest shareholder (TF) and the top ten shareholders (TT); The indicator of profitability is net profit margin on sales (NPM).

Table 5. Variable Selected.

	Variate	Sign
Explained Variables	Net Profit Margin on Sales	NPM
Explanatory Variables	Shareholding Ratio of the Largest Shareholder	TF
	Shareholding Ratio of Top Ten Shareholders	TT
Control Variables	Total Asset Turnover	SIZE
	Asset-liability Ratio	DAR
	Cash Ratio	CASH

Data Sources: Collation of this study

The explained variable (NPM) can fully reflect the profitability of the company. The shareholding ratio of the largest shareholder (TF) and the top ten shareholders (TT) are defined as explanatory variables to reflect the company's ownership structure separately. The company size (SIZE), capital structure (DAR), and cash ability (CASH) are defined as control variables. The size of the company is the total asset turnover rate, which reflects the ability of the company's unit assets to obtain revenue. Different asset sizes of the company will lead to different results. A company's capital structure, defined as the ratio of liabilities to total assets, can control the impact of a company's debt covenants on a company's financial performance. Cash capacity is the ability of a company to freely obtain or pay cash, and the size of this capacity will also have an impact on the company's profitability.

5. Empirical Analysis

5.1. Descriptive Analysis of Sample Data

Table 6 shows the descriptive statistical results of the Explained variables NPM and explanatory variables TF and TT, control variables SIZE, CASH and DAR. Descriptive statistics such as mean, median, maximum, minimum, standard deviation, skewness, kurtosis and sample size are used to study the overall situation of the data.

Table 6. Descriptive Analysis of Sample Data.

	NPM	TF	TT	SIZE	CASH	DAR
Mean	12.9642	0.0548	0.2240	1.9873	46.2380	213.7418
Median	4.2400	0.0607	0.2910	2.1053	31.6906	194.9248
Maximum	225.1041	0.1597	0.7530	3.7124	272.7188	3,152.26
Minimum	-5.1783	0.000053	0.000053	0.0407	3.5249	-4,337.97
Std. Dev.	34.1121	0.0379	0.1610	0.9667	46.3324	727.1816
Skewness	5.009096	0.1578	0.0912	-0.4271	2.2652	-1.5521
Kurtosis	28.7458	2.0615	2.2990	2.5602	9.3087	21.4372
Observations	110	110	110	110	110	110

Data Sources: collected by this study

5.2. Regression Analysis

Since most of the Chinese companies in the selected sample have state-owned holdings, in order to separate the influence on the dependent variable caused by the abnormal factor of state-owned holding, the dummy variables TF*DUM and TT*DUM are constructed in the regression analysis. The DUM is set as 0 for state-owned and 1 otherwise. In the regression model of Table 7, the explained variable is NPM, explanatory variables are TF and TF*DUM, and control variables are DAR/SIZE and CASH. In the regression model of Table 8, the explained variable is NPM, explanatory variables are TT and TT*DUM, and control variables are DAR/SIZE and CASH.

Results of Table 7 show that the R^2 = 0.5729 for the goodness of fit. The P values of TF, TF*DUM, DAR/SIZE and CASH are 0.0490, 0.0334, 0.0000 and 0.0110, respectively, that is, TF, TF*DUM, DAR/SIZE and CASH passed the t-statistic test, and each variable had a significant impact on NPM. The F value is 35.2107, passing the F test and the equation significance test.

According to the regression results of Model 1, TF and NPM are negatively correlated, while TF*DUM and NPM are positively correlated, showing that when the influence of state-controlled factor is included, TF has a negative correlation with NPM. The promotion effect is shown in that when TT*DUM increases by 1 unit, NPM increases by 579.8433. In addition, the control variables DAR/SIZE and CASH have a significant positive incentive effect on NPM. When the variable DAR/SIZE increases by 1 unit, NPM will increase by 0.3449 units. When the control variable CASH increases by 1 unit, NPM will increase by 0.1674 units.

Table 7. Regression results Model 1 (with TF and TF*DUM as explanatory variables).

Variable	Coefficient	t-Statistic	Prob.
C	-11.3789	-1.8793	0.0630
TF	-586.5578	-1.9914	0.0490
TF*DUM	579.8433	2.1558	0.0334
DAR/SIZE	0.3449	7.0687	0.0000
CASH	0.1674	2.5891	0.0110
R-squared	0.5729	Mean dependent var	12.9642
Adjusted R-squared	0.5566	S.D. dependent var	34.1121
S.E. of regression	22.7140	Akaike info criterion	9.1282
Sum squared residuals	54,172	Schwarz criterion	9.2510
Log likelihood	-497.0525	Hannan-Quinn criter.	9.1780
F-statistic	35.2107	Durbin-Watson stat	1.9107
Prob(F-statistic)	0.0000		

Data Sources: collected by this study

Results of Table 8 how that the R^2 = 0.5597 for the goodness of fit. The P values of TT, TT*DUM, DAR/SIZE and CASH are 0.3145, 0.2573, 0.0000 and 0.0290, respectively, that is, DAR/SIZE and CASH passed the t-statistic test, and their effects on NPM are significant. The F value is 33.3720, passing the F test and the equation significance test.

According to the regression results of Model 2, TT and NPM are negatively correlated, while TT*DUM and NPM are positively correlated, showing that when the influence of state-controlled factor is included, TT has a negative correlation with NPM. The promotion effect is shown that when TT*DUM increases by 1 unit, NPM increases by 83.3729. However, the two effects are not significant at the 95% level. In addition, the control variables DAR/SIZE and CASH have a significant positive incentive effect on NPM. When the variable DAR/SIZE increases by 1 unit, NPM will increase by 0.3483 units. When the control variable CASH increases by 1 unit, NPM will increase by 0.1519 units.

Table 8. Regression results of Model 2 (with TT and TT*DUM as explanatory variables).

Variable	Coefficient	t-Statistic	Prob.
C	-12.6565	-2.0959	0.0385
TT	-81.1289	-1.0106	0.3145
TT*DUM	83.3729	1.1391	0.2573
DAR/SIZE	0.3483	6.6914	0.0000
CASH	0.1519	2.2134	0.0290
R-squared	0.5597	Mean dependent var	12.9642
Adjusted R-squared	0.5430	S.D. dependent var	34.1121
S.E. of regression	23.0616	Akaike info criterion	9.1586
Sum squared residuals	55,843	Schwarz criterion	9.2813
Log likelihood	-498.7230	Hannan-Quinn criter.	9.2084
F-statistic	33.3720	Durbin-Watson stat	1.9224
Prob(F-statistic)	0.0000		

Data Sources: collected by this study

6. Conclusion

Through the empirical analysis of the world's top 500 retail industries, there is still some uncertainty in the relationship between the company's ownership structure and financial performance. When the influence of state-controlled factor is included, the top ten shareholders (TT) and the shareholding ratio of the largest shareholder (TF) both have a negative correlation with NPM, that is, the company's profitability is negatively

correlated with the company's equity concentration. The promotion effect is shown that the company's profitability will increase excluding the state-controlled factor, although the effects of top ten shareholders (TT) is not significant at the 95% level. This also means that for companies in the retail industry, the more concentrated the company's equity, the worse the company's profitability, and the state-owned holdings will have a negative impact on corporate performance. Therefore, whether it is for the company's interests or to protect the interests of minority shareholders and creditors, it should appropriately reduce the company's equity concentration, especially the company's shareholding ratio in China.

The state-owned holding enterprises in China's retail industry should appropriately decrease the equity concentration as well as the proportion of state-owned holdings to fully consider the interests of stakeholders while maintaining the normal operation of the company. As an important branch of the manufacturing industry, the retail industry has played an irreplaceable role in the national economic development. The growth rate of the retail industry has slowed in recent years. It appears that the retail industry has peaked but not diminished, which requires innovation in the retail industry and efforts to improve the status quo of the retail industry. It is necessary to introduce foreign advanced corporate governance concepts, change the development environment of enterprises, improve the defects of weak R&D and design capabilities of the owners, pay attention to brand management, marketing and related productive service links, establish a good corporate image, and build a well-known brand.

Brand strategic and marketing networks control are the keys to increase business profits. The enterprises should actively adjust the company's financial leverage. If the asset-liability ratio of listed companies is relatively high, the company's performance is likely to be affected to a certain extent. Therefore, companies must improve their solvency, improve product quality and market share as well as maintain their leading position and competitiveness. It is beneficial to encourage companies taking on more debt repayment responsibilities to improve their solvency. Enterprises should pay more attention to the important position of current liabilities in debt financing and better construct the tool structure of current liabilities. Maintain the company's good reputation and credibility will certainly establish a good company image in the public. It is also necessary to strengthen risk awareness, establish an effective financial early warning mechanism, and avoid financial risks in a timely manner. Scientific and rational planning of the capital allocation structure of debt financing is conducive to improving corporate performance. The interests of shareholders and operators tend to align, especially since the controlling shareholder has a large share. Therefore, in the split share structure reform, a more cautious attitude should be adopted. Internal improvement of the shareholder management team, management level and management methods as well as learning advanced management concepts and models will then improve performance.

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