

Motivation and Performance Analysis of the Reverse Mixed Reform of HODO Group

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Abstract

The Third Plenary Session of the 18th CPC Central Committee proposed to encourage state-owned enterprises to make equity investments in non-state-owned enterprises in a variety of ways, i.e. reverse mixing. The 20th report also emphasized the need to optimize the development environment for private enterprises, protect the property rights of private enterprises and the rights and interests of entrepreneurs in accordance with the law, and promote the development and growth of the private economy. How to use the advantages of state-owned shareholders in order to realize the high-quality development of the private economy has become a hot topic of the current reverse mixed reform. Based on reviewing the case of HODO Group Group's reverse hybridization, this project is going to take the theme of "Motivation and Performance of Reverse Hybridization", and based on the resource dependence theory, social capital theory and synergy effect theory, adopt the SWOT analysis method to systematically analyze HODO Group Group's four aspects, namely, the opportunities and challenges faced by HODO Group Group as well as its internal strengths and weaknesses. The motivation of its reverse hybridization. This project takes HODO Group Group as an example to study the motivation of private enterprises to introduce state-owned shareholders, with a view to enriching the case studies in the field of reverse hybridization, and also providing guidelines and experiences for other enterprises' reverse hybridization, so as to help the high-quality development of private enterprises.

Keywords

Reverse Hybridization; Agent; HODO Group.

1. Introduction

Since the 18th CPC National Congress, the CPC Central Committee and the State Council and other relevant departments have attached great importance to the development of the private economy and actively sought reform policy measures, with a view to opening up the ideas of reform and development of private enterprises and continuously optimizing the business environment. 2020, the Development and Reform Commission issued the "Opinions on the Implementation of Supporting Private Enterprises to Accelerate the Reform, Development, Transformation and Upgrading of Private Enterprises", which pointed out that it is necessary to constantly promote the diversification of the shareholdings of private enterprises and actively promote the participation of private enterprises in the mixed ownership reform process. promote the participation of private enterprises in the process of mixed ownership reform. In addition, the 14th Five-Year Plan in March 2021 proposed to accelerate the optimization of the business environment for private enterprises and to guarantee the fairness of private enterprises' access to resources, and on July 31, 2021, General Secretary Xi, in his report on the analysis and judgment of China's current macroeconomic situation and economic and social work, said that we should focus on the development of small and medium-sized enterprises (SMEs) with specialties, specialties, and new technologies, intensify reforms, and

further stimulate the development of private enterprises' equity, and further promote the participation of private enterprises in the process of mixed ownership reform. On July 31, 2021, General Secretary Xi said in his analysis of China's current macroeconomic situation and economic and social work report that we should focus on developing "specialized, special and new" small and medium-sized enterprises (SMEs), and intensify reforms to further stimulate the vitality of market players. 2022, the 20th CPC National Congress put forward the major requirements to "optimize the environment for the development of private enterprises, protect the property rights and interests of entrepreneurs in accordance with the law, and promote the development and growth of the private economy.

The case company of this paper, HOdo Group, through the "reverse mixed reform" to improve the level of corporate governance, ease the financing constraints and thus improve corporate performance, to a large extent, to promote the development of HOdo Group, the case has a certain degree of typicality. In view of this, this paper to mixed ownership reform as the research background, combined with the red bean group "reverse mixed reform" specific case, the study of private enterprises "reverse mixed reform" motivation, can be for the private enterprise "reverse mixed reform" It can provide experience reference for private enterprises' "reverse mixed reform".

2. Introduction of HOdo Group

HOdo Group has always insisted on Party building to lead the healthy development of enterprises. As a national advanced grass-roots Party organization, the Group has accumulated rich experience in Party building. The Group has created the party building experience of "one core and three advantages", adopted the party building work method of "one integration, two cultivation and three leadership", and implemented the party building work mechanism of "five two-way". In addition, HOdo Group also took the lead in implementing the modern enterprise system with Chinese characteristics, which is a trinity of "enterprise party building, modern enterprise system and social responsibility". 2012, the Central Organization Department issued a document to promote HOdo's party building experience to the whole country. 2019, HOdo's experience in party building became the only one of private enterprises to be selected for the "Unforgetting the Beginning," which is compiled and published by the Central Organization Department. "Never forget the original heart, keep the mission in mind" theme education case series. In addition, HOdo Group has also implemented the "four casts and four have" project, and has become one of the first batch of pilot units for the reform of the construction of the national industrial workforce.

HOdo Group adheres to the construction of independent brands and is committed to building national brands. In the 1980s, HOdo Group successfully registered the trademark "HOdo", and became one of the first batch of demonstration enterprises for the implementation of trademark strategy in China's garment industry. At present, HOdo Group has a number of series of chain brands, such as "HOdo men's clothing", "HOdo home", "HOdo home textiles", "HOdo Children's clothing" and "HOdo Wanhua City" and so on. Led by Party building, the Group is committed to the inheritance and promotion of traditional Chinese culture, and is keen on organizing various activities, such as the "HOdo Tanabata Festival" initiated in 2001, which was listed as "Our Festival" by the Central Propaganda Department and other seven departments in 2010. In the list of China's 500 Most Valuable Brands published by the World Brand Lab in 2022, HOdo brand ranked 78th, with a brand value of 83.185 billion yuan.

HOdo Group adheres to the drive of independent innovation and promotes the construction of "intelligent HOdo". The Group carries out systematic innovation through product technology innovation, marketing service innovation and management mode innovation. The Group takes customers as the center, accelerates the construction of online and offline all-channel, and

strives to realize high-end development. Relying on the national technology center and the national technology innovation demonstration enterprise, HOdo Group launched the "HOdo-Textile and Garment Industrial Internet Platform", which was listed as the first batch of pilot projects of the industrial internet platform in the textile industry in 2018 and was the only one selected among the pilot demonstration projects of the Ministry of Industry and Information Technology's integrated innovation and application of the industrial internet platform. The platform was listed as the first batch of industrial internet platform pilot projects in the textile industry in 2018, and was one of the only projects selected in the pilot demonstration projects of the Ministry of Industry and Information Technology's industrial internet platform integrated innovation application. In addition, HOdo Group has put into operation its intelligent factory for suits, intelligent factory for shirts, intelligent factory for sportswear, and all-steel Industry 4.0 factory for general shares. In 2021, HOdo Group was awarded the National Quality Benchmark and the 19th "National Quality Award".

HOdo Group takes "common wealth, industry for the country, win-win situation for all parties" as its mission, and actively undertakes social responsibility. The group has set up "HOdo Charity Fund", "Wuxi Yaoting Charity Fund" and "Wuxi HOdo Care for Old Party Members Fund". In 2007, HOdo Group has become the leader of corporate social responsibility in the national textile industry. In 2007, HOdo Group became the leader of CSR in the national textile industry, and in 2021, HOdo Group was honored to be on the list of the top 100 private enterprises in China in terms of CSR. After the outbreak of the new crown pneumonia epidemic, HOdo Group quickly transformed its production line to produce protective clothing, isolation suits, masks and other anti-epidemic materials to support the epidemic prevention and control work. HOdo Group was hailed by the State Council's Medical Material Protection Team of the Joint Prevention and Control Mechanism for Responding to New Coronavirus Pneumonia as "a well-deserved 'arsenal' for combating the epidemic". Over the years, HOdo Group has donated more than 580 million yuan.

HOdo Group will accelerate the improvement of modern enterprise system with Chinese characteristics, actively promote the "three-self-six" strategy, accelerate the upgrading and transformation, and the pursuit of excellence in performance. In the future, HOdo Group aims to become a 100-billion enterprise, realize the goals of intelligent HOdo, happy HOdo and hundred-year HOdo, and make greater contributions to the realization of common wealth, industry for the country and win-win situation.

3. Introduction of HOdo Group

3.1. Opportunities Faced by HOdo Group in Issuing Convertible Bonds

In recent years, the apparel market has been highly competitive, but there is also a vast market demand. According to industry data, the scale of China's apparel market continues to expand, and consumer demand for fashion, quality and personalization continues to grow. At the same time, with the development of the economy and the improvement of people's living standards, Chinese consumers' demand for high-end clothing brands is also increasing. As an enterprise with strong brand influence and professional design capability, HOdo Group has certain competitive advantages in the market. At this time, HOdo Group issued convertible bonds to raise funds to expand production and increase brand awareness and market share.

3.2. HOdo Group Issues Convertible Bonds to Address Challenges

The apparel industry is highly competitive and there are numerous apparel brands in the market, and HOdo Group is facing competitive pressure from well-known brands at home and abroad. At the same time, with the rise of e-commerce, the competition in online sales channels is also becoming more and more intense. HOdo Group needs to face how to maintain

competitiveness in the competitive market and find a differentiated development path. In addition, factors such as rising labor costs in recent years have also put pressure on the apparel industry, and HOdo Group needs to find appropriate solutions to reduce production costs and improve efficiency.

3.3. Advantages of the Convertible Bonds Issued by HOdo Group

As an enterprise with strong professional design capability and brand influence, HOdo Group has certain market recognition and loyalty. In recent years, HOdo Group has invested more in product innovation and brand promotion, constantly improving product quality and design level, which has been recognized by consumers. In addition, red bean group in the channel layout has also made certain achievements, through the combination of online and offline sales model, expanding sales channels and improve market coverage. These advantages will help HOdo Group issue convertible bonds to expand production scale and further enhance brand influence and market share.

3.4. Disadvantages of Issuing Convertible Bonds by HOdo Group

Although HOdo Group has certain advantages in terms of brand awareness and professional design, there is still a great deal of pressure when facing competition from well-known domestic and international brands. In addition, HOdo Group needs to respond to the rapid changes in market demand and the diversity of consumer preferences to ensure that its products are fashionable and personalized. In addition, HOdo Group needs to make continuous improvements in production costs and efficiency in order to enhance competitiveness and profitability.

4. Research Findings and Policy Recommendations

4.1. Conclusion of the Study

Based on the analysis of the convertible bonds issued by HOdo Group, we can draw the following conclusions. As an enterprise with strong brand influence and professional design ability, HOdo Group has a certain competitive advantage in the apparel market. The issuance of convertible bonds can provide financial support for HOdo Group to expand its production scale and enhance its brand awareness and market share. However, HOdo Group also faces fierce competition from domestic and foreign famous brands and rapid changes in market demand. Therefore, HOdo Group needs to focus on product innovation and differentiation and find effective ways to address high production costs. By fully utilizing its strengths and actively responding to challenges, HOdo Group is expected to remain competitive in the market competition and achieve its development goals. The issuance of convertible bonds will provide HOdo Group with a favorable financing avenue to further strengthen its market position and lay the foundation for future development.

4.2. Policy Recommendations

Based on the analysis of the convertible bonds issued by HOdo Group, the following are some policy recommendations.

4.2.1. Supporting Innovative Research and Development

The government can establish special funds to provide financial support for HOdo Group through government procurement, scientific research cooperation and other ways. At the same time, the government can also introduce tax incentives for technological innovation, the introduction of talent, R & D investment to give relief. In addition, the government can also guide financial institutions to increase investment and financing support for innovative enterprises, to help HOdo Group to solve the R & D problems and lack of financial support and other issues.

4.2.2. Reduced Production Costs

The government can start from a number of aspects, such as lowering the tax burden, lowering the cost of energy, lowering logistics costs, etc., to improve the production environment and cost structure of enterprises. In addition, we can also promote strategic cooperation between HOdo Group and its suppliers to reduce costs through economies of scale and resource sharing. Finally, the government can also provide the necessary human resources training to help enterprises improve the quality of their employees and productivity.

4.2.3. Strengthening Intellectual Property Protection

The government can improve the relevant laws and regulations, strengthen law enforcement, and combat the infringement of intellectual property rights. In addition, the government can also help enterprises protect and manage their intellectual property rights and improve the popularity and competitiveness of HOdo Group by building an intellectual property service platform and increasing intellectual property training.

4.2.4. Expanding International Markets

The government can help the HOdo Group to develop overseas markets in a variety of ways, such as expanding overseas sales channels, participating in trade fairs, and promoting international cooperation. At the same time, the government can also provide the necessary export subsidies to help HOdo Group compete better in the international market and broaden the scale of exports.

4.2.5. Strengthening Industry Regulation

The Government should establish sound industry standards and regulatory mechanisms, formulate relevant laws and regulations and implement their enforcement. The government should also increase its efforts to crack down on false advertising, substandard product quality, and illegal enterprises to protect consumer rights and fair competition in the market.

To summarize, the Government can strengthen cooperation between industry, universities and research institutes and promote close cooperation between enterprises and universities and research institutes. It can establish an industry-university-research cooperation platform and encourage enterprises and scientific research institutions to carry out joint research projects and share scientific research results and technological resources. The government can provide corresponding financial support to promote the transformation of scientific research results into actual productivity and help enterprises strengthen their innovation capacity. Secondly, the government can increase the cultivation and introduction of talents. Through the establishment of special scholarships, reward system and other incentives to attract more outstanding talents to engage in the textile and apparel industry related fields of research and innovation. In addition, the government can also guide enterprises to carry out skills training, improve the professional quality and technical level of employees, and enhance the competitiveness of enterprises. Third, the government can increase financial support to provide more convenient and flexible financing channels for HOdo Group. For example, the establishment of special credit products and loan policies for the textile and garment industry to provide low-interest loans and entrepreneurial support. The government can also encourage commercial banks to carry out credit guarantee work to alleviate the financing difficulties of enterprises. Fourth, the government can strengthen market supervision, crack down on counterfeit products and infringement, and maintain a fair competitive environment in the market. It can establish a sound complaint and reporting mechanism, increase penalties for counterfeit and shoddy products, and protect the legitimate rights and interests of enterprises and consumers. At the same time, the government should also strengthen the release and exchange of market information, provide market intelligence and data support, and help enterprises understand market demand and direction. Finally, the government can promote international exchanges and cooperation in the textile and apparel industry by strengthening international cooperation.

Actively participate in international trade negotiations, promote the establishment of fair international trade rules, to provide more opportunities for enterprises to expand overseas markets. The government can also organize enterprises to participate in international exhibitions and trade fairs to promote direct matchmaking between enterprises and foreign buyers and suppliers.

Through the implementation of these policy recommendations, the government can provide comprehensive support for the issuance of convertible bonds by HOdo Group, promote the innovative development of the enterprise, and promote the upgrading and transformation of the industry. At the same time, these policy measures will also provide strong support for the healthy development of the entire textile and apparel industry and help China's economy.

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