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## 政商关系、家族继承与企业绩效\*

### ——基于山西海鑫钢铁集团的案例分析

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#### 摘要

本文以家族企业继承为分析视角,运用资产专有理论研究了我国民营企业家族化的成因及经济后果。本文认为,作为对转型经济中政府垄断配置资源的适应机制,非人格化的政商关系是部分民营企业赖以生存和发展的重要生产要素。由于这种专属企业的无形资产存在较高的界定和监督成本,企业所有权和经营权向职业经理人的转让存在困难,此时家族继承是实现企业价值最大化的最优选择。同时,由于该专有资产的非人格化特征,家族传承也不会导致企业绩效的必然下降。山西海鑫钢铁集团的案例提供了支持上述论点的经验证据。本文为理解我国民营企业的家族治理问题提供了新的视角,研究结论对理解转型经济中政府的作用具有重要参考价值。

关键词: 专有资产、家族继承、非人格化政商关系

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## 一、引言

从全球来看,以家族控股或家族经营为主要特点的家族企业是非上市公司的主要部分,并在上市公司中占有很大的比重(Claessen *et al.*, 2000; Faccio and Lang, 2002; La Porta *et al.*, 1999)。在我国,民营企业的崛起与发展已经成为推动中国经济保持高速增长的动力之源。根据中华全国工商联的调查,构成我国民营经济主体的私营企业绝大部分也都实行家族式管理(黄孟复, 2005)。家族控制既在微观层面上改变了经理与股东之间代理问题的性质,也在宏观层面上影响着一国经济的发展模式。相关研究表明,当一国财富被少数富有家族控制时,不仅家族成员匮乏的经营能力会导致资源配置的低效率,富有家族基于既得利益而对国家制度创新进行反对时更会从根本上阻碍该国经济的快速发展(Morck *et al.*, 2005)。尽管家族企业的治理问题已经受到了社会学者和管理学者的普遍关注,但是,截至目前,我们对民营企业家族化的成因及经济后果仍缺乏足够的经验认识。基于此,本文将家族企业的继承为切入点,分析我国特殊的制度环境如何影响民营企业的家族化问题。

经济学家对家族企业继承问题的关注源于家族企业与非家族企业公司价值的差异。尽管家族企业的经营业绩是否显著低于非家族企业,现有文献并没有取得一致的研究结论(Anderson and Reeb, 2003; Holderness and Sheehan, 1988; Barth *et al.*, 2005; Morck *et al.*, 2000; Villalonga and Amit, 2006),但是,相比于非家族企业以及创始人控制的家族企业,创始人后裔控制的家族企业具有更低的经营绩效却得到了经验证据的一致支持(Bennedsen *et al.*, 2007; Bertrand *et al.*, 2008; Perez-Gonzales, 2006)。这种较低的企业绩效通常归因于创始人后裔较差的经营才能(Bennedsen *et al.*, 2007; Perez-Gonzales, 2006)或者是参与经营的家族成员对企业的“掏空”(tunnelling)行为(Bertrand *et al.*, 2008)。于是,令人困惑的是,既然家族继承会损害公司价值,创始人为何在后裔缺乏经营才能时仍坚持要让其来经营企业,而不是从外部聘请职业经理人,或是干脆将企业出售?

目前主要有三种理论对家族继承的合理性进行解释:制度观、文化观与专有资产观。制度观将家族企业视作不完善的市场机制的替代机制。例如, Burkart *et al.* (2003)证明,当司法体制无法保证股东利益不受经理人的侵占时,虽然参与企业经营的家族成员缺乏足够的经营才能,却在更大程度上降低了雇佣职业经理人的监督成本; Bhattacharya and Ravikumar(2001)的模型也指出,当创始人基于各种原因准备退出企业经营时,由于资本市场的完善,职业经理人通常很难获得足够资金来赎买企业,而家族成员则担心其股东利益受到盘剥也不会将企业的管理权授予职业经理人,于是家族控制和家族经营就成为市场不完善情况下企业演化的一种结果。也有文献从寻租的角度指出,在市场机制不够完善,寻租成为企业生存和发展的关键要素时,家族成员之间基于血缘关系形成的利益集团,可以降低由于寻租信息泄露和寻租利益分配不均导致的寻租成本(Morck and Yeung, 2004)。但是, Bertrand and Schoar (2006)的跨国比较研究,却没有发现支持制度观的经验证据,相反,他们从家族文化的角度对家族继承进行了阐释。在文化观下,创始人选择其后裔,而不是更具经营才能的职业经理人来经营企业,并非基于企业价值最大化的需求,而是为了实现家族效用的最大化。例如,某些强调裙带关系的家族文化让企业创始人不得不把家族的其他成员引入企业,尽管这可能会导致企业更高的经营成本。特别是,

在许多强调家族文化的环境中，家族企业往往被视为整个家族的遗产，“子承父业”是一种传统，父辈的财产（即企业）由长子继承，或者由全部子女平均分成，“子承父业”成为对家族企业继承问题的最好阐释。最后一种观点，即专有资产观由 Fan *et al.* (2007) 提出。该文考察了香港、台湾和新加坡三个国家和地区的 217 家上市公司的家族继承事件，发现家族企业继承前 5 年时间内平均损失了 60% 的市场价值。作者认为，家族企业继承的困难在于，专属于企业创始人的一些特殊资产（即专有资产），包括创始人的声誉、以及创始人在长期经营过程中形成的与政府、雇员、银行、客户或供应商等利益相关者的合作关系等，均无法被市场准确定价，从而无法进行转让。虽然由于血缘或姻亲关系，上述资产可以部分传递给创始人的后裔，但仍有很多专有资产即使后裔也无法完全继承。该文提供了支持上述分析的经验证据，即企业资产的专有性越强，家族成员越可能继承企业的所有权，并参与企业经营，同时继承后的企业价值损失也越大。

我国绝大多数的民营企业创始于改革开放初期，大规模的企业继承问题将发生在未来的五至十年内。少数公开的调研数据表明，在我国已完成继承的民营企业中，家族传承（即家族成员继承所有权和经营权）仍是一个普遍现象（陈炎和许晓辉，2003）。已有文献分别基于家族继承的制度观或文化观，从不完善的法律制度和经理人制度以及“儒家文化”的角度阐释了我国民营企业家族化的合理性（参见李新春等（2005）对相关文献的汇编）。然而，在我国民营企业家族继承的许多案例中，我们也注意到一个与西方完全不同的现象，即家族继承后的业绩并没有显著下降。<sup>2</sup> 很显然，该现象无法用现有的理论进行解释，因为无论是作为不完善市场机制的替代机制、家族文化的传统还是创始人专有资产使然，家族继承均与业绩下滑相伴而生。为何这些民营企业在家族继承后的业绩并没有出现大幅下滑？本文认为，这些民营企业的类国有化特征，即民营企业与政府之间的紧密关系，是家族继承与业绩企稳并存的制度根源。

在新兴市场经济国家，政商关系 (political connection) 是一种对企业发展具有重要影响的无形资产 (Fisman, 2001; Faccio, 2006)。例如，有政商关系的企业更容易或以更低的利率获得银行贷款 (Dinc, 2005; Khwaja and Mian, 2005; Claessens *et al.*, 2008)，陷入困境时更容易获得政府的政策支持 (Johnson and Mitton, 2003; Faccio, 2006) 等。值得注意的是，这些文献所关注的政商关系实质上是一种人格化的政商关系，即企业的经营管理者（例如高管或自然人股东）与特定政府官员之间的私人关系，贿赂、政治献金或血缘是其得以建立的基础，靠双方在长期交往中形成的信任得以维系。随着特定个体在私人关系中的退出，企业与政府之间的这种关系也会随之结束。例如，Fan, Rui and Zhao (2008) 对我国腐败官员的考察表明，随着腐败官员的被捕，那些通过同事、同学或亲属关系与该官员相联系的上市公司在银行借贷方面的

<sup>2</sup> 例如，均瑶集团在创始人王均瑶于 2004 年病亡后，由其弟王均金接班。由于均瑶集团为非上市公司，我们无从得知公司具体的财务状况，但从福布斯中国富豪排行榜和上海证券交易所的上市公司公告中，我们仍然可以看到均瑶集团财富的显著变化。2004 年 9 月 22 日无锡商业大厦股份有限公司（简称大厦股份，代码 600327）发布了要约收购的临时公告，公告中报告了 2003 年均瑶集团的总资产为 8.45 亿，净资产为 3.24 亿，公司并未进入当年福布斯中国富豪排行榜。而在王均瑶病逝后的两年，也即 2006 年，均瑶集团首次荣登福布斯中国富豪排行榜，位列第 204 名，财富总额达 16 亿，2007 年位列 266 名，财富总额达 31 亿。由此可以大致判断，均瑶集团在王均金接班后，公司业绩并没有显著下降。本文要分析的案例，山西海鑫集团在创始人李海仓于 2003 年意外身亡后，由其没有任何企业经营经验的儿子李兆会接班。公司业绩其后也没有任何显著下降的现象。

优势也随之消失。因此，在这类企业中，尽管家族继承比聘请职业经理人更容易维护信任关系，但由于上述关系的人格化特点，家族成员仍不能完全继承创始人与特定关系人之间的这种信任，于是，即使是家族继承，公司价值也会在创始人退位后有所下降。这就是 Fan *et al.* (2007) 所提出的资产专有理论。不可否认，我国很多民营企业的家族继承可用上述理论予以阐释，但该理论却无法解释家族继承后业绩为何没有大幅下降的现象。

与 Fan *et al.* (2007) 等关注人格化的政商关系不同，本文主要关注非人格化的政商关系对企业继承的影响。在我国，许多民营企业（特别是大型民营企业）与政府之间的紧密关系并非基于企业经营者与特定政府官员之间的私人关系，而是基于民营企业对当地经济和社会发展的重要性。随着我国民营企业的迅速发展，以及以“抓大放小”为主要原则的国有企业改革的逐步深化，民营经济在我国经济和社会发展中的地位日趋重要。在许多县市级行政区域，一些大型的民营企业（包括自然人控股的股份公司）甚至已经成为当地经济的支柱，承担了就业、税收等经济和社会发展的主要任务。<sup>3</sup> 政府在解决民生和社会发展问题对企业的依赖以及运用其垄断的社会资源（包括土地、水、电、资金等）对企业发展的支持，是这种关系存续的基础，政府官员与企业经营者的身份特征并非最为重要。非人格化的政商关系对企业价值的影响主要取决于政府在资源配置中的垄断地位以及政府官员的奖惩机制，而新兴市场通常存在制度多变的双重性，<sup>4</sup> 因此这种关系的价值也很难被市场准确定价。难以量化的政商关系不仅导致企业所有权转让的困难，也使得聘请职业经理人进行授权经营的监督成本非常高昂，因为此时经营才能对企业价值的贡献难以进行有效分离 (Alchian and Demsetz, 1972)，于是，家族继承仍是实现企业价值最大化的最优选择。但是，由于非人格化特点，政商关系的价值不会因创始人的退位而大幅贬值，家族继承后的经营绩效也就不会出现明显的下降趋势。

囿于我国民营企业较短的发展时间，<sup>5</sup> 我们暂时无法获取足够多的继承事件对上述理论进行大样本检验，本文期望采用案例研究方法对我国家族企业的继承问题给出一个前瞻性的讨论，以为将来条件成熟时的大样本经验检验提供借鉴。本文选择山西海鑫钢铁集团为案例研究对象主要有两方面的原因。首先，山西海鑫作为山西省最大的民营企业，受到了社会的广泛关注，特别是创始人李海仓的突然死亡及年幼儿子的仓促继位，曾引致众多媒体的跟踪报道。丰富的公开资料为本文的详尽分析提供了可能。其次，山西海鑫的继承是一个突发事件，这在很大程度上避免了现有文献在研究企业继承问题时普遍遇到的内生性问题，即继承与业绩可能互为因果或被同时决定。<sup>6</sup> 我们的分析表明，山西海鑫钢铁集团在经营发展中形成了与当地

<sup>3</sup> 例如，本文分析的海鑫集团实现的年利税额占企业注册地闻喜县利税总额的 50% 以上，就业人数占闻喜全部从业人员的 20% 以上。

<sup>4</sup> 制度多变的双重性体现在两个方面，一方面是国家或上级政府对本地政府目标的多变，如分权程度的变化等，另一方面是本级政府政策执行过程中对资源配置方式和力度的多变，如不同时期政府对行业发展的侧重和不同要求等。

<sup>5</sup> 本文的研究对象是我国大陆的家族企业，按照中国人 60 岁为退休年龄的惯例推算，我国大陆百富翁的富豪平均年龄离退休还有 10 至 20 年的时间。

<sup>6</sup> Bennedsen, Nielsen, and Wolfenzon (2007) 对采用横截面甚至是时间序列来研究家族继承对公司业绩影响的相关文献进行了评述，特别提到了内生性问题对这类研究的结论可信度的干扰。用“突然死亡” (sudden death) 事件来解决这类研究中的内生性问题已经被众多文献所采纳，例如 Johnson, Magee, Nagarajan, and Newman (1985) 以及 Salas (2010) 用来研究 CEO，特别是创始人的价值；Nguyen and Nielsen (2010) 用来研究独立董事的价值。



政府的共生关系(即本文所指的非人格化的政商关系):当地政府为山西海鑫的发展提供了资金、土地以及税收等方面的政策支持,而山西海鑫则通过解决当地就业、创造利税以及投资基础设施等方式满足了政府对经济和社会发展目标的需求。这种共生关系的不可计量和不可转让性,决定了山西海鑫在创始人李海仓突然遇害身亡后,没有任何企业管理经验,从而也没有显示任何经营才能的李海仓之子李兆会,完全凭借其法定继承的企业所有权成为公司最合适的经营者,<sup>7</sup>并且由于政府的持续支持,山西海鑫的经营绩效并没有在李兆会成为公司经营者后有所下降。

本研究不仅丰富了国际上有关家族企业治理结构的相关理论,并对我国相关部门如何通过完善市场机制促进民营经济的发展具有重要的参考价值。本文表明,家族继承是民营企业对政府干预经济行为的一种理性反应,是企业实现价值最大化的一种最优选择。但是,家族继承完全排除了最卓越的经营才能在资源配置中的作用。若进一步考虑到我国长期实施的人口政策,相比于其他国家,我国民营企业的创始人在退位时可供选择的经营才能就更为稀缺,从而在更大程度上阻碍了社会资源向最优经营才能的配置。这说明,通过不断降低政府在资源配置中的垄断地位,扩大市场化配置资源的范围,政商关系对企业价值的影响将会逐步削弱,经营才能将成为企业继承问题的决定要素,进而实现经营才能与社会资源的最优配置。

本文其他部分的结构安排如下:第二部分对政商关系、家族继承与企业绩效的关系进行详尽分析,第三部分对山西海鑫的经营状况及继承事件做简要描述,案例分析的内容将在第四部分给出,最后总结全文。

## 二、理论分析

### (一)政商关系、专有资产与家族继承

随着我国市场化改革的不断推进,以及一系列支持民营经济发展的政策法规的出台,民营企业的经营环境近年来有了一定程度的改善,但与国有企业相比,民营企业在市场准入、基础资源配置(包括水、电、煤、土地以及资金等)和税费负担等方面依然表现出明显的所有制劣势(黄孟复,2005)。<sup>8</sup>由于政府在这些资源配置中的垄断地位,与政府的紧密关系成为民营企业弥补其所有制劣势的重要途径。这种关系可以建立在企业经营者与政府官员的私人关系上,也可以建立在企业与政府两种组织体系上。前者以官员在资源配置中的个人裁量权为前提,交易的内容通常是非法或违背道德的,依赖交易双方长期的信任关系进行维系,后者则以政府在资源配置中的政策裁量权为前提,交易的内容一般是合法或合乎道德的,交易双方的个人身份特征并不重要。<sup>9</sup>但无论哪种交换关系,事前双方均无法通过显性的合约厘清

<sup>7</sup> 本文讲的家族继承不是指法律意义上的遗产分配问题,而是指在创始人死亡后,公司管理层的选择问题。在创始人突然死亡后,作为遗产的法定继承人理论上三种选择:(1)将公司股份完全转让,获得现金收益;(2)继续持有股份所有权,聘请职业经理人担任公司管理层,仅作为股东获取公司收益权,不直接参与公司管理;(3)不仅持有股份的所有权,并直接参与公司管理。本文要分析的就是在公司具有政商关系的情况下,公司法定继承人如何在上述三种方案中予以选择的问题。如前所述,本文之所以选择突然死亡案件,是基于方法论上的考虑。从一般意义上来看,本文的研究问题同样适用于正常情况下的继承问题。

<sup>8</sup> 但是,值得注意的是,民营企业在基础资源配置方面的劣势并非完全是政府直接干预资源配置的结果,而可能是有关各方对政府干预经济的一种市场化决策。例如,孙铮等(2005)和孙铮等(2007)的研究表明,国有企业在贷款方面的优势可能源于政府对国有企业的预算软约束,而非政府直接干预银行贷款决策的结果。

<sup>9</sup> <http://magazine.caijing.com.cn/2008-11-09/110056676.html>。

所有的交易细节，自我实施(self enforcement)机制是这些交换关系唯一的治理模式。关于人格化政商关系的治理及其对家族企业继承的影响，已有相关文献进行了分析(Fan *et al.*, 2007)。本文重点分析后者，即非人格化政商关系的治理问题。

当民营企业与政府之间建立起密切的合作关系时，企业期望能够获得政府垄断配置的基础性投入要素(例如土地、资金等)，而政府则看重企业能为当地经济或社会发展所做的贡献(例如就业、税收等)。但是，政府对企业的支持与企业对当地经济的贡献，并非是即时交易。这种长期交易，无论对于政府还是企业经营者来讲，都具有很强的专有性：政府一旦将资源投入企业，则在企业经营者违约时(例如企业经营者为了企业效率拒绝接受更多的冗员或为了逃避税收而隐藏企业利润等)，政府很难将这些资源按照初始的状态转让给其他企业；<sup>10</sup>同理，企业经营者一旦为当地政府提供了就业和利税，则在政府违约时(例如在企业处于困境时政府拒绝为其提供资金或减免税收等)，经营者也很难将已为当地政府作出的贡献撤回。<sup>11</sup>很显然上述交易无法通过法律或正式的合约条款来执行。Klein *et al.* (1978)和Williamson (1979)对这种交易内容的治理模式进行了分析，指出随着交易资产专有性的提高，交易双方倾向于共享交易资产的所有权。这意味着，政府与经营者对对方自我履约的信心越小，即交易资产的专有性越强，越倾向于共同拥有企业的所有权。对于以国有企业为载体的上述交易，政府实质上同时担任了交易的双重角色，因而自动实现了交易双方的产权共享。具体到民营企业，虽然政府无法成为企业法律意义上的所有者，但可通过其他途径实现产权的共享，如企业注册地机制和部分的享有企业经营决策权等。因为，作为产权的所有者，政府的收益权通常表现为税收、就业或企业产值，根据我国的现行法规，政府要按企业注册地来征收税收和统计产值，注册地也同样决定了雇佣当地员工在成本上的优势，这样通过注册地机制，政府和经营者(名义上的所有者)就可实现对企业收益的共享，从而保证非人格化的政商关系得以维系。而政府参与公司的经营决策维护其共享收益，则是一种成本更为高昂的治理机制，但当交易资产的专有性很强时，部分的享有企业经营决策权、参与企业管理仍然会成为政府保障自身收益的一种必然选择。

上述分析表明，当民营企业存在非人格化政商关系时，企业创始人的离任并不会对这种专有资产的价值产生影响，专有资产的传承实质上就是名义所有权的传承。因此，依赖非人格化政商关系进行经营的民营企业在实现所有权的家族传承时，并不会导致专有资产价值的必然降低。

## (二)政商关系、专有资产与家族经营

然而，我们强调非人格化的政商关系对企业经营的重要性，并非否认经营才能在企业运用中的作用。那么，在企业创始人离任，而家族成员又不具有足够的经营才能时，企业是否会聘任更具经营才能的经理人来管理企业呢？接下来我们依据分权理论来对其进行分析。发端于Hayek (1945)的分权理论是由Fama and Jensen (1983a, b)、Jensen and Meckling (1992)发展起来的，Christie *et al.* (2003)对其进行了汇总，

<sup>10</sup> 虽然政府可以回收一些为企业提供的资源，例如终止税收优惠政策或吊销特许经营许可等，但上述政策为企业带来的已有收益，政府却很难收回。

<sup>11</sup> 虽然企业经营者为当地所做的一些贡献可以中止，例如遣散已雇佣的冗员，但遣散雇员已发生的成本却很难从当地政府收回。

并提供了经验证据。该理论的主要内容是，决策权(Decision Rights，即支配资源使用的权利)必须授予掌握知识(Knowledge)者，<sup>12</sup>资源的使用才可实现其价值最大化。在企业内部，当决策者不拥有决策所需的专门知识时，必须进行知识转移(即集权)或决策转移(即分权)，前者发生知识的转移成本，后者发生代理成本，企业的分权程度就是知识转移成本和代理成本总和最小化的结果。

当政商关系对企业经营具有重要影响时，企业的决策者必须具备与政商关系相关的专门知识。如前所述，由于企业所有权和企业注册地分别是股东和政府分享政商关系价值的主要手段，因此，与政商关系有关的知识必然掌握在企业股东和政府手中。于是，经理人在经营过程中必须从股东处获取各种与政商关系相关的经营信息。政府与企业的关系越复杂，<sup>13</sup>这种知识的专有性就越强，进而从股东传递给经理人的成本就越高(Jensen and Meckling, 1992)。同时，政府与企业的关系越复杂，政商关系对企业价值的影响也就越不确定，经理人对企业价值的贡献也就越难以从企业价值中分离出来，进而导致对经理人很高的监督成本。这时，由企业股东直接参与企业经营，就可以节省较高的知识转移成本和代理成本。因此，非人格化的政商关系对企业价值的影响越大，企业股东参与企业经营的优势就越明显。

那么，经理人是否可以通过购买股权的方式实现对企业的经营管理呢？即企业创始人离任时，是否可以将股份出售给更具有经营才能的经理人呢？这取决于政商关系的可计量性。本文认为，政商关系主要通过经营环境的不确定性和信息环境的透明度对企业定价成本产生影响。通过政商关系进行经营的企业具有很大的不确定性(Leuz and Oberholzer-Gee, 2006)，这种不确定性在人格化的政商关系中主要是源于政治家的变动，而在非人格化的政商关系中则主要是源于地方政府政策的多变。Williamson(1979)从理论上指出，不确定性程度的提高会导致市场交易的失灵，进而推动交易从市场转向企业内部，Fan(2000)则以石油企业为例，提供了支持上述推论的经验证据，作者发现不确定性程度的提高会导致企业与其客户或供应商之间定价的困难，进而推动企业从事一体化并购。另一方面，依赖政商关系进行经营的企业信息环境通常更差。市场准确定价的前提是有关企业价值的充分信息的存在。然而已有的文献表明，依赖关系进行经营的企业由于其利益相关者之间存在私下沟通机制，缺乏提供高质量财务信息的动机(Ball *et al.*, 2000；Ball *et al.*, 2003)。Leuz and Oberholzer-Gee (2006)、Chaney *et al.* (2010)、Fan, Li, and Yang (2009)更进一步提供了政商关系如何降低公司财务信息质量的经验证据。Jin and Myers (2006)则从股价同步性的角度，分析指出信息透明度的降低会提高公司准确定价的成本，并运用跨国数据提供了支持该推论的经验证据。这表明，依赖政商关系进行经营的企业会由于定价的困难导致所有权的市场买卖成本高昂，经理人很难通过赎买股份同时成为公司的所有者。

接下来，本文将通过分析山西海鑫钢铁集团的继承问题对上述分析结论，即非人格化的政商关系导致家族继承和业绩企稳并存，进行检验。

<sup>12</sup> 本文所指的知识，包括能力和信息两种含义。

<sup>13</sup> 企业与政府之间关系的复杂性通常会导致政商关系价值的不确定性。这种复杂性可由多种表现形式。例如，政府在资源配置中的自由裁量权越大，政府对企业的影 响也就越不确定；政府的政策变化越频繁或领导人更换越频繁，政府对企业的影 响也会越难以预测。

### 三、案例介绍

山西海鑫钢铁集团位于山西省闻喜县东镇，是由山西省闻喜三铁联合焦化总厂、中国铁路对外服务北京公司、洛阳铁路运通(集团)公司、河南省冶金建筑物资供销公司、湖南省瑞金冶金有限公司、上海冶金炉料公司、山西南铁腾飞工贸总公司等六家法人，共同出资兴建的集资源、金融与儿童教育等产业于一体的大型民营企业集团。截止目前，<sup>14</sup>公司拥有总资产120亿元，形成年产100万吨焦、560万吨铁、600万吨钢、260万吨材、260万吨板坯的综合生产能力，成为全球冶金企业160强之一，全国工业企业500强之一，全国民营企业30强之一，全国钢铁冶金行业50强之一，山西省最大规模民营企业，山西省第二大钢铁企业，全国最大规模民营钢铁企业，多次位居全国民营企业纳税第一名。

公司的前身闻喜县三铁联合焦化厂，创始于1987年5月，公司创始人即前任董事长李海仓及辛存海、侯岚云等，与当地的一家国有企业闻喜县白水泥厂搞联合办厂，成立了联合焦化厂，当年实现利税10万元。1989年，李海仓又与三门峡机务段联合办厂，双方投资60万元，至1989年综合生产能力达到10万吨，实现利税1300万元。1990年，组成三铁焦化总厂，1992年初焦化厂实现了26万吨的生产能力。1992年9月，李海仓再与国内几家冶金厅局和铁路单位联合创办了山西省海鑫钢铁有限公司。2002年8月，经山西省工商局批准，组建了山西海鑫钢铁集团有限公司，注册资本13.53亿元，其中山西海鑫钢铁有限公司占90.02%。2002年底，公司拥有资产总额40.36亿元，净资产24.3亿元，职工总数7500多人，全年实现销售收入24.28亿元，实现净利润4.13亿元，年创利税4.54亿元，公司产销率连续三年达99%，资金回收率达103%。<sup>15</sup>

2003年1月，年仅48岁的创始人李海仓在办公室被同村村民冯引亮枪杀。由于海鑫集团显著的政商关系以及李海仓的突然离世，为我们理解政商关系如何影响民营企业的家族化问题提供了较好的研究机会。根据本文的理论分析，我们期望发现企业所有权的拥有者将会成为公司的经营者，并且公司的经营绩效也不会在李海仓去世后有重大变化。

本文分析中使用的资料来源于多个渠道，其中企业的财务数据主要来源于QIN中国企业财务信息分析库、色诺芬非上市公司数据库和Wind数据库，地方政府的财政数据主要来源于《山西省统计年鉴》、《中国资讯行—中国统计数据库》，其他资料则主要来源于《中国资讯行—中国商业报告库》、《中国资讯行—中国经济新闻库》、《中国知网中国期刊全文数据库》以及其他各类主要报刊杂志等，所涉及的引用参考本文将在文中就此明示。

### 四、案例分析

#### (一) 海鑫集团的政商关系

考虑到中国特殊的制度背景，创始人和企业的荣誉称号提供了海鑫集团存在政商关系的初步证据。例如，作为山西海鑫钢铁集团的前任董事长，李海仓曾身兼中

<sup>14</sup> 资料来源于山西海鑫钢铁集团网站(www.chaixin.com.cn)。

<sup>15</sup> 资料来源于《揭开李海仓财富之谜：海鑫钢铁集团真相的彻底调查》，原文载于中华工商时报，转载于新华网2003年2月26日，收录于中国知网中国期刊全文数据库。



华全国工商业联合会副主席、全国政协第九届委员、山西省工商联副会长、运城市人大常委会副主任、运城市工商联会长等职务，并两次当选“全国劳动模范”，获得过“全国五一劳动奖章”，连续三年被评为“山西省功勋企业家”。同时，他还兼任山西省乡镇企业协会副会长、山西省光彩事业促进会副会长、运城市乡镇企业协会会长、运城市光彩事业促进会会长等社会职务。2007年，“海鑫”商标荣膺“中国驰名商标”，公司先后被授予“全国出口创汇先进企业”、“全国环境保护先进单位”、“国家首批产品质量十佳免检企业”、“全国首选建材产品质量过硬放心企业”、“全国乡镇企业管理先进单位”、“全国乡镇企业科技园区”、“山西省重点保护企业”、“山西省优秀民营企业”、“山西省模范纳税大户”等光荣称号。

上述荣誉称号的背后是否蕴含着实质的政商关系？接下来我们分别从政府对企业的支持与企业对当地的贡献两个方面进行分析。

### 1. 政府对海鑫集团的资源支持

#### (1) 税收及其他基础性要素支持

1987年海鑫集团创办当年，就由于是新建的乡镇企业，而得到了当地政府的大力支持，免交了产品税、固定资产投资税等。而此后，在海鑫多年的发展经营过程中，“所有的优惠政策它都享受了，所有能规避的它都合理规避了”。<sup>16</sup>以海鑫集团的三家主要子公司之一的海鑫轧钢为例，在李海仓事件发生前的三年里，该公司共实现利润2.39亿元，而免缴企业所得税共计0.79亿元，同时由于海鑫公司符合中西部地区免征乡镇企业固定资产投资方向调节税的条件，又免征固定资产投资方向调节税0.87亿元。上述数字反映了政府税收支持对海鑫盈利增长的巨大贡献。

除税收以外，海鑫集团也在其他方面得到了来自地方政府的大力支持，如工业用地、电、水等。2002年，政府专门组织专家论证，<sup>17</sup>确定从黄河引水扩大海鑫的取水区域面积，该方案的实施需要经过几个县的地面，并涉及到一些村庄的院落、土坟和其他建筑，而这些问题的最终解决都得到了政府的大力支持。类似的情况在其他的媒体报道中也被多次提及。<sup>18</sup>正如2003年时任闻喜县县委书记董鹏翔在新闻采访中所说，<sup>19</sup>“遇到电的问题，县上有一个分管的副县长专门解决这样的问题，要到老百姓地里栽电线杆，架高线，如果海鑫去，老百姓就要敲他钱，政府一出面就好办了。土地的问题，我们的副总指挥，管土地的副县长去解决。山西省省长最大权力批300亩，我们就给海鑫争取批299.9亩”。同时，根据相关报道，<sup>20</sup>从1996年开始，闻喜县每年从财政收入中拿出500万元奖励海鑫，用以解决发展资金问题，并且为稳定技术队伍，海鑫外聘的30名专业技术人才被批准进入县财政编制，列入政府开支，海鑫自己培训的160名技术工人也被县上招工转户。

<sup>16</sup> 资料来源于《谋杀案的背后-李海仓凶杀案之后》，原文载于《三联生活周刊》，转载于搜狐网2003年4月10日。

<sup>17</sup> 资料来源同16。资料中未明确指明政府的级别，但根据推测应该是地或省级政府的支持。

<sup>18</sup> 资料来源同16。根据报道，1996年，海鑫二期工程期间，当时省一级政府一年能批复的土地面积是300亩，而山西省省长孙文盛曾一笔批给海鑫296亩，几乎占了山西省一年的量，在批复用地中所包含的水库也被填平。1997年，海鑫集团搞五年发展规划，由于用地涉及赔偿问题而遭到当地老百姓的强烈反对，于是由政府出面帮助工作，当时县委、县人大、县政府、县政协四大班子组成了海鑫建设指挥部，时任闻喜县县委书记的王水成亲任指挥部顾问，而总指挥则由当时的县长出任。

<sup>19</sup> 资料来源于《中国式继承》，刘建强、边杰著，中信出版社，2005年5月。

<sup>20</sup> 资料来源同16。

## (2) 银行贷款支持

海鑫集团较强的政商关系还体现在银行对海鑫集团的大力支持。<sup>21</sup>1987至1997年的10年里,仅农行就曾先后投入贷款1.17亿元对海鑫集团予以重点扶持,<sup>22</sup>而至2002年底,<sup>23</sup>海鑫在中国工商银行闻喜支行及闻喜支行海鑫营业所、中国农业银行闻喜支行、中国工商银行运城分行营业部等运城地区各金融机构的信用及抵押贷款总计16.69亿元,两项总计约占当年总资产的40%。由此可以推测,海鑫集团得到了银行在资金方面的强有力支持,从而大大满足了其在发展过程中不断增长的资金需求。

在上文的分析中,我们可以清晰的发现,政府支持在海鑫发展中的作用。李海仓事件发生后,其父亲李春元在接受《中国式继承》的采访时,也曾如此解释海鑫的发展史,“职能部门不管,你就干不成事情,你再有本事也干不成事”。这些事实表明海鑫通过关系投资与政府部门建立了稳定的政商关系,藉此获得了诸多利益,成为企业发展的重要资产。但同时我们也可以发现,该政商关系具有很强的专属性,并且其价值难以用数字准确计量,这在较大程度上决定了该类资产具有较高的转让成本。

## 2. 海鑫集团为当地经济和社会发展所做的贡献

已有的研究(夏立军等,2005)表明,经济分权改革实施以后,各级政府从原来作为中央政府的执行机构转变为具有较强独立利益的主体,有极大的动力去采取各种措施实现各自的经济目标,而当地方企业对于地方政府的目标实现产生重要影响时,地方政府与地方企业之间就形成了紧密的依存关系。

按照新华网的报道,“八五”时期海鑫所在的闻喜县曾是国家级的贫困县,而上世纪90年代初,由于海鑫集团的迅速崛起促进了闻喜县及东镇地区的相关产业和行业,带动和影响了全县的经济发展和脱贫致富。自2003年起,<sup>24</sup>海鑫集团连续多年蝉联中国纳税民营企业百强榜第一名,闻喜县也在2002年摘掉了全国贫困县的帽子,海鑫集团所在的东镇成为该县最先富起来的乡镇,而川口村被称为河东第一村。本文搜集了近年来闻喜县的主要统计指标,并将其与海鑫集团的主要指标进行对比,具体如下表1所示。

从表1中可以发现,海鑫集团每年解决的就业人数占闻喜县全部从业人员数的20%以上;海鑫集团每年实现的利税总额占闻喜县利税总额的50%以上,2003和2004年甚至达到90%以上;海鑫集团每年完成的工业总产值占闻喜县工业总产值的40%以上;海鑫集团每年创造的工业增加值占闻喜县工业增加值的60%。上述数字充分表明了海鑫集团对当地政府绩效考核的重要意义。

<sup>21</sup> 新兴市场中与有政商关系的企业容易获得银行的贷款支持,这种支持既可能是政府直接干预资源配置的结果,也可能是各方对政府干预经济的一种市场化资源配置的结果(孙铮等,2005;孙铮等,2007;Claessens *et al.*, 2008)。

<sup>22</sup> 资料来源于《金融时报》1997年6月13日,收录于中国资讯网数据库。

<sup>23</sup> 资料来源于《揭开李海仓海鑫集团真相:海鑫钢铁欠银行30亿》,原文载于《21世纪经济报道》2003年2月23日。

<sup>24</sup> 资料来源于《人民日报》2004年9月14日等多家媒体报道,收录于中国资讯网数据库。

表1 闻喜县与海鑫集团的主要统计指标对比表<sup>25</sup>

	全部从业人员年平均人数(人)			利税总额(万元)		
	闻喜县	海鑫集团	比率	闻喜县	海鑫集团	比率
1999	21,318	4,600	22%	-	15,500	-
2001	26,877	7,300	27%	47,625	-	-
2002	32,564	9,200	28%	56,565	44,000	78%
2003	34,808	10,050	29%	108,557	98,921	91%
2004	37,455	10,500	28%	117,924	105,713	90%
2005	37,148	9,000	24%	111,743	89,212	80%
2006	36,960	10,221	28%	84,086	49,799	59%
	工业总产值(万元)			工业增加值(万元)		
	闻喜县	海鑫集团	比率	闻喜县	海鑫集团	比率
1999	327,845	132,000	40%	78,688	-	-
2002	501,424	243,890	49%	159,492	-	-
2003	795,155	375,191	47%	257,325	200,134	78%
2004	955,658	665,899	70%	300,899	222,429	74%
2005	1,119,094	755,798	68%	366,413	249,413	68%
2006	1,200,422	789,330	66%	323,714	194,923	60%

在帮助地方政府实现经济目标的同时,海鑫集团还承担了很多社会发展任务。根据相关资料,海鑫创办20余年来,以各种形式累计为社会各类光彩公益事业捐款捐物达2亿多元。<sup>26</sup>其中,1997年海鑫集团先后投资400余万元,兴办水利、交通、文化、教育等公益事业,改善当地农村的生产、生活、文化环境;<sup>27</sup>2001到2002年间向山西慈善总会陆续捐款逾800万元;<sup>28</sup>2004年海鑫集团出资100万元,为3个山区村修通水泥路8公里等。<sup>29</sup>当地有句谚语,<sup>30</sup>“闻喜县一天三顿饭,两顿是吃‘海鑫’的饭”,清晰的勾画出海鑫集团对于当地生计的重要性。

以上分析表明,基于海鑫对其各自目标实现重要意义的理性考虑,地方政府对海鑫的支持,应看重的是海鑫集团本身的经营绩效以及帮当地政府解决社会问题的能力,企业领导人与政府官员之间的私人关系虽然重要,但不一定是决定性要素。换言之,海鑫拥有的政商关系体现出更多非人格化的基本特征。

## (二) 政商关系、家族继承与公司业绩

### 1. 政商关系与家族继承

据媒体报道,<sup>31</sup>李海仓遇难后,公司董事长人选有三人:李天虎、辛存海和李

<sup>25</sup> 闻喜县统计数据来源于各年度山西统计年鉴;2003年及其以后年度的海鑫数据来源于山西统计年鉴;2002年海鑫数据分别来源于《山西日报》2002年8月31日、《中国城市经济》2003年2月1日、中国新闻网(<http://www.chinanews.com.cn/n/2003-03-17/26/283055.html>);2001年海鑫数据来源于《山西日报》2002年8月31日;1999年海鑫数据分别来源于《山西发展导报》1999年9月1日、《雄起的海鑫》(原文载于《记者观察》2001年4月)、《山西日报》、《中国城市经济》和《山西发展导报》的报道,收录于中国资讯行数据库;《雄起的海鑫》收录于中国知网中国期刊全文数据库。

<sup>26</sup> 资料来源于《海鑫文化:大赢不仅在赢利》,原文发表于《经济》2008年12期,收录于中国知网中国期刊全文数据库。

<sup>27</sup> 资料来源于《金融时报》1997年6月13日,收录于中国资讯行数据库。

<sup>28</sup> 资料来源于《第三次分配是构建和谐的重要途径》,原文发表于《理论文萃》2006年第6期,转载于《体制改革》2007年第3期。

<sup>29</sup> 资料来源于《山西日报》2004年12月24日,收录于中国资讯行数据库。

<sup>30</sup> 引用自《经济观察报》2003年1月27日,收录于中国资讯行数据库。

<sup>31</sup> 《中国式继承》,刘建强、边杰著,中信出版社,2005年5月。

兆会。其中，李天虎是李海仓的五弟，毕业于华北电力学院，1993年3月从当地电力局辞职进了海鑫，1996年10月任集团副总经理，2000年开始担任总经理；辛存海是海鑫集团的创始人之一，李海仓去世时为企业集团的副董事长、党委书记；李兆会是李海仓的儿子，高中即留学澳大利亚，李海仓去世时正在读大学二年级。从三人简历来看，无论是李天虎还是辛存海的经营能力（包括学历背景以及管理经验等）都应在李兆会之上。然而，在经过李海仓家族与当地政府的协商后，没有任何企业管理经验的李兆会被推选为公司董事长，并在其上任后不到半年的时间将李天虎和辛存海调离公司。也就是说，在李海仓遇难后不久，没有任何管理经验的李兆会成为公司独立的经营管理者。

李海仓家族对外宣称，选择李兆会作为公司董事长是为了保持公司的稳定。但从实质来看，与李天虎和辛存海相比，李兆会的经营能力虽然欠缺，但他法定继承了创始人李海仓拥有的企业90%的股权。如前所述，海鑫集团具有较强的非人格化政商关系，而这些政商关系具有很高的界定成本和执行成本，无法通过市场的自由买卖或聘请职业经理人的方式，实现产权的完全或部分转让，因此李海仓之子李兆会的接任也可认为是为了维护难以转让的关系型资产的合理选择。如下文分析所示，在李兆会接手企业管理后，公司绩效并没有显著下降，并有一定程度的提升。因此，一个自然的疑问就是，是否是李兆会的经营能力，而非我们所认为的政商关系才是李兆会被选作董事长的主要原因？我们认为，即使事后表明李兆会确实具备足够的管理能力，但由于李兆会上任后体现的能力在事前是很难进行推断的，特别是在继承前，李兆会仅仅是一个大学在读生，并且由于其高中就在海外就读，根据李海仓去世时李兆会的年龄（当年22岁），可以推断其至少在17岁（三年高中加两年大学）之前即已留学澳洲，这意味着继任前的李兆会应没有任何商业经验。因此，从理论上来看，很难推断继承当时有关各方是基于李兆会的能力而作出的选择。因此，本文认为，海鑫集团超强的非人格化政商关系和90%的企业股权是李兆会被选为董事长的决定因素。

## 2. 家族继承与公司业绩

由于海鑫集团对地方政府的重要意义，使得这种政商关系的建立体现了非人格化的特征，按照本文理论分析的预期，该种政商关系的价值不会因海鑫集团的家族继承而大幅贬值。相关事实可以印证上述预期。例如，2003年山西海鑫钢铁集团成为世界上最大的跨海大桥—宁波与杭州湾跨海大桥工程的1.6亿元钢筋独家供货商。媒体报道称在投标过程中，<sup>32</sup>山西省闻喜县的政府机构给予了很大支持，该县的县委书记以及相关政府官员随同海鑫集团一同参加了投标活动。

为了进一步印证上述观点，本文计算了近年来海鑫集团的税负比例和资产负债率以反映家族继承过程中的政商关系价值变化情况，具体如下表2所示。

<sup>32</sup> 资料来源于《中华工商时报》2003年10月29日，收录于中国资讯行数据库。



表2 海鑫集团的税负比例和资产负债率<sup>33</sup>

	实际缴税额 (万元)	营业收入 (万元)	税负比例	负债总额 (亿元)	资产总额 (亿元)	资产负债率
1998	3,377	118,000	2.9%	—	—	—
1999	4,528	—	—	—	7.1	—
2001	—	—	—	10.23	30.0	34%
2002	11,800*	243,890	4.84%	16.1	40.0	40%
2003	28,000 <sup>34</sup>	577,165	4.85%	22.3	50.5	44%
2004	22,756	680,633	3.34%	25.5	57.2	45%
2005	55,500	744,079	7.46%	34.7	66.8	52%
2006	42,000	779,453	5.39%	47.4	82.9	57%
2007	66,000	1,023,790	6.45%	50.9	112.8	50%

注：因数据采集的困难，\*号数据用上缴国税数据代替。

从上表可以发现，当地政府并未因为李海仓的离去而让海鑫集团承担更为严重的税收负担。<sup>35</sup>同时，企业的资产负债率呈平稳上升趋势，这说明无论是供应商还是银行都未对企业的经营情况产生负面的评价，这也从另外一个侧面反映出企业的政商关系并未因为家族继承而受到损失。<sup>36</sup>并且，根据多家新闻媒体的报道，<sup>37</sup>海鑫集团自2003年事件以后，也一直被作为银行主要客户。总之，政商关系的价值在海鑫集团的家族继承中并未遭受较大的损失，这就意味着家族传承并不会导致海鑫企业价值的下降。

本文以上市公司中与海鑫集团总资产规模最相近的杭钢股份，以及证监会黑色金属冶炼及压延加工业和Wind钢铁行业作为参照系，分析了海鑫相关财务指标的变化趋势，具体如下表3所示。

从表3不难发现，海鑫集团在完成家族继承后业绩并未出现明显下滑，按照中国各地区营业收入和资产总计在5亿元以上企业集团的统计结果，海鑫集团2008年

<sup>33</sup> 表中的税负比例用缴纳税金与营业收入的比例近似表示。其中，1999年海鑫数据分别来源于《山西发展导报》1999年9月1日和《山西日报》1999年4月19日、《雄起的海鑫》(原文载于《记者观察》2001年4月)；2001年海鑫数据来源于《山西日报》2002年8月31日；2002年缴纳税金数据来源于《中国产经新闻》2004年11月19日；2002年海鑫收入数据来源于《中国城市经济》2003年2月1日；2002年海鑫资产、负债数据来源于《揭开李海仓海鑫集团真相：海鑫钢铁欠银行30亿》，原文载于《21世纪经济报道》2003年2月23日；2003年、2004年、2005年和2006年的海鑫财务数据(资产、负债和营业收入)来源于Qin数据库；2003年缴纳税金总额数据来源于《中国产经新闻》2004年11月19日、2004年缴纳税金总额来源于《广州日报》2005年9月11日、2005年缴纳税金总额来源于《山西商报》2006年1月13日、2006年缴纳税金总额来源于《中国信息报》2007年6月4日、2007年缴纳税金总额来源于《经济日报》2008年11月18日。《中国产经新闻》、《山西商报》、《中国信息报》、《山西发展导报》、《中国城市经济》和《广州日报》的报道，收录于中国资讯行数据库。

<sup>34</sup> 需要说明的是，2003年缴纳税金总额的数据按照《山西日报》2004年7月22日的报道为20304万元，对结果影响不大，以此数据计算所得的税负比例为3.52%，《山西日报》的报道收录于中国资讯行数据库。

<sup>35</sup> 近期来自于搜狐财经(2009年7月2日)的报道《海鑫钢铁启示录》称：“5月20日，运城市长王安庞与副市长张建喜及运城其他市领导来海鑫调研时，王安庞亦称，针对企业‘流资紧张、新建项目审批、土地征用等问题，有关部门应给予协调解决’、‘对市县权属内的费税能缓交则缓交’。”这从另一个侧面也说明海鑫的税负确实没有恶化的趋势。

<sup>36</sup> 由于海鑫集团为非上市公司，因此我们无法得到该公司完整的债务结构信息，但是我们注意到，自2003年至2007年期间，海鑫狭义营运资本(流动资产减去流动负债)分别为2.1亿、6.2亿、-2.4亿、-4.3亿和-14.1亿，其中流动资产分别为16.7亿、24.2亿、25.0亿、35.4亿和32.3亿，这表明企业可能得到了来自供应商和银行的信用资金，并未面临相关利益者的追偿和讨还要求；并且根据Qin数据库，海鑫集团2002年至2007年的偿付比率分别为55.92%、55.41%、48.08%、42.82%和54.89%，结合其资产负债率维持在50%左右的水平，以及Qin数据库所提供的广义营运资本数据(该指标应是不包含存货等在内的流动资产，2003至2007年海鑫营运资本一直维持在稳定的水平，分别为8.1亿、6.9亿、7.9亿、8.9亿和6.4亿)，上述现象说明尽管企业存在一定的短期还款压力(可能多为短期融资)，但仍能确保其维持稳定的债务融资能力，企业并未出现信用恶化的现象。

<sup>37</sup> 2007年4月1日《城市金融报》报道称，中国工商银行山西闻喜支行“加强与票据大戶海鑫集团的联系”；2004年5月14日《中华工商时报》报道称，上海浦东发展银行太原分行在试营业期间向山西海鑫集团等大中型民营企业投放贷款3亿元；2005年7月20日《山西经济日报》报道称，中行山西运城分行“紧紧咬住海鑫等四家重点大戶不放松，抓住重点，稳固票源”；2005年3月27日《山西日报》报道称，华夏银行太原分行先后参与了海鑫钢铁等一大批重点建设项目和特大企业的建设；2004年10月15日《山西经济日报》报道称，中国银行山西省分行重点支持了包括海鑫集团在內的客户资金需求。《城市金融报》、《中华工商时报》、《山西经济日报》和《山西日报》的报道，收录于中国资讯行数据库。

表3 海鑫集团主要财务会计指标(千元)<sup>38</sup>

	1998	1999	2002	2003	2004	2005	2006	2007	2008
Panel A: 海鑫集团									
总资产	-	71,000	400,000	5,046,720	5,718,303	6,684,508	8,292,385	11,280,630	11,887,880
净利润	7,016	11,000	41,300	462,030	493,265	478,510	77,264	2,295,538	-
主营业务收入	-	145,000	242,800	5,762,224	6,606,328	7,440,793	7,794,527	10,215,792	12,005,850
总资产回报率(%)	-	15.49	10.33	13.59	9.04	7.16	1.55	20.35	-
营业利润/营业收入(%)	-	-	-	13.36	9.90	8.73	4.16	7.53	-
Panel B: 杭钢股份(代码:600126)									
总资产	292,732	250,661	387,689	464,754	547,965	716,321	843,628	886,311	880,766
净利润	16,759	22,799	28,699	54,388	69,288	23,642	23,175	37,487	5,722
主营业务收入	265,510	307,397	516,575	747,153	995,503	987,271	1,280,239	1,628,102	2,206,138
总资产回报率(%)	9.85	11.05	12.08	18.54	21.11	6.54	6.16	7.98	2.62
营业利润/营业收入(%)	8.18	10.19	8.75	10.88	10.71	3.27	3.48	3.74	0.81
Panel C: 钢铁行业上市公司算术平均(证监会行业黑色金属冶炼及压延加工业)									
总资产回报率(%)	10.81	10.16	9.05	13.01	14.23	9.00	9.60	10.54	4.07
营业利润/营业收入(%)	8.21	7.95	8.22	10.87	8.79	5.65	6.69	7.46	3.54
Panel D: 钢铁行业上市公司算术平均(Wind行业分类Wind钢铁)									
总资产回报率(%)	11.16	10.03	8.22	11.76	12.54	8.53	9.49	10.35	4.75
营业利润/营业收入(%)	8.95	8.78	8.35	10.34	8.23	5.48	6.42	7.07	3.99

注：对比行业删除了ST公司；Qin数据库所提供的海鑫集团总资产回报率近似为税前收益/总资产，而对比数据的总资产回报率为息税前收益/总资产，联系表2中的资产负债率相对稳定的趋势，我们有理由相信，按照息税前收益计算的海鑫集团总资产回报率将适当的高于现有数据，但并不会改变现有数据所体现出的增长趋势；Qin数据库所提供的海鑫集团营业利润近似为营业收入与营业成本、财务费用、管理费用、销售费用的差，按照这一定义本文将对比数据相应进行了调整。

的营业收入和资产总额达到近120亿元，较2002年的40亿增长了200%。尽管2006年企业的净利润和总资产回报率有一定幅度的下降，但导致业绩下滑的一个重要原因是当年企业的主营业务成本有较大幅度的增加，<sup>39</sup>企业的经营业绩并未产生明显下降趋势。对此的进一步佐证，可以通过与对比企业杭钢股份，以及钢铁行业上市公司的业绩对比中得以清楚的反映。同时，表4胡润百富榜的统计结果亦表明，海鑫集团自2002年上榜以来，财富总额在逐年攀升，从最初的16亿元，增长到2009年的100亿元，在短短的七年时间里就实现了财富翻两番多，并一直位列胡润百富榜钢铁行业的前十甲。进一步，若对照Fan *et al.*(2007)发现的东亚各国上市公司在家族继承后价值平均损失60%的现象，我们可以认为海鑫集团的业绩在继承后没有显著下降。

<sup>38</sup> 海鑫数据来源同33，其中2007年海鑫钢铁的净利润数据未列示，本文以利润总额代替，而2008年数据来源于《中国大企业集团名录数据库》(中国统计出版社，2009年，北京)中中国各地区营业收入和资产总计在5亿元以上企业集团统计表。对比企业杭钢股份(代码600126)和钢铁行业上市公司数据皆来源于Wind数据库。

<sup>39</sup> 2003年至2007年间，海鑫集团的主营业务利润率分别为14%、11%、10%、5%、10%。这种现象的可能原因是原材料等生产投入品的成本增加或者本期的销售增加，而根据Qin数据库，2005年和2006年海鑫集团的存货分别为7.5亿和9.8亿，而主营业务收入分别为74亿和78亿，因此海鑫集团主营业务成本的上升可能主要应归因于原材料等投入品的价格上涨，根据《山西经济日报》(2006年4月25日，收录于中国资讯网数据库)，2005年进口铁矿石长期协议价格上涨71.5%。2007年海鑫集团业绩大幅增加的一个主要原因应归结为当年企业投资收益的大幅增加，根据Qin数据库，海鑫当年实现的投资利润为15亿元，而《南方周末》2009年6月3日的报道称，当年海鑫在资本市场的收益可达20亿。当然，限于资料收集的原因，我们尚无法判断公司存在盈余管理的可能性，但无论如何，企业业绩并未表现出下滑趋势。

表4 胡润百富榜统计汇总表

年度	胡润百富榜排名	胡润百富榜财富总额(亿元)	胡润百富榜钢铁排名
2002	27	16	—
2003	19	24	—
2004	19	30	—
2005	13	55	—
2006	56	40	6
2007	78	85	10
2008	32	125	5
2009	59	100	5

综上所述,海鑫集团在没有任何管理经验的李兆会管理下,并没有出现显著的业绩下滑,这符合本文第二个研究假说。

## 五、结论

通过对山西海鑫钢铁集团的突发性家族继承事件的考察,本文发现,在转型经济市场中,非人格化的政商关系是民营企业基于较差外部制度环境的自然选择,然而由于存在较高的界定成本和执行成本,关系型专有资产具有可传不可转的特点,家族继承是保证转让损失最小化的一种最优安排。并且,与人格化政商关系不同的是,当专有资产通过企业注册地得以维系时,其价值并不会因为家族继承而遭受损失。本文的研究发现为分析家族继承与企业绩效之间的关系提供了一个新的理论视角。同时,本文还表明,虽然家族继承可以防止企业非人格化政商关系价值的损失,但却阻碍了经营才能与企业资源的最优配置。因此,提高市场自由化程度,减少政府在资源配置中的作用,是促进经济效率和实现企业市场化运作的必要条件。

值得注意的是,海鑫集团的家族继承案例虽然符合本文的理论预期,但囿于案例研究固有的局限性,在得到经验数据的进一步支持前,本文结论无法保证不是以偏概全。另外,本文结论的成立也有赖于案例分析中的一些推测。例如,地方税收、银行贷款、就业虽然在一般意义上可以用来分析政商关系的存在性,但这些推测的合理性却仍需要进一步的证据支持。

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## 附录

天通股份创办于1984年，在短短的二十多年的时间里，从一家仅有十几人的镇办企业，发展成为中国最大的软磁铁氧体磁性材料出口基地之一，并于2001年作为国内首家自然人直接控股的上市公司在上海证券交易所挂牌上市，公司董事长潘广通同时担任了海宁市第七届政协委员，第八、九、十、十一届政协常委，海宁市工商联（总商会）第四、五、六、七届副会长、第八届名誉会长。

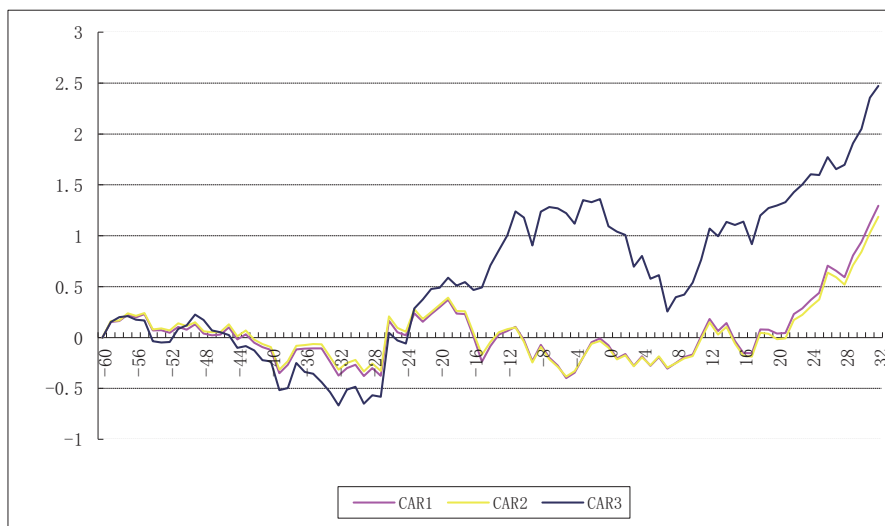
公司较强的政商关系表现在两个方面：首先，该公司在成长的过程中，得到了当地政府的大力支持。据《中国证券报》的报道，1994年该公司引入当地政府进行股份制改造，并因此获得了诸多“实惠”，如拿到执照、批地、贷款扶持等诸多优惠政策。而按照2005年1月公司的增发招股意向书，公司在2001至2003年期间享受的“免、抵、退”税收政策和政府奖励、财政补助等共计1.23亿元，占三年公司营业总收入的13.25%。其次，公司作为海宁的四家上市公司之一，对当地的经济建设也起着非常重要的作用。根据浙江国税网(www.zjtax.gov.cn)，天通公司在2002年至2005年间一直位列浙江省纳税前400名，分别为全省第147、196、192和316名。并且，公司作为20家重点兴海工程的企业之一(海宁市经济贸易局www.hnet.gov.cn)，亦成为支持海宁市经济增长的重要力量，使郭店镇巩固了“全国软磁第一镇”的地位(人民网www.people.com.cn)。总之，与海鑫类似，当地政府与天通公司保持了密切的联系，按照海宁网的政府信息公开(中国海宁zfx.haining.gov.cn)，天通股份公司党委委员的调整亦需要得到中共海宁盐官镇委员会的批复。

天通公司所具有的较强政商关系降低了公司通过市场交易转让所有权的可能性，因此该公司董事长潘广通因病于2008年3月1日去世，随后其长子潘建清接任了该公司董事长。

同样，天通公司的经营业绩也并未由于公司的家族继承而产生重大的影响。本文遵循Fan *et al.* (2007)的研究方法，计算了天通股份的月累积超额收益率(结果如图1所示)。从结果中可以清楚的发现，与香港、台湾、新加坡等200宗家族企业传承后月累积超额收益降低60% (Fan *et al.*, 2007)显著不同的是，在完成家族继承后，该公司的股票月累积超额收益率从继承前五年至今已达到30%以上，这表明在较强的政商关系下，天通公司的家族继承并未引起公司价值的严重受损。

总之，天通公司的案例进一步支持了本文的研究假说：当企业具有较强的政商关系时，企业越可能发生家族继承，并且家族继承前后企业的价值影响不大。

图1 扣除市场变动后的月累积超额收益率变动图



- 注：1. CAR1是以上证A股市场收益率(总市值加权平均法)为基础调整计算的月累积超额收益率；CAR2是以综合A股市场收益率(总市值加权平均法)为基础调整计算的月累积超额收益率；CAR3是未按市场收益率调整的月累积超额收益率。
2. 此外需要说明的是，Fan *et al.* (2007)所计算的累积超额收益为继承前5年至继承后3年的月累积超额收益率，而本文所观察的天通股份(代码：600330)董事长潘广通的去世日期为2008年3月，事件至今约为2.7年，尚不足3年，因此本文计算的累积超额收益率是从去世前5年至2010年11月的月累积超额收益率。

## Political Connections, Family Succession, and Firm Performance: A Case Study of Shanxi Haixin Steel Group\*

Shaofei Wang, Zengquan Li, and Qifen Zhu<sup>1</sup>

### Abstract

Drawing on the theory of specific assets, this paper examines the determinants and economic consequences of the emergence of Chinese family firms. We argue that in a transit economy such as China's, where resource allocation is highly controlled by the government, political connections are a key production factor within a firm, especially for private firms. But because of high defining and enforcement costs, this intangible asset is difficult to transfer to professional managers when the founder retires, and so it remains attached to the owner of the firm. To preserve such a valuable asset within the firm, family succession will be preferred among other choices, and the negative effect of the founder's retirement on firm value will thus be attenuated by this arrangement. This case study of Shanxi Haixin Steel Group provides anecdotal evidence consistent with the above predictions.

**Keywords:** Political Connections, Specific Assets, Family Succession

**CLC codes:** F23, F270, F272

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## I. Introduction

Around the world, family firms, which are characterised by family control or family management, account for a significant proportion of private companies and even of public companies (Claessen *et al.*, 2000; Faccio and Lang, 2002; La Porta *et al.*, 1999). In China, the development of private firms has contributed to the high growth of the economy. According to a survey by China's National Federation Committee, most private companies in China are run by family members (Huang, 2005). This family-controlled pattern transforms not only the nature of the agency conflict between managers and shareholders at the micro level, but also the mode of economic development at the macro level. Prior research, however, suggests that when a country's wealth is controlled mainly by a few wealthy families, the efficiency of resource allocation can be reduced by a lack of management skills within these families. Economic growth can also be slowed by the families' objection to innovations and reforms in the existing system (Morck *et al.*, 2005). But although family firms have attracted great attention from researchers in social and management science, we are still far from fully understanding the causes and the economic consequences of these firms. To shed light on these matters, this paper uses a case study of a Chinese private firm to analyse how the institution environment affects the formation of family firms.

The importance of family succession derives from the systematic difference in firm value between family and non-family firms. Although prior empirical evidence is mixed over whether the performance of family firms is significantly lower than that of non-family firms (Anderson and Reeb, 2003; Holderness and Sheehan, 1988; Barth *et al.*, 2005; Morck *et al.*, 2000; Villalonga and Amit, 2006), those studies are consistent with the prediction that the performance of family firms run by family successors is significantly lower than that of non-family firms or family firms operated by the founders (Bennedsen *et al.*, 2007; Bertrand *et al.*, 2008; Perez-Gonzales, 2006). This lower performance is usually attributed to the poorer management skills of the family successors (Bennedsen *et al.*, 2007; Perez-Gonzales, 2006), or else to tunnelling by family members who are involved in daily operations (Bertrand *et al.*, 2008). Thus, it is puzzling why the founders would decide to pass their businesses on to descendants with poor management skills rather than to professional managers, or else just sell the company.

Three major perspectives can be used to explain family succession, namely the institutional, cultural, and specific assets perspectives. From the institutional perspective, family firms are viewed as an alternative mechanism to the inefficient market system. For example, Burkart *et al.* (2003) find that when the law or judicial system do not protect the interests of shareholders very well, family succession, as an alternative mechanism to the legal system, can significantly mitigate the agency conflict between management

and shareholders; this is so even when family successors are short of management skills compared with professional managers. Using an analytical model, Bhattacharya and Ravikumar (2001) show that in an imperfect capital market, family succession becomes a reasonable choice when the founder needs to quit the company, since professional managers are usually unable to obtain sufficient funds to buy, and family members worry that firm value could be impaired by the managers' self-interested behaviour. Prior studies also find that rent-seeking is important for a firm's growth and survival in an imperfect market. Blood-ties among family members thus have the advantage of reducing the high costs resulting from information leakage or interest conflicts in the distribution of rents (Morck and Yeung, 2004).

Bertrand and Schoar (2006) test the institutional-perspective argument in a cross-country study, but instead of finding evidence supporting this perspective, their evidence is consistent with the cultural perspective. From this latter perspective, founders choose descendants instead of professional managers as successors to maximise not the firm's value but the family's utility. For example, in a culture characterised by family nepotism, founders must recruit other family members to the firm, even though this may result in high operating costs. Particularly in a culture in which the family business is regarded as the legacy of the whole family, "inheriting the father's undertakings" becomes a social norm. Usually a father's property (i.e. the enterprise) should be inherited by the eldest son, or else be equally distributed among all children. "Inheriting the father's undertakings" thus well explains the reasons for family succession.

Fan *et al.* (2007), on the other hand, propose the specific-assets perspective. They examine the family successions of 217 listed companies in Hong Kong, Taiwan, and Singapore, and find that on average the market value of the sample firms decreases by 60 per cent within five years of a succession. They argue that the decrease in value results from the low transferability of specific assets, such as the founder's reputation, or of a good relationship with the government, employees, bankers, customers, and suppliers. Because it is difficult to accurately price assets, they are not easily transferred in the market; although they can be partly transferred to the founder's descendants through blood-tie connections, most of them remain untransferable. This paper provides empirical evidence consistent with the specific-assets perspective. Specifically, we find that the likelihood of family succession increases with the extent of asset specificity.

Since the vast majority of private firms in China were founded during the early period of the opening-up reform, large-scale successions will begin to occur in five to 10 years from now. According to survey data, family succession with ownership and management transfers is a common practice among private firms in China (Chen and Xu, 2003). Prior literature has provided some explanations for family succession in China from the institutional and cultural perspectives (see relevant literature compiled by Li *et al.* (2005)). Of interest is that in many cases of family succession in China, we do not

observe a significant decrease in firm value, unlike the findings from Western research.<sup>2</sup> Moreover, none of the existing theories can explain this finding. We argue here that it is related to China's unique institutional environment, which is characterised by close relationships between firms in the private sector and the government.

In emerging markets, political connections are an important intangible asset that affects a firm's performance and development (Fisman, 2001; Faccio, 2006). For instance, firms with political connections are more likely to have access to bank loans or to loans at lower interest rates (Dinc, 2005; Khwaja and Mian, 2005; Claessens *et al.*, 2008), and to receive government grants when they are in financial difficulty (Johnson and Mitton, 2003; Faccio, 2006). But these political connections are essentially a kind of personal connection or private relationship between firm operators (such as executives or natural person shareholders) and government officials; furthermore, they are always based on bribery, political contributions, or blood relationships and are maintained by the establishment of trust during long-term operations. Consequently, if anyone should quit, the relationship will end. For example, by examining corrupt government officials in China, Fan *et al.* (2008) find that when officials are arrested on corruption charges, those private firms that have established personal political connections will lose their advantage. But compared with hiring professional managers, family succession is more likely to maintain that trust, even though the very personal nature of the trust means it cannot be completely transferred to the successor. This partial transfer of political connections during a family succession thus in part explains the decrease in firm value observed in such cases.

Unlike Fan *et al.* (2007), we focus on the effect of impersonal political connections in family successions rather than personal ones. In China, connections between many private firms, especially large private firms, and the government are built not on personal relationships with government officials, but for impersonal reasons, such as the private firm's importance to local economic and social development, which in turn benefits the political careers of government officials. As the reform of state-owned enterprises (SOEs) gains impetus, private firms are playing an increasingly important role in China. In many counties or municipal regions, some large private firms have become a pillar of the local economy, bearing social responsibilities of employment, taxation, and other

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<sup>2</sup> For example, Junyao Wang, the founder of Junyao Group, was replaced by his younger brother Junjin Wang, when he died in 2004. As a non-listed company, the firm's financial information was not available, but the prominent changes in its operating performance were still evident in the Forbes China Rich List. According to a provisional purchasing announcement of Wuxi Commercial Mansion Ltd (code 600327 on the Shanghai Stock Exchange), Junyao Group's total and net assets were 845 million and 324 million renminbi on 22 September 2004, respectively, but the group was not listed in Forbes China. In 2006, two years after Junyao Wang's death, the group was listed in Forbes China for the first time and was ranked 204th with a value of 1.6 billion renminbi, which thereafter increased to 3.1 billion renminbi in 2007. It can be roughly concluded that, similar to the case of SHSG, Junyao Group's performance was not negatively affected by the family succession.

economic and social development tasks in the region.<sup>3</sup> At the same time, private firms also depend on the local government's monopolistic power to obtain access to resources such as land, water, electricity, and financial support. The connections between the local government and private firms are thus impersonal, and their value derives from the government's monopoly over resource allocation and the imperfect incentive arrangement for government officials. Therefore, the instability of institutions and policies in an emerging market makes it difficult to accurately price impersonal political connections, resulting in high ownership transfer costs as well as monitoring costs if professional managers are hired.<sup>4</sup> Family succession will thus become the optimal choice in this situation. Meanwhile, it is the impersonal characteristics of this political connection that will limit the downward change in firm value after the family succession.

Because of the short history of Chinese family firms,<sup>5</sup> we are unable to construct tests with a large sample. Therefore, we use a case study to develop implications for future studies. We choose Shanxi Haixin Steel Group (SHSG) in this study for two main reasons. First, as the largest private enterprise in Shanxi Province, SHSG has received wide attention from the public. In particular, the media reported many stories on the sudden death of its founder, Haicang Li, and the following quick succession by his young son. All these reports provide us rich material to conduct the study. Second, the sudden death of the founder and the following family succession addresses the concern over endogeneity issues when examining the association between family succession and firm performance after a succession.<sup>6</sup> Our analysis shows that SHSG built a reciprocal relationship with the local government. The local government provided SHSG with many forms of policy support, including matters of land and taxation. In return, SHSG helped the local government meet economic and social development objectives, such as dealing with employment problems, fulfilling the public budget, and making infrastructure investments. This invaluable relationship was so immeasurable and so closely attached to the ownership that the founder's son, Zhaohui Li, who had no business experience at all, was quickly chosen successor after his father's sudden death.<sup>7</sup> And because the firm

<sup>3</sup> For instance, SHSG's annual pre-tax profit and employment accounted for about 50 per cent of Wenxi County's fiscal revenues and 20 per cent of the county's total employment.

<sup>4</sup> The ever-changing characteristics of China's institutions are manifested primarily at two levels: the central government (e.g. the extent of decentralisation continuously changes), and the local government (e.g. the local government's focuses and targets also frequently change over time).

<sup>5</sup> Our sample consists of family firms in mainland China. Since the retirement age in China is normally 60, the entrepreneurs in our sample will retire in 10 to 20 years on average.

<sup>6</sup> Bennedsen, Nielsen, and Wolfenzon (2007) have a review paper addressing the issue of using time-series and cross-sectional data. In particular, they raise a concern about the credibility of such studies because of the endogeneity problem. Many studies have thus popularly adopted "sudden death" to solve this problem, such as research on the value of CEOs and founders (Johnson, Magee, Nagarajan, and Newman, 1985; Salas, 2010) and independent directors (Nguyen and Nielsen, 2010).

<sup>7</sup> Family succession in this paper means the choice of management rather than the legal distribution of the founder's legacy. Facing the sudden death of the founder, the successor has three choices: (1) sell his/her shares in full and receive cash, (2) hire professional managers to run his/her company and obtain dividends, or (3) serve as the general manager by herself/himself. Using a real case, this paper aims to examine how the successor will make such a choice when the firm has strong political connections.

continuously received support from the local government, its performance remained the same after the succession.

This paper not only enriches the literature on corporate governance in family firms, but also has implications for facilitating the development of private firms in China. Our analysis shows that family succession is a rational response to government intervention in the private sector. The choice of family succession, however, ignores the role of management skills in business operations. Furthermore, considering the long history of the population-control policy in China, usually only one child is available to inherit the business when the founder retires; thus the chances that the successor will have high management skills become even slimmer. We predict that the effect of political connections on firm value will be weakened as the government's power over resource allocation continues to shrink and the role of the market in the economy expands. Management skills may then eventually become a major consideration in determining the business succession.

The rest of the paper is organised as follows. Section II provides a theoretical analysis of the relations among political connections, family succession, and firm performance. Section III briefly describes the background of SHSG, including its current performance and the family succession. Section IV presents the case study of SHSG, and the last section concludes.

## II. Theoretical Analysis

### 2.1 Political Connections, Specific Assets, and Family Succession

With the continuous progress of the market-oriented reforms, the business environment for private firms in China has improved significantly in recent years. But compared with SOEs, private firms have more disadvantages in many areas, including access to basic resources such as water, electricity, coal, land, and capital, and taxation treatment (Huang, 2005).<sup>8</sup> Because of the government's monopoly on resource allocation in China, private entrepreneurs are willing to build close relationships with the government to offset the above disadvantages. This relationship can be built either on private relations between the entrepreneur and government officials, or on the organisational relations between the firm and the government. In reality, the former is built on the rent-seeking ability of officials, which is usually illegal, and so the relationship can be maintained only through personal trust. In contrast, the latter is formed based on the government's control over resource allocation, which is legal,<sup>9</sup> so that the personal identities of the involved parties do not matter in maintaining the relationship.

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<sup>8</sup> The disadvantages of private firms in resource allocation are further reinforced by the market's response to government intervention. For example, Sun *et al.* (2005, 2007) find that the preferential treatment enjoyed by SOEs in obtaining bank loans arises from the government's soft budget constraints instead of its direct intervention in issuing bank loans.

<sup>9</sup> <http://magazine.caijing.com.cn/2008-11-09/110056676.html>.



Because prior studies have already examined personal political connections and their effect on family succession (Fan *et al.*, 2007), this paper focuses on the other type of political connection, namely the impersonal.

When entrepreneurs establish close relationships with the government, they usually expect to receive the government's support in obtaining economic resources such as land and capital. In return, the government expects the firms to contribute to the local economy. But neither the support nor the contributions are made instantly; instead, they are continuously honoured throughout the long-term relationship. Once the government devotes resources to a private firm, it is possible that the firm will default on its implicit commitment; for example, it may refuse to hire redundant staff for considerations of efficiency, or it may hide profits to avoid taxes.<sup>10</sup> If this occurs, it becomes very hard for the government to transfer its investments to other firms. Similarly, once a private entrepreneur provides employment and taxes for the local government, it is unlikely to withdraw its input when the government dishonours its own commitments.<sup>11</sup> The literature indicates that implicit contracts cannot be enforced by law or formal mechanisms, and the more specific assets that are involved in the transactions, the more likely the parties will be integrated to share the assets (Klein *et al.*, 1978; Williamson, 1979). In particular, when an SOE is involved in the transaction, the government acts as both parties, and so ownership is "automatically" integrated. But for private firms, although the government cannot become owner of the firm by law, it can share some of the firm's property rights in other ways, such as through the business registration system and participation in the decision-making process. According to China's current regulations on business registration, the government is supposed to collect taxes from firms that are registered in the same district. As a result, the government and the entrepreneurs jointly share the firm's earnings, thereby creating impersonal connections. Although the government's direct involvement in a firm's operation is quite costly, it is still an optimal choice to protect its interest in the firm when asset specificity increases in the relationship.

The above analysis shows that when impersonal political connections exist in private firms, the founder's retirement will not affect the value of political connections. Hence, family succession will not necessarily lead to a decrease in firm value.

## 2.2 Political Connections, Specific Assets, and the Family Business

Although the importance to private firms of impersonal political connections is emphasised above, this does not mean that we can ignore the crucial role played by management skills in a firm's operation. Facing the founder's retirement and a lack of

<sup>10</sup> The government can withdraw the resources it has granted to enterprises. For example, it could terminate preferential tax policies or franchise licensing. But the realised economic benefits cannot be taken back.

<sup>11</sup> Companies can also suspend their contributions to the local government, such as dismissing redundant employees, but cannot recover the incurred costs.

experience and management skills in family members, is it appropriate for the firm to hire professional managers? The rest of this section explores this question using the theory of decentralisation (Hayek, 1945; Fama and Jensen, 1983a, 1983b; Jensen and Meckling, 1992; Christie *et al.*, 2003). According to this theory, decision rights should be transferred to persons with specific knowledge so that the maximal value of resources can be finally achieved.<sup>12</sup> In reality, either non-specific knowledge should be transferred to decision makers (centralisation), or decision rights should be shifted to persons with specific knowledge (decentralisation). The former produces knowledge-transfer costs, while the latter may induce agency costs. The extent of decentralisation, then, is the outcome of minimisation of the sum of the two costs.

When a political connection has a great impact on a firm's operation, the decision-makers must possess related specific knowledge. Since the specific knowledge lies in the hands of both shareholders and the government, professional managers must obtain this knowledge from them. As the complexity of the political relationship increases,<sup>13</sup> the related knowledge will be more specific to the shareholder and the government, resulting in higher knowledge-transfer (Jensen and Meckling, 1992) and monitoring costs. Consequently, it will be more difficult to isolate the managers' contribution to firm value from that of the political relationship. The shareholder's direct involvement in operations could then save the above two costs considerably.

The next question is whether it is possible for professional managers to take over the firm's operation by purchasing shares when the founder is ready to retire. This depends on the measurability of political connections. When a firm relies heavily on political connections, it will have more uncertainties in its business environment (Leuz and Oberholzer-Gee, 2006). These uncertainties may be caused by the changeability of politicians (in the case of personal political connections) or by the instability of the local government's policies (in the case of impersonal political connections). Williamson (1979) points out that when uncertainty increases, transactions will be governed by internal authority instead of the external market mechanism. Fan (2000) supports this argument with empirical evidence from the oil industry. In addition, firms with political connections always provide information of lower quality, which invariably leads to difficulties in accurate valuation. The existing literature suggests that firms with political relationships normally lack motivation to provide high-quality financial information, since private channels rely more heavily upon communications among stakeholders (Ball *et al.*, 2000; Ball *et al.*, 2003; Leuz and Oberholzer-Gee, 2006; Fan, Li, and Yang, 2009; Chaney *et al.*, 2010). From the perspective of stock-price synchronicity, Jin and Myers (2006) prove that the costs of accurate pricing will increase with the decrease

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<sup>12</sup> Knowledge in this paper includes skills and information.

<sup>13</sup> The complexity of impersonal political connections, which can be shown in various ways, makes the value of the relationship uncertain. The greater the authority granted to officials in resource allocation, or the more frequently policies are changed, the greater the uncertainty in the relationship between a political connection and its value to the firm.

in information transparency. All these considerations suggest that it is difficult to price the shares of the firms with political connections accurately and transfer them in the market. In other words, in the above situation, the possibility of selling a firm's shares to professional managers will decrease.

In the following section, we analyse the case of SHSG to test our hypothesis that impersonal political connections are associated with family succession and with more stable firm performance after succession.

### III. The Background of SHSG

As a large private firm with business in the energy, finance, and primary education industries, SHSG is located in Dong Town, Wenxi County, Shanxi Province. SHSG was co-founded by seven legal corporations, namely Shanxi Wenxi Santie Consolidated Coking and Chemical Corporation, the Beijing Branch of China's Railway Service Company, Luoyang Railway Express Group, Henan Metallurgical and Constructional Materials Supply Corporation, Hunan Ruijin Metallurgical Ltd, Shanghai Metallurgical Furnace Charge Corporation, and Shanxi Nantie Tengfei Industry and Trade Corporation. At present,<sup>14</sup> the company possesses total assets of 12 billion renminbi, and an annual productivity of 1 million tons of coke, 5.6 million tons of iron, 6 million tons of steel, 2.6 million tons of materials, and 2.6 million tons of slabs. The group is ranked among the world's top 160 metallurgical companies, and among the top 500 industrial corporations, top 30 private enterprises, and top 50 iron and steel and metallurgy companies in China. It is also the largest private company and the second largest iron and steel enterprise in Shanxi Province.

Wenxi Santie Consolidated Coking and Chemical Corporation, SHSG's predecessor, was founded in May 1987 by Haicang Li, Cunhai Xin, Lanyun Hou, and a local state-owned enterprise, White Cement Plant. The company realised a pre-tax profit of 100,000 renminbi in the first year. In 1989, with an initial investment of 600,000 renminbi, Haicang Li and Sanmenxia jointly founded a factory that achieved a production capacity of 100,000 tons and a pre-tax profit of 13 million renminbi in the first year. In 1990, the factory was merged with Santie Coking and Chemical Corporation to form Wenxi Santie Consolidated Coking and Chemical Corporation, which achieved a productivity of 260,000 tons in early 1992. In September 1992, Haicang Li founded Shanxi Haixin Iron and Steel Ltd jointly with several metallurgical bureaus and railway units. In August 2002, SHSG was established upon the approval of the Trade and Industry Bureau of Shanxi Province with a registered capital of 1.353 billion renminbi, in which the investment of Shanxi Haixin Steel Ltd accounted for 90.02 per cent. By the end of 2002, SHSG had grown into a large company with total assets of 4.036 billion renminbi, net assets of 2.43 billion renminbi, annual sales of 2.428 billion renminbi, net profits of 413

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<sup>14</sup> The data are taken from the SHSG website ([www.chaixin.com.cn](http://www.chaixin.com.cn)).

million renminbi, and pre-tax profits of 454 million renminbi, and had hired more than 7,500 regular employees.<sup>15</sup>

In January 2003, Haicang Li was killed by a villager, Yinliang Feng, in his office at the age of 48. Thus, SHSG's prominent impersonal political connections and its founder's sudden death qualify the case as a good "experiment" to examine how political connections affect family succession in private firms. According to the theoretical analysis, we expect that SHSG's owner would become the company's operating manager and the group's performance would remain almost the same after the succession.

Data used in the paper are taken from the following sources: financial data from the QIN Database, CCER Database, and Wind Database; local government financial data mainly from *The Shanxi Statistical Yearbook* and *China InfoBank—The Statistical Database*; and the remaining data mainly from *China InfoBank—China Business Report Database*, *China InfoBank—China Economic News Library*, the CNKI Database, and other major types of newspapers and periodicals.

## IV. Case Study

### 4.1 SHSG's Political Connections

In China's unique institutional environment, the numerous honorary titles of its founder and of SHSG itself can be regarded as initial evidence of strong political connections. For example, Haicang Li, the founder and chairman of SHSG, served as a vice president of the Chinese Industrial and Commercial Association, a committee member of the Ninth Chinese People's Political Consultative Conference (CPPCC), vice president of the Industrial and Commercial Association in Shanxi Province, vice chairman of the Standing Committee of the National People's Congress (NPC) in Yuncheng City, president of the Industry and Commerce Federation of Yuncheng City, vice president of the Association of Township Enterprises, and vice president of the Society for Promotion of the Guangcai Program both in Shanxi Province and Yuncheng City. Moreover, he was selected National Model Worker twice, awarded the National Labour Medal, and acclaimed Meritorious Entrepreneur of Shanxi for three consecutive years. In 2007, the brand name Haixin was awarded the title Chinese Renowned Trademark, and SHSG was awarded the following titles: National Advanced Export Enterprise, National Environmental Protection Advanced Unit, National Top Ten Quality Inspection-Free Company, National Preferred and Quality-Assured Enterprise in the building materials industry, National Advanced Unit in township enterprise management, National Township Enterprise Science Park, Major Protected Enterprise in Shanxi Province, The Outstanding Private Enterprise in Shanxi Province, and Exemplary Taxpayer in Shanxi.

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<sup>15</sup> The data are taken from the article "Uncovering the Mysterious Veil of Haicang Li's Wealth: An Investigation into SHSG", which was originally published in *China Business Times*, reprinted on Xinhua Net on 26 February 2003, and recorded in the CNKI database.

To answer the question of whether political connections lie behind these honorary titles, we conduct the following analysis from two perspectives: the local government's support of SHSG, and SHSG's contributions to the local government.

#### 4.1.1 Local Government Support for SHSG

##### 4.1.1.1 Taxation and Other Fundamental Resources

In 1987, as a new township enterprise, SHSG was given considerable support by the local government, such as exemptions from product taxes and fixed-asset investment taxes, in the first year of its founding. Subsequently during the years of its development, SHSG enjoyed preferential policies to the full.<sup>16</sup> For example, Haixin Steel Rolling Company, one of three major subsidiaries of SHSG, earned a total profit of 239 million renminbi, while it was exempted from income tax of 79 million renminbi and from fixed-asset investment tax of 87 million renminbi, during the three years before the death of Haicang Li.

SHSG also received many other forms of support from the local government, such as land use rights, electricity, and water supply. In 2002, the government assigned experts to help the group expand its water supply area,<sup>17</sup> but many severe difficulties were encountered in implementing the project. For instance, the ditch was designed to go across several counties, agricultural land, earth graves, and even houses in Shanxi Province. Yet, the government finally enforced the project.<sup>18</sup> As Dong Pengxiang (the party committee secretary of Wenxi County) said in a media interview in 2003,<sup>19</sup> “the deputy county governor was assigned to be in charge of electricity supply and land problems for SHSG, because if SHSG tried to plant the ground poles in farmers' land by itself, the villagers would try to extort the company. We even made the greatest efforts to grant SHSG 299.9 acres of land, which almost reached the ceiling of our provincial authority, which was 300 acres.” Moreover, according to relevant reports,<sup>20</sup> since 1996 Wenxi County had allocated 5 million renminbi to SHSG per year from its fiscal revenue as a reward to encourage the company's growth. In addition, the local government granted financial aid to the 30 external technicians employed by SHSG and the 160 internal skilled workers trained by SHSG.

<sup>16</sup> The data are taken from the article “Behind the Murder Case of Haicang Li”, published in *Life Magazine*, and reprinted by Sohu Net on 10 April 2003.

<sup>17</sup> The data source is the same as in Note 16. We assume that the types of support come from a municipal or provincial government, although the data do not clearly indicate the level of government support.

<sup>18</sup> The data source is the same as in Note 16. According to the reports, in 1996, during its second growth period, SHSG was granted 296 acres of land (almost the annual quota of Shanxi province, 300 acres) by Wensheng Sun, the governor of Shanxi Province. In 1997, the group started its five-year development plan, which was fiercely opposed by local citizens over conflicts concerning land compensation issues. Finally, the dispute was settled jointly by local government entities, including the County Party Committee, the County NPC, the County Government, and the County CPPCC, together with Shuicheng Wang, the secretary of the County Party Committee.

<sup>19</sup> The data are taken from *Family Succession in China-Style*, written by Jianqiang Liu and Jie Bian, and published by CITIC Publishing House in May 2005.

<sup>20</sup> The data source is the same as in Note 16.



#### 4.1.1.2 Support of Bank Loans

SHSG's prominent political connections are also reflected in its support from local banks.<sup>21</sup> During the period 1987 to 1997, the Agricultural Bank of China issued loans of 117 million renminbi to SHSG;<sup>22</sup> by the end of 2002,<sup>23</sup> total credits and mortgage loans received by SHSG amounted to 1.669 billion renminbi, accounting for 40 per cent of its total assets that year. These loans were issued by the Haixin Wenxi Branch of Industrial and Commercial Bank of China, the Wenxi Branch of the Agricultural Bank of China, the Yuncheng Branch of the Industrial and Commercial Bank of China, and other financial institutions in Yuncheng City.

The above analyses thus clearly describe the indispensable role played by the local government in SHSG's development. Telling the story of SHSG in an interview in *Family Succession in China-Style* after Haicang Li's death, Chunyuan Li, his father, said, "Without support from the government, you will accomplish nothing, even if you have infinite talent and energy."

#### 4.1.2 SHSG's Contributions to the Local Economy and Social Development

A prior study (Xia *et al.*, 2005) shows that since the implementation of economic decentralisation reform in China, local governments at all levels have transformed themselves from executive bodies of the central government to independent economic entities. This transformation has given them strong incentives to achieve economic goals through various measures, including building close and interdependent relationships with local enterprises.

According to reports from the Xinhua Net, during the period of the Eighth Five-Year Plan, Wenxi County, where SHSG is located, was well known as a national-level poverty-stricken county. But because of the rapid rise of SHSG, which promoted the development of local interrelated township businesses in the early 1990s, its poverty and backwardness label was later removed, and since 2003 it has consistently ranked first on the list of the top 100 private enterprise tax-payers in China.<sup>24</sup> Dong Town was first to gain huge wealth and prosperity among all the towns in Wenxi County, while Chuankou Village, adjacent to Dong Town, was acclaimed the Best Village in the Eastern River. Table 1 compares key statistical data of Wenxi County for recent years with those of SHSG.

<sup>21</sup> It is easier for companies with political connections to gain access to bank loans in an emerging market, which may be the result either of the government's direct involvement in resource allocation, or of the market's rational response to government intervention. (Sun *et al.*, 2005; Sun *et al.*, 2007; Claessens *et al.*, 2008).

<sup>22</sup> The data are taken from the *Financial Times*, 13 June 1997.

<sup>23</sup> The data are taken from the article "Revealing the Truth of SHSG: 3 Billion in Debt to the Banks", published in *21st Century Business Reports*, 23 February 2003.

<sup>24</sup> The data are taken from the *People's Daily* (14 September 2004) and other media reports.

**Table 1** Primary Statistical Indicators of Wenxi County and SHSG<sup>25</sup>

	Annual Employment (Persons)			Total Annual Pre-Tax Profits (RMB10,000)		
	Wenxi County	SHSG	Ratio (SHSG/Wenxi County)	Wenxi County	SHSG	Ratio (SHSG/Wenxi County)
1999	21318	4600	22%	–	15500	–
2001	26877	7300	27%	47625	–	–
2002	32564	9200	28%	56565	44000	78%
2003	34808	10050	29%	108557	98921	91%
2004	37455	10500	28%	117924	105713	90%
2005	37148	9000	24%	111743	89212	80%
2006	36960	10221	28%	84086	49799	59%

	Industrial Output (RMB10,000)			Annual Increase in Industrial Output (RMB10,000)		
	Wenxi County	SHSG	Ratio	Wenxi County	SHSG	Ratio
1999	327845	132000	40%	78688	–	–
2002	501424	243890	49%	159492	–	–
2003	795155	375191	47%	257325	200134	78%
2004	955658	665899	70%	300899	222429	74%
2005	1119094	755798	68%	366413	249413	68%
2006	1200422	789330	66%	323714	194923	60%

The data in Table 1 show that on average, annual employment by SHSG accounts for over 20 per cent of that of the whole county, and annual pre-tax profits account for almost 80 per cent of the county's fiscal revenue, thus indicating SHSG's significance to the local government.

SHSG has also undertaken many social responsibilities for the local government. According to other data, for more than 20 years since its foundation, SHSG has donated a total of 200 million renminbi to various welfare organisations.<sup>26</sup> In 1997, it invested over 4 million renminbi in public utilities to improve local rural living conditions,<sup>27</sup> such

<sup>25</sup> Statistical data for Wenxi County are taken from the statistical yearbooks of Shanxi Province; data on SHSG (from 2003 onwards) also from the statistical yearbooks of Shanxi Province; data on SHSG for 2002 from the *Shanxi Daily* (31 August 2002), *Chinese Urban Economy* (1 February 2003), and the China News Net (<http://www.chinanews.com.cn/n/2003-03-17/26/283055.html>); data on SHSG for 2001 from the *Shanxi Daily* (31 August 2002); data on SHSG for 1999 from the *Shanxi Development Herald* (1 September 1999) and the article "Resurgence of SHSG" (originally published in *Reporters' Observation* in April 2001). Reports from the *Shanxi Daily*, *China Urban Economy*, and the *Shanxi Development Herald* are also included in the China InfoBank, while "Resurgence of SHSG" is included in the CNKI database.

<sup>26</sup> The data are taken from the article "The Culture of SHSG: A Big Win is More than Profit", originally published in *The Economy* (No. 12, 2008) and included in the CNKI database.

<sup>27</sup> The data are taken from the *Financial Times* (13 June 1997) and included in the China InfoBank.

as water conservancy, transportation, culture, and education, and donated more than 8 million renminbi to the Shanxi Charitable Institution in 2001 and 2002.<sup>28</sup> In 2004, SHSG contributed 1 million renminbi for building an 8 kilometre cement road that linked up three mountain villages.<sup>29</sup> As local residents said, “In Wenxi County, two out of three meals per day are provided by SHSG”.<sup>30</sup>

But although the personal connections between the owner of SHSG and local officials have been important, the local government has built its relationship with SHSG based more on the firm’s performance and its long-term capacity to contribute to the development of the local economy. In other words, the relationship is impersonal.

## 4.2 Political Connections, Family Succession, and Firm Performance

### 4.2.1. Political Connections and Family Succession

It was reported<sup>31</sup> that after the death of Haicang Li, the company had three competing candidates for his post: Tianhu Li, Cunhai Xin, and Zhaohui Li. Tianhu Li was the fifth younger brother of Haicang Li and a graduate of North China Electric Power University. Having resigned from the local electric power bureau in March 1993, he was appointed assistant general manager of SHSG in October 1996, and then general manager in 2000. Cunhai Xin was the co-founder of SHSG and served as vice chairman of the group and party secretary of the Party Committee at that time. Zhaohui Li was the son of Haicang Li and at that time was a sophomore student in Australia, where he had gone to study while in high school. It was obvious that both Tianhu Li and Cunhai Xin were more experienced and qualified than Zhaohui Li to be elected general manager or chairman of the group. But after negotiations between the Li family and the local government, Zhaohui Li was elected group chairman instead, and within six months of his taking up the post, the other two candidates had been driven out of the group. This meant that Li became actual controller of the group. But although officially it was declared that Li had been appointed successor for stabilising the group’s future performance after the death of the founder, a more fundamental reason is that he had inherited 90 per cent of the group’s shares, which outweighed his disadvantages. As described previously, the relationship between SHSG and the local government was both delicate and impersonal, and it was difficult to accurately price and transfer that relationship to professional managers. Hence, Li’s succession was a rational choice for retaining the non-transferable relationship, which was considered to be a specific asset. As shown in the following analysis, instead of suffering a significant decrease, firm

<sup>28</sup> The data are taken from the article “The Third Round Distribution: A Main Access to a Harmonious Society”, originally published in *Theories’ Digest* (No. 6, 2006), and reprinted in *Institutional Reform* (No. 3, 2007).

<sup>29</sup> The data are taken from *Shanxi Daily* (24 December 2004), included in the China InfoBank.

<sup>30</sup> The data are taken from *The Economic Observer* (27 January 2003), included in the China InfoBank.

<sup>31</sup> The data are taken from *Family Succession in China-Style*, written by Jianqiang Liu and Jie Bian, and published by CITIC Publishing House, May 2005.

performance in fact increased after Li took over management. This raises the question, was Li elected CEO and chairman of the group because of his management skills, or because he inherited ownership? We argue that as a 22-year-old college student without any work experience, Li's management skills were not provable before the succession, even if he was qualified in terms of management skills. Therefore, we presume that his 90 per cent shares and the impersonal relationship attached to them were the major determinants in the family succession.

#### 4.2.2. Family Succession and Firm Performance

SHSG's vital importance to the local government adds impersonal characteristics to the political connections between them. In accordance with the above theoretical analysis, we expect that the firm's performance will remain almost the same after succession.

Table 2 presents the firm's tax-burden ratios and asset-liability ratios for recent years to show up any changes in the value of the firm's political connections after the succession.

**Table 2** Tax-burden Ratios and Asset-Liability Ratios of SHSG<sup>32</sup>

	Total Taxes Paid (RMB10,000)	Business Income (RMB10,000)	Tax-Burden Ratio	Total Liability (RMB100,000,000)	Total Assets (RMB100,000,000)	Asset-Liability Ratio
1998	3377	118000	2.9%	–	–	–
1999	4528	–	–	–	7.1	–
2001	–	–	–	10.23	30.0	34%
2002	11800*	243890	4.84%	16.1	40.0	40%
2003	28000 <sup>33</sup>	577165	4.85%	22.3	50.5	44%
2004	22756	680633	3.34%	25.5	57.2	45%
2005	55500	744079	7.46%	34.7	66.8	52%
2006	42000	779453	5.39%	47.4	82.9	57%
2007	66000	1023790	6.45%	50.9	112.8	50%

Notes: \* denotes that internal revenue data are used owing to data unavailability.

<sup>32</sup> The tax burden ratio is measured approximately as the ratio of paid taxes to operating income. Data on SHSG for 1999 are taken from the *Shanxi Development Herald* (1 September 1999), *Shanxi Daily* (19 April 1999), and the article "Resurgence of SHSG", which was originally published in *Reporters' Observation* (April 2001); data on SHSG for 2001 from *Shanxi Daily* (31 August 2002); paid taxes data for 2002 from *China Industrial Economy News* (19 November 2004); operating income data on SHSG for 2002 from *China Urban Economy* (1 February 2003); total assets and liabilities data of SHSG for 2002 from the article "Revealing the Truth of SHSG: 3.0 Billion in Debt to the Banks", which was originally published in *21st Century Business Reports* (23 February 2003); financial data on SHSG (total assets, liabilities, and operating income) during the period 2003 to 2006 from the Qin database; data on total tax paid for 2003 from *China Industrial Economy News* (19 November 2004); data on total tax paid for 2004 from *Guangzhou Daily* (11 September 2005); data on total tax paid for 2005 from *Shanxi Shangbao* (13 January 2006); data on total tax paid for 2006 from *China Information* (4 June 2007); data on total tax paid for 2007 from *Economic Daily* (18 November 2008). Reports from the *China Industrial Economy News*, *Shanxi Shangbao*, *China Information*, *Shanxi Development Herald*, *China Urban Economy*, and *Guangzhou Daily* are all included in the China InfoBank.

<sup>33</sup> According to *Shanxi Daily* (22 July 2004), the total amount of paid taxes and the tax burden in 2003 should be 203.04 million renminbi and 3.52 per cent, respectively. The results will not be significantly affected by this adjustment.

The data show that the local government did not impose a heavier tax burden on SHSG after the death of Haicang Li.<sup>34</sup> The slight and stable rise in the firm's asset-liability ratio also indicates that neither the suppliers nor the local banks reacted negatively to the succession.<sup>35</sup> Moreover, it is reported that SHSG had been a major customer of the local banks since the succession in 2003.<sup>36</sup> In sum, the value of the political connections appears to have been ably retained after the succession.

By reference to the ratios of Hangzhou Iron and Steel Ltd (a well-matched company by total assets) and industry averages, Table 3 presents the major financial ratios of SHSG.

**Table 3** Major Financial Indicators of SHSG<sup>37</sup> (RMB1000)

	1998	1999	2002	2003	2004	2005	2006	2007	2008
Panel A: SHSG									
Total Assets	–	71000	400000	5046720	5718303	6684508	8292385	11280630	11887880
Net Profits	7016	11000	41300	462030	493265	478510	77264	2295538	–
Operating Income	–	145000	242800	5762224	6606328	7440793	7794527	10215792	12005850
ROA (%)	–	15.49	10.33	13.59	9.04	7.16	1.55	20.35	–
Profit Margin (%)	–	–	–	13.36	9.90	8.73	4.16	7.53	–

<sup>34</sup> As reported in the article “Implications for SHSG” (*Sohu Finance*, 2 July 2009), when Anpang Wang (Mayor of Yuncheng City), Jianxi Zhang (Vice Mayor), and other city officials visited SHSG on 20 May 2009, Wang recommended that related departments should actively participate in the settlement of SHSG's difficulties, such as alleviating the shortage of working capital, getting approval for new projects, bidding on land, and especially postponing the payment of the company's fees and taxes.

<sup>35</sup> Since SHSG is a non-listed company, detailed financial information is not available. Its restricted operating capital (current assets minus current liabilities) was 210, 620, -240, -430, and -1410 million renminbi, while current assets were 167, 242, 250, 354, and 323 million renminbi, from 2003 to 2007, respectively. These figures suggest that the company could easily obtain credit from its suppliers and local banks. Also, according to data from the Qin Database, SHSG's leverage remained stable at 50 per cent, and its working capital (current assets excluding inventory) and its current ratio were 810, 690, 790, 890, and 640 million renminbi, and 55.92 per cent, 55.41 per cent, 48.08 per cent, 42.82 per cent, and 54.89 per cent, from 2003 to 2007, respectively. The above figures indicate a stable debt and credit financing ability.

<sup>36</sup> On 1 April 2007, *City Financial News* reported that the Shanxi Wenxi Branch of China Industrial and Commercial Bank had reinforced its relationship with SHSG, which was one of its biggest clients. On 14 May 2004, *China Business Times* reported that the Taiyuan Branch of Shanghai Pudong Development Bank invested 300 million renminbi in SHSG and other large and medium private firms. On 20 July 2005, *Shanxi Economic Daily* reported that the Yuncheng Branch of the Bank of China firmly strengthened its relationship with SHSG and three other key clients. On 27 March 2005, the *Shanxi Daily* reported that the Taiyuan Branch of Huaxia Bank participated in key projects of some large enterprises including SHSG. On 15 October 2004, *Shanxi Economic Daily* reported that the Shanxi Branch of the Bank of China offered sufficient financial support to major clients including SHSG. Reports from *City Financial News*, *China Business Times*, *Shanxi Economic Daily*, and *Shanxi Daily* are all included in the China InfoBank.

<sup>37</sup> The data source is the same as in Note 32. The net profit of SHSG for 2007 is replaced by its total profit. The data for 2008 are quoted from the Statistics Table of the Chinese Companies with operating income and total assets above 5 billion renminbi, as covered in the *Chinese Large Enterprise Groups Database*, published in 2009 by China Statistics Press. Data on Hangzhou Iron and Steel Company (code 600126 on the Shanghai Stock Exchange) and other listed companies in the steel industry are taken from the Wind Database.



	1998	1999	2002	2003	2004	2005	2006	2007	2008
Panel B: Hangzhou Iron and Steel Ltd (Code: 600126)									
Total Assets	292732	250661	387689	464754	547965	716321	843628	886311	880766
Net Profits	16759	22799	28699	54388	69288	23642	23175	37487	5722
Operating Income	265510	307397	516575	747153	995503	987271	1280239	1628102	2206138
ROA (%)	9.85	11.05	12.08	18.54	21.11	6.54	6.16	7.98	2.62
Profit Margin (%)	8.18	10.19	8.75	10.88	10.71	3.27	3.48	3.74	0.81
Panel C: Industry Average (Ferrous Metal Smelting and Pressing Industry, CSRC classification)									
ROA (%)	10.81	10.16	9.05	13.01	14.23	9.00	9.60	10.54	4.07
Profit Margin (%)	8.21	7.95	8.22	10.87	8.79	5.65	6.69	7.46	3.54
Panel D: Industry Average (Iron and Steel Industry, Wind Classification)									
ROA (%)	11.16	10.03	8.22	11.76	12.54	8.53	9.49	10.35	4.75
Profit Margin (%)	8.95	8.78	8.35	10.34	8.23	5.48	6.42	7.07	3.99

Notes: We remove specially treated companies from the industry. We calculate the returns on assets (ROAs) of SHSG provided by the Qin Database as earnings before tax over total assets, but the ROAs of comparative data as earnings before interest and tax to total assets. With respect to the stable trend of asset-liability ratios shown in Table 2, the actual ROAs of SHSG should be a little higher than those shown, but the growth trend of ROAs will not be affected. We approximately calculate operating profits from the Qin Database by subtracting operating expenses, financial expenses, administrative expenses, and selling expenses from operating income.

As Table 3 shows, the company's performance suffered no significant decline after the family succession. According to the national statistics of companies with both total assets and operating income above 500 million renminbi, SHSG's total assets and operating income increased by 200 per cent to 12 billion after 2002. Although its net profits and total assets declined in 2006, this was caused mainly by a sharp increase in the costs of its inputs.<sup>38</sup> Meanwhile, in Hurun's list of the top 100 entrepreneurs (Table 4), the total assets of SHSG rose from 1.6 billion renminbi in 2002 to 10 billion renminbi in 2009; in other words, total assets doubled within seven years. Furthermore, compared with listed companies in East Asian countries, which have been shown to incur on average a 60 per cent loss in firm value after a family succession (Fan *et al.*, 2007), we observe that the firm value of SHSG shows no significant decline after the family succession, consistent with our second hypothesis.

<sup>38</sup> SHSG's operating profit margins were 14, 11, 10, 5, and 10 per cent from 2003 to 2007, respectively, which could likely be attributed to the increase in input prices. According to the Qin Database, the cost of inventory was 750 and 980 million renminbi, and the operating income 7.4 and 7.8 billion renminbi from 2005 to 2006, respectively. As reported by the *Shanxi Economic Daily* on 25 April 2006, the long-term agreed price of iron ores of SHSG rose by 71.5 per cent in 2005. In 2007, the substantial increase in the company's operating income was attributed mainly to a sharp increase in its investment profits, from 1.5 billion renminbi in 2007 to 2 billion renminbi in 2009 (*Southern Weekly*, 3 June 2009). Constrained by data availability, we cannot rule out the possibility of earnings management.

**Table 4** Statistical Table of Hurun's Top 100 Companies

Year	Rank	Total Assets (RMB1,000,000,000)	Rank in the Iron and Steel industry
2002	27	16	–
2003	19	24	–
2004	19	30	–
2005	13	55	–
2006	56	40	6
2007	78	85	10
2008	32	125	5
2009	59	100	5

## V. Conclusions

In this case study of SHSG, we find that impersonal political connections are a rational arrangement in China's unique institutional environment. Because it is difficult to accurately price such connections and transfer them to professional managers owing to high measurement and enforcement costs, family succession becomes an optimal choice for retaining this valuable asset. Moreover, unlike personal political connections, the value of impersonal connections will not be impaired by a succession. This paper thus not only provides a new theoretical explanation for the insignificant relationship between family succession and company performance, but also indicates that family succession makes it possible to retain political connections within the firm.

But although our results in the case of SHSG are consistent with our theoretical predictions, this study is inevitably confined by the inherent limitations of case studies. Hence, the conclusions should be used carefully. We also rely upon some speculations in this study, such as tax exemptions, bank loans, and employment, which we adopt as evidence for the existence of strong political connections. The reliability of the measurement thus needs to be proved with further anecdotal or empirical evidence.

## References

Please refer to pp. 60-63

## Appendix

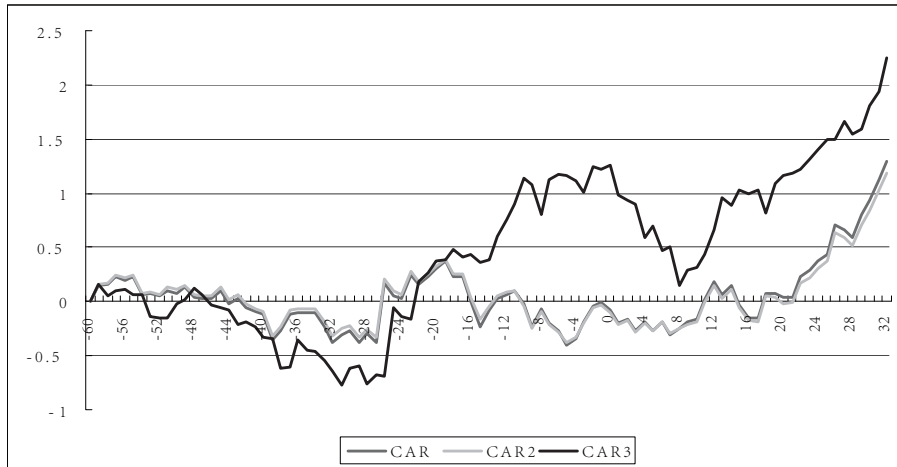
Founded in 1984, TDG Holding Co. Ltd has grown in 20 years from a township plant with a dozen employees to one of China's largest export bases of soft ferrite magnetic materials. In 2001, TDG was listed on the Shanghai Stock Exchange as the first listed company directly held by natural persons. Its chairman, Guangxue Pan, served as a committee member of Haining CPPCC for a number of years, and as vice president and honorary president of the Industrial and Commercial Association of Haining City.

The company's strong political connections can be demonstrated in two respects. First, the company received adequate support from the local government during its development. According to reports from the *China Securities Journal*, in 1994 the company jointly carried out with the local government reforms on transforming the shareholding system. During the reforms, the company received ample resources, including licenses, land, and bank loans. And in accordance with the company's letter of intent on seasoned equity offerings issued in January 2005, it enjoyed policies of tax exemption, credit, and refunds, and financial subsidies of 123 million renminbi from the government, accounting for 13.25 per cent of the company's total revenue for the three years from 2001 to 2003. At the same time, as one of the four listed companies in Haining, the company also played an essential role in developing the local economy. According to a report from Zhejiang Taxes Net (website: [www.zjtax.gov.cn](http://www.zjtax.gov.cn)), from 2002 to 2005 the group ranked among the top 400 tax payers in Zhejiang Province in the 147th, 196th, 192nd, and 316th positions, respectively. During these years, the company became a pillar for Haining's economic growth, and Guodian Town was titled the National Top Town for Soft Ferrites (People's Net, website: [www.people.com.cn](http://www.people.com.cn)). In summary, similar to SHSG, the company has enjoyed a close relationship with the local government.

But because of the enterprise's strong links with the local government, the possibilities for ownership transfer in a free market were reduced, and so after the death of Guangxue Pan on 1 March 2008, his eldest son took over the business. Similarly, the company suffered no significant operating losses after the succession. Following Fan *et al.* (2007), we calculate TDG's monthly cumulative rate of return (Figure 1 shows the results). Unlike family firms in Hong Kong, Taiwan, and Singapore, which on average experience a 60 per cent decrease in firm value (Fan *et al.*, 2007) after a succession, to date TDG's performance has actually risen by more than 30 per cent since five years before the succession.

In short, the case of TDG further supports our hypothesis: When companies have strong political connections, they are more likely to choose a family succession, while the value of the firm will afterwards remain almost the same.

**Figure 1** Monthly Cumulative Excess Rate of Return Adjusted by Market Return



- Notes: (a) CAR1 is the monthly cumulative excess return adjusted by the yield rate of the Shanghai A-Share Market Index (market capitalisation weighted average); CAR2 is the monthly cumulative excess return adjusted by the return of the Composite A-Share Market Index (market capitalisation weighted average); CAR3 is the monthly cumulative excess return calculated without adjustments for market return.
- (b) Fan *et al.* (2007) calculate the monthly cumulative returns within a window of five years before to three years after the succession, whereas we adopt a testing window for TDG shares (code: 600330) of five years before the founder's death (March 2003) to November 2010, which is about 2.7 years after the succession.