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## The character analysis of the board of directors of the listed companies in Liaoning

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### Abstract

The board of directors is the core and key of corporate internal governance, its characteristics and quality determine the level and development of corporate governance. The governance efficiency of the board of directors which listed companies in Liaoning province determines the development of Liaoning's economy. Meanwhile, it also affects the success or failure of whether we can revive the old industrial base in the northeast China again. The paper takes the characteristics of the board of directors of Listed Companies in Liaoning Province as the object of study, it analyzes systematically about the scale of the board of directors, the scale of independent directors, the board of directors shareholding and the feature of meetings. The study finds that the scale of the board of directors and the scale of independent directors are lower, and the level of the board of directors shareholding has great difference and other problems. Based on those problems, there are many relevant improving suggestions put forward.

### Keywords

Liaoning, Listed Companies, Board Characteristics.

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### 1. The general situation of listed companies in Liaoning province

The author obtained the management data of the listed companies in Liaoning in 2015 from CCERDATA economic and financial database. The collection and analysis of the data show that there are 72 listed companies in Liaoning as of Dec. 31, 2015 in which there are 29 companies listed on the Shanghai Stock exchange and 43 companies listed on the Shenzhen stock exchange. From the perspective of market 59 enterprises listed on the main-board market, while 13 enterprises listed on SME board (small and medium enterprise board). In terms of location, the number of the listed companies is the largest in Dalian, which has 26 in total accounting for 36 percent, and then is Shenyang which has 22 companies accounting for 31 percent. The third ones are Anshan's seven companies, Jinzhou's three companies, and Fuxin, Yingkou, Huludao, Dandong, Liaoyang their respective two companies. Therefore, we are able to get the conclusion that the listed companies are mainly located in Dalian and Shenyang. In addition, analysis of industry attributes, manufacturing accounted for 61 percent. Followed by wholesale, retail and electric power production and supply each of 7. The rest of the enterprises are scattered among agriculture, forestry, animal husbandry and fisheries, transportation, public facilities management, professional and technical services, software and information services, real estate and news publishing. Those show that the characteristics of heavy industry economy and old industrial base in Liaoning are obviously. There is a lack of high-tech elements in economic development.

## 2. Liaoning listed board characteristics

The board of directors is the decision-making body of the company. The efficiency of corporate governance is determined by the high low decision making efficiency and right or wrong decision. It also determines the future of the company, decision-making efficiency is often influenced by the characteristics of the board. This feature includes the size of the board, the number of board meetings, the number of independent directors and the level of remuneration of the directors independent director compensation level, directors' shareholding and many indicators (Meng Zhengui 2013). The specific analysis is as follows.

### 2.1 Board size

The board size means the number of board members, once the BSIZE is too small, there will be insufficient width of knowledge problem with internal controls and management centralization, etc. While the BSIZE is too large, it may exacerbate agent problems slowing down the decision-making speed. It can also lead to the redundancy of board members, resulting a lower management efficiency. Data show that 13 companies listed on small and medium enterprises board didn't set up board of directors beyond that the biggest is northeast Pharmaceutical have 14 people, the lease is HNA investment has 2 people, the average size of board is 5 people. From the perspective of industrial property manufacturing is much bigger. Board of directors relatively speaking, news publishing industry public facility management and several companies' the size of board of directors are below the average. The reason for this characteristic is necessary mainly from the firm size. Literature research indicate that a positive correlation between the size of the company and the characteristic, the research conclusion just proved this feature.

### 2.2 Scale of independent directors

The independent directors are independent of the shareholders of a company and not in the company internal, and with the company or companies operating managers don't have an important business contact or professional contacts, and make independent judgments of the director of corporate affairs. In China, since 2002 for the construction of the independent director system of listed companies, for at least two independent directors of listed companies. So far, the construction have made a lot of remarkable achievements, in addition to small and medium-sized enterprises board listed 13 companies in Liaoning don't have independent directors, the remaining 59 companies all introduce the independent directors. The highest number of them up to 9, who are HNA investment, Fushun special steel and Feng He animal husbandry. The lowest number is 2, respectively is the dimension of Orville communication and Liaoning Cheng Da and the average number is 4.

### 2.3 Board ownership

The board of directors of shareholding can make the overall interests orientation and other shareholders of the target, and thus enhance the efficiency of supervision and decision of the board of directors incentives, which pay more attention to the management of defects and loopholes, so the board of directors holding the larger proportion of the value of the company growth space will be larger, there is a positive the relationship between the two (Bo Lan, Yao Haixin, 2012).

Data shows that Fushun special steel, Jinbei Automobile and other directors of 29 listed companies in Liaoning will not hold shares in the company, the board of directors of the company shareholding ratio is also uneven, far Sen shares the highest proportion, 66%, the Shenyang machine tool the lowest percentage is 0.0001%, the average holding ratio of 16.32%, higher stake in the manufacturing sector and state-owned enterprises.

### 2.4 Board meeting

The board meeting refers to the meeting of the board of directors within the scope of their duties, presided over by the chairman of the board, studies the important matters and emergency decisions of

the company, and may invite relevant departments and relevant personnel to attend according to the topic. At present, the meeting of the board of directors has two forms of traditional meetings and meetings held by means of communication. The author combines the two forms of meetings with statistical data as shown in table 1. Data show that: the average number of board meetings held by Listed Companies in Liaoning is 15 times, and the concentration interval is 10-19 times, accounting for 53% of the total number of companies. The largest number of meetings is Anshan Iron and Steel shares, up to 34 times, mainly because the company involves many high-level changes, strategic restructuring and other major issues.

Table 1. The frequency distribution of The Times of the 2015 board meeting of listed companies in Liaoning province.

Frequency interval	Four times following	Five to nine times	Ten to fourteen times	Fifteen to nineteen times	Twenty to twenty-four times	Twenty-five to twenty-nine times	More than thirty times
Company quantity	One	Sixteen	Twenty-three	Fifteen	Nine	Six	Two

### 3. Improvement Suggestions for Liaoning listed company's board of directors

#### 3.1 Reasonable control of board size and optimization of institutional structure

According to the development of the company size and reasonable set the board size, although the size of the board of directors are not strictly defined, but the size of the board of directors of the company governance has important significance. Therefore, in the development process, the enterprise should adjust the size of the board according to the continuous development of the enterprise.

The board is the key to the internal structure of the company and the core of the company's system. Different board governance mode and system design, the rationality, independence of the board of directors has great influence on the impartiality of the scientific decision, thus to build a high efficient and reasonable model to perfect the corporate governance of board governance plays an important role. Since China adopted a company system reform to the present, China's board of directors have a lot of improvement in such aspects as construction system, for example, through the network voting and cumulative voting system, to ensure that the directors of small and medium-sized shareholders the right to vote; To effectively promote the smooth operation of the board through the board of directors; Through the board of directors and the independent board of directors, the board of directors shall strengthen the independence of the board of directors and strengthen the corresponding obligations and responsibilities of directors through the supervision system of directors' responsibility.

#### 3.2 Reasonable control of board shareholding ratio

Because directors elected from the shareholders, and the number of shares for holdings of MPS, resulting in only when the shareholding reaches a certain degree can join the board of directors, which makes voting meaningless, useless, so it is easy to appear one person or several people holding too much. Reasonable regulation of the ownership of the board of directors, I think should be lowered to join the board of directors of shareholding limit, try to let more people holding but at the same time should pay attention to avoid the phenomenon of "a dominant". To create a marketable appointment and removal mechanism for directors.

#### 3.3 Improve the management system of board meetings

The board of directors has important significance on the formulation of the decisions of the company, the company should establish a perfect management system of regular meetings of the board of directors, the board of directors held, in strict accordance with the relevant provisions of the company law of China was held in the board of directors. To avoid the meetings of the board of directors form, clear responsibilities of the board, improve the level of scientific decision-making of the members of

the board of directors of a company, achieve development; increase the frequency of the meetings of the board of directors to strengthen the board of independent directors, especially the communication between, so as to improve the quality of the meetings of the board of directors, the meeting of the board of directors to avoid formal and empty the meetings of the board of directors; refinement of management, participants and opinions of each Director suggested to record and assessment, and as the basis for rewards and punishments; appropriate to extend the meetings of the board of directors will, let directors have enough time to discuss important issues, so as to improve the quality of the meetings of the board of directors.

In short, the development of the board of directors plays an important role in the development of the company, based on the Liaoning board of directors of the listed company to carry on the data analysis, found that many problems of directors of Listed Companies in Liaoning province will exist, I believe that these problems in the country and foreign enterprise's board of directors has. Manage the board of directors that develop the enterprise well, then have a strong boost to the development of the whole enterprise.

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