

Research on the Separation Model of Three Powers in the Reform of Public Gymnasiums to Enterprises in China

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Abstract: Sports is a model of the country's comprehensive strength and soft power. Large-scale public gymnasiums play a cradle role in competitive sports. Small and medium-sized stadiums and gymnasiums have become the position of mass sports fitness. The consumption characteristics of large and medium-sized public stadiums and gymnasiums have derived the demand of sports industry investment. By using the method of documentation, this paper systematically analyses the institutional background, motivation and dilemma of the reform of public stadiums and Gymnasiums in China, puts forward the idea of the separation of three powers in the reform of public stadiums and Gymnasiums in China, and then provides a scientific governance model for the reform mode of public stadiums and Gymnasiums in China.

1. Introduction

Sports is a model of the country's comprehensive strength and soft power. Under the upsurge of reform and opening-up and economic globalization, profound changes have taken place in China's politics, economy and culture. The national policy system of reform and opening-up has led China's economy to a channel of rapid development. The upsurge of globalization economy has realized the road of cities and towns encircling rural areas in China, making China complete the goal of industrialization and urbanization with socialist characteristics in a short period of time. Reflected in the field of sports culture, the preparation of a large number of large stadiums and gymnasiums to host intercontinental and international sports events has become a manifestation of economic strength. At the same time, rapid urbanization and urbanization on the one hand freed the residents from heavy physical labor and introduced their leisure life into the leisure time; On the other hand, the government has increased the effective supply of public sports products in cities and invested in the construction of various small and medium-sized sports venues to meet residents' leisure and fitness needs in the process of urbanization. As a result, large-scale public stadiums and gymnasiums have played a cradle role in competitive sports. Small and medium-sized stadiums and gymnasiums have become positions for mass sports and fitness. The consumption characteristics of large, medium and small-sized public stadiums and gymnasiums have generated the demand for investment in the sports industry.

The demand for public stadiums and gymnasiums investment originates from the problems of insufficient fitness space, low management efficiency and operating pressure under the suburb of large stadiums and gymnasiums caused by the rapid development of economy and the focus of population resources on cities. Therefore, with the continuous expansion of the national fitness population and the deepening of the contradiction between supply and demand, the reform mode of public stadiums and gymnasiums into enterprises has gradually become the consensus of development. However, public stadiums and gymnasiums are professional stadiums that provide public sports products and services. In terms of ownership, professional stadiums and gymnasiums are institutions that hold state-owned assets. The management of state-owned assets implements the "Administrative Measures for the Management of State - owned Assets in Administrative Institutions". The core is to realize a win-win mode of preserving and increasing value and economic benefits. Public institutions are the suppliers of public sports products, which reflect public welfare and social benefits. This shows that public sports venues emphasize public welfare

and social benefits in operation, and also take into account the function of preserving and increasing value of public sports venues. This kind of management mode, for the investors who turn public stadiums into enterprises, in turn, they often put the pursuit of profit maximization in the important position of operation. This has led to the alienation of the demands of stakeholders in the reform of public stadiums and gymnasiums and the resulting dilemma of how to efficiently match the operation ownership, management right and supervision right. Based on this perspective, with the support of the sports industry, the author tries to put forward an exploratory three-power separation model for the transformation of public stadiums and gymnasiums into enterprises in China, i.e. introducing and applying modern enterprise system, breaking the old management system of public stadiums and gymnasiums, and innovatively constructing a scientific management model of separation of ownership, management and supervision rights of public stadiums and gymnasiums, which is undoubtedly of great practical significance.

2. Interpretation of Current Situation of Operation and Development of Public Sports Venues at Home and Abroad

2.1. Research on the Operation and Development Trend of Foreign Public Sports Venues

In recent years, the research on public stadiums in developed countries in Europe and the United States is no longer confined to static characteristic attribute discussion and definition concept development, but gradually begins to enter the research field of dynamic process mainly focusing on operation and business model. The essence of the separation of the ownership and management rights of public sports venues is to create new business models to provide products and services to meet the social needs that the existing policies and systems cannot meet. Under the foundation stone of the inherent property of the ownership of public sports venues, the market mechanism is a replacement.

At present, the research on the operation mode of public stadiums abroad mainly focuses on two directions: A. Research on the management mode of public stadiums' asset ownership. David Osborne [1] analyzed entrepreneurship and the reform of the government public sector according to the problems of mixed power and low efficiency of the public sector, and proposed to carry out a market-oriented reform of the public sector sports facilities asset system. B. research on the operation mechanism of public sports venues. David Osborne [1] believe that one of the trends in the management of public sports facilities and stadiums is privatization. Privatization has become a common way to reduce operational risks. Gao Junxiong [2] translated by Robin Amon Jr.'s "Sports Venue Event Preparation and Risk Management" and combined with a large number of practical cases, it analyzes the mode of competition planning and commercial operation mechanism of public sports venues in the United States, and points out that the maintenance and orderly operation of public sports venues depend on the commercial mode, and this operation mechanism will reduce or even eliminate government investment and subsidies.

The research of foreign scholars on the operation mode of public stadiums is generally narrow in scope, but the above research provides a useful reference for us to dig out the successful genes of the operation of public stadiums and to construct an analysis framework for the transformation of public stadiums into enterprises.

2.2. Review of the Reform and Development of Domestic Public Sports Venues

With regard to the research on the reform of public stadiums and gymnasiums, there are nearly 500 theses, journal articles and monographs on the reform of public stadiums and gymnasiums in the past 20 years. Through sorting out the reform process of public stadiums and gymnasiums in various provinces and cities in China, there are mainly three model models that can be actively used for reference: a. Ningbo public stadium and gymnasiums operation reform model. Family Planning Bo [3], deputy director of Ningbo Sports Center, pointed out at the forum of China Sports Venues Association that after years of reform and exploration, Ningbo's public sports venues operation reform modes are mainly divided into three types: entrusted operation, co-operation with state-

owned enterprises and establishment of corporate operation by public institutions. Entrusted operation mode breeds the problem of weak supervision in contract performance. The mode of operating public stadiums and gymnasiums jointly with state-owned enterprises suffers from coordination risks and poor management caused by the consistency of ownership of state-owned assets. The operation mode of setting up specialized companies for public stadiums and gymnasiums is limited by the post establishment and personnel recruitment system of public institutions, which presents the problem of difficult recruitment of specialized operation talents, resulting in low operation efficiency. Family planning wave believes that the running water way to introduce the reform of public stadiums and gymnasiums is the separation of ownership, management rights and supervision rights. B. Beijing Public Sports Venues Operation Reform Model. Ma Li [4], deputy director of the Dongcheng District Sports Bureau in Beijing, believes that public stadiums and gymnasiums are institutions that hold state-owned assets, have no autonomy in personnel system recruitment, implement the “total wage control” mode in the financial system, and cover multiple management constraints such as the Sports Bureau, the Finance Bureau, safety supervision and health supervision, resulting in a serious shortage of public sports products in public stadiums and gymnasiums in Beijing. Ma Li believes that public stadiums and gymnasiums need to be commercialized in order to meet diversified market demands. Yan Guang [5] analyzed the definition, resource utilization and operation status of small and medium-sized common stadiums and gymnasiums, and conducted comparative analysis. Hubei public stadiums and gymnasiums were transformed into enterprise operation reform mode. Jiang Jinkui, deputy inspector of Hubei Sports Bureau and director of Hubei Hongshan Sports Center, summarized the concept of modern enterprise system, the necessity of its introduction and its effects. Combining with the experience of the reform of public sports stadiums in Hubei Province, a separation model of management and operation rights of public sports stadiums was established.

According to the analysis of the above research results, in recent years, Chinese government managers and scholars have paid active attention to the current situation and reform direction of public stadiums, summarized their development experience, and discussed some important issues such as the operation reform mode of public stadiums.

3. An Overview of the Reform of Public Stadium to Enterprise in China

3.1. Motives for the Reform of Public Stadium in China

The motive force for the transformation of public stadiums and gymnasiums into enterprises in China stems from the interaction between the contradiction between the demand and supply of public sports products and the lagging operation mode of public stadiums and gymnasiums. On the one hand, the continuous fitness needs of urban residents have led to the problems of difficulty in booking public stadiums and insufficient supply capacity of sports services and products. On the other hand, the public stadiums and gymnasiums’ support and attention to changes in exploration, policies and reform monitoring have made it possible to meet the demand contradiction. These two forces constitute the dynamic mechanism for the reform and innovation of the separation of the three powers of public stadiums and gymnasiums. Specifically, the power mechanism includes the original triggering power and actuating power. Trigger Power For the operators in the mode of separation of the three powers of public stadiums and gymnasiums, the full demand potential of consumers means the vitality of the market, which is worth investing a lot of resources and pursuing continuously. For the owners of public stadiums and gymnasiums, the large-scale intervention of the operators is conducive to maintaining and increasing the value of state-owned assets and improving the quality of public sports services and products. After the public stadium management entered the market competition environment, the management function was effectively cut off, the capital manager obtained the possession and control power of the public stadium resources, making the management and decision-makers become the legal entity with independent management, self-financing, self-restraint, and fair development, reducing the confusion of government-enterprise separation and multi-head management, thus completing the enabling drive of the capital manager

to pursue the management power on the intention drive.

3.2. Analysis of Difficulties in the Operation Reform of Public Sports Venues in China

At present, the vast majority of public stadiums and gymnasiums in China are funded by central or local financial allocations, government subsidies or sports lottery welfare funds. Therefore, the ownership of public stadiums and gymnasiums is “state - owned assets” and the operation modes are mainly divided into: government special financial allocation, co-operation with state-owned enterprises, establishment of corporate operation by public institutions and entrusted operation mode.

3.2.1. The Government’s Special Financial Allocation Model

The government’s special financial allocation mode is mostly oriented to the operation of large, medium and small public sports venues in all districts and counties of China. In terms of personnel system, it belongs to the balance allocation unit. Staffing is approved by the editorial office. The system of recruiting staff is based on the “examination on every entry” system organized by the Human Resources and Social Security Bureau. In the financial system, the “total wage control” method is implemented, that is, the total amount of labor remuneration paid directly to all employees of the unit within a certain period of time. This mode of financial payment brings several constraints to the operation of public stadiums and gymnasiums. First, the total wage is controlled by an 8 - hour workload, while the average opening time of stadiums and gymnasiums is 14 hours. Second, according to the Labor Law, the remuneration beyond the 8 - hour workload will bring legal confusion. Third, the staffing level is determined according to the posts and is not based on the working time limit, which directly limits the possibility of increase and expansion. Obviously, this kind of government special financial allocation system in reality and China’s continuous upsurge of national fitness constitute a more intense conflict between supply and demand, and through the investigation of government financial allocation mode is an important channel of funding sources for large, medium and small public sports venues in China.

3.2.2. Cooperation with State - owned Enterprises and Establishment of Corporate Operation Mode in Public Institutions

The mode of co-operation with state-owned enterprises and establishment of corporate operation by public institutions is mainly applied to competition-type stadiums or large-scale comprehensive stadiums in universities. The biggest difficulty in the transformation of such public stadiums into enterprises is the ambiguity of the management power boundary caused by the consistency of all ownership rights. Taking the corporate operation mode established by public institutions as an example, the registered companies of public institutions operate the public stadium resources independently, retain the ownership attribute of the state-owned assets of public stadiums and gymnasiums, endow the management rights with relatively independent rights, and realize the mutual separation and parallel of ownership and management rights within the public institutions, so as to improve the market operation efficiency of public stadiums and gymnasiums and complete the function of increasing the value and preserving the value of the state-owned assets. However, in essence, in the management of state-owned assets, institutions must implement the “Administrative Measures for the Management of State - owned Assets of Administrative Institutions” (hereinafter referred to as the Measures). The Measures stipulate that “the income from the rental and lending of state-owned assets must be turned over to the finance at the same level, and must not be leased or lent to the outside world without approval”. One of the constraints brought about by this is that the public sports venues themselves cannot obtain business licenses to carry out services for the public (such as food, beverages, equipment, equipment, etc.); Second, the income from leasing assets must be handed in, and an independent financial accounting system must not be withheld or set up. This kind of operation mode is gradually transmitted to the performance management of human resources in stadiums and gymnasiums, which often results in complaints from employees, dissatisfaction of the masses with service, and a big discount in service for the public.

3.2.3. Commissioned Management Model

Commissioned operation and management mode refers to the ownership (government or institution) party transferring the management right of the completed public sports venues to the operator (private enterprise) for a certain period of time. The operator can recover all the investment and obtain a reasonable return through operation within the agreed period of time. After the franchise expires, the ownership party will recover the operation right. Many years of reform in the operation of public stadiums and gymnasiums in China have shown that entrusted management has shown great positive effects in the separation of ownership and management rights of public stadiums and gymnasiums. At the same time, the academic community has reached a consensus on the value-added of state-owned assets and high performance brought about by the entrusted operation of public sports venues. However, the bottleneck of supervision right caused by the inconsistency of interest objectives between the entrusting party and the entrusting party is also a major practical problem to be urgently solved. One of the manifestations of this difficulty in supervision is the long chain of authorization for public stadiums. For example, traditionally, the authorization path for large stadiums is government - sports bureau - public institutions - business operators. With the increase in the number of authorization links, the role of supervision will decline faster. In addition, the agencies that implement the supervision and restriction mechanism often come from the middle of the authorization path, that is, the administrative unit of the public institutions in the above chain, which makes the public institutions in the middle chain, on the one hand, the trustee of the higher-level units, and on the other hand, the authorized party of the business operators. This dual status makes their execution of supervision weak. In addition, the supervision and assessment mechanism for the entrusted management mode of public sports venues is not perfect at this stage, which also hinders the sustainable operation of public sports venues in China to a large extent.

4. Assumption of the Separation System of Three Powers in the Transformation of Public Stadium and Gymnasium into Enterprises in China

4.1. Constructing the Mechanism of Separating Two Powers and Improving the Service Radius of Sports Venues

The first step in the reform of public stadiums and gymnasiums to be transferred to enterprises is to implement the separation of ownership and management rights. In essence, it is to introduce the modern enterprise system, which better solves the rights and interests relationship among the ownership, possession, use and disposal rights of capital. Under the modern enterprise system mode, whether it is “state - owned” or “private” capital, the owner has the possession of the capital, while the management right separates the capital possession right, the use right and the disposal right from the ownership to expand the scale economy and management efficiency. Marx believed that capital ownership and capital management functions were separated, and that “credit” was the prerequisite for obtaining capital management from others. Therefore, as far as the transformation of public stadiums and gymnasiums in China is concerned, the first step is to establish a scientific mechanism to separate the ownership and management rights of public stadiums and gymnasiums. In terms of measures, the separation of ownership and operation rights of public sports venues includes three basic dimensions: strategic positioning, operation management and marketing management, and value creation through the separation of ownership and operation rights. The following figure reveals the components and mechanism of the separation of the two.

The separation mechanism of ownership and management rights of public stadiums aims at value creation, strategically positioning through consumer market insight, operating management through integration of marginal resources, and achieving common profits through the construction of a win-win mechanism. This reflects the unique role of the separation mechanism of public stadiums in consumer leadership, resource expansion, and mutual benefits, thus realizing the sustainable development of public stadiums' operating management.

4.2. Strengthen the Proportion of Entrusted Business Weight to Prevent and Control the Risk of Damage to Separation Rights and Interests

Based on the successful experience of foreign countries and the commercial operation practice of public stadiums in China in recent years, some of the operable public stadiums resources are entrusted to select professional operation and management organizations. Through market competition and increasingly detailed social division of labor, professional operation and flexible operation are required. On the one hand, the social public welfare benefits and economic benefits of state-owned assets are improved, and on the other hand, the increase rate of enterprise operating capital is increased. At present, it is the ideal mode to prevent and control the risk of separation of rights and interests of public stadiums. Therefore, when strengthening the proportion of the entrusted management weight of public stadiums, the ideas to be solved include: 1. Operation flow path: In all public stadiums resources, the “two screening system” should be implemented firstly. The first screening is to adapt the types of entrusted management to stadiums and investigate whether they conform to the internal and external environment of market-oriented operation. The second screening is to strictly examine the operation qualification of the management right party, and to eliminate all kinds of “fish eyes mixed with pearls” phenomenon in enterprises. Secondly, when dividing the entrusted operation process, we should clearly define the corresponding framework of responsibilities and rights in the three major fields of “management, management and evaluation”, so as to innovate the allocation mechanism from the perspective of resources and reduce inefficient operation due to overlapping management interfaces. For example, although the management boundary between the two parties is defined in the contract, there is still a difficult problem of responsibility and right disputes in the determination of hardware maintenance and public welfare tour in sports venues. Third, solve the problem of asymmetric information in the operation of public stadiums and gymnasiums, standardize the communication and coordination mechanism between the two sides in the operation of public stadiums and gymnasiums, and avoid the risks of information hiding and transferring caused by sharing power and dividing responsibilities.

4.3. Developing Professional Evaluation Organizations and Constructing China’s Supervision and Evaluation System for Public Sports Venues

The operation of public stadiums and gymnasiums is an evolutionary process influenced by many factors. In order to ensure the continuous and stable evolution of the operation mode of public sports venues, it is necessary to effectively supervise and evaluate the final results of the separation of ownership and management rights. Many years of exploration on the reform process of public stadiums and gymnasiums in China also show that the key to the success of the reform mode lies in the implementation of supervision rights. Therefore, the supervision effect evaluation system after the separation of ownership and management rights of public sports venues in China should cover three aspects:

4.3.1. Operational Capability Monitoring System

The most basic aspect of supervision and evaluation of public stadium operators is their operational capability, which specifically includes three indicators: the number of human resources (such as the number of employees, the number of specialized talents, etc.), the degree of business diversification and the size of the marketing network. The operation management and control evaluation system is a key link in screening whether the operator can intervene, operate and add value to the operation. In latitude, two systems of financial control and human resources control can be established. In financial control, the first step is to check the financial strategic plan of the operating company and determine whether the enterprise has the ability to hedge financial risks and control financial risks in the long term. Secondly, it is necessary to evaluate the financial management organization system of the operating enterprise, because the standard of a qualified operating enterprise must include a multi-level financial management organization system. Third, it is necessary to clarify the capital control ability of the operating enterprises. For example, the filling

degree of operating cash flow, the existence of a sound fund management system, the standardization degree of fund control, etc. In terms of human resources management and control, the first priority is to evaluate the human resources system and process of the operator and check the relevant regulations of the other party in terms of personnel appointment, performance management, salary incentive, etc. The second is to evaluate the professional development training system of the operating enterprise, and investigate whether the enterprise has systematically updated the concepts and knowledge structure of the senior management and even the ordinary employees, and worked out the training plan and training outline of the stadium in order to improve the knowledge level and ability of the entire human resources organization of the enterprise.

4.3.2. Evaluation System of Sustainable Management

According to the investigation on sustainability of public stadiums and gymnasiums operation, it specifically includes three indicators: the sports market value that the operators can create, the support from the government, the participation of the public and the changes in policies and laws. The government's support efforts and changes in the policy and legal system are more resolved from the perspective of the interaction management mechanism for the interests of policy network subjects. Therefore, comprehensive evaluation of the sports market value and public participation indicators created by the operators is required, and measures should be taken to monitor the performance management system of the operating enterprises. The performance management system includes five parts: performance management organization system, management concept, management system and process, evaluation index system and implementation effect. A good performance management organization system ensures the professional venue management capability of the operating enterprises and greatly increases the percentage of relevant qualified employees. The concept of performance management serves as a "navigator" for the sustainable management of stadiums and gymnasiums, which can be gradually transmitted to the long-term strategic direction of stadium and gymnasiums' management through assessment and can effectively realize the function of performance correction. The performance management system and process standardize the formulation of stadium management indicators and the feedback mechanism of assessment. The performance evaluation index system and the implementation effect have finally improved the internal operation efficiency, organization training and other effects of stadiums and gymnasiums operating enterprises.

4.3.3. Supervision System for Public Welfare and Social Benefits

The ultimate goal of the reform mode of the separation of the three powers of public stadiums and gymnasiums in China is not to divest the public welfare and social efficiency under ownership, but to better serve the public welfare and society after the realization of the reform goal of the public stadiums and gymnasiums. Then, under the reform mode of public stadiums and gymnasiums being converted into enterprises, the public welfare and social benefit functions of public stadiums and gymnasiums that can be played by the operators should include consumer satisfaction and the fitness of competitive sports competitions and trainings. This will focus on improving the information disclosure system, increasing social supervision and enhancing the credibility of the management of stadiums and gymnasiums. In this process, the government, as the main body of ownership, should disclose to the public the financial and tax situation, internal organizational structure and operating situation of the operating enterprises. The following steps can be taken: (1) perfect the information disclosure legislation and improve the mandatory nature of information disclosure. At present, China lacks clear and operable regulations on the information disclosure of public stadiums and gymnasiums when they are converted into enterprises, which makes it a voluntary act for enterprises to disclose information on their own operating conditions. (2)Expand the scope of information disclosure. In the case of public stadiums and gymnasiums that have been transformed into enterprises in China, there are generally limited scope and insufficient details for enterprises to disclose information, which cannot solve the problem of information symmetry in the supervision of public welfare organizations. In this regard, the law should require in detail the contents and methods of information disclosure. (3) Make full use of the media to

improve the information asymmetry gap. Information disclosure should not only be a procedural obligation, but more important is to make use of the performance of this obligation to enable participants in public sports venues to obtain the right to know, and with the help of mass media, to realize the participants' extensive supervision over the management rights.

5. Conclusions

5.1. Constructing the Separation Mechanism of Two Rights and Improving the Service Radius of Stadiums and Gymnasiums:

As far as the reform of public stadiums and Gymnasiums in China is concerned, the first thing is to establish a scientific mechanism for the separation of ownership and management rights of public stadiums and gymnasiums. In terms of measures, the separation of ownership and operation rights of public stadiums and gymnasiums includes three basic dimensions: strategic positioning, management and marketing management, and value creation through the separation of ownership and operation rights.

5.2. Strengthening the proportion of the weights of entrusted operation to prevent and control the risk of damage to the rights and interests of separation:

The ideas to be solved include: 1. Operational process path: in all public stadium resources, the first is to implement "two screening system". The first screening is to adapt the types of entrusted management of stadiums and gymnasiums, and to investigate whether they conform to the internal and external environment of market operation. The second screening is to strictly examine the operation qualification of the operator, and to eliminate all kinds of "fish eye mixed beads" phenomenon. Secondly, when dividing the entrusted business process, we should clearly define the corresponding framework of responsibilities and powers in the three areas of "management, management and evaluation", so as to innovate the allocation mechanism from the perspective of resources and reduce the inefficient operation due to overlapping management interfaces.

5.3. Developing Professional Assessment Institutions and Constructing the Supervision and Assessment System of Public Stadiums and Gymnasiums in China:

The evaluation system of supervision effect after the separation of ownership and management right of public stadiums and Gymnasiums in China should cover three aspects: 1) Operational Capability Monitoring System. 2) Sustainable Management Assessment System. 3) Public Welfare and Social Benefit Supervision System.

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