

## Analysis of the Status Quo of State-owned Enterprises in the Old Industrial Areas of Northeast China

Dan Bai<sup>1 a \*</sup> and Weijian Zhu<sup>2 b</sup>

<sup>1 2</sup> School of Liaoning, Dalian University, Dalian 116622, China

<sup>a</sup> Baidan@dlu.edu.cn; <sup>b</sup> 1010773762@qq.com

\* The corresponding author

**Keywords:** State-owned enterprise reform, Northeast old industry, Talent migration

**Abstract.** The top priority of China's economic reform is the reform of state-owned enterprises, which is unique to our socialist countries. On the one hand, the reform of state-owned enterprises promotes China's economic development, on the other hand, it is also the cause of China's slow economic development. Especially in the Northeast, it is extremely difficult for the reform of state-owned enterprises. It involves all aspects. Revitalizing the old industrial bases in Northeast China is the goal of our country. Strategy, for the Northeast region, relevant experts and relevant departments have put forward relevant theoretical and field investigations. Based on this, this paper studies the reform of state-owned enterprises in the Northeast and provides a reference for the revitalization of the Northeast. Due to the long-term backwardness of the economy in Northeast China, the problems are becoming more and more serious. The economic structure of state-owned enterprises is not reasonable enough, and the economic returns are low. Leaders do not clearly solve the problem, especially the asymmetry of government and enterprises, and miss out on opportunities for development. . The development of the Northeast economy is a long-lasting process. Marketization is the key to the development of the old industrial bases in Northeast China, and it is a long-term and long process. The key to solving this series of problems lies in talents. As the economy of the Northeast region is relatively large due to the backwardness of the country, the government and other relevant departments should introduce a series of policies to attract the influx of talents and promote regional economic development.

### Introduction

The development of state-owned enterprises in the Northeast is a long-term and long process. There is no practical solution to the problems left over by history[1]. The rapid development of the early economy in the Northeast region is precisely due to the control of state-owned enterprises, but its problems have been amplified a little bit. There are external influences, and its internal influence cannot be ignored. The main purpose of reform and opening up is to speed up the construction of the country, including reform of the innovation system, reform of the institutional mechanism, etc., so that the collection system and state-owned enterprises become independent individuals, reduce the investment of funds, and provide powerful for state-owned enterprises. Reform conditions. However, at present, the development of state-owned enterprises in Northeast China faces many problems, which directly leads to the lack of vitality in the region's economy and is one of the main reasons for the brain drain[2].

### Development Status of State-owned Enterprises in Northeast Old Industrial Base

The old industrial bases in the Northeast include some high-end equipment manufacturing industries, shipbuilding industries and other intensive heavy industrial enterprises, all of which are important enterprises of state-owned industries in China. In the planned economy period of the last century, the number of state-owned industrial enterprises established in the northeast region echoed the times ranked first in the country, as one of the country's largest industrial old bases[3]. However, the construction of emerging industrial enterprises in China's coastal areas continues to develop, using advanced technology and advantages. These state-owned industrial enterprises in the Northeast have gradually lost market advantages. Under the new economic market environment in China, the problem of lack of management capacity in the old industrial bases in Northeast China is increasing[4]. The more obvious it is, there are a series of serious problems that restrict the economic development of the three northeastern provinces. In line with the development of the times, in the continuous reform, the state-owned industries in the old industrial bases in Northeast China have been continuously reformed and improved, and development has begun to enter a normal track. At the moment of economic globalization, China's market competition is unprecedentedly fierce, and the development of the old industrial bases in Northeast China is in a relatively weak range[5]. The development of state-owned industrial enterprises in the northeast old industrial base has begun to get on the right track in recent years, but the regional economic development of the old industrial bases in Northeast China has been slow, and local state-owned industrial enterprises have not occupied a considerable advantage in the local market. However, the problem of resource

dependence in the old industrial bases in Northeast China is serious, and the industrial structure is unreasonable. The state and local governments have successively introduced policies that have not fundamentally changed the overcapacity of the industry, and the problems of resource enterprises are still prominent. The total assets of the old industrial bases in Northeast China continued to expand, resulting in a significant decline in the proportion of assets and operating income. From the perspective of industrial structure distribution, the old industrial bases in Northeast China focus on the heavy industrial industry with traditional advantages, and because the cold development in the winter relies too much on natural resources such as coal resources, the sustainable development of the industry is insufficient for the follow-up development, and also for the local industrial structure. Adjustments have brought tremendous pressure[6]. The quality of development is low, and the profitability is lower than that of the state-owned enterprises. From the perspective of the growth of total profit, the average growth rate of total profit is lower than the national level.

### **The current difficulties faced by the old industrial bases in Northeast China**

#### **Lack of economic growth**

Since the beginning of the 21st century, the development rate of the old industrial bases in Northeast China has been significantly lower than that of other parts of the country[7]. From the perspective of the total social output value and GDP, from the beginning of the cyclical oscillation, the growth rate of the Northeast has also The level of the country's top is developing rapidly, and when the economic crisis has led to economic contraction, the economic amplitude of the old industrial bases in Northeast China is significantly lower than the average[8].

#### **The advantages of traditional industry no longer last**

The long-term development of resources has led to the gradual disappearance of the raw material industry. Such as Liaoning's coal resources, Heilongjiang's timber resources and so on. Second, the manufacturing industry no longer has an advantage in the face of fierce market competition. The industrial added value is significantly lower than that of coastal emerging industrial areas[9]. The level of assets and liabilities has been at a relatively high level. The Belt and Road will further connect the domestic market. First, the old industrial base in Northeast China is not on this line, and the old industrial base in Northeast China is still To withstand the strong pressure from imported products.

#### **Unreasonable structure and low economic efficiency**

The industrial structure of the old industrial bases in Northeast China attaches great importance to heavy industry and contempt for light industry[10]. After the initial processing of long-term products, such industrial structure has formed a primary product processing and heavy weight, resulting in low added value of products, resulting in low economic efficiency. Most of the industrial production is traditional products, lacking new products, so the market competitiveness is poor.

#### **Lack of technology, equipment aging**

Most of the old industrial bases in the Northeast are aging. For a long time, there has not been a system transformation[11]. For example, large and medium-sized enterprises in Dalian have been transformed to different degrees. The international advanced level of production equipment is less than one-third, and the old and backward equipment of the last century is still used. In the 1980s, the proportion was about 47.2%, and in the 1960s, it was 15.4%. The backward technical equipment made it difficult to produce the products that the modern market needs[12].

#### **Shortage of funds leads to insufficient stamina**

Due to various reasons, the industrial base of Northeast China has always maintained its original scale and pattern[13]. There is relatively little investment in small-scale projects in the Northeast, and there are few investments in larger-scale investment projects. Since the 21st century, the focus of national economic construction has shifted southward, resulting in fewer investment projects in the Northeast, and companies and talents have migrated to the south[14].

#### **Heavy historical burden**

Some enterprises have suffered various losses due to blind decision-making in production and management[15]. The non-productive expenditures in the old industrial bases in Northeast China are very common. The contradiction between the concept of labor and employment with low wages and high employment has gradually emerged, and enterprises have been laid off above average. The large number of retired workers in the old industry is also a major burden for regional development.

### **Reasons for brain drain in Northeast China**

#### **Internal economic structure imbalance**

Before the 1990s, the Northeast region was a developed industrial base in China, but with the development of emerging technologies, the Northeast region still relied on the slow development of the old traditional economy[16]. Under this background, the huge differences between cities in the Northeast region, such as Hegang, are natural resource-functional cities. This serious imbalance in urbanization has led to the loss of talent in the tertiary industry. According to the latest research report of the Research Institute of Renmin University of China, the northeast region is deeply mired in the embarrassing position of domestic and foreign shocks[17]. The development of natural resources in the Northeast has formed a sense of dependence on the development and utilization of natural resources, which makes the structural and practical needs of business and liberal arts in Northeast China do not match, and talents can only develop in other regions.

### **Regional differences, concept mismatch**

One of the important factors in the development of talents is the large difference in development between regions[18]. What is currently accompanied is that the emerging industries in the Northeast region have replaced the old industries or the integration of new and traditional industries, and the economic development between the regions has shown a polarization. After graduating from college students or master's degree students, they will choose employment and career choice according to the development potential of the city. The consensus of most graduates will go to those cities with great development potential, but the relatively backward northeast region needs talents to develop, and talent migration leads to The lack of regional development assistance has created a vicious circle that has largely affected economic development[19]. On the other hand, the value orientation of people's career choices is more and more realistic, and many traditions in the Northeast, such as egalitarianism, are still prevalent, lacking macro-innovation incentives, and the government is not sound enough in introducing and cultivating mechanisms.

### **personal reason**

In today's market economy, talents will have their own career planning and have diverse and rich values. These diverse and rich values are the motives for talent flow. Different people have different pursuits and external environment. Factors can easily lead to brain drain and promote the accelerated outflow of talents in the Northeast. Excellent talents pay more attention to their personal development[20]. They have a clear direction for their work needs. Enterprises in the Northeast region are developing slowly. Higher education talents are more willing to choose their own value in a better city.

### **Conclusion**

Among the many factors of talent migration, the northeast region with the state-owned enterprise and the old industry as the core of the industry has formed an unbreakable value in a considerable period of time. Retaining talents to develop the economy is the foundation, weakening the system and compiling, and improving the sense of self-identity of all sectors of society is the key.

The industrial structure of state-owned enterprises in the old industrial bases in Northeast China is not clear, and the total reserve of talents is relatively sufficient, but there is a large shortage of high-end technical talents. This is directly related to state-owned enterprises. Due to the abnormal industrial transformation and upgrading, the enterprises after transformation have not found Quasi-position, the slow development of the old industrial economy in Northeast China, led to the massive flow of talents in state-owned enterprises, coupled with the abundant conditions in the coastal areas, led to a large outflow of talent. From a subtle perspective, the high-speed flow of personnel will result in the loss of talents, increase the cost of training, the leakage of related technologies, and the management of enterprises. It will also have an impact on the image of the company and the operation of the company.

### **Acknowledgements**

Acknowledgement: This work is partially supported by National Social Science Foundation of China No. 16BGL021. The authors also gratefully acknowledge the helpful comments and suggestions of the reviewers, which have improved the presentation.

### **References**

- [1]Tian Buwei. Research on economic and social conditions and population mobility in the border areas of Northeast China [D]. Journal of Jilin University, 2015.
- [2] Liu Xinrong. Analysis of the brain drain in Northeast China [J]. Talent Development, 2012 (2).
- [3] Jiang Yu. Research on the Characteristics of Floating Population in Northeast China[J]. Journal of Population Science, 2016, 38(6).
- [4] Liu Xiao, Shi Ying. The Northeast should go out of the "single economic structure dilemma" [J]. Macroeconomic Management, 2016 (6).
- [5] Zhao Yuming. Research on Human Resource Management [M]. Beijing: China Renmin University Press, 2001.
- [6] Li Guangzhe. Enterprises should correctly treat employee turnover [J]. China Human Resources Development, 2003 (8).
- [7] Chen Chunhua. Analysis of the micro-motivation of talent flow[J]. Science and Technology Progress and Policy, 2000(6).
- [8] Zhao Xiping, Liu Ling, Zhang Changzheng. Multivariate Analysis of Factors Affecting Employee Turnover Tendency[J].China Soft Science,2003(3).
- [9] Liu Zhicheng. Problems and Countermeasures of Human Resource Management in State-owned Enterprises[J]. Journal of Hubei Agricultural University, (Social Science Edition) 2001(2).
- [10] Sun Jutao. The Causes of Distribution Unfairness and Its Control Countermeasures[J].Journal of Jiangxi Social Sciences,1996(2).
- [11] Chen Bin. Negotiating wages to stop the brain drain of state-owned enterprises [J]. Human Resources

Development and Management, 2002 (4).

[12] Yuan Wei. Harvard Talent Management [M]. China Three Gorges Publishing House, 2002.

[13] Li Jianzhong. The phenomenon of brain drain and its development trend worldwide [J]. China Human Resources Development, 2002 (1).

[14]Zheng Zhanpeng. Research on regional differences, influencing factors and spillover effects of China's foreign direct investment [[D]. Hubei: Huazhong Branch Technical University, 2013

[15] Wu Aijun, Hua Ling. Current status and evaluation of economic differences in the six central provinces [J]. Science and Technology Pioneering Monthly, 2010 C10): 3-4.

[16] Wang Wei, Research on the relationship between resource agglomeration ability and economic growth in the western region [[D]. Guangxi: Guangxi Normal University Hospital, 2015

[17] Ren Liqun. Measures to Control the Risk of Capital Operation [J]. Private Technology, 2015 (03): 232.

[18]Wang Fujun. Research on the evolution of comparative advantage and the upgrading of equipment manufacturing industry--An empirical study based on Liaoning Province[D].Liaoning: Northeast Normal University, 2009

[19]Zhang Zhiyuan. Improving the Core Competitiveness of Manufacturing Industry in Northeast China: A Review and Prospect of Research [J]. Contemporary Economic Management Li, 2013 (07): 8-12.

[20] Zhu Xiaoyan. Analysis of the problems existing in the development of state-owned enterprises in the old industrial bases in Northeast China [J]. Economic and Trade Practice, 2015 (14): 42+44.