

Performance Evaluation of Asset Reorganization Based on Core Competence

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Abstract: With the continuous development and progress of the market economy, the competition between enterprises has changed from the competition of the original income and economic strength to the competition of the core competence of the enterprise now, which provides more fresh vitality for the development of the market. In general, companies that are already in trouble and are on the verge of going out of business often try to restructure their assets by using faster-growing companies to complete the secondary accumulation of assets, but the results are often not very good. Because the assets reorganization of some enterprises is only to protect themselves, and does not contribute to the mining of core competence, there are still some problems in the performance evaluation. This paper mainly studies the performance evaluation model of asset reorganization based on the core competence of the enterprise..

1. Preface

China's capital market is increasingly open, some listed companies face many opportunities to expand and rise, but also meet the challenge of fierce international competition. In order to break the current market barriers, some enterprises began to take the reorganization of assets as the content of deepening enterprise reform, through adjusting the economic structure and activating the way of asset stock to promote the development of enterprises, enhance the comprehensive competitive strength, while laying a solid and effective foundation for meeting the challenges of the new international economic situation.

The reorganization of enterprise assets is the reorganization and reconfiguration of enterprise assets, and it is also a mode of constantly optimizing the structure of enterprise assets and improving the economic benefits of enterprises. Asset restructuring generally has a very strong winter, including the pursuit of economies of scale by business managers, wanting to increase the amount of capital through the model of reducing the cost of products and services; using the transaction cost theory to determine the reasons for the existence of business as the cost of using the price, and then to an organization to enable it to control more and more effective resource content for the enterprise, so as to achieve the cost-saving goal; Adopting the diversification strategy theory, that is, taking the management strategy as the basic goal of the enterprise's development, by purchasing other enterprises' related products, increasing the amount of products owned by the enterprise, thus expanding the area of demand in the whole market and realizing the social benefit, adopting the enterprise development theory, that is, in the fierce domestic and foreign economic market competition, the enterprise needs to expand the business model and strengthen the service standard continuously, so as to consolidate the position in the market, so as to realize the purpose of gathering capital[1].



Figure 1 Enterprise development maps lacking core competencies

2. Relationship between Asset Restructuring and Core Competitiveness

2.1. Core Competencies are Key to Sustainable Enterprise Development

The core competence of the enterprise is the ability system formed by the combination of some special resources after a long period of development, including the original accumulation of enterprise capital, the expansion ability of the enterprise, the scale effect of the enterprise and the competitive strength of the enterprise for a long time. In terms of the core competence theory of experts and scholars, it is also the motive force and source to ensure the enterprise to obtain the competitive advantage, which not only determines whether the enterprise can occupy the effective position properly to expand the activity field, but also determines whether the enterprise has the long-term competitive strength in the process of development. And the core competence not only embodies in the competitive strength, but also includes the basic theory of enterprise resources, that is, from the perspective of possessing resources, to ensure that the core competence of enterprises can be established in the possession of resources, including both tangible and intangible resources, and even intellectual property resources. The possession of these resources to a large extent determines whether the enterprise has the strength of asset restructuring, that is, whether there is a specific right to speak[2].

2.2. The Reorganization of Assets May Build the Core Competence of the Enterprise

Taking China's securities companies as an example, their types of assets reorganization basically include mergers and acquisitions, that is, not only to guarantee the economic benefits of regulation, but also to reduce transaction costs, so as to obtain special resources to carry out diversified and multi-angle management; the form of asset divestiture, that is, to improve the management efficiency of securities enterprises and highlight the main business development model; the mode of equity transfer, that is, to introduce larger and more powerful shareholders, to bring new ideas and management mode for enterprises to realize diversified operation and diversified production; Asset replacement, that is, improve the quality of enterprise assets, gradually change the structure of assets, so as to achieve a large-scale asset transformation; mixed restructuring, is to combine the above drivers to help securities enterprises to achieve mixed development. But no matter what form of asset reorganization, it will eventually be implemented in the choice of enterprise survival and development, more simply is to set the central goal for the survival and development of the enterprise, to maximize the value of the enterprise. Based on this, in the process of reorganization, the top priority of managers, or to find the motivation to create value for the enterprise, can be to reduce costs to increase profits, or to promote the increase of sales revenue, and so on. These are

reflected in the core competence of the enterprise.



Figure 2 The core competence of the enterprise should be based on the principle of service first

2.3. Core Competencies and Asset Restructuring Complement Each Other

In general, the core competence of the enterprise is in the whole enterprise to a certain stage of development, through continuous knowledge learning and resource accumulation to obtain, the more competitive the market environment, the higher the requirements for the core competence of the enterprise. This also makes some enterprises in the case of very limited resources, only continuous expansion of scale, can rely on their own strength and market resources to maintain a stable core ability, not to be eliminated by the market. In other words, the existence of capital market also makes it possible for enterprises to allocate freely and integrate resources to a certain extent. Therefore, in order to maximize the benefits, enterprises must use the trend of asset reorganization to obtain new resources, or directly divest the traditional poor resource type structure, and reorganize, integrate and develop all kinds of resource elements around the elements of core competence, thus laying a solid and effective material foundation for enterprises to realize the harmonious unity of social and economic benefits[3].

3. Ways to Promote Performance Evaluation of Asset Restructuring Based on Enterprise Core Competencies

3.1. Strictly Implement the Measurement Targets for the Core Competence of the Enterprise

In some listed companies operating performance, must reflect the reorganization performance. If the enterprise can save the time of performance evaluation, only take the form of return on net assets and income per share to carry out the performance reorganization, it will inevitably lose the regularity and fairness, and it is difficult to provide effective data guarantee for the sustainable development of the enterprise. Based on this, in the process of evaluating the actual assets reorganization performance, managers should not only look at whether the enterprise can make a profit in the current year or in the short term, or the maximum and minimum value of the profit, but also take the core competence of the enterprise as the criterion, and make a clear and subdivide summary of the profit situation of the enterprise in the past few years and even the beginning of the enterprise, so as to use the effective resources as the standard to realize the reorganization and effective utilization of the assets, and then lay the foundation for the enterprise's rapid development.

3.2. Establish a Clear Evaluation System

The first is to determine the quantitative financial indicators, determine the main business profit margin. For listed enterprises, the number of profitability is the key, which not only has an impact on the survival and development of the enterprise, but also will affect the development process of the industry in which the enterprise is located. Therefore, when establishing the performance

evaluation index of asset reorganization, the financial department or management unit of the enterprise must determine the profit margin of the main business, and make a clear division and determination of the net assets profit, the total assets profit and the earnings per share, etc. It should be noted that before and after the reorganization, the quality and total amount of assets will change more or less, so it is necessary to determine the ratio of net profit per year to clarify the profit category of the year.



Figure 3 Asset restructuring

Secondly, it is necessary to hammer quantitative indicators to clarify the leading products of enterprises and the new products of follow-up. In order to facilitate the managers and the major shareholders to understand the business situation more effectively, the financial personnel need to make a clearer summary of the core competence of the enterprise, and issue the development prospect of the leading product or the service industry, as well as the market position of the enterprise, the life cycle of the product line, the commodity leading degree and the technical level, etc. At the same time, it is also necessary to clarify the follow-up ability of enterprises to develop products, and whether they can improve and maintain the related goods according to the needs of market goods consumers, so as to formulate a more effective and clear strategy for the sustainable development of goods. In addition, it is necessary to make a systematic and clear evaluation of the enterprise's management ability, including its marketing ability, asset management ability and strategic management ability. It is the most important step for enterprises to acquire effective resources and realize the effective utilization of assets. However, after realizing the asset reorganization, the business authority and management ability of the enterprise will change, and most of the effective reorganization will follow the knowledge elements to transfer. In this context, managers should start from the perspective of changing management concept, effectively combine the elements of technology, talent, concept and management mechanism that can bring profit to the survival and development of the enterprise, formulate the strategy of giving priority to the development of bulk products, and continuously improve the service level in the future[4].

3.3. To Determine Appropriate Evaluation Methods

In order to test the asset reorganization performance effectively, the manager can adopt the vertical comparison method appropriately, based on the data index of the listed company reorganization successively, analyze and judge whether the enterprise has enhanced the core competence after the reorganization. In the process of actual comparison, it can be compared by multiple items or single items. It should be noted that once the function is used in the comprehensive comparison, it is necessary to give a certain weight to the various indicators, and to analyze the indicators of each comparison under the guidance of the internal legal advisers and relevant experts of the enterprise, so as to prevent any fraudulent behavior in the process and to ensure the authenticity and reliability of the evaluation results. If the integration function finally presents positive values, it proves that the enterprise has actually got the core competence enhancement after the asset reorganization, and has received the actual effect.

4. Conclusion

With the development of core competence, if enterprises want to use assets reorganization to realize the expansion of economic benefits, they need to restructure and utilize internal effective resources, enhance the utilization efficiency of capital resources, technical resources, talent resources and other resources, satisfy the development strength of enterprises after reorganization, and provide impetus for opening up and broad economic market, but also lay a solid and effective foundation for enhancing the core competitiveness of enterprises and realizing social benefits.

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