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THE INFLUENCE OF SHARED INSTITUTIONAL OWNERSHIP ON THE EFFECTIVENESS OF DISTRIBUTING CORPORATE RESOURCES：EVIDENCE FROM CHINA

Abstract:

Evaluating enterprise-level resource allocation is a fundamental measure of micro-organizational performance and a critical factor in assessing the quality of enterprise development. As China's capital market rapidly evolves, the trend of institutional investors holding interests in companies within the same industry has gained substantial expert attention. Co-institutional investors can enhance industrial ties, promote cross-border integration and sharing of information among enterprises, and promote the aggregation of industrial factors within the company.Hence, examining the influence of shared institutional ownership on the effectiveness of distributing corporate resources is both theoretically and practically valuable.
This study takes listed companies in China's A-share market from 2007 to 2022 as research samples, constructs a fixed-effects model, and empirically examines the impact of common institutional ownership on the efficiency of corporate resource allocation. Furthermore, this article uses the stepwise test method of intermediary effect to investigate the the role of agency costs as a mediating factor.
The findings show that (1) common institutional ownership can improve the resource allocation efficiency of enterprises, and the higher the degree of affiliation and the proportion of shareholding, the more beneficial it is to enhance the resource allocation efficiency; (2) the agency cost of the company has a mediating effect on these two relationships, and common institutional ownership can reduce the agency cost by increasing the total asset turnover of the company, which in turn achieves the effect The robustness test affirming the correctness of the conclusion, the enterprise's resource allocation efficiency is being improved.This paper offers policy suggestions concerning the effective utilization of common institutional ownership, improvement of enterprise resource allocation efficiency, and advancement of China's capital market in a sustainable and healthy manner. The recommendations are presented from the viewpoints of the government, businesses, and institutional investors.

Keywords:

Common Institutional Ownership, Resource Allocation Efficiency, Total Factor Productivity, Agency Cost