



Research Paper

## A comparative study on the supervision of asset appraisal industry between China and foreign countries

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**ABSTRACT** :At present, with the rapid development of China's economy, our evaluation industry has also taken advantage of the situation. The original asset appraisal supervision and management and supervision mode has been difficult to keep up with the changes of the current appraisal market, and the problems in the asset appraisal supervision and management are more prominent. From the perspective of government supervision and management, the improper intervention of the authorities weakens the independence, objectivity and fairness of asset appraisal from the perspective of market economy. The lag of laws and regulations and supervision system of asset appraisal is not limited to the effective restriction of law enforcement, which hinders the development of asset appraisal business. From the perspective of the supervision and management of asset appraisal business, there are some problems such as the lack of supervision standards and supervision. This greatly infringes on the social appearance of the asset appraisal industry, imperceptibly affects the role of asset appraisal in the market economy, and makes the development of the asset appraisal itself a prison. The purpose of this paper is to investigate the practical problems of domestic asset appraisal and supervision management, discuss the theory and practice of domestic asset appraisal and supervision management, and evaluate the domestic asset appraisal industry.

**KEYWORDS:** asset appraisal; appraisal industry supervision; regulatory model

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### I. INTRODUCTION

China's asset evaluation plays an increasingly important role in the construction of modern enterprise system and the maintenance of normal order of market economy. However, with the development of economy, asset appraisal market is growing rapidly, and the original asset appraisal regulatory agencies are difficult to meet the requirements of environmental changes. From the perspective of government supervision, on the one hand, the improper intervention of the government weakens the independent, objective and fair function of asset evaluation to serve the market economy. On the other hand, the lag of asset evaluation law and regulation system also limits the development of asset evaluation industry. From the perspective of asset evaluation business supervision, there is still a lack of effective supervision standards and supervision systems, and the existing annual inspection is mostly a mere formality.

So far, China has not yet to establish effective supervision and law enforcement system, leading to some asset evaluation institutions violations, unfair assets appraisal, unfair appraisal of related assets value, the severity can not damage the overall social reputation image of the asset appraisal service industry, It can not affect the dominant position and leading role of the asset appraisal in the process of developing the market economy, nor seriously restrict the healthy development of the asset appraisal service industry.

On the theory and practice of asset evaluation supervision, we explore the construction of foreign capital evaluation supervision, aiming to standardize the asset evaluation supervision system, give better play to the role in the market and play the role of asset evaluation system in market economy, to supervise the appraisal of assets. It provides a theoretical basis for the scientific supervision and decision-making of the industry management department and the relevant government departments.

## **II. LITERATURE REVIEW: COMPOSITION OF THE SUPERVISION SYSTEM OF CHINESE AND FOREIGN ASSET APPRAISAL INDUSTRY**

### *2.1. Status quo of overseas research*

With more than one hundred years of development history, asset appraisal has not only a solid theoretical foundation, but also a relatively perfect supervision system. The analysis and research of foreign assets appraisal supervision system will be helpful to the further perfection of China's supervision system.

<sup>[1]</sup>According to the different regulatory subjects, the asset appraisal regulatory system can be divided into government supervision system, industry self-regulation system and social supervision system. Management system and social supervision system. Management system and social supervision system. But due to the political system, economic system, legal system, and different levels of assets appraisal industry development, various countries to the asset evaluation industry supervision system has each emphasis. Thus, the government intervention supervision system mainly based on government supervision, industry self-discipline supervision system mainly based on industry self-discipline supervision and industry self-discipline supervision system under government supervision have been formed.

#### (1) Government intervention-type supervision system

Government policy interferometric assets supervision management system generally refers to in China's asset management evaluation industry can give full play to the role of the self-management system, by the local government for our asset management review of relevant industry are larger scope, degree of administrative intervention, and a greater range and extent of administrative intervention. The supervision and management system of German state-owned assets rating institute is also a typical interference of German government power.

In Germany, real estate valuations and other industries are handled by an independent body, the Valuation Commission (equivalent to an appraisal body, only more administrative), which is set up by the state governments with a mandate from the federal government by degree. The Valuation Committee Office is usually located in the Cadastral Bureau. Each city and county has a Valuation Committee, and the district has a Senior Valuation Committee, which is responsible for conducting the valuation within the district. The supervision mode of the German appraiser industry belongs to government interference, and the industry association basically does not participate in the management. The main work of the industry association is to maintain the image of the industry, organize training for members, and strive for the maximum interests. The German government operates appraisers through the federal and local legislatures, such as the Construction Code, the Regulations on the Evaluation of the Base Price of Real Estate Transactions and the Regulations on the Use of Construction.

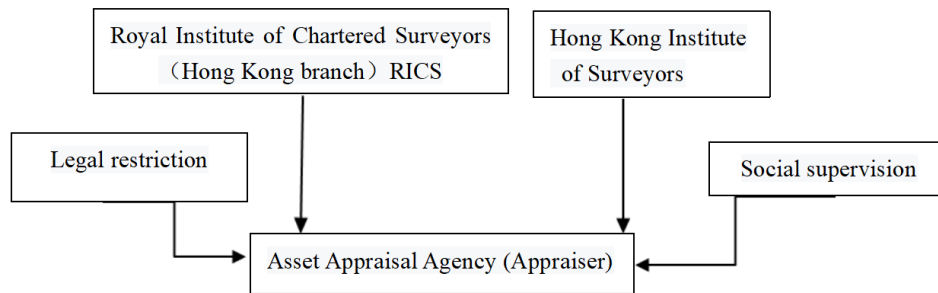
The characteristics of government intervention supervision model are as follows: (1) The state promulgated and formulated special laws to clearly define the status and qualification of asset appraisal, the basis for the establishment and appraisal of the firm, and the work norms; (2) There is close cooperation between the government and the association. The government also participates in the formulation of the practice standards of asset appraisal, and the government plays a pivotal role in the supervision of the practice standards and quality assessment.

The main advantage of the government intervention type supervision system is that through the cooperation between the government and the association to jointly formulate the practice standard and supervise its implementation, we can more comprehensively consider the wishes of both sides and coordinate the control of the other side's interests, so that the administrative norms are scientific, guiding and serious. However, the effective formulation and implementation of evaluation norms is the lack of self-regulation in the industry. In the case of imperfect laws and unestablished industry norms, this kind of supervision mode has objective inevitability. The government interference supervision also has its own independent defects, mainly reflected in the independent impact on the asset appraisal industry. Due to the interference of the system in a large extent and scale, the independence of the asset appraisal industry has been affected, which is also unfavorable to the development of the industry.

#### (2) Industry self-discipline and supervision system

Industry self-regulation system refers to a way that private professional organizations mainly supervise the asset appraisal industry. In this system, the government rarely interferes in the development of the industry in some necessary national legislation, and mainly non-governmental associations self-regulate the industry, emphasizing the self-regulation of the industry, and emphasizing the role of self-restraint and management in the evaluation of the industry. Self-regulatory system is suitable for the countries (regions) where asset appraisal is formed spontaneously and the asset appraisal industry (regions) is becoming increasingly mature, and the asset appraisal industry (regions) is becoming increasingly mature. The model of region (region) represents the UK and Hong Kong, and this paper takes the regulatory system of Hong Kong <sup>[2]</sup> as an example. As can be seen from

the figure, there is no professional asset appraisal institution and employee supervision in Hong Kong, which mainly relies on the appraisal association, in addition to legal and social supervision as auxiliary methods. The asset appraisal management of the Hong Kong Appraisal Association is mainly responsible for the management of asset appraisers, such as the Hong Kong Institute of Surveyors and the Royal Institute of Chartered Surveyors (Hong Kong Branch). Through effective membership system, it exercises effective control over its members from three aspects: membership, technical requirements and member behavior norms. In addition, the asset appraisal industry is very developed in Hong Kong, and the asset appraisal clients and associates are extremely picky. On the other hand, a powerful social supervision force has been formed, forcing the appraisal agencies and evaluators to constantly improve the quality of their practice.



**Fig 1** Schematic diagram of Hong Kong's asset appraisal regulatory system

Self-discipline mode usually does not set up special asset evaluation government supervision agencies, but is mainly engaged in industry self-regulation, while asset appraisal association has a relatively sound self-management organization. The characteristics of self-regulatory system determine that it has the following advantages: good independence. By adopting this system, the industry association self-discipline management industry, less government intervention, thus improving the independence of the asset appraisal industry and strengthening the social trust in the asset appraisal industry, Strong adaptability. By adopting this system, the appraisal association can accurately understand the wishes of the industry personnel, timely discover the changes in the evaluation environment and the appraisal practice, adjust and improve the appraisal criteria as soon as possible, so as to maintain the guidance and scientific nature of the appraisal rules, and enhance the adaptability to the asset appraisal industry, Strong ability. In this system, because companies and practitioners are not hindered by departmental monopolies and regional blockades, they can compete fairly, thus promoting the overall level of the asset evaluation industry.

However, the self-regulatory system also has some shortcomings, among which the biggest limitation lies in its limited constraints. This is mainly reflected in the limitations of industry associations in formulating the effectiveness of management systems and the punishment measures. First, the applicable norm is limited within the scope. The relevant industry supervision system formulated by the industry association is only applicable to the members, and has no binding force on other people except the members. Second, the types of punitive measures are restricted. The most important punishment for a trade association is expulsion from its membership, rather than cancellation of asset assessment and suspension or dissolution of the company. Countries that implement the self-regulatory supervision system have evaluated litigation cases in recent years, reflecting the limitations of this system from the side.

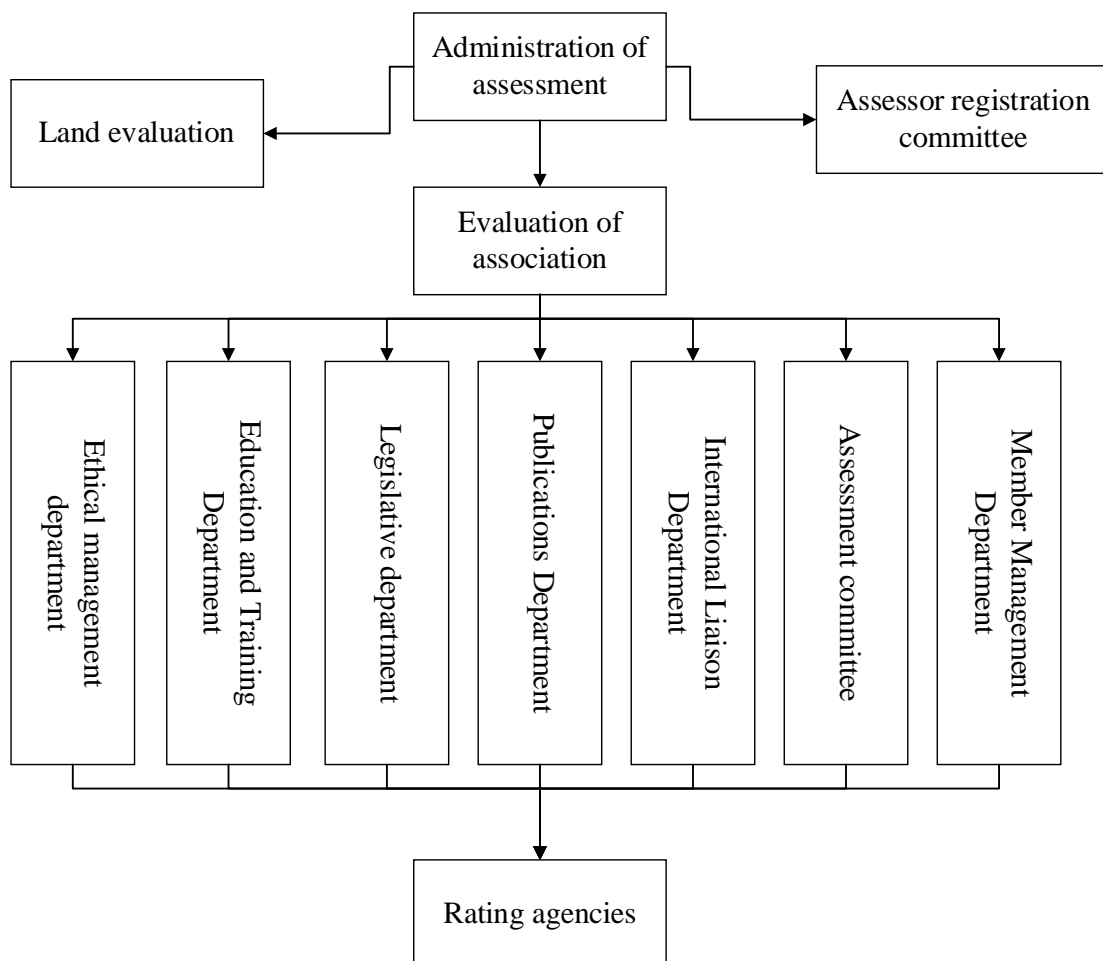
### (3) Industry self-discipline system under government supervision

<sup>[10]</sup> The system emphasizes both government intervention management and industry discipline. While giving full play to the advantages of the above two supervision systems, it gives play to their respective characteristics, complements each other's shortcomings, and makes the supervision of the asset appraisal industry more efficient and effective. It is an ideal model of the asset appraisal supervision system. Among them, represented by the United States and Australia, this article is taking Australia's asset evaluation supervision system as an example.

The management level of Australian asset appraisal industry is divided into two levels: government and society. Since Australian land is owned by the royal family and privately owned land is taxed by the government according to price, the land assessment regulations are determined by the Bureau of Review, and the evaluation bureaus of the states determine accordingly, and the value of the land fully embodies the functions of the government. The social functions of the appraisal committee are mainly completed by the appraisal committee, whose functions are to formulate and select asset appraisal criteria, evaluate members, strictly inspect the applicants of the appraisal committee, train members regularly, publish appraisal journals and professional

works, and undertake the responsibility of arbitrating asset appraisal disputes. The chart below shows Australia's asset assessment regulatory system.

This model is characterised by co-ordination, complementarity and co-operation between government regulators and APA in carrying out their respective regulatory responsibilities. First, the focus of supervision complements each other. Government regulatory agencies are more laws and policy makers and executors of the asset appraisal industry, generally with the right of approval (review), and conduct final investigation on relevant events that are affecting the development of the industry. The Asset Appraisal Association is the most direct operator to maintain market business, mainly responsible for formulating business standards and norms, daily management of members, supervision of business quality and other work; Second, mutual complementary regulatory responsibilities. Asset Appraisal Association (APA) is a self-regulatory organization between the macro-regulation of the government and the micro-activities of the APA market. By performing its management duties, APA serves as a bridge and a link between the governmental regulatory agencies and the market intermediary departments, making up for the deficiency of government supervision to some extent. Third, the mutual cooperation between regulators. Asset appraisal regulatory agencies and asset appraisal industry associations in major countries and regions in the world manage within their respective responsibilities, maintain a stable relationship, and cooperate on this basis to form a joint relationship of supervision. The main performance in terms of information sharing, the asset appraisal institution of inspection shall be conducted by the assets evaluation association self-discipline organization, usually the asset appraisal society of asset evaluation institutions have an obligation to report found that the asset evaluation institution of illegal and irregular ACTS, cooperate with the government supervision department investigation of assets evaluation agencies, to provide evidence, handing over more than its regulatory position range of illegal activities, Hand it over to your authority beyond the supervisory position. According to the provisions of the law, the government supervision departments generally submit the cases to the relevant government departments of the asset appraisal industry respectively according to the circumstances, and supervised the case.



**Fig2** Australian Asset Assessment and Supervision System Map

Throughout the regulatory models of most countries, the combination of asset appraisal association and government regulatory agencies has become an important model to supervise the asset evaluation industry. The asset appraisal industry association and the government supervision organization are two rounds of asset appraisal supervision, they are interdependent, but also restrict each other, become the organic asset appraisal supervision system.

## *2.2. Status quo of domestic research*

### (1) Current status of the government supervision system

<sup>[3]</sup> Asset evaluation in China originated from the evaluation of state-owned assets, and the government has given great support in the starting and development of the industry. With the support and promotion, China's government supervision system of asset evaluation government occupies an important position in the whole asset evaluation supervision system.

In 1989, the National Asset Administration established the Asset Appraisal Center and granted the administrative functions of the asset evaluation to the National Asset Administration, the management of the national asset evaluation industry was implemented. Its main tasks are: drafting the national asset appraisal law, organizing the practice certificate of asset appraisal institutions, examining and approving the asset appraisal of central enterprises and local large projects, confirming the asset appraisal results, etc. In July 1994, the Asset Appraisal Center of the State Administration of Assets was merged into the China Asset Appraisal Association and became the executive office of the China Asset Appraisal Association. This mode of combining the self-discipline of the government administration industry leads to too deep administrative interference, which is not conducive to the healthy development of enterprises. Therefore, in 1998, the State Council adjusted the government organs, the State Council into the Ministry of Finance, at the same time separated the administrative management function and business management function, settled up a property evaluation company in the Ministry of Finance, shoulder the administrative function of asset evaluation. So far, China's asset evaluation management has entered the separation of administrative and self-discipline, and on this basis into the separation of administration and self-discipline. Consolidation stage in December 2001, according to the documents of the State Council, the project was cancelled the government approval of state-owned assets assessment work of examination and approval system, implemented the approval and filing system, established the selective examination system, the financial department from predominantly project review way, to give priority to with the supervision and inspection of assets evaluation, from predominantly project review, change for the supervision and inspection. Relevant policies and regulations shall be formulated to supervise and spot check whether the administrative practice service quality of credit evaluation and evaluation projects and whether the units directly occupy the results of credit evaluation, which has become the main special task content and supervision means of the administrative departments of financial credit evaluation and supervision and administration at all levels.

After decades of development and exploration, China has gradually established the government supervision system of asset evaluation with Chinese characteristics, but at the same time, there are some problems and deficiencies: the main body of government supervision is diversified. It seriously reduces the role of government supervision; the legal system of asset evaluation is not perfect. Legislation shows the trend of generalization and expansion, the function of the legal system is weakened, and the conflict between laws and regulations also makes the law have no way to rely on.

### (2) Current status of the industry self-discipline supervision system

China Enterprise Asset Appraisal Association (CEASA) was established in December 1993. Its official establishment also marked the formal transition from the direct organization and management of a government to the control of an industry democratic self-regulation association and the unified management of local governments. In March 2000, according to the "Three Platforms" development thought of that year, China State-owned Assets Appraisal Association and the Chinese Institute of Certified Public Accountants jointly established. At present, safety self-discipline supervision and management system of China's automobile industry, there are mainly the following problems: the independence of the industry association is not strong, the function of self-discipline management is weakened. In March 2000, China Asset Appraisal Association and Chinese Institute of Certified Public Accountants were jointly established. However, the Chinese Institute of CPA is subordinate to the Ministry of Finance, which makes the institute a "quasi-government", integrating the functions of government supervision and industry self-discipline. The weak independence often puts the institute in a dilemma. The dual identity of the association, leading to the double-sided nature of the association in practice, and also leads to the compromise of the association. Asset valuation criteria have not been established. The contents formulated are too principled, lack actionable practicality. The supervision is not reasonable. First, the annual inspection is not large and there is little attention paid to the examination of the industry. Second, in the industry norms, too much emphasis on the industry self-discipline and moral restrictions,

no supervision of the judiciary. There is an ambiguous power relationship between various associations and associations. The cross management of multiple departments, increased the administrative costs.

### *2.3. Research Review*

To sum up, the main form of industry management evaluation is industry self-regulation. In both the Chinese and foreign asset evaluation services market, have the professional self-discipline organization, despite the self-discipline organization of each country have different names, but the self-discipline organization is the main regulator, asset appraisal services market is mainly responsible for the industry personnel to the assessment of qualifications, then training, professional standards and ethical problems in management, And provide specifications for appraisers and clients' services. Corresponding services; Industry self-discipline management is mainly responsible for the asset appraisal industry in the personnel management, including the asset appraisal industry personnel vocational qualification and validation, registration management, assets appraisal industry personnel for subsequent to asset appraisal industry personnel training, to evaluate the asset appraisal industry personnel, the assets appraisal industry personnel for arbitration.

The United States increased the independent supervision of asset evaluation industry, this singlesupervision way can avoid caused by direct government regulation of administrative power is too big, also can keep the evaluation of the indirect supervision of the industry, unapt appear "anarchy", also can effectively use the ability of these industries to solve market failure brought by the imperfect legal system of quality problems. Britain and other developed market economy countries in the United States, all went from scattered to the consolidation of development way, implement the unified management, is beneficial to uniform access to the industry, professional standards, and to assess the service specification, also helps eliminate industry internal to the assessment of barriers, to provide customers with more specifications and a better quality of service; Compared with German asset appraisal industry regulatory government interference model, <sup>[15]</sup> the present in China and to delegate, on the basis of actively introduced to speed up the administrative system reform, assets evaluation association self-discipline management was strengthened, the management mode of the government to take professional qualification examination reform will asset evaluators, management and other functions of the government over to the asset appraisal society. In the aspects of new policy research and industry system design, especially the management mode of undertaking administrative functions, personnel examination, training, member registration and organization management, the self-regulation management function of the association has been continuously strengthened.

## **III. RELATED CONCEPTS AND THEORETICAL BASIS**

### *3.1. Understanding of asset Assessment and its essence*

With the rapid development of China's market economy, asset value appraisal service is a kind of intermediary service and service with strong social service. [1] In the process of studying the national economic growth history for ten years, people have also studied the basic theories, methods and operational essentials of the national asset value evaluation. However, there are two different views on the essence of the evaluation system of the Chinese bourgeoisie.

Over the years, the country's recognition of asset appraisal is important in two aspects. Asset appraisal is one of the activities of the consulting industry, which has rich professional knowledge, experience and talents, and has the idea of submitting information, materials and relevant consulting project information according to the requirements of clients. The proposal was put forward by the client. On the other hand, the asset appraisal is the appraisal, and evaluation is the identification and confirmation of the asset. Verification has two main basic features. One has an objective standard by which to verify the truth of an event. Secondly, objective standards are necessary to verify the truth of the incident. The responsibility for the verification must be legal.

In this paper, the valuation of the asset transaction is usually based on the price of the asset and the sale situation, and the final price is calculated by both parties in the negotiation and the transaction. Therefore, asset appraisal is an advisory activity. In addition, the Chinese financial environment and the particularity of asset appraisal have an important impact on asset appraisal. There is a big difference between China and developed economies in asset appraisal retention.

Asset appraisal has two characteristics. The appraisal procedure is the procedure to submit the appraisal report after receiving the appraisal and project approval, which is divided into the process of the entrusted assets, the inspection of assets, the calculation of the appraisal value of assets, and the submission of the appraisal report. Therefore, asset appraisal is highly technical, normative and complex. Compared with other asset calculations and social intermediaries, it has the characteristics of high efficiency, effectiveness and high risk. However, the asset appraisal industry in the short term and can not walk on its own. Assets evaluation institutions have the characteristics of technicality, formality and integrity. The main body of asset appraisal has great space for development in the aspects of scientific and technological morality, technical morality and professional morality. At the same time, under their market financial conditions, the subject of evaluation is to

seek profit, and is a person limited by standardized professional knowledge and judgment ability. In addition, China's macroeconomic environment also provides knowledge awareness for asset appraisal, and the appraisal staff need to bear legal responsibility for the appraisal results. Therefore, it is necessary to establish the supervision and management system of asset control to the appraisal subject and the standardized service it provides. The product appraisal service has reached the market demand level and plays an important role in the asset appraisal.

### *3.2. Understanding of the regulatory concepts*

Until now, views of the financial economy have varied widely. A financial economist pointed out that supervision and management is the behavior of economic individuals to change different economic individuals or other economic individuals consciously through various means. Another scholar believes that directors' participation in deviating from implicit rules has something to do with the value system people evaluate. Financial economists have different views on supervision and management, but there are some common points on the definition of the difference between supervision and management. First, supervision and management is a wide activity. Supervision and management must have means and methods. Finally, adjustment is a targeted activity. The main body (that is, the supervisor), the object (the supervised), the means and the supervisor four elements constitute the supervision operation.

Economists have different views on supervision and management, but the different definitions of supervision and management have something in common. First, supervision and management is an activity with objects and scope. Supervision and management must adopt new means and methods. Finally, regulation is the target activity being arranged. Subject (namely supervisor), object (or supervisor), means and supervisor four elements constitute supervision and management.

#### (1) Subject of the regulation

At present, under the premise of financial economy, there are two main types of economic supervision and management. The first theme is the so-called public institutions. We are responsible for the development and implementation of various economic regulatory systems. If you break these laws, you will be punished by the law. Second, there are unofficial private or private organizations whose authority does not come from the government, but whose decisions are generally accepted by the people.

#### (2) Object and contents of the supervision

Economic supervision and management is the center and important key of economic management. The main body of economic supervisor is the manager of economic activities and the object of economic activities. Economic management refers to the behavior, interactions, consequences, etc., between these people and those engaged in economic activities. Human activities and interactions and their consequences were touched. Therefore, economic management can cover all economic areas of the human market. When defining the subject and connotation of economic supervision and administration, it depends on the nature and characteristics of the subject of economic supervision and administration. Second, because of the recognition of economic management objectives. This, in turn, depends on the scheduler and scheduler tools used. Ultimately it depends on the costs involved.

#### (3) Objective of supervision

The goal of supervision is the same as the subject of supervision and the responsibility of the government is to supervise. This is because these activities developed in response to human behavior and life. Participate and live in these actions. Therefore, the purpose of supervision and management is to eliminate or partially eliminate a certain behavior or a certain behavior deviation from the target, to avoid the outcome that the parties do not want to see.

#### (4) Measures of supervision

Economic management means are the means to achieve the purpose of supervision, and the supervisor may exercise his own functions and powers. The economic management system is not defined in principle, and generally adopts the combination of constitution, administration and economy. However, from the perspective of economic supervision and cost, supervision and management schemes are always different. In the actual economic supervision and management, the choice of economic management subject and object has not formed the same standard. The specific supervisory management system must realize the characteristics and nature of supervisory subject, supervisory level, supervisor's supervision and supervisor's supervision.

Therefore, supervisors believe that supervisors (supervisors) consciously and voluntarily intervene against supervisors (supervisors), taking a multiple supervisory approach.

As far as the assessment industry is concerned, it has the characteristics of autonomy, fairness,

standardization and relativity with greater risk. It adds its own professional knowledge, technology and other characteristics. As mentioned above, asset valuation plays an important role in the market. If the valuation of assets falls, the function is not perfect, and the allocation of costs cannot be improved, the efficiency of the effective allocation of capital will decrease, which will lead to the decline of the operating level of the economy. Therefore, it is an unavoidable practical choice to supervise the appraisal industry.

### *3.3. Asset appraisal supervision and components*

The supervisory and administrative bodies in the asset risk assessment are named after the supervisory bodies such as financial supervision, valued supervision and China electronic information. The theoretical significance of the risk assessment system supervised by the asset risk assessment organization is still unclear. This paper holds that asset valuation is not only an important part of supervision and management, but also an important part of economic and social supervision in China. According to Li BaoChan and Luo Jie, the United States recognizes the nature of assessment and supervision.

#### (1) Subject of asset evaluation and supervision

Because the appraisal industry is a social industry, the appraisal business is a kind of economic activity, which is related to the change of property rights. Therefore, the supervision control of asset appraisal is also very common, and its supervisors are not limited to government agencies. Judging from the practice of asset evaluation and supervision management in various countries, the regulatory agencies are diversified, including authorities, industry associations, etc. Due to the common influence of the politics, history and tradition of each country, it is impossible to make full use of the economy by selecting the supervisor, but on the basis of politics, history and tradition, each country has its own characteristics, and some government departments shoulder many responsibilities. Some authorities have only a small number of responsibilities and most regulatory responsibilities are held by associations.

#### (2) Objects and contents of asset appraisal supervision

As the same as general economic management, asset appraisal supervision is the content of asset appraisal management. The subject of asset appraisal supervision and management is divided into the following four categories. In the field of professional services, supervisors are the first choice to improve service quality. The main purpose of the supervision and management of the sales organization is to master the overall rationality of the organization and maintain the quality of asset appraisal service. Sales activities include the appraisal of assets by the sales representative and the asset owner and the appraisal of all assets in the organization until the appraisal report is submitted and produced. In the process of asset appraisal, there is carelessness in every link, which affects the quality of asset appraisal report. Therefore, the specific process of specific asset appraisal must be strictly followed. Sales results include various document information that can reflect the path of asset appraisal, draft asset appraisal business and asset appraisal report. Realizing the supervision process of evaluation information can effectively ensure the effectiveness and accuracy of the evaluation information.

Evaluation and supervision management is divided into two categories. First, supervise the asset appraisal market activities of the asset appraisal industry (asset appraisal institutions and asset appraisers). Second, the asset appraisal environment. The management environment of asset appraisal is divided into two stages: macro and micro. Macroscopic is mainly the construction of asset evaluation legal environment. Microscopical constraints on the behavior of suppliers in the asset appraisal market involve the technical specifications of suppliers and the rules of interaction between suppliers and other stakeholders (i.e. professional ethics).

#### (3) Objective of asset appraisal supervision

Asset appraisal refers to the improvement of asset value, the integration and refinement of asset allocation, the support of value indicators, the provisions on the rights and values of the asset owners, and the comprehensive control of asset evaluation business. The goal is the goal of asset appraisal business. However, in addition to the weakness of the market, the evaluation service of the product itself is that the asset assessment may deviate from the target company if the target company cannot optimize the allocation in the real-life operation process. In order to eliminate or reduce these negative effects, it is necessary to supervise and manage the assets appraisal industry, curb individual behavior, and improve the effectiveness of the assets appraisal. Therefore, establishing the outstanding market environment and improving the level of the appraisal industry is the overall goal of asset appraisal and supervision management. Specifically, the supervision and management of asset appraisal is to protect the benefits, improve the management environment of asset appraisal, improve the execution quality of asset appraisal, and reduce the system risks.



- First, the asylum beneficiaries as mentioned in this Law refer to the favored subject of interest in the asset appraisal market. Domestic asset appraisal is a ticket to provide value appraisal services for various industries.

- Second, asset evaluation and sales environment improvement. According to the main assets and providing transaction information, a good environment can make reasonable fair behavior appear under the protection of the subject decision-making; the competitors in the asset evaluation industry can also conduct fair and transparent white competition in a fair and transparent environment. Therefore, the improvement of the operating environment of asset evaluation is the fundamental basis for protecting relevant interests and the direct object of supervision and asset evaluation.

Improve the quality of asset appraisal again. Evaluation quality is the lifeline of the evaluation industry and the source of the growth of the evaluation business. However, the asset appraisal industry has a high degree of asymmetry and risk, and can not spontaneously improve the quality of asset appraisal in the short term. Therefore, the ultimate goal of using supervision and management means to improve the quality of the industry is the ultimate goal of the company.

Finally, the system risk needs to be reduced. Common risks include system risks and non-system risks. Among them, the system risk is the risk that the asset appraisal itself cannot balance. Non-systematic risk is the direct relationship between the asset appraisal organization and the asset appraisal organization, and it is the inherent risk of the asset appraisal organization, mainly the risk of the asset manager. The risks of an asset valuation system are insurmountable. Asset appraisal systems and personnel are insurmountable. Therefore, it interferes with the external supervision and management mechanism, and the asset risk system reduces the risk.

#### (4) Methods of asset assessment and supervision

Asset appraisal supervision and management is the means of asset appraisal supervision and management, the tools to implement asset appraisal supervision and management, and the tools for asset appraisal supervisors to perform their duties. According to Tang Xin in her paper, the supervision and management systems adopted by countries mainly include legal, administrative, economic and educational aspects. Through the systematic analysis of the elements of asset appraisal and supervision management, it is considered that the asset management supervision and management refers to the government and its authority, and the use of continuous power and policy interests by organizations or public institutions established by law means the normal play of the asset appraisal function. Director of Asset Management is defined as a reliable instrument. Management and supervision by limiting the appraiser's actions and results.

#### 3.4. Comparison of asset evaluation supervision with other related concepts

People often encounter other similar concepts, such as appraisal supervision management, asset appraisal and asset appraisal supervision, etc., which is exactly the problem of asset appraisal supervision management. In order to analyze the concept of asset appraisal supervision and management more easily, it is necessary to be compared and classified.

There are many negative factors in dictation, among which the two most important ones are as follows. Biological observation (scientific term) is closely carried out for the purpose of guidance, management and control. From the specific definition, supervision and management refers to the process of continuous supervision of the finger, with the purpose of strengthening management and executive control. Therefore, the supervision function of asset management appraisal only refers to the business entity of the asset appraisal supervision institution. The purpose of asset appraisal is to improve the supervision function of asset appraisal, and the supervision behavior of comprehensive utilization of management results is constantly adjusted.<sup>[5]</sup>

The purpose of management is to maintain or improve a certain aspect. Asset appraisal management is to organize, guide and combine asset appraisal business through various links such as administration, economy and education. Asset appraisal management objectives: to improve the financial appraisal environment and carry out internal asset appraisal on a unified, scientific and standardized basis. We will improve the quality of evaluating state-owned assets. Maintenance of asset assessment-related personnel. Here's the difference.

**Table1-1** Comparison of Asset Evaluation Supervision, Asset Evaluation Management and Asset Evaluation Supervision Elements

Elements	Asset Assessment and Supervision	Asset Assessment and Supervision	Asset Assessment Management
Subject	Government, Industry Associations, The public	Government, Industry associations, The public	Government, Industry associations
Object	Professionals, Practice organization, Professional behavior, Practice results	Professionals, Practice organization, Professional behavior, Practice results	Professionals, Practice organization, Professional behavior, Practice results

Content	Behavior of the practitioners Practice Environment for Asset Assessment	Behavior and activities of the practitioner	Behavior of the practitioners Practice Environment for Asset Assessment
Target	Protect stakeholders, Improve practice environment, Improve quality of practice, Reduce systematic risk	Improve the quality of asset appraisal	Protect stakeholders, Improve the asset appraisal practice environment, Improve the practice quality of asset appraisal
Means	Legal means, Administrative means, Economic means, Educational means, Social supervision	Legal means, Administrative means, Social supervision	Legal means, Administrative means, Economic means, Educational means

Therefore, asset evaluation supervision, asset evaluation supervision, and asset evaluation management are the three inconsistent concepts of <sup>[11]</sup> <sup>[12]</sup>.

#### **IV. ANALYSIS OF SIMILARITIES AND DIFFERENCES BETWEEN CHINESE AND FOREIGN EVALUATION REGULATIONS**

##### *4.1. The reference of foreign (autonomous region) asset appraisal supervision system*

Assets appraisal has a history of more than 100 years in foreign countries. The analysis and study of foreign assets appraisal and supervision system is helpful to further improve our supervision and management system.

The management supervision system is divided into government supervision system, industry independent supervision and management system and social supervision system. Management system and social supervision and management system. Management system and social supervision and management system. However, due to the political system, economic system, legal system and the asset appraisal industry development level differences, countries are opposed to the asset appraisal industry supervision and management system of emphasis, the government supervision of the supervision and administration of government intervening system and industry autonomy management oversight system formed the government under the supervision of autonomy.

##### *4.2. The current situation analysis of China's evaluation and supervision system*

###### (1) Current situation of government supervision system

Tang Xin's paper <sup>[7]</sup> found that the authorities have given strong support to the growth of the bank, and it is precisely because of this that the supervision and management system of the authorities has no choice but to occupy an important position in the whole evaluation supervision and management system.

In 1989, the State Property Administration of China established the Asset Appraisal Center and provided state-owned asset management institutions to manage assets and manage the state-owned asset appraisal industry. The main responsibility is to draft the "State-owned Assets Appraisal Law" and organize the sales certificate of asset appraisal institutions, evaluate the heavyweight central executives and asset management institutions, and confirm the asset appraisal results. <sup>[3]</sup> Then, in July 1994, the asset appraisal center of the state asset administration merged with the China asset appraisal association, renamed as the executive director of the China asset appraisal association. The combination of government administration and government autonomy is very disadvantageous to the healthy growth of the trade. To this end, the State Council adjusted the government organs in 1998. The State Council was merged into the financial department, separated the administrative control function of asset appraisal from the operational control function, and set up the asset appraisal company in the financial department. In December 2001, according to the documents of the State Council, the government approved the confirmation of the approval system of national assets appraisal business to implement the examination and registration system and establish the withdrawal and inspection system. The financial sector has shifted from project review to supervision and inspection. Provisions of relevant policies and laws, as well as whether to check the administrative service quality of credit rating evaluation units and directly occupying interest units according to the credit rating inspection results, are the contents and supervisory means of the main special business responsibilities of financial credit rating supervision and management departments at all levels <sup>[16]</sup>.

After nearly 30 years of progress and exploration, China has established a government supervision and management system of asset appraisal with Chinese characteristics. But it severely weakens the role of government oversight. The asset system is not sound. Legislation has a tendency of generalization and expansion, the law is weakened, but the conflicts do not depend on the legal solution. These are still shortcomings <sup>[15]</sup>.

###### (2) The status quo of industry self-regulation system

China Enterprise Valuation Association (CEVA) was established in December 1993. This also shows the official transformation of the enterprise asset risk assessment industry in China, which is dominated by the Association of Industry Democratic Autonomy and directly organized and managed by the government. In March 2000, based on the development concept of China's three major platforms, China National Association of Asset Appraising was formally established with the Chinese Institute of Certified Public Accountants at that time. In March 2000, the Institute of Certified Public Accountants in China was subordinate to the financial department, and it has become a "quasi-government" integrating the functions of authority supervision and management and industry autonomy. If the independence is not strong, it will always bring double difficulties to the society. The dual status of society leads to the compromise of communication and the duality of social practice. Asset valuation criteria have not yet been established. Everything that has been written is too dominant and not applicable. Regulation is absurd, industry assessment is not important. Secondly, in the industry norms, overemphasis on the industry autonomy and moral limitations, overemphasis on judicial supervision. Apparent power relations remain between all levels of society and society. Multi-department cross - management increases the management cost.

## **V. MEASURES TO STRENGTHEN THE SUPERVISION OF CHINA'S EVALUATION INDUSTRY**

### *5.1. Learn from foreign advanced experience*

As the appraisal supervision system is influenced by various elements inside and outside the industry, it is the comprehensive condition display of the development of finance, law and politics, and the industry. It is reasonable and effective that China is constructing the asset appraisal supervision system and fully considering the current situation of the country. Establish a supervision and management system. The domestic appraisal industry was first engaged in the restructuring of state-owned companies and the appraisal of joint ventures<sup>[4]</sup>. With the growth of various property rights in China, the appraisal industry will make full use of the advantages of the market economy to provide customers with long-term and sustainable asset appraisal services. In terms of sustainable services, including real estate, personal property, intangible assets and enterprise value can be regarded as an evaluation subject from the perspective of specific business scope. Business changes, mergers, government taxes, land appraisals, and home loans can be areas of asset valuation. Therefore, the management model of the appraisal industry limits the further growth of the asset appraisal industry. While evaluating the activity of the industry, the tendency of the independent supervision system towards the industry is bound to become a trend. However, the Asset Appraisal Act is not yet complete. A legal disagreement arose. China's asset appraisal industry is also young. Empirical and theoretical research is also relatively weak. These external circumstances are different. We have also curtailed industry-wide autonomy for appraisal firms. Take into account the circumstances and conditions of the country. Industry autonomy under government supervision should be the most suitable regulatory system in this country.

With China's accession to WTO, the development of foreign agency organizations has become inevitable. To build a supervisory system, we must refer to overseas experience and advanced management mode. At present, the government assets appraisal supervision and management mainly has three types. They are interventionist governments. In these three system models, the government regulates the independent model of the industry, which has the characteristics of the first two models and can overcome the shortcomings. Almost every country adopts such a regulatory system. The domestic asset appraisal industry is an important part of the world asset appraisal industry. By collecting many opinions and experiences, it is possible to shorten the distance between our country and the advanced countries in this respect by reducing the winding path.

### *5.2. Principles of hierarchical decentralization of supervision*

The mode of industry autonomy under government supervision must make clear how to allocate, guarantee and supervise the rights of industry and government departments<sup>[17]</sup>. To solve this problem, we must follow the principle of decentralized management. Decentralization of authority means that the industry association has the right to make decisions independently in the traditional administrative control process, and the government has the right to make decisions directly or in cooperation on major issues. In this process, the establishment of administrative control between the government and the trade association should be a step to strengthen the power of industry management and gradually reduce the power of government supervision to a reasonable limit.

In addition, there are also the grading of the asset appraisal industry itself. I found from the Construction and Application of the Credit Rating Model of Asset Appraisal Agency that the construction of credit rating proposed by Lin Jintian, Liu Jianwei and Huang Yunjing<sup>[22]</sup>: the rating management of asset appraisal organizations through independent third parties in the society. In this paper, the three authors constructed A credit rating model with 4 first-level indicators, 9 second-level indicators and 22 third-level indicators, which were respectively rated as A+, A, B, C and D. The credit rating of asset appraisal organizations

is beneficial to improve the regularization and openness of the practice of asset appraisal organizations.

## VI. CONCLUSION

The supervision and management of asset appraisal is an important problem in the theory and practice of asset appraisal business. In this paper, the important difficulties affecting the healthy development of the appraisal industry, such as the lagging of the theory of asset appraisal and supervision management in China and the lagging of the system of asset appraisal and supervision management in China are compared with those in foreign countries. This paper first discusses the theory of asset management supervision. Secondly, it analyzes the importance of establishing the evaluation and supervision system. Thirdly, a comparative analysis is made on various domestic and foreign assets appraisal and supervision systems. Finally, the management framework of localized asset management is established.

In China, the research on the supervision and management of assets appraisal is not perfect, so it is necessary to further explore some problems. For example, the research and development of asset appraisal supervision and management system can be divided into three parts: government supervision and management system, industry supervision and management system and social supervision and management system. In fact, the assets appraisal supervision and management regulations are divided into different system contents from different angles.

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