The influence of board structure on corporate performance: a case study of Taiwan's financial industry

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Abstract

This paper aims to further discuss the influence of board governance in the financial industry on corporate performance, and to study the relevant variables of board structure and corporate governance. Taking the listed counter companies of Taiwan financial industry from 1991 to 2018 as the research object, and deleting the companies with extreme value data, the research sample number of this study was 1334 years. Cooperate with panel data analysis and cross analysis to produce more accurate results. The results of this study found that the board size and corporate performance have a negative impact, it said Taiwan's smaller economies is suitable for small size of the board of directors can corporate decisions more flexible control, independent targeting is negative effect proportion, represents the financial management should be more professional people to engage in business activities, has a significant negative relationship targeting part-time status, it also as described earlier, professional management need more focus on financial institutions, targeting a part-time job and can't bring positive influence of corporate performance, and even affect the company's profit. The results of the research on the influence of cross terms indicate that when the company grows larger, the size of the board of directors and the proportion of independent board supervisors can have a positive effect on the company's performance as the company grows larger, and the part-time board supervisors should create more performance and help improve the company's performance as the company grows larger. However, with the increase of the size of the board of directors and the increase of the proportion of independent board supervisors, the financing source of the financial industry should be mainly equity, and should not use debt to raise funds.

Keywords: Board structure; Panel Data; Cross Analysis

INTRODUCTION AND RELATED LITERATURE

In recent years, the practice of corporate governance in the financial industry has attracted worldwide attention. The financial sector plays an important role in a country's economy, channeling savers and their money into activities that support businesses and help drive economic growth. According to a recent (July 2015) report by the Basel committee on banking supervision (BCBS), governance deficiencies at Banks that play an important role in the financial system not only lead to the spread of problems across the

banking sector and the global economy. The organisation for economic co-operation and

 ^a Business School of Yulin Normal University, China
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 E-mail at: linlw1982@gmail.com development (OECD) pointed out in its 2006 policy paper on corporate governance in Asian Banks that poor bank corporate governance could destabilise the entire financial system of any country and pose a systemic risk to the real economy.Commercial Banks play an important role in the country's economic development, not only promoting economic growth in various sectors, but also showing resilience and stability in difficult times.This paper aims to further discuss the influence of board governance in the financial industry on corporate performance, and to study the relevant variables of board structure and corporate governance.

The board structure generally has three variables, namely the size of the board (BSIZE), the proportion of outside directors and the part-time status of the board supervisors.Raheja (2005)

pointed out that the optimal board size and composition are functions of the characteristics of the board of directors and individual companies. The literature on corporate theory and corporate governance shows that the board of directors is an important institution to alleviate the agency problem.When the board is large, it brings the resources and capabilities needed to have a positive impact on the company's performance. Contrary to the above, board size has a significant negative correlation with the performance variable measured by return on assets (ROA) of Chinese Banks (Liang et al., 2013). The research results of Liang et al. Are consistent with other empirical studies (Yermack (1996), Eisenberg, Sundergn and Wells (1998), Hermalin and Weisbach (2001) Setiawan et al. (2017), Mayur and Saravanan (2017) and Hideaki Sakawa, Naoki Watanabel (2018). The empirical results show that the board size is negatively correlated with the performance, that is, the board of directors with a small size can fulfill the responsibility of supervising the managers, and thus enhance the value of the company.

Fich and Shivdasani (2005) found that when most of the members of the board of directors concurrently held three or more supervisory positions on the board of directors of other companies, the company's performance would be reduced. Core, Holthausen, and Larcker (1999), Shivdasani and Yermack (1999) proposed that when the board of supervisors held too many posts, it could not effectively supervise the managers.For example, Ferris, Jagannathan, and Pritchard (2003) found that there was no evidence that most board supervisors would evade their responsibilities in the board of directors when they held three or more positions of board supervisors.Yermack (2004) found that when most board supervisors hold three or more positions of board supervisors, they will still fulfill the responsibility of supervising managers.About external targeting and internal targeting (inside director) of the board, from the monitoring point of view: although external targeting have less information can supervise managers, because a detachment of independence so more can give play to the supervisory role of the independent, internal targeting position within the company, will have more information to monitor managers, but because the between managers and may have an interest in the job, so the comparison to under the control of the managers or collusion with manager to make the company's strategy.

Independent directors are not full-time or paid employees of the bank and are not associated with them in any other way (Weir and Laing, 2001).Fama (1980) and Baysinger and Hoskisson (1990) believe that external board supervisors have detached and independent status and are familiar with professional knowledge. The company will hire them in the hope of improving the company's performance by virtue of their professional knowledge.Therefore, the higher the ratio of external board supervisors is, not only can they achieve the effectiveness of supervision, but also their professional knowledge can be used to improve the performance of the company.Fama and Jensen (1983) further pointed out that independent directors were unlikely to cooperate with executive directors to harm the interests of shareholders.In addition, more independent directors on bank boards have improved regulation and reduced conflicts of interest among stakeholders.Jensen and Meckling (1976) suggest that boards dominated by independent directors may help alleviate agency problems by monitoring and controlling management's opportunistic behaviors to ensure that return of value to shareholders is their primary task. In banking, the relationship between corporate performance and independent directors is complex.Al-manaseer et Al. (2012), Pathan et Al. (2007) and Liang et Al. (2013) found a positive correlation between bank performance and independent directors. However, negative relationships are found in Ghana (Coleman Biekpe, 2006) four Asian countries and (Praptiningsih, 2009) and Jordan (Toumar, 2012).

Adams and Mehran (2003) also found that there was no significant relationship between the proportion of NEDs and bank performance. Part of the literature examines the role of political relations in the transition economy and documents their impact on corporate values (Fan et al., 2007; Wu et al., 2010; Grove et al., 2011; Liang et al., 2013) the motivation and motivation of nominated directors may be different from other outside directors and may not be truly independent.

According to the above literature, this study establishes three hypotheses of nothingness

(1)H0: the size of the board of directors has a significant negative effect on corporate performance

(2)H0: the higher the proportion of independent directors and supervisors, the better the company's performance

(3)H0: the part-time job of the board of supervisors has a significant negative effect on the company's performance

In this paper, the first chapter is introduction, which mainly introduces the board structure and corporate governance of the financial industry and the relevant literature. The second chapter is research materials and methods. The object of this study is listed financial companies in Taiwan. The third chapter is the empirical analysis, and the last chapter is the conclusion and Suggestions, which summarizes the results of this study.

DATA AND RESEARCH METHOD

Of this study was to explore the impact of board structure on corporate performance, research materials including explanation variable structure of the board of directors three related variables, such as the size of the board of directors (BSIZE), the proportion of outside directors and targeting is part-time status as well as the explained variable of corporate performance variables of this research adopts the Tobin 's Q, and the relevant control variables such as debt ratio, the company scale, time to market and targeting stock pledge proportion, etc.

In addition, the listed counter companies of Taiwan financial industry from 1991 to 2018 were taken as the research object, and the companies with extreme value data were deleted. Results the research sample number of this study was 1334 -year. Since some of the companies were new listed companies or listed companies, the data structure was panel data of unbalance.

1.1 Research Variable

(1) Explanatory variables

The explanatory variables of this study are the board structure generally has three variables, namely the size of the board of directors (BSIZE), the proportion of outside directors and the parttime status of the board of supervisors. According to the introduction of the above literature, the three variables are defined as follows:



(2)Explained variables

This study adopts Tobin's Q, the most commonly used indicator to measure a company's market performance. La Porta et al. (2002) employed Tobin's Q, but failed to figure out Tobin's Q, because they could not obtain the replacement cost of company assets. As a result, they replaced Tobin's Q with Proxy Q, and the latter was adopted by Claessens et al. (2000). Proxy Q is measured as follows:

Takin's C Market val ue of equity + market val ue of debts	(1)
Asset replacement cost	(4)
Market value of equity (common stocks+special stocks)+book value of debts	(5)
Book value of assets	(3)

(3)Control variables 1.Debt-Asset Ratio (D/A; DA)

Myers (1977), Jensen (1986), Morck, Shleifer, and Vishny (1988), Stulz (1990), Shih-Yung Wei et al. (2017) argued that the debt-asset ratio, on the one hand, implies the information of corporate tax shields; on the other hand, according to the Pecking Order Theory, the higher the debt-asset ratio is, the lower the rate on investment is, and the smaller the corporate value will be.

Debt. accet ratio=	Book value of debt	(6)
Debt - asset ratio=	Book value of asset	(0)

2.Scale of Company (SC)

Firms with a large scale can generally be regarded as having the capability to acquire a profit margin above the normal level, as compared with general firms. Therefore, such firms are able to operate in an imperfect market and acquire a higher excess profit by leveraging their monopoly or oligopoly strength. Furthermore, firms with a large scale may have access to funds with a low cost in the capital market or operate in the market with a low cost due to risk diversification.

In respect of the impact of the scale of a company on performance, it is easier for firms with a larger scale to utilize the advantage of economies of scale to result in good operating performance. Therefore, scale of company was defined as a control variable. Measurement of the scale of company includes total assets, total operating revenue, and number of employees (Kotabe et al., 2002; Lu & Beamish, 2004; Chari et al., 2007; Bae et al., 2008; Ravichandran et al., 2009). Generally, the total assets or operating cost of a firm at natural logarithms is defined as a proxy variable. Therefore, in this study, the carrying amounts of the total assets of the sample firms at natural logarithms were used as proxy variables.



(1) Enterprise age (Firm Age; AG)

In this study, the enterprise age refers to the natural age of the enterprise, so the calculation mode is:

Enterprise age $_{ii}$ =(Time to study the data(Set the year12/31)-Time of establishment)/365	(8)
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(2) Proportion of Pledged Shares by Directors (Pledge; PL)

This proportion is one of the commonly used indicators for corporate governance. Yeh and Lee

(2001) and Shih-Yung Wei et al. (2017) argued that the higher the proportion is of pledged shares by major shareholders, the deeper their involvement in the stock market is, and the worse the corporate performance will be. $Proportion of pledge shares by directors = \frac{Quantity of pledge by directors}{Total shares by all directors}$ (9)

The estimated impact of the control variables in this study on corporate performance is shown in Table 1.

Table 1. Summar	y of definitions	of variables and	l expected effect
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Variable	Definitions	expected
<u>Tobin's</u> Q	Market value of equity (common stocks + special stocks) + book value of debts Book value of assets	
Board Size (BS)	seats of directors	-
Concurrent Post Holding (CP) (dummy variable)	∫1 , half of the directorshold three or more positions ∫0 , else	?,-
Proportion of External Directors (PD)	number of externaldirectors/total number of directors	+
Liability Ratio (DA)	bookvalueof debts/bookvalueof assets	?
Scale (SC)	ln(total assets)	+
Firm Age; AG	enterprise ageit=(time to study the data(set the year12/31)-time of establishment)/365	+
Pledge Ratio (PL)	pledge/sharesheld	-

1.2 Research methods

This study discusses the influence of board structure on corporate performance, and takes the listed cabinet companies of Taiwan construction industry from 1992 to 2017 as the research object, so the data of this study is panel data.

Panel Data is a form of data that take crosssection data and time sequence into account simultaneously. As a result, if the data for analysis are heterogeneous, then the traditional analysis method of the least square method (OLS) will cause invalid results in the analysis of Panel Data, in that OLS can only process either cross-section or time sequence data. When cross-section and time sequence both exist in the data, OLS ignores the differences between these two, resulting in inefficient estimation results. However, the Panel Datamodel can process data featuring a mixture of heterogeneity and time sequence and can produce more effective estimation results.

The Panel Data model is unable to process all kinds of data featuring a mixture of heterogeneity and time sequence. Whether this model can be adopted should be decided by comparing the general regression model with the mixed regression equation model.

The Panel Data model can be basically divided into the fixed effect model and random effect model, both of which have their respective characteristics and applicability. The model type can be selected through a simple judgment. Intuitively, cross-sectional units that are selected

without sampling should adopt the fixed effect model; conversely, cross-sectional units that are selected after sampling should adopt the random effect model. However, there is no scientific basis for such judgment. Mundlak (1978) believed that errors will occur if the intercept term of the random effect model correlates with the independent variable. In this case the fixed effect model should be adopted; if the intercept term is independent of the independent variable, then the random effect model should be adopted. To decide on which model, the Hausman Test of Hausman (1978) can be used.

EMPIRICAL ANALYSIS 2.1Uni-variable Analysis

Table 2. describes the statistical analysis

Univariate analysis refers to the descriptive statistical analysis of a variable. The analysis results are shown in table 2 below. From table 2, we can find the simple analysis status of the variables. In terms of skewness, except that the debt ratio (-1.21) and the company size (-0.13) show a left bias, the others all show a right bias, which means that there are more companies with a smaller debt ratio than the average in Taiwan's financial industry, and the same is true for the company size. In terms of kurtosis, it can be found that the Tobin's Q(10.83), the size of the board of directors (3.31), the pledge ratio of the board of directors and supervisors (4.06) and the factory age (3.06) of the research variables present a high peak, while the rest are low peak.

	Tobin's Q	BS	BO	BP	PL	DA	SC	AG	
Obs.	1334	1334	1334	1334	1334	1334	1334	1334	
Mean	0.37	23.05	9.80	0.44	8.44	77.11	18.54	30.37	
Median	0.24	21.00	9.38	0.00	0.00	85.69	18.40	24.82	
Maximum	3.00	54.00	44.44	1.00	100.00	106.14	22.95	101.18	
Minimum	0.00	4.00	0.00	0.00	0.00	2.15	12.95	0.08	
Std. Dev.	0.37	9.43	9.83	0.50	19.67	19.96	2.26	19.61	
Skewness	2.25	0.84	0.68	0.23	2.87	-1.21	-0.13	0.83	
Kurtosis	10.83	3.31	2.80	1.05	10.85	4.06	2.02	3.06	
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2.2 Bi-variable Analysis

Bivariate analysis discusses the relationship between two variables, which is represented by correlation coefficient matrix, as shown in table 3. It can be found from table 3 that both explanatory variables and control variables in this study are negatively correlated with corporate performance, while the correlation degree between explanatory variables and control variables is not large, which does not constitute a collinearity problem.

	Table 3.	matrix	table of	correlation	coefficients
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Probability	Tobin's Q	BS	BO	BP	PL	DA	SC	AG
Tobin's Q	1.00							
BS	-0.15	1.00						
	-5.67							
	0.00							
BO	-0.33	-0.21	1.00					
	-12.85	-7.97						
	0.00	0.00						
BP	-0.28	0.19	0.17	1.00				
	-10.77	7.10	6.26					
	0.00	0.00	0.00					
PL	-0.07	-0.11	0.09	0.02	1.00			
	-2.51	-3.99	3.21	0.85				
	0.01	0.00	0.00	0.40				
DA	-0.50	0.33	0.13	0.35	0.04	1.00		
	-21.25	12.69	4.67	13.68	1.36			
	0.00	0.00	0.00	0.00	0.17			
SC	-0.64	0.38	0.29	0.49	0.11	0.65	1.00	
	-30.27	15.20	11.03	20.60	4.22	31.21		
	0.00	0.00	0.00	0.00	0.00	0.00		
AG	-0.10	0.18	0.14	-0.04	-0.12	0.17	0.07	1.00
	-3.53	6.86	5.28	-1.38	-4.23	6.17	2.63	
	0.00	0.00	0.00	0.17	0.00	0.00	0.01	

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2.3 Regression Analysis

As the research method says, generally speaking, in the Panel Data Analysis stone to carry out general regression Analysis, and then through mixed Analysis to judge whether there is Panel Data effect, if there is, then carry out Panel Data Analysis, namely the so-called fixed effect and random effect, and then judge what effect. Therefore, in the multivariate empirical analysis, the general regression analysis is carried out first. The analysis of this study is divided into three groups, which are the regression of the research object, then the regression of control variables, and finally the regression of cross terms. General regression analysis is shown in table 4. According to table 4, this study can produce three sets of regression models as follows:

The F test of the three regression groups

Table 4. general regression model

 Tobin's Q= 0.74-0.0BS-0.013BO-0.14BP-0.00PL
 (1)

 Tobin's Q=2.24+0.00BS-0.01BO+0.04BP+0.00PL-0.00DA-0.09SC-0.00AG
 (2)

 Tobin's Q=2.95-0.01BS-0.04BO-0.51BP+0.00PL+0.00DA-0.15SC+0.00AG+0.00BS'SC-0.0002BS'DA
 0.00BS'AG+0.00BO'SC-0.00BO'DA-0.00BO'AG+0.03BP'SC-0.00BP'DA+0.00BP'AG
 (3)

presented significant conditions, indicating that the regression model could be established.

In the three regression equations, this study shows that:

(1) when there are only explanatory variables, all explanatory variables are negatively correlated with Tobin's Q.

(2) after the control variables were added, the board size in the explanatory variables and the parttime status of the board supervisors were significantly positively correlated with Tobin's Q, while the proportion of independent board supervisors was negatively correlated, and the proportion of liabilities in the control variables was significantly negatively correlated with Tobin's Q.

C 0.7432 2.2360 2.9471 BS 0.0007 0.0029 0.00064 BO 0.0128 0.0029 0.0064 0.0128 0.0009 **** (0.0071) **** BO 0.0128 0.0009 **** (0.0071) **** BP 0.0128 *** (0.0009) **** (0.0071) **** BP 0.0176 *** (0.0001) *** (0.0004) (0.0004) DA 0.0011 0.0003 0.0019 (0.0004) (0.0016) *** AG 0.0012 *** 0.0012 *** 0.0012 BD* BS*SC 0.0012 (0.0001) *** 0.0002 BO*DA 0.0025 0.0002	Variable	Coefficient, Std. Error, Test						
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AG -0.0003 (0.0004) 0.0010 (0.0014) BS*SC 0.00012 0.00012 BS*DA (0.0005) ** BS*AG 0.0000 (0.0001) B0*SC (0.0000) 0.0025 B0*DA (0.0000) *** B0*DA 0.0002 (0.0000) B0*SC (0.0000) *** B0*AG -0.0002 (0.0000) (0.0000) *** -0.0002 (0.0000) *** -0.0002 (0.0000) *** -0.0002 (0.0000) *** -0.0023 (0.0007) *** -0.0023 (0.0011) ** 0.0025 (0.0000) (0.0000) *** BP*DA 0.1989 0.4541 0.4854 Sum squared reside 148.5177 101.2159 95.4071 F-statistic 82.5171 157.5593 77.6443 Prob(F-statistic) 0.0000 0.0000 0.0000				(0.0052)	***	(0.0142)	***	
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BS*SC 0.0012 BS*DA (0.0005) ** BS*AG (0.0001) ** BS*AG 0.0000 (0.0000) BO*SC 0.0025 (0.0005) BO*DA 0.0001 *** BO*AG -0.0001 (0.0000) BP*SC 0.0339 (0.0097) BP*SC 0.0339 (0.0001) BP*AG -0.0023 (0.0001) R-sauared 0.1989 0.4541 0.4854 Sum squared reside 148.5177 101.2159 95.4071 F-statistic 82.5171 157.5593 77.6443 Prob(F-statistic) 0.0000 0.0000 0.0000				(0.0004)		(0.0014)		
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BP*DA (0.0011) ** BP*AG 0.0025 0.0025 R-sauared 0.1989 0.4541 0.4854 Sum squared reside 148.5177 101.2159 95.4071 F-statistic 82.5171 157.5593 77.6443 Prob(F-statistic) 0.0000 0.0000 0.0000						-0 0023		
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BP*AG (0.0009) *** R-sauared 0.1989 0.4541 0.4854 Sum squared reside 148.5177 101.2159 95.4071 F-statistic 82.5171 157.5593 77.6443 Prob(F-statistic) 0.0000 0.0000 0.0000						0.0025		
R-sauared0.19890.45410.4854Sum squared reside148.5177101.215995.4071F-statistic82.5171157.559377.6443Prob(F-statistic)0.00000.00000.0000	BP*AG					(0.0009)	***	
Sum squared reside 148.5177 101.2159 95.4071 F-statistic 82.5171 157.5593 77.6443 Prob(F-statistic) 0.0000 0.0000 0.0000	R-squared	0.1989		0.4541		0.4854		
F-statistic82.5171157.559377.6443Prob(F-statistic)0.00000.00000.0000	Sum squared reside	148.5177		101.2159		95.4071		
Prob(F-statistic) 0.0000 0.0000 0.0000	F-statistic	82.5171		157.5593		77.6443		
	Prob(F-statistic)	0.0000		0.0000		0.0000		

(3) cross-term analysis shows that all

explanatory variables (except the pledge ratio of

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the board of directors and supervisors) have a significant negative correlation with Tobin's Q, and the control variables have a significant negative correlation with the size of the company. In terms of cross-term analysis, only the size of the board of directors has an insignificant relationship with the length of the factory.

Whether these three results are the final empirical analysis results or not, it is still necessary to further explore whether the variables in this study have the pattern of panel data to determine. Table 5. R2 and SSE statistics of Pooled Regression Model

Weighted Statistics							
R-squared 0.4598 0.7314 0.7503							
Sum squared reside	133.6867	79.1169	72.1611				
Unweighted Statistics							
R-squared	0 1743	0 4041	0 4267				

		••••	
Sum squared reside	153.0861	110.4893	106.2923

Panel Data	FE	RE	FE	RE	FE	RE
Variable			Coefficient, St	td. Error, Test		
C	0.6977	0.4756	2.2136	2.4829	3.0740	2.4790
Ľ	(0.0300) ***	(0.0427) ***	(0.0708) ***	(0.1420) ***	(0.1861) ***	(0.2359) ***
RC	-0.0077	-0.0020	0.0023	0.0003	-0.0107	0.0104
D 3	(0.0010) ***	(0.0012) *	(0.0009) ***	(0.0011)	(0.0067)	(0.0083)
BO	-0.0095	-0.0069	-0.0060	0.0001	-0.0334	-0.0290
во	(0.0013) ***	(0.0006) ***	(0.0011) ***	(0.0008)	(0.0068) ***	(0.0055) ***
RD	-0.1216	-0.0611	0.0441	-0.0239	-0.6080	0.0172
DF	(0.0184) ***	(0.0165) ***	(0.0162) ***	(0.0154)	(0.1421) ***	(0.1345)
DI	-0.0005	-0.0016	0.0007	-0.0011	0.0007	-0.0006
r L	(0.0005)	(0.0004) ***	(0.0004) *	(0.0004) ***	(0.0004) *	(0.0004) *
DA			-0.0039	0.0005	0.0016	-0.0053
DA			(0.0005) ***	(0.0006)	(0.0014)	(0.0014) ***
sc			-0.0839	-0.1082	-0.1548	-0.0882
50			(0.0049) ***	(0.0086) ***	(0.0130) ***	(0.0157) ***
16			-0.0003	-0.0050	0.0006	-0.0028
			(0.0004)	(0.0009) ***	(0.0013)	(0.0017) *
BS*5C					0.0014	-0.0015
					(0.0005) ***	(0.0005) ***
BS*DA					-0.0002	0.0003
DJ DA					(0.0001) ***	(0.0001) ***
BS*∆G					-0.000002	-0.00004
by Ad					(0.0000)	(0.0001)
BO*SC					0.0021	0.0014
					(0.0004) ***	(0.0004) ***
ΒΟ*DΔ					-0.0001	0.0000
DO DA					(0.0000) *	(0.0000)
BO*AG					-0.0002	-0.000005
					(0.0000) ***	(0.0000)
BP*SC					0.0436	-0.0108
5. 00					(0.0088) ***	(0.0078)
BP*DA					-0.0033	0.0022
					(0.0010) ***	(0.0009) **
BD*AG					0.0025	-0.0002
					(0.0008) ***	(0.0007)
Chi-Sq. Statistic	13.1	.327	45.9	233	68.4	290
Chi-Sq. d.f.	∠	1	7	7	1	6
Prob.	0.03	106	0.00	000	0.00	000

Table 6. Panel Data Analysis

2.4 Panel Data Analysis

When panel data analysis is conducted, Pooled

Regression Model should be first performed to see whether the effect of panel data is available. The

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analysis results of this study are shown in table 5. It is found that the weighted R2(0.46, 0.73, 0.75) of the three Regression groups is larger than that of the unweighted R2(0.17, 0.40, 0.42). And Sum squared reside weighted (133.69, 79.12, 72.16) than those not weighted (153.09, 110.49, 106.29), which means that the research data of this study three groups of regression is fit for using a panel data analysis to explain the results.

There are two kinds of effects in Panel data analysis, namely fixed effect and random effect. Which effect should be used? Hausman Test can be used. Test results of the three groups (as shown in table 6) showed that the chi-square values were all less than 0.05, indicating that the three groups were all suitable to use the fixed effect to interpret the final results.

The analysis results are shown in table 6. The three fixed effect models are as follows:

Tobin's Q= 0.70-0.01BS-0.01BO-0.12BP0.00PL	(4)
Tobin's Q= 2.21+0.00BS-0.01BO+0.04BP+0.00PL-0.00DA-0.08SC-0.00AG	(5)
Tobin'sQ=3.07-0.01BS-0.03BO-0.61BP+0.00PL+0.00DA-0.15SC+0.00AG+0.00BS*SC-0.0)BS*D
A -0.00BS*AG+0.00BO*SC-0.00BO*DA-0.00BO*AG+0.04BP*SC-0.00BP*DA+0.00BP*AG	(6)

The analysis result shows that does not consider the influence of other variables, Tobin's Q, the influence of the scale of the board (0.0077), (0.0095) and the targeting of independent targeting accounted part-time status (0.1216) are showed significant negative impact, while targeting pledge proportion did not show significant relationship, but after considering the control variable, found that the board size (0.0023), targeting part-time status (0.0441) and targeting all pledge ratio (0.0007) become present a significant positive impact, and independent targeting accounted for (0.0060) is still a negative impact, The control variables have negative effects on the debt ratio (-0.0039) and company size (-0.0003).

The focus of this study is the influence of crossaction. Considering the interaction, the size of the board of directors (-0.0107), the proportion of independent board supervisors (-0.0334) and the part-time status of board supervisors (-0.6080) all show a significant negative impact, while the proportion of pledge of board supervisors (0.0007) shows a significant positive relationship. The debt ratio of the control variable (0.0016) was significantly positive, while the company size (-0.1548) was negatively significant. Under the cross action, the size of the board of directors has a positive and significant relationship with the size of the company (0.0014), a negative and significant relationship with the proportion of liabilities (-0.0002), a positive and significant relationship with the proportion of independent board supervisors and the size of the company (0.0021), and a

negative and significant relationship with the proportion of liabilities (-0.0001) and the length of the factory (-0.0002). As for the part-time status of directors, the company size (0.0436) and factory age (0.0025) presented a positive and significant relationship, while the ratio of liabilities (-0.0033) presented a negative and significant relationship.

CONCLUSIONS AND SUGGESTIONS

The management mode of the financial industry and other industries have very big different, so the research on the corporate governance research respectively, this study with the Basel committee on banking supervision in July 2015, a report of the content on the structure of a finance executive directors will discuss to the research of the school structure on the relationship between the financial sector corporate performance, and to the Taiwan financial industry from 1991 to 2018 a total of 1334 samples were studied.

The results showed that the scale of the board of directors and corporate performance is negatively affected, it said Taiwan's smaller economies is suitable for small size of the board of directors can corporate decisions more flexible control, independent targeting is negative effect proportion, represents the financial management should be more professional people to engage in business activities, has a significant negative relationship targeting part-time status, it also as described earlier, professional management need more focus on financial institutions, targeting a part-time job and can't bring positive influence of corporate performance, and even affect the company's profit.

The results of the research on the influence of cross terms indicate that when the company grows larger, the size of the board of directors and the proportion of independent board supervisors can have a positive effect on the company's performance as the company grows larger, and the part-time board supervisors should create more performance and help improve the company's performance as the company grows larger. However, with the increase of the size of the board of directors and the increase of the proportion of independent board supervisors, the financing source of the financial industry should be mainly equity, and should not use debt to raise funds.

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