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The Impact of Corporate Governance on Corporate Performance: A Case Study of Traditional Industries in Hangzhou

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Abstract

The most important key concepts of corporate governance are to help the company's performance can be a positive growth. We went for the Guangdong Foshan traditional industries empirical research, this study for 2020 land owned one thousand large area of Foshan traditional industries as executives surveyed, the number of samples we paid for N = 326. This study analyzes the way through the relevant rules, to find out whether the corporate governance produces its impact on corporate performance. Through this study, in fact Syndrome Investigation learned of corporate governance for the organization of return on assets (ROE), return on assets (ROA), earnings per share (EPS), asset investment (ROI) for measuring the performance of the company belongs to important indicator. Our corporate governance application design four variables (independent variables) and corporate performance (by variables) four variables do measure and analysis, to understand the comprehensiveness of its corporate governance on corporate performance of the overall impact.

Keywords: corporate governance, corporate performance, earnings per share, asset investment, survey

INTRODUCTION

In recent years, many scholars have studied and analyzed the research on corporate governance, and investigated and analyzed whether the structure of the board of directors, the relationship between managers and investors, and the merger and acquisition of companies will affect their organizational performance. This research is mainly aimed at the field of corporate governance to do investigation and analysis, in order to measure the correlation between corporate governance mechanism and organizational performance. Corporate performance (profitability) is a very important key information for the whole enterprise to provide to investors. Judging by the listed companies on the stock exchange, the company's earnings per share can be used to judge the physical health of the company and as an important factor for investors to decide whether to invest. Danoshana and T. Ravivathani(2013) proposed that from 2008 to 2012, they sorted out the analysis of corporate governance on business performance of 20 financial institutions in Sri Lanka. Cadbury Committee,1992, defined its corporate governance system as one that could be controlled directly through the company. Many scholars believe that corporate governance will bring different results according to different cultures and different governance mechanisms in different countries. For example, the ownership of Chinese enterprises will be in the family; In Western countries, the management of a company is given to a professional management team. The most critical factor of these two approaches is that the management should help the enterprise to have a good decision-making process in the operation process and bring about performance for the company. In recent years, the company performance in the financial management of the corporate governance literature, many scholars will be referred to the concept of corporate performance, many scholars put forward the application of corporate governance in the organization system, how to make the whole system operation mechanism generates the ultimate purpose of performance, these many scholars of literature will continue to do the action of discussion and debate. For example, in the

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process of corporate governance, the board structure, the independent director system, the ownership structure, the audit committee, the rules of procedure and the decision-making procedure of the board of directors should be designed. On the other hand, how to define the role of the board of directors and the role of managers is also discussed and analyzed by many scholars in the processof financial research. In the process of research and investigation, we observe and analyze the corporate governance system of traditional industrial enterprises in Hangzhou, and we can clearly understand that the corporate governance system will have a positive correlation with the overall corporate performance. In the process of this research and investigation, we observed and analyzed the annual financial statements of one thousand large enterprises in traditional industries in Hangzhou, and indirectly measured the relevant corporate performance, especially the ROE, ROA, EPS and ROI.

THEORY AND DEVELOPMENT HYPOTHESIS

This study is mainly to establish its causal relationship, through its hypothesis model to verify the correlation between the cause variables and the effect variables. We examine whether corporate governance has its relevance to corporate performance. Through its hypothesis model, we can clearly see that in addition to discussing the relationship between the cause variables and the effect variables, we also analyze and study the interference variables, hoping to verify and discuss whether they are correlated.

Klapper and Love (2004) proposed that whether different countries have different standards of corporate governance at the corporate level should be judged and analyzed from the perspective of corporate governance. Ertugrul and Hegde (2009) pointed out that the corporate governance rating system mainly measures the quality of corporate governance, and the key is to measure the internal control system, board structure and ownership structure. Guo and Kumara (2012) conducted a study to test and measure the performance of corporate governance in Sri Lanka. They found that the proportion of external indicators and the operation of the company will directly affect the performance of the company. Some foreign scholars have proposed that corporate governance has a great impact on corporate performance, such as ROA, ROE and EPS. We design the relationship between the assumptions based on the research structure Figure 1. By looking at this chart, we hope to find the correlation between the impact of corporate governance on corporate performance. In the process of research, we also further explore the influence of corporate governance mechanism in the inter-bank credibility relationship. According to the research of traditional industries in Hangzhou, our team found that the non-performing assets and loans would negatively affect the business performance of the company and the credit relationship between banks. Sami et al. (2011) point out that corporate performance is positively correlated with different governance measures. Jensen (1976) proposed that capital structure would affect corporate performance. Therefore, many companies will consider the debt ratio as one of the key factors in the overall corporate governance.

In the design process, information sharing is regarded as its interference variable. In recent years, many financial companies broke out financial crisis, which led to the risk loss of investors. Many scholars have conducted researches on the transparency of financial information, such as the disclosure of financial objectives (3-year or 5-year ROA, ROE, financial annual reports, financial statements). Whether the information sharing is correct or not will lead to the corporate governance in the operation process, and whether the operation and operation process can get the investment trust of external investors, which is a very important interference factor. In the process of information sharing, the overall transparency of information is a very important factor. If the information is not symmetrical, external investors will not be able to obtain their trust in the company. This series of fraud in recent years, many companies in the world happened to disclose false information, such as one of the most famous hanlon companies in the United States, because out of the situation on internal operator management, coupled with external targeting will not take the role of monitoring and supervision, eventually led to the top as a series of bad decisions, make enterprise information provided is not enough transparency and correctness, caused a major crisis appears on the corporate governance, will let hanlon finally on a path to bankruptcy. Therefore, we can investigate and analyze that information asymmetry will not only increase the risk of investors, but also make wrong decisions in the internal governance of the company, which will have an impact on the final performance of the company. We design the research structure as shown in Figure 1:

H1: Whether corporate governance is relevant to organizational performance

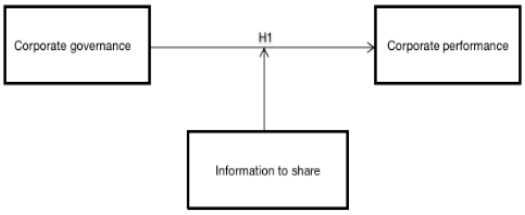

Figure 1. **Hypothesis model**

We conducted confirmatory analysis on the hypothetical relationship of H1 to observe whether its corporate governance has its relevance to corporate performance. The main object of our investigation is the traditional industries in Hangzhou. Through observation and analysis, we hope to understand the correlation between corporate governance and corporate performance. The main survey objects are the senior executives of one thousand traditional enterprises in Hangzhou area, with a sample number of 326. Our investigation mainly adopts rule correlation analysis method to do empirical analysis. The purpose of this study is to test whether information sharing can influence the relationship between causative and effectual variables.

STUDY DESIGN AND DATA COLLECTION

2.1 Rule correlation analysis

Canonical correlation analysis, also known as rule correlation analysis and quasi correlation analysis, is a multivariate statistical analysis method. Its main purpose is to analyze the degree of relationship between two groups of variables X and Y, and mainly to analyze the relationship between each group of linear combination of criterion variables and predictive variables.

The rule correlation analysis is to study two sets of variables X 1, X 2... , Xp and Y1, Y2... , the correlation between Yq, similar to the principal component analysis method, in two groups of variables, the selection of several representative variables respectively representative composite indicator, by studying the comprehensive index of the relationship between the two groups, to take the place of the two groups of variables, the relationship between the comprehensive indicator as typical variable.

Rule correlation analysis has a wide range of uses. In practical analysis problems, rule correlation analysis can be used when we are faced with two sets of multi-variable data and want to study the relationship between the two sets of variables. For example, the relationship between organizational learning tendency and strategic decision-making pattern, and the relationship between consumer's brand perception and purchasing behavior and so on.

2.2 Comparison between rule correlation analysis and structural equation model

Structural Equation Modeling (SEM), which has a variety of functions, is a multivariate statistical technology that integrates factor analysis and path analysis. Its strength lies in the quantitative study of the interaction between multiple variables. SEM can show the driving force analysis three-dimensional and multi-level. This multi-level causality is more consistent with the real human form of thinking, which traditional regression analysis cannot do. SEM divides the attributes into multiple layers for analysis according to the degree of abstraction of different attributes. In recent decades, SEM has been widely used in various research fields, and CCA is a special example of SEM. SEM is superior to CCA in two aspects. First, SEM can be used to verify the significance of weighted series and index series. Secondly, SEM can be used to test the significance of each typical correlation, and its method is more rigorous than that of CCA.

2.3 Data processing

In IV, five factors (FATOR1-5) can be generated from the previous factor analysis, but FATOR5's reliability is less than 0.6, so it will not be included in the analysis and discussion. The following factors are selected:

F1 = B8*0.311 + B12*0.269 + B22*0.203 + B24*0.244+ B26*0.171 + B28*0.244

F2 = A8*0.293 + A10*0.277 + B2*0.282 + B4*0.293+B6*0.293

F3 = B14*0.465 + B16*0.348 + B18*0.361

F4 = B10*0.606+B20*0.4962

DV part from B1, B3, B5..., B27, B29 were analyzed, and all four groups of factors were produced. It has passed the reliability and validity test, and the factor scores are as follows:

D1=0.32188*B1+0.19176*B5+0.14067*B15+0.16901*B17+0.19427*B19+0.24728*B21+0.22522*B23+0.18580*B29;

D2 = 0.40696*B7+0.30369*B9+0.40123*B11;

D3= 0.53800*B25+0.50735*B27;

D4=0.55816*B3+0.48378*B13;

2.4 Rule correlation analysis

(1) Sample test

Since there are 11 DV and IV together, the minimum sample size should be (4+4) *10 = 80, and the data number in this study is 326, which meets the minimum sample size requirement.

Table 1. **Sample test**

VAR variable	4
WITH variable3	4
observation	326

(2) Assumption testing

Since the Shapiro-Wilk values of the 8 factors were observed, the P values of all the factors were <0.05, and there was no normal distribution. Therefore, the central limit theorem must be used to converge the data. The values are as follows:

Table 2. **F1**

Normal test				
test	**Statistics values**		**P values**	
Shapiro-Wilk	W	0.941525	Pr<W	<0.0001
Kolmogorov-Smirnov	D	0.096907	Pr>D	<0.0100
Cramer-von Mises	W-Sq	0.529572	Pr>W-Sq	<0.0050
Anderson-Darling	A-Sq	3.927546	Pr>A-Sq	<0.0050

Table 3. **F2**

Normal test				
test	**Statistics values**		**P values**	
Shapiro-Wilk	W	0.792006	Pr<W	<0.0001
Kolmogorov-Smirnov	D	0.187169	Pr>D	<0.0100
Cramer-von Mises	W-Sq	2.055402	Pr>W-Sq	<0.0050
Anderson-Darling	A-Sq	13.23249	Pr>A-Sq	<0.0050

Table 4. **F3**

Normal test				
test	**Statistics values**		**P values**	
Shapiro-Wilk	W	0.836917	Pr<W	<0.0001
Kolmogorov-Smirnov	D	0.203284	Pr>D	<0.0100
Cramer-von Mises	W-Sq	2.742016	Pr>W-Sq	<0.0050
Anderson-Darling	A-Sq	16.58046	Pr>A-Sq	<0.0050

Table 5. **F4**

Normal test				
test	**Statistics values**		**P values**	
Shapiro-Wilk	W	0.95161	Pr<W	<0.0001
Kolmogorov-Smirnov	D	0.10486	Pr>D	<0.0100
Cramer-von Mises	W-Sq	0.461594	Pr>W-Sq	<0.0050
Anderson-Darling	A-Sq	3.311957	Pr>A-Sq	<0.0050

Table 6. **D1**

Normal test				
test	**Statistics values**		**P values**	
Shapiro-Wilk	W	0.965357	Pr<W	<0.0001
Kolmogorov-Smirnov	D	0.065029	Pr>D	<0.0100
Cramer-von Mises	W-Sq	0.284178	Pr>W-Sq	<0.0050
Anderson-Darling	A-Sq	2.212633	Pr>A-Sq	<0.0050

Table 7. **D2**

Normal test				
test	**Statistics values**		**P values**	
Shapiro-Wilk	W	0.977922	Pr<W	<0.0001
Kolmogorov-Smirnov	D	0.065077	Pr>D	<0.0100
Cramer-von Mises	W-Sq	0.229102	Pr>W-Sq	<0.0050
Anderson-Darling	A-Sq	1.585523	Pr>A-Sq	<0.0050

Table 8. **D3**

Normal test				
test	**Statistics values**		**P values**	
Shapiro-Wilk	W	0.909944	Pr<W	<0.0001
Kolmogorov-Smirnov	D	0.123921	Pr>D	<0.0100
Cramer-von Mises	W-Sq	1.021704	Pr>W-Sq	<0.0050
Anderson-Darling	A-Sq	7.173618	Pr>A-Sq	<0.0050

Table 9. **D4**

Normal test				
test	**Statistics values**		**P values**	
Shapiro-Wilk	W	0.871196	Pr<W	<0.0001
Kolmogorov-Smirnov	D	0.175028	Pr>D	<0.0100
Cramer-von Mises	W-Sq	1.929522	Pr>W-Sq	<0.0050
Anderson-Darling	A-Sq	12.83262	Pr>A-Sq	<0.0050

Since DV has 4 and IV has 4, the minimum combination is 4 groups. The following is the distribution diagram of each combination, from which it can be judged that D1*F1 and D2*F2 are obviously linear and homogeneous, while the rest are not obvious.

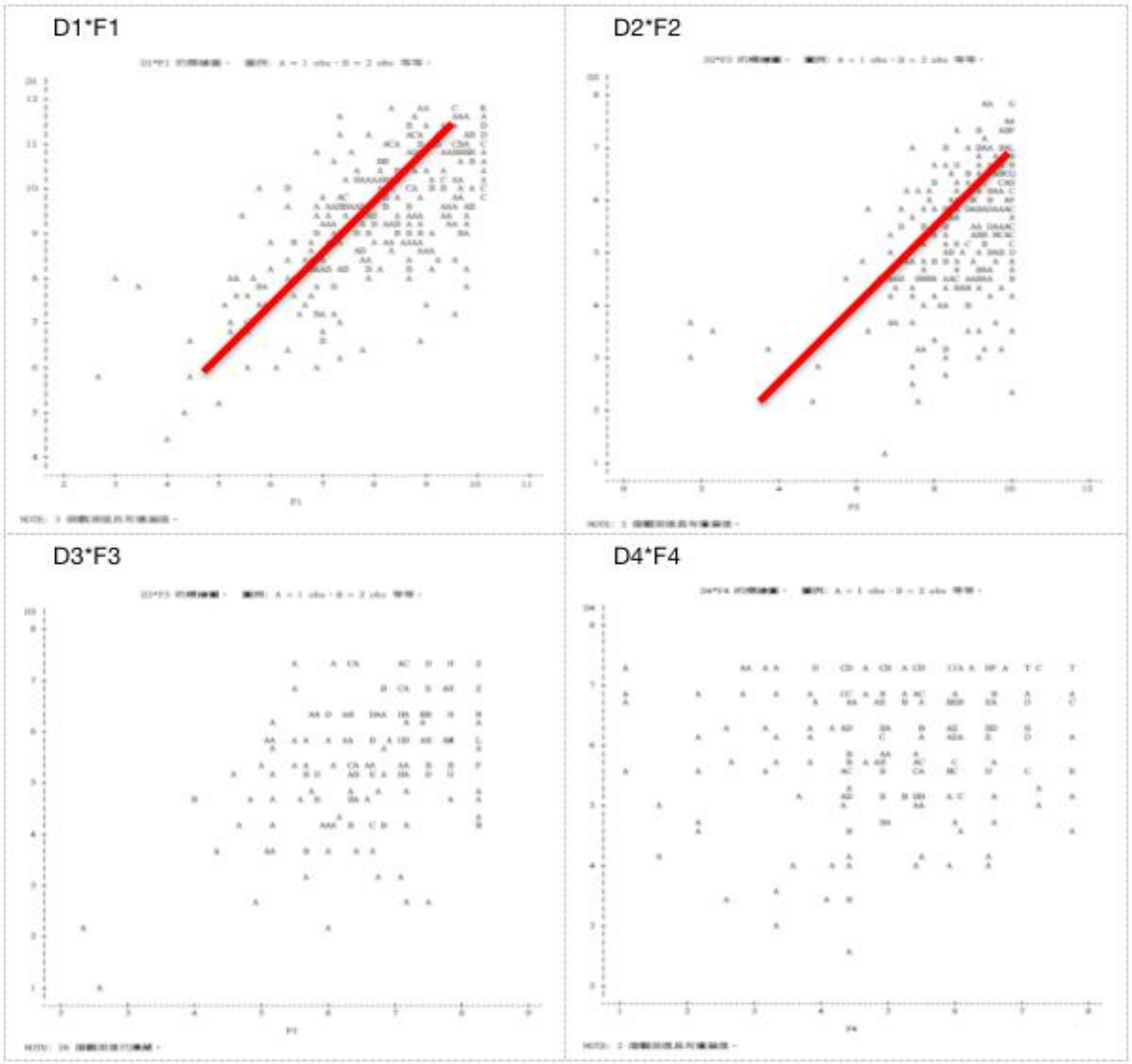

Figure 2. **Distribution diagram**

(3) Fitness test

All P values were less than 0.05, so DV and IV were correlated and influenced each other.

Table 10. **Fitness test**

	DI	D2	D3	D4	Fl	F2	F3	F4
DI	1.00000	0.68978	0.71447	0.57169	0.69984	0.60267	0.68151	0.68540
		<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001
D2	0.68978	1.00000	0.55231	0.46918	0.66217	0.54141	0.38012	0.70784
	<.0001		<.0001	<.0001	<.0001	<.0001	<.0001	<.0001
D3	0.71447	0.55231	1.00000	0.37828	0.79870	0.42721	0.56074	0.53674
	<.0001	<.0001		<.0001	<.0001	<.0001	<.0001	<.0001
D4	0.57169	0.46918	0.37828	1.00000	0.38948	0.62188	0.47059	0.30674
	<.0001	<.0001	<.0001		<.0001	<.0001	<.0001	<.0001
Fl	0.69984	0.66217	0.79870	0.38948	1.00000	0.43291	0.55871	0.53549
	<.0001	<.0001	<.0001	<.0001		<.0001	<.0001	<.0001
F2	0.60267	0.54141	0.42721	0.62188	0.43291	1.00000	0.36004	0.32667
	<.0001	<.0001	<.0001	<.0001	<.0001		<.0001	<.0001
F3	0.68151	0.38012	0.56074	0.47059	0.55871	0.36004	1.00000	0.46144
	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001		<.0001
F4	0.68540	0.70784	0.53674	0.30674	0.53549	0.32667	0.46144	1.00000
	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	<.0001	

Note. Pearson correlation coefficient，N=326，Prob>｜r｜：Rho=0

(4) Test of multi-Collinearity

Since the allowable value of regression analysis results for each group of factors is all greater than 0.1, collinearity will not occur. The results of each group are as follows:

Table 11. **F1**

Parameter estimates							
Variable	**DF**	**Parameter estimates**	**Standard error**	**T Value**	**Pr>｜t｜**	**Margin error**	**Variation expansion**
Intercept	1	0.69085	0.52707	1.31	0.1909	.	0
F2	1	0.24438	0.05294	4.62	<.0001	0.83763	1.19385
F3	1	0.48324	0.06851	7.05	<.0001	0.73803	1.35495
F4	1	0.31746	0.04875	6.51	<.0001	0.75746	1.32020

Table 12. **F2**

Parameter estimates							
Variable	**DF**	**Parameter estimates**	**Standard error**	**T Value**	**Pr>｜t｜**	**Margin error**	**Variation expansion**
Intercept	1	5.06563	0.45886	11.04	<.0001	.	0
F1	1	0.25397	0.05502	4.62	<.0001	0.58988	1.69527
F3	1	0.18025	0.07437	2.42	0.0159	0.65093	1.53626
F4	1	0.08689	0.05265	1.65	0.0998	0.67497	1.48155

Table 13. **F3**

Parameter estimates							
Variable	**DF**	**Parameter estimates**	**Standard error**	**T Value**	**Pr>｜t｜**	**Margin error**	**Variation expansion**
Intercept	1	3.28333	0.35576	9.23	<.0001	.	0
F1	1	0.27692	0.03926	7.05	<.0001	0.63874	1.56558
F2	1	0.09939	0.04101	2.42	0.0159	0.79997	1.25004
F4	1	0.15241	0.03833	3.98	<.0001	0.70217	1.42415

Table 14. **F4**

Parameter estimates							
Variable	**DF**	**Parameter estimates**	**Standard error**	**T Value**	**Pr> | t |**	**Margin error**	**Variation expansion**
Intercept	1	-0,48275	0.56726	-0.85	0.3954	.	0
F1	1	0.36659	0.05629	6.51	<.0001	0.62613	1.59710
F2	1	0.09654	0.05850	1.65	0.0998	0.79229	1.26217
F3	1	0.30711	0.07723	3.98	<.0001	0.67066	1.49106

Table 15. **D1**

Parameter estimates							
Variable	**DF**	**Parameter estimates**	**Standard error**	**T Value**	**Pr> | t |**	**Margin error**	**Variation expansion**
Intercept	1	1.46961	0.33113	4.44	<.0001	.	0
D2	1	0.39906	0.04820	8.28	<.0001	0.61591	1.62361
D3	1	0.57528	0.05017	11.47	<.0001	0.67675	1.47765
D4	1	0.37100	0.05308	6.99	<.0001	0.75945	1.31675

Table 16. **D2**

Parameter estimates							
Variable	**DF**	**Parameter estimates**	**Standard error**	**T Value**	**Pr> | t |**	**Margin error**	**Variation expansion**
Intercept	1	-0.34952	0.35759	-0.98	0.3291	.	0
D1	1	043986	0.05312	8.28	<.0001	0.38351	2.60751
D3	1	0.14046	0.06202	2.26	0.0242	0.48818	2.04842
D4	1	0.14301	0.05927	241	0.0164	0.67131	148962

Table 17. **D3**

Parameter estimates							
Variable	**DF**	**Parameter estimates**	**Standard error**	**T Value**	**Pr> | t |**	**Margin error**	**Variation expansion**
Intercept	1	1.00905	0.31429	3.21	0.0015	.	0
D1	1	0.50401	0.04395	1147	<.0001	0.44531	2.24565
D2	1	0.11164	0.04929	2.26	0,0242	0.51589	1.93840
D4	1	-0.06542	0.05319	-1.23	0.2196	0.66249	1.50946

(5) Determine the number of equations related to the rule

There are four tests to determine the number of equations, (1) Canonical Correlation、(2) Square Canonical Correlation、(3) F-test、(4) Redundancy Index Measure, comply with items 2, 3 and 4 to form an equation.

1.Square Canonical Correlation

The square accurate correlation requires >0.1 to meet the requirements, and the fourth does not meet the requirements.

Table 18.

	canonical correlation	**Adjust**	**Approximate standard error**	**Square Canonical Correlation**
1	0.925903	0.924612	0.007916	0.857296
2	0.576084	0.565434	0.037061	0.331872
3	0.445827	0.443049	0.044445	0.198762
4	0.297410	.	0.050564	0.088453

2.F-test

For F-test, P value less than 0.05 indicates that the hypothesis is not 0, and all of them meet the requirements.

Table 19.

The eigenvalue：Lnv（E）*H=CabRsq/（1-CanRsq）				Verification of H0: The positive correlation between the current column and all subsequent columns is 0				
The eigenvalue	differences	proportion	cumulative	eviews	approximate value f	numerator variance	Denominator variance	Pr>F
6.0075	5.5108	0.8771	0.8771	0.06963656	84.58	16	972.14	<.0001
04967	0.2487	0.0725	0.9496	0.48797797	29.58	9	776.51	<.0001
0.2481	0.1510	0.0362	0.9858	0.73036639	27.22	4	640	<.0001
0.0970		0.0142	1.0000	0.91154701	31.15	1	321	<.0001

3.Redundancy Index Measure

Only when the ratio of the opposite normality variable of VAR and WITH is greater than 0.1 at the same time can it meet the requirement, so only the first one meets the requirement.

Table 20. **The original variance of the VAR variable is explained by the following items**

Canonical VAR Serial number	Canonical VAR		Square Canonical	Opposite Canonical VAR	
	proportion	cumulative		proportion	cumulative
1	0.7085	0.7085	0.8573	0.6074	0.6074
2	0.1125	0.8210	0.3319	0.0373	0.6448
3	0.1007	0.9217	0.1988	0.0200	0.6648
4	0.0783	1.0000	0.0885	0.0069	0.6717

Table 21. **The original variance of the WITH variable is explained by the following items**

Canonical VAR Serial number	Canonical VAR		Square Canonical	Opposite Canonical VAR	
	proportion	cumulative		proportion	cumulative
1	0.6031	0.6031	0.8573	0.5171	0.5171
2	0.1197	0.7228	0.3319	0.0397	0.5568
3	0.1334	0.8562	0.1988	0.0265	0.5833
4	0.1438	1.0000	0.0885	0.0127	0.5960

(6) Rules related to the interpretation of equations

1.Canonical Weight

After four verifications, the result is that only the first one satisfies, and only one equation is produced. The formula is as follows:

V1 = W1

V1=D1*0.4060+D2*0.3619+D3+0.3292+D4*0.0634

W1=F1*0.4706+ F2*0.2942+ F3*0.1355+ F4*0.3783

Table 22. **The standard evolutionary alignment coefficient of the VAR variable**

	VI	V2	V3	V4
D1	0.4060	0.7587	0.2928	-1.5285
D2	0.3619	-0.8241	0.9264	0.5485
D3	0.3292	-0.5666	-1.1915	0.4817
D4	0.0634	0.8100	-0.0976	0.9203

Table 23. **The standard evolutionary alignment coefficient of the WITH variable**

	W1	W2	W3	W4
F1	0.4706	-0.8248	-0.7974	0.5196
F2	0.2942	0.6406	0.4702	0.7449
F3	0.1355	0.8667	-0.5179	-0.7256
F4	0.3783	-0.3741	0.9318	-0.5855

2.Canonical Loading

Table 24. **The correlation between the VAR variable and the Canonical VAR**

	VI	V2	V3	V4
D1	0.9270	0.2485	0.0247	-0.2799
D2	0.8534	-0.2337	0.4245	0.1920
D3	0.8430	-0.1733	-0.5075	0.0407
D4	0.5897	0.6428	0.0537	0.4860

Table 25. **The correlation between the WITH variable and the Canonical VAR**

	W1	W2	W3	W4
F1	0.8762	-0.2635	-0.3842	0.1231
F2	0.6703	0.4734	0.2429	0.5173
F3	0.6789	0.4640	-0.3641	-0.4373
F4	0.7890	-0.2065	0.4194	-0.3987

3.Canonical Cross Loading

Since there is only one equation before, look at the first lines, W1 and V1, and the absolute value must be greater than 0.3 to determine the solid line of the related model for the rule.

Table 26. **The correlation between VAR variable and the Canonical VAR of WITH variable**

	W1	W2	W3	W4
D1	0.8583	0.1432	0.0110	-0.0833
D2	0.7902	-0.1346	0.1893	0.0571
D3	0.7806	-0.0998	-0.2263	0.0121
D4	0.5460	0.3703	0.0239	0.1445

Table 27. **The correlation between WITH variable and the Canonical VAR of VAR variable**

	VI	V2	V3	V4
Fl	0.8113	-0.1518	-0.1713	0.0366
F2	0.6206	0.2727	0.1083	0.1538
F3	0.6286	0.2673	-0.1623	-0.1301
F4	0.7305	-0.1190	0.1870	-0.1186

The relation values and models of DV and IV of rule association are shown as follows:

Table 28. **The VAR variable is related to the of the first M Square Canonical variable of the WITH variable**

M	1	2	3	4
D1	0.7366	0.7571	0.7573	0.7642
D2	0.6244	0,6425	0.6783	0.6816
D3	0.6093	0.6193	0.6705	06706
D4	0.2982	4353	4356	04567

Table 29. **The WITH variable is related to the of the first M Square Canonical variable of the VAR variable**

M	1	2	3	4
F1	0.6582	0.6813	0.7106	0.7119
F2	0.3851	0.4595	0.4713	0.4949
F3	0.3952	0.4666	0.4929	0.5099
F4	0.5336	0.5478	0.5827	0.5968

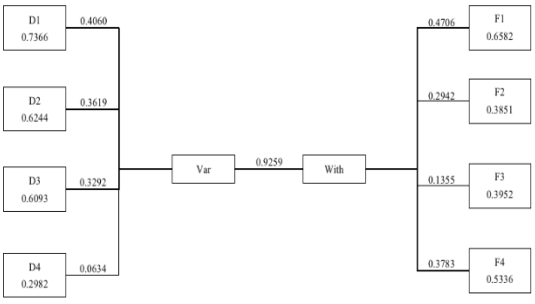

Figure 3.

DISCUSS AND APPLICATION

This study focuses on the traditional industries in Hangzhou to conduct investigation and analysis, mainly to understand the impact of corporate governance on corporate performance. In this study, we use rule-related analysis method to do confirmatory analysis and observe the senior executives of one thousand large enterprises in the land-based traditional industries in Hangzhou area as the survey object. We did research design through Likert seven-point scale. We divided two

groups as the survey objects. One group was the chairman and the general manager. Another group conducted interviews and surveys for the executive level. In order to design the degree of rigor of the questionnaire, we invited scholars in relevant fields and three senior executives of enterprises to test the questions and methods of the questionnaire design, and to modify and correct inappropriate sentences. In order to achieve the rigor of the questionnaire, we specially carry out the design of continuity and rigor to conform to the spirit of the questionnaire design.

In this study, we can clearly see the correlation between corporate governance and corporate performance through the analysis of the whole logical structure diagram. We mainly observe and analyze through financial reports (ROA, ROE, EPS), and then use information sharing as interference variables. Our main purpose is to find out whether our hypothesis can be verified successfully.The results show that our rule correlation analysis is valid. Therefore, we can conclude that corporate governance will have its impact on corporate performance. In this study, SAS software was used to verify the rule correlation analysis, and confirmatory analysis was conducted for the sample size N=326. It was clear from the overall data that VAR and WITH were verified through their rule correlation analysis data.

Our research reports this time mainly aims at the perspective of corporate governance characteristics of land-funded traditional industries in Hangzhou. Good corporate governance and management will have a positive impact on the performance of the company. On the contrary, poor corporate governance management will have a negative impact on corporate performance. Based on the correlation analysis of these rules, we can clearly evaluate the positive correlation between them.

CONCLUSIONS AND FUTURE RESEARCH

The biggest contribution of this study is to fill in the gap of corporate governance system that previous researchers lack, so as to see the overall corporate performance. For example, (1) corporate governance system will lead to organizational performance; (2) information sharing will interfere with the impact of corporate governance on corporate performance. We hope that through such research design, corporate governance system will have its impact on corporate performance. This study is mainly through different financial report data to analyze, different scholars have different perspective, we hope to integrate the main concepts through different scholars' views. This research through the Guangdong area of Hangzhou land-
funded traditional industries to investigate, but there are still some limitations cannot achieve the best.

The following suggestions may be helpful to future researchers:

4.1 Limitations on time variables

To observe corporate governance, this study needs to spend a period of time in the action of observation. However, the most difficult point in the study of the limitations is that it takes some time to see the impact of corporate governance on corporate performance. However, this study only focuses on 2015 for research discussion and analysis. Subsequent researchers can further analyze the key factors for the lack of research.

4.2 Study the limitations of variables

In the previous article, we have mentioned the characteristics of corporate governance of different cultures in different countries, and these theories need to be verified by subsequent people. Future researchers can take into account cultural variables in different countries. Our research this time only focuses on the one thousand land-based traditional industries in Hangzhou, and future researchers can include them in other European and American companies to take into account the local situation of different corporate governance cultures in Hangzhou.

4.3 Restrictions on the distribution of questionnaires

This time, the questionnaire was distributed through friends in Hangzhou, Guangdong, and through friends or traditional industry executives. However, in the process of issuing the questionnaire, it is not known whether middle or senior executives fill in the questionnaire. The degree of rigor will have a qualitative impact. In terms of questionnaire design, it is suggested that subsequent researchers should be more careful in the design of questionnaire topics. Besides middle and senior executives, they can also include members of the board of directors and supervisors of the company to distribute the questionnaire. In this way, the overall reliability and validity of the questionnaire will be better.

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