

Does Corporate Governance could Improve Super Profit? Evidence of Information Listed Company in China

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Abstract: *Corporate governance is important issue to set up modern enterprise mechanism, but literature has not pay attention to the relationship between it and super profit. With the data of information listed company in China, the paper studies the impacts of corporate governance on super profit. It shows that the total share ratio of top 5 large shareholders, the balance of the chairman and the general manager, the size of monitoring directors and the total income of top 3 directors have positive impacts on super profit, but the shareholding ratio of the largest shareholder and z index have negative influence on super profit. The paper answer the question of what are the sources of super profit, which are likely to benefit for the development of corporate governance both in theory and practice.*

Keywords: corporate governance; super profit; information technology industry

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1. Introduction

For modern enterprise, it is the basic requirement to obtain the investment return, and achieve super profits is the idea operational goal. However, according to the economic theory, in an equilibrium market, enterprises can only obtain normal profits and cannot obtain super profits. If the company has obtained super profits, it indicates that the market has not reached equilibrium, and there are some unknown factors that affect the company's earnings, specially the super profit. Therefore, it is valuable to analyze the unknown factors that affect the super profit of enterprises and to look back upon the sources of super returns of enterprises.

With the rapid economic development in China, there are enterprises have achieved existing profit. Based on the annual report of them, we find the growth rate of some listed companies exceeds the average level of the whole market, indicating that super profit exist, which supply samples for us to analysis where does the super profit coming from.

In literature, scholars have studied the source of super profit of enterprise. Some literature have indicted that factors such as R&D investment^[1] and technological innovation^[2] may generate super profits, but few literature focus on the impacts of corporate governance on super profits. In fact, more and more evidence to support the view that good mechanism could improve the level of corporate governance, and as a consequence, it is likely to raise the profit and achieve super profit. Upon this considerations, using the data of 484 Shanghai-Shenzhen A-share listed companies in China's information industry from 2011 to 2016, the paper makes an empirical study on the relationship of governance

corporate and super profits.

The other parts of this paper are arranged as follows: the second part reviews the relevant literature, the third part puts forward the research hypothesis, the fourth part carries out the research design and set up the regression model, the fifth part analyzes the model results, and the conclusion is in the sixth part.

2. Literature Review

For listed companies, shareholders or investors who are owners of the company can obtain two benefits, capital gains based on the capital market price difference, and operating income based on financial statements. Correspondingly, there is the concept of super return and super profit, the former refers to super returns in the capital market, while the latter refers to super profits on the financial statements. From the existing literature, the relevant literature has studied the super returns and super profits.

Regarding super returns, there are many literature studies mainly in the form of empirical analysis. For example, with the A-share listed companies that issued stock dividends and the implementation of the conversion of public reserve funds from 1995 to 2008 as samples, Xiao Shufang and Peng Yunhua (2014) find that Chinese listed companies can obtain positive super returns^[3]. Fang Xianming et al. (2017) find that buying a star fund can achieve positive super returns, but the persistence is poor because after six months it will be reversed^[4]. with the data of A-share listed M&A companies from 2009 to 2015, Yan Jianguo (2017) find that the socially responsible M&A companies can obtain super returns within 5 days of the announcement of the merger. In

the long run, super returns can only be obtained after two years, with a hysteresis effect^[5].

Comparing with super return, there are few literature about super profit. In December 2017, we conducted a literature search with "super profit" as the key word, and found only 11 papers, but all of them in the form of theoretical analysis about the source of super profits. For example, Xiao Lei (2017) believes that in the unbalanced economy, super profits are basically the unpaid possession of social products created by laborers, the increase of the true value of social products, and an important mechanism of wealth distribution^[6]. White Violence and Wang Zhiqiang (2016) suggest that multinational corporations have low variable capital costs and are therefore able to obtain super profits^[7].

In order to find more literature, we also use the "economic profit" as the key word for literature search, and only found 12 papers mainly in the form of qualitative studies. For example, Zhang Hui and Lu Yifeng (2012) supply a profit tracking mechanism linked to the financial industry and the real industry^[8]. Wu Zhanyi and Yi Xiaoyan (2012) put forth that in the course of business operations, as market competition eventually tend to be relatively stable, economic profits will tend to zero^[9]. In general, in the 12 papers, only the work of Chen Jian and Li Mingxian (2015) make an empirical analysis about the reasons for profit growth. Based on the classic financial sustainable growth concept, they use panel data of 34 agricultural listed companies in China from 2000 to 2011 to study the impact of capital, income, shareholding structure and governance structure on the value growth of companies. They find that the shareholding ratio of shares has the greatest impact on economic profit, and comprehensive capital cost, accounting income, profitability of equity capital, and shareholding ratio of the top ten shareholders have significant effects on economic profit^[10].

Although the literature does not have an empirical study on the impact of governance structure on super profits, it does not deny the impact of corporate governance on company performance. In fact, a large body of literature examines the impact of corporate governance structures on firm performance. For example, the work of Li Xiaoyu et al. (2017) shows that there is a significant positive correlation between the internal governance mechanism variables and corporate performance, such as equity concentration, board diligence and supervision of the Board of Supervisors^[11]. Wang Xiaohong's (2015) research shows that the ratio of independent directors, chairman and general manager is positively related to corporate performance. The number of board members, shareholders' meetings and board meetings are negatively correlated with corporate performance^[12]. Zhou Jian et al. (2012) state that the shareholding ratio of the second largest to the tenth largest shareholder is inversely proportional to the company's performance, while the relationships, the proportion of independent directors, and the level of senior management team compensation are significantly positively correlated with company performance^[13].

To sum up, based on the literature above, we can find that the existing research does not empirically analyze the relationship between corporate governance and super profits, which imply it is necessary to study the issue, especially with the data of listed company in China, the fast development country around the world.

3. Research Hypothesis

Corporate governance focuses on the the relationship between the interests of the principal or company's owners (shareholders) and its agents or managers, and the basement is the principal agent theory. In the west, according to the fact that the share structure is not concerned, the interest conflicts occurs between the shareholders and managers. Different from the west, in China, the share structure is concerned, and the conflicts not only existed between the shareholders and managers, but also existed between large shareholders. Therefore, there are the traditional single-agent theory and modern double-commitment theory. Upon literature, lots of works focus on the relationships between corporate governance and performance, but literature about the relationship between corporate governance and super profit is rare. Now that literature have show the relationship between corporate governance and performance exist, as one of part of performance, super profit is likely to influence by corporate governance. In this paper, we will make empirical study about the impacts of share concentration, share balance, board structure, company leadership, and supervisory board supervision^[14] on super profit.

3.1 The impact of share concentration on the company's super profits

In literature, there are three views about the impact of share concentration on firm performance. The first view thinks that share concentration has a positive impact on company performance. For example, Jensen & Mackling (1976) argues that share concentration is positively correlated with firm performance^[15], and He Yanlin (2014) also provides strong evidence to support this view^[16]. In contrast, other scholars regard that share concentration is not linearly related to company performance. Shleifer & Vishny (1986) found that Tobin Q has a non-linear relationship with the proportion of insiders. In this point, the history of developed market economies shows an inverted U-shaped relationship between corporate concentration and corporate governance effectiveness^[17], and the work of Wu Shuzheng (2002) support evidence to support it^[18]. Different from these two views, the third opinion believe that share concentration has a negative impact on company performance. For example, the work of Zhao Jenin and Xie Ming (2003) shows that the concentration of shares in listed companies is negatively correlated with the company's ability to grow value^[14].

Although the literature has different views about the relationship between share concentration and corporate performance, the relationship is indeed existing. As one part of the performance, these literature imply that corporate

governance is likely to influence super profit. Taking the literature as reference, we suppose that that the higher the shareholding ratio of the largest shareholder, the infringement of the interests of other shareholders. Meanwhile, the higher the shareholding ratio of the top five shareholders, the stronger their control over the company, and the greater super profit maybe exist. So, we have the following assumptions:

H_{1a}: The shareholding ratio of the largest shareholder is negatively correlated with the company's super profit.

H_{1b}: The shareholding ratio of the top five shareholders is positively correlated with the company's super profit.

3.2 The impact of share balance on the company's super profits

Under the principle of "one share, one vote", the second to tenth largest shareholders have the motivation to check and balance the opinions of the largest shareholder, thus affecting the company's performance and super profits. In this issue, literature has two different perspectives. The first view is that share balances help improve company performance. For example, Shleifer & Vishny (1986) shows that companies with high equity balance have higher operating performance^[15]; Zhu Desheng and Zhang Feifei (2016) also believe that the higher the equity balance, the better the company's performance^[19]. The second view has the opposite conclusion. Xu Liping and Xin Yu (2006) and others have shown that when the balance of equity is too high, it has a negative impact on the company's operating performance.^[20] Although there are different views, in the paper, we suppose that when the second largest shareholder has a high shareholding ratio, it may form a shareholder alliance with the largest shareholder to control the board of directors in order to benefit themselves. Therefore, we have the following assumptions:

H₂: The ratio of the shareholding of the second largest shareholder to the largest shareholder is negatively correlated with the company's super profit.

3.3 The impact of board governance on the company's super profits

3.3.1 The impact of board meeting behavior characteristics on the company's super profits

The board of directors is the company's decision-making body, and its meeting characteristics have an impact on company performance. Vafeas (1999) shows that there is a negative correlation between the frequency of board meetings and company value^[21]. The research by Xiang Rui and Feng Jian (2008) also shows that there is a significant negative correlation between the number of board meetings and the company's business performance^[22]. Judging from the governance practice of listed companies in China, board meetings must make decisions on important issues in the company's operations. The number of meetings may imply that the importance of meeting issues is low, and the company's controlling shareholder's ability is relatively weak, which may reduce the super profit. Therefore, this

paper has the following assumptions:

H_{3a}: The number of board meetings is negatively correlated with the company's super profits.

3.3.2 The impact of the independence of the board of directors on the company's super profits

In order to improve the decision-making efficiency of the board, independent directors are hoped to play an important role to supply additional information, correct decisions and improve corporate governance and performance. But in literature, there are difference opinions. On one hand, Bai Chongen et al. (2005) find that the proportion of independent directors has a positive effect on the improvement of the company's operating performance, and the increase in the proportion of external directors is positively correlated with the market value of the company^[23]. On the other hand, Dong Bin and Zhang Zhen (2015) state that company performance is negatively correlated with the proportion of independent directors^[24], while research by Hao Yunhong and Zhou Yixiang (2010) shows that the size of the board of directors and the independence of the board of directors are related to the company's performance negatively^[25].

In this paper, we suppose that the large-scale board of directors is less efficient, and the decision-making is slow and prone to controversy. It is hard for the directors to play an positive impacts on performance and achieve super profit. So, the paper has the following assumptions:

H_{3b}: The size of the board of directors and the proportion of independent directors are negatively correlated with the company's super profits.

3.3.3 The influence of the incentive characteristics of the board of directors on the company's super profits

As a rational economic person, directors need the company's incentive mechanism to promote the company's development. Song Zengji et al. (2008) suggest that when the board of directors remains independent, the directors' compensation mechanism can improve the level of corporate governance. When the board of directors cannot guarantee its independence, the directors' compensation mechanism will aggravate the company's agency conflict^[26]. The work of Chen Zhongchang et al. (2009) shows that board incentives are significantly positively correlated with company performance^[27]. Although there is no unified conclusion in literature, this paper suppose that large shareholding ratio of the board of directors and improving the remuneration of directors can effectively alleviate the problem of entrusting agency of the enterprise, motivate the directors to supervise the management of the company and improve the performance of the company. Upon this view, this paper has the following assumptions:

H_{3c}: The sum of the remuneration of the top three directors with the highest shareholding ratio and remuneration of the board of directors is positively related to the company's super profit.

3.4 The impact of the company's leadership structure on the company's super profits

The leadership structure is an important variable in corporate governance, and it has a certain impact on company performance. Li Jianbiao et al. (2016) shows that when the chairman and CEO are separated, they can improve the company's performance, but there is a two-year lag period^[28]. Hao Jie et al. (2017) show that for the CEO as a director for a long-term, when the company's performance is poor, the separation of the two positions is conducive to the improvement of the company's performance. When the company's performance is good, the implementation of the two jobs is conducive to the improvement of the company's performance^[29]. This paper believes that when the chairman and the general manager are concurrently, the main owner and operator of the company are the same person, so the principal-agent problem could be reduced, which is beneficial to the improvement of company performance. Therefore, this article has assumptions:

H₄: The two roles of chairman and general manager are positively related to the company's super profits.

3.5 The impact of the supervision of the company's board of supervisors on the company's super profits

As a supervisory body of corporate governance, the board of supervisors also has an impact on company performance. Qing Shisong (2008) shows that the number of meetings of the board of supervisors is negatively correlated with the company's performance. There is a U-shaped relationship between the size of the board of supervisors and the performance of the company, and there is a significant positive correlation between the shareholding ratio of the board of supervisors and the company's performance^[30]. Different from this point, Wang Shushu et al. (2009) states that the size of the board of supervisors is negatively related to business performance, and the number of meetings of the board of supervisors and the proportion of shares held by the board of supervisors are positively correlated with business performance^[31]. The modern enterprise system shows that the supervisory committee is responsible for supervising the directors and managers of listed companies, and should prevent the violation of the interests of shareholders to a large extent, thereby improving the company's performance. Based on this, this article has the assumption:

H_{5a}: The size and the shareholding ratio of the board of supervisors are positively correlated with the company's super profits.

H_{5b}: The number of meetings of the Board of Supervisors is negatively correlated with the company's super profits.

In order to test the hypothesis above, it is necessary to make an empirical study with companies, specially with listed companies in China, the most important developing country around the world.

4. Research Design

4.1 Sample and data

Scientific and technological innovation are important driving forces for the development of enterprise. Under the macro environment of advocating innovation and entrepreneurship, information technology has developed rapidly. As a consequence, the information technology industry has attracted more and more attention because it has the characteristics of high-input, high-risk, high-yield and most likely to have super profits.

In this paper, we take the listed company in information technology industry of China as samples. We selected 484 CSI A-share listed companies in the information technology industry, and the data from 2011 to 2016. The selecting process is as following steps: (i) Delete ST, ST* listed companies, with 52 sets of data; (ii) delete the data of 1730 sets of listed companies that failed to generate super profits; (iii) delete the companies without complete data. As the consequence, we have 683 group observations of 326 Shanghai-Shenzhen A-share listed companies from 2011 to 2016. The data comes from CCER database and WIND database, the important data source about economic and finance in China. In order to deal with the data, we use the software SPSS.22.

4.2 Selection of variables

In order to study the impact of the governance structure of listed companies on super profits, the variables in this paper are shown in Table 1, including the explanatory variables, explanatory variables and control variables.

4.2.1 The variable being interpreted

The explanatory variable of this paper is the super profit. As mentioned earlier, literature does not define super profits, so this article draws on the literature on super returns. In this respect, Deng Bing and Chen Shou (2015) states super returns based on the difference between capital return and capital cost in the capital market^[32]. In this paper, super profit refers to be the difference between the obtained rate of return and the cost of capital. In the concept, the rate of return obtained by the company is measured by the return on equity ROE, which is measured by the weighted average cost of capital WACC, namely:

Sprofits = ROE – WACC (Equation 1)

Where ROE = net profit / owner's equity (Equation 2)

$$WACC = \frac{E}{E+D} \times K_e + \frac{D}{E+D} \times K_d \times (1-T)$$

(Equation 3)

In the above formula, E represents equity capital, which is the sum of minority shareholders' equity and ordinary shareholders' equity. D represents debt capital, the sum of long-term borrowings, non-current liabilities due within one year, bonds payable and short-term loans. K_d represents debt. The cost of capital is obtained on average for the bank's

one-year lending benchmark interest rate, and T is the average income tax rate. K_e is the equity capital calculated by the capital asset pricing model for the price paid by the company to raise funds through the issuance of common stock. The formula is as follows:

$$K_e = R_f + \beta(R_m - R_f) \text{ (Equation 4)}$$

where R_f represents the risk-free rate of return, the market risk-free interest rate is calculated by the one-year deposit interest rate, β represents the market systemic risk, R_m is the expected return rate of investors in the market, and $R_m - R_f$ is the risk-taking of investors. The premium required is the annual GDP growth rate as a proxy variable for the market risk premium^[33].

4.2.2 Explain the variables

Based on literature above, we select 12 explanatory

variables in five aspects: share concentration, share balance, board characteristics, leadership structure and supervisory board characteristics.

4.2.3. Control variables

In the work of Hao Yunhong and Zhou Yixiang (2010), they take the company size, company time to market, asset-liability ratio, enterprise risk, and the two powers as the control variables^[25]. At the same time, considering that super profits may be related to R&D and technology level, adding research and development expenses, proportion of technicians, and assets owned by the company (LNA)^[25, 27], asset-liability ratio (DBR)^[25, 27], research cost (RES) and technical staff ratio (TEC) are used as control variables.

Table 1 is a summary of all the variables.

Table 1: Variable Names and Definitions

Variable type	Variable name		Variable symbol	Variable definitions
Explained variable	super profit		Sprofits	Return on net assets - weighted average cost of capital
Explanatory variables	Share concentration	Share concentration	CR1	The shareholding ratio of the largest shareholder
		Share concentration	CR5	The sum of the shareholding ratio of the top five shareholders %
	Share balance	Share balance	Z	The sum of the shareholding ratio of the second largest shareholder to the fifth largest shareholder/the shareholding ratio of the top five shareholders
	Board characteristics	Board meeting	Bnum	Number of board meetings during the year
		Board size	Bsize	Number of board members
		Board independence	INDEP	Number of independent directors / number of board members
		Board of directors	Bratio	Board shareholding ratio
	Board incentive	Total	The natural logarithm of the sum of the remuneration of the top three directors with the highest amount of compensation	
	Leadership structure	Company leadership	Dual	Whether the chairman and the general manager are concurrently employed, if the concurrent value is 1, otherwise it is 0.
	Board of Supervisors	Supervisory Board	Snum	Number of meetings of the Board of Supervisors during the year
Supervisory Board		Ssize	Number of supervisors	
Supervisory Board		Sratio	Shareholding ratio of the board of supervisors	
Control variable	Total assets		LNA	Natural logarithm of total assets
	Assets and liabilities		DNR	Assets and liabilities
	Research and development costs		RES	Research and development costs
	Technical staff		TEC	The proportion of technicians in the total staff

4.3 Descriptive statistics

Based on the samples and variables above, the descriptive statistics for the variables are shown in Table 2.

Dual	0	1	0.47	0.499
Snum	0	16	5.46	2.74
Ssize	2	11	3.42	1
Sratio	0	23.685	0.676	2.116

Table 2: Descriptive analysis of sample data

	Minimum	Maximum	Average	Standard deviation
Sprofits	0.004	273.922	6.377	12.136
CR1	6.719	88.55	33.404	14.173
CR5	10.32	91.07	55.596	13.974
Z	0.01	1	0.394	0.285
Bnum	0	29	10.23	3.99
Bsize	1	14	5.37	1.59
INDEP	0	166.67	64.558	22.311
Bratio	0	82.969	25.387	23.404
Total	12.56	16.59	14.279	0.632

From the figures in Table 2, it shows that the average super profit of the sample company is 63.77 million yuan, but the standard deviation is twice the average value, indicating that the sample company's super profit gap is large. The sample company's largest shareholder's shareholding ratio averaged 33.40%, while the top five shareholders held an average of 55.60%, and the Z index averaged 0.39, indicating that the second largest shareholder has a strong balance of equity on the largest shareholder. The data in the table also shows that the average size of the board of directors is about 5, and the differences between different companies are large. The average size of the board of supervisors is 3, and the

maximum value is 11, indicating that the size of the supervisory board of the sample company is large.

4.4 Research model

In literature, Xiang Chaojin and Xie Ming [14] set up a multiple linear regression model to study the relationship between performance and corporate governance structure. In this paper, we draw on its method to establish a model for studying the impact of governance structure on super profits (I) and the impact of the stability of the chairman on super profits (II).

Model (I):

$$Sprofit = \alpha_0 + \alpha_1 CR1 + \alpha_2 CR2 + \alpha_3 Z + \alpha_4 Bnum + \alpha_5 Bsize + \alpha_6 IND EP + \alpha_7 Bratio + \alpha_8 Total + \alpha_9 Dual + \alpha_{10} Ssize + \alpha_{11} Snum + \alpha_{12} Sratio + \alpha_{13} LNA + \alpha_{14} DBR + \alpha_{15} RES + \alpha_{16} TEC + \epsilon$$

On the basis of the model (I), according to whether the chairman changes the classification, the regression analysis

of the unchanging data of the chairman is carried out to study whether the stability of the chairman has an impact on the super profit. The model is as follows:

Model (II):

$$Sprofit = \beta_0 + \beta_1 CR1 + \beta_2 CR2 + \beta_3 Z + \beta_4 Bnum + \beta_5 Bsize + \beta_6 IND EP + \beta_7 Bratio + \beta_8 Total + \beta_9 Dual + \beta_{10} Ssize + \beta_{11} Snum + \beta_{12} Sratio + \beta_{13} LNA + \beta_{14} DBR + \beta_{15} RES + \beta_{16} TEC + \eta$$

In the above formula, α_0 and β_0 are constant terms, $\alpha_i (i=1, 2, \dots, 16)$, $\beta_j (j=1, 2, \dots, 16)$ are regression coefficients to be estimated, and ϵ and η are random disturbance terms. The definitions of other variables are the same as in Table 1.

5. Analysis of empirical test results

5.1 Empirical analysis results

Using SPSS.22 statistical software and the regression equation above, we have the results in Table 3.

Table 3: Regression results of corporate governance structure and super profits

	Model (I)			Model (II)		
	Non-standardized coefficient		Standardization coefficient	Non-standardized coefficient		Standardization coefficient
	B	Standard error	Beta	B	Standard error	Beta
(constant)	12.902 (.893)	14.452		-7.044 (-.897)	7.852	
CR1	-.113 (-1.198)	.095	-.132	-.147 (-2.887) ***	.051	-.332
CR5	.249 (3.273) ***	.076	.287	.176 (4.203) ***	.042	.385
Z	-1.741 (-.523)	3.328	-.041	-3.891 (-2.138) **	1.820	-.175
Bnum	.272 (1.839) *	.148	.089	-.019 (-.242)	.080	-.012
Bsize	-.006 (-.016)	.375	-.001	-.537 (-2.683) ***	.200	-.133
INDEP	-.001 (-.041)	.025	-.002	-.007 (-.551)	.013	-.026
Bratio	-.036 (-1.532)	.023	-.069	-.006 (-.468)	.013	-.022
Total	1.372 (1.603)	.856	.071	1.610 (3.440) ***	.468	.158
Dual	1.818 (1.976) **	.920	.075	.523 (1.064)	.492	.042
Snum	-.276 (-1.397)	.197	-.062	-.035 (-.332)	.105	-.015
Ssize	1.495 (3.032) ***	.493	.123	1.106 (4.058) ***	.272	.169
Sratio	.023 (.105)	.222	.004	-.135 (-1.141)	.118	-.046
LNA	-2.385 (-2.711) ***	.880	-.202	-1.201 (-2.518) **	.477	-.195
DNR	.167 (5.369) ***	.031	.253	.063 (3.693) ***	.017	.183
RES	.256 (.400)	.640	.026	.585 (1.719) *	.340	.116
TEC	-.007 (-.343)	.022	-.015	-.003 (-.221)	.012	-.010
Model summary	R=0.319 AdjustedR2=0.08 F=4.729***			R=0.306 Adjusted R2=0.071 F=4.095***		

Note: ***, **, and * indicate significant levels at 1%, 5%, and 10% respectively

It can be seen from the model summary in Table 3 that both model (I) and model (II) have passed the F test, and their significance is $0.00 < \alpha < 0.05$, indicating that the model results are credible.

5.2 Discussion of empirical results

Based on the data in Table 3, we can see the impact of corporate governance variables on super profits.

5.2.1 The impact of equity concentration on the company's super profits

The results show that the shareholding ratio of the largest shareholder is negatively correlated with the company's super profit, indicating that when the first major shareholder has a high proportion of shares, its absolute control is not conducive to the company's decision-making, which adversely affects the super profit, but failed to pass the significance test. The results also show that the sum of the shareholding ratio of the top five shareholders is positively related to the company's super profits, indicating that as the CR5 index rises, it will promote the company's value and

obtain super profits, thus supporting the hypothesis H_{1b} .

5.2.2 The impact of equity balance on the company's super profits

The figures in Table 3 show that the Z index is negatively correlated with the company's super profit, indicating that when the value of the Z index is large, the second largest shareholder has a stronger balance of equity on the largest shareholder, causing the first two major shareholders to compete for company control. The "infighting" phenomenon of the right has made the principal-agent problem serious, resulting in the reduction of super profits, thus supporting the hypothesis H_2 .

5.2.3 The impact of board governance on the company's super profits

As the data in Table 3, the number of board meetings is positively correlated with the company's super profits, but contrary to hypothesis H_{3a} , it may be appropriate to convene the board of directors, which is conducive to directors' decision-making and forming consensus, and is positively correlated with super profits. The figure Table 3 shows that the size of the board of directors and the proportion of independent directors are negatively correlated with the company's super profits, which support the hypothesis H_{3b} . Furthermore, the shareholding ratio of the board of directors is negatively correlated with the company's super profits, which is contrary to our assumption that the more concentrated the directors' equity, the more likely the board of directors will be self-interested and have a negative impact on the company's performance. From the Table 3, it also shows that the sum of the remuneration of the top three directors with the highest compensation amount is positively correlated with the company's super profit, indicating that the implementation of the direct incentive system of directors can cause directors to pay attention to corporate governance and help the company to generate super profits, which supports the hypothesis H_{3c} , but failed to pass the significance test.

5.2.4 The influence of company leadership on the company's super profits

From the data in Table 3, it shows that the board of directors and the general manager are positively related to the company's super profits when they are combined, and supports the hypothesis H_4 .

5.2.5 The impact of the supervision of the company's board of supervisors on the company's super profits

The figures in Table 3 show that the size of the board of supervisors is positively correlated with the company's super profits, which provides evidence to support the hypothesis H_{5a} . In addition, it also shows that the shareholding ratio of the board of supervisors is negatively correlated with the super profit, which may be the opposite of the hypothesis H_{5a} . It may be that the supervisory board has low sensitivity to equity incentives, which is insufficient to mobilize the enthusiasm of supervisors and less than the benefits of supervision and management [35]. At the same time, the number of meetings of the Board of Supervisors

during the year was positively correlated with the company's super profits and negatively correlated with the company's super profits, but failed to pass the significance test.

6. Conclusions and enlightenment

Corporate governance is an important part of establishing a modern enterprise system. Although the literature has a lot of research on the relationship between corporate governance and super returns based on capital markets, empirical research on the relationship between corporate governance and super profits based on financial statements is rare. In order to fill the gap, this paper taking the listed company in information technology industry of China from 2011 to 2016 as the sample to study the impact of governance on super profits.

The research results show that the ratio of the shareholding of the largest shareholder and the second largest shareholder to the largest shareholder is not conducive to the increase of super profits, while the shareholding ratio of the top five shareholders is beneficial to increase the company's super profits. In addition, the paper also shows that the sum of the number of board meetings, the remuneration of the top three directors with the highest remuneration, and the size of the board of supervisors are positively correlated with the super profits. Therefore, reducing the shareholding ratio of the largest shareholder, increasing the shareholding ratio of the second to fifth largest shareholders, strengthening the incentives for the company's directors and promoting the concurrent appointment of the chairman and the general manager will help improve the company's super profits.

The conclusions not only fill the gap between corporate governance and super profit in theory, but also has practice value to design a rational corporate governance structure to improve super profit and performance.

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