The Impact of Corporate Governance Structure on Financial Performance-A Case Study of Alibaba Group

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This Independent Study Has Been Approved as a Partial Fulfillment of the Requirements for the Degree of Master of Business Administration

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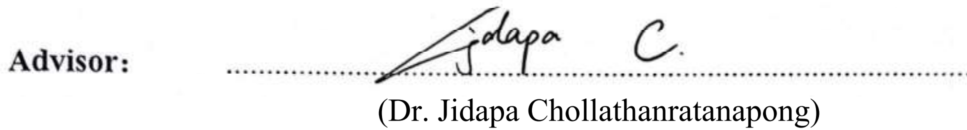

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ABSTRACT

With the acceleration of global economic integration and the increasing intensity of the market competition environment, the corporate governance structure, as the core framework to support and lead the operation of enterprises, has a profound impact on the financial performance of enterprises and has increasingly become the focus of attention of the academic and practical communities. Under this background, the financial power change theory, as an important branch and cutting-edge concept in the field of financial management, increasingly highlights its unique value. This study took Alibaba as a case study. The purpose of the study is to explore the impact of equity concentration, the size of the board of directors, the management mechanism, the size of the supervisory board on the financial performance of enterprises.

This study adopted the quantitative research method and focussed on Alibaba as the research subject. The data were mainly obtained through a questionnaires survey. A total of 290 questionnaires were distributed in this study, and 275 valid questionnaires were received. Through the analysis and research of the survey data, this study concluded that equity concentration, the size of the board of directors, the management mechanism, and the size of the supervisory board has a positive impact on the financial performance.

For recommendation, Alibaba Group should (1) optimize the equity structure to improve corporate governance, (2) adopt an effective evaluation mechanism to stimulate management motivation, (3) perfecting the board of directors structure to improve decision-making efficiency, (4) intensifying the supervisory board structure to strengthen supervision functions.

Keywords: financial power change, corporate governance structure, financial performance

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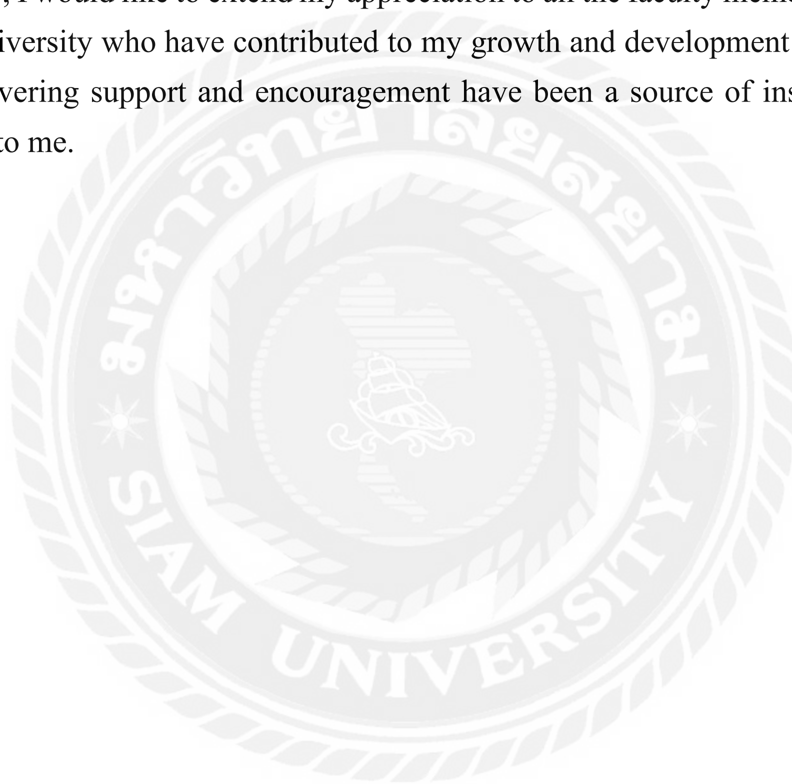

DECLARATION

I, Fuyanni , hereby declare that this Independent Study entitled "The Impact of Corporate Governance Structure on Financial Performance-A Case Study of Alibaba Group" is an original work and has never been submitted to any academic institution for a degree.

Fuyanni

(Fuyanni)

Nov 03, 2024

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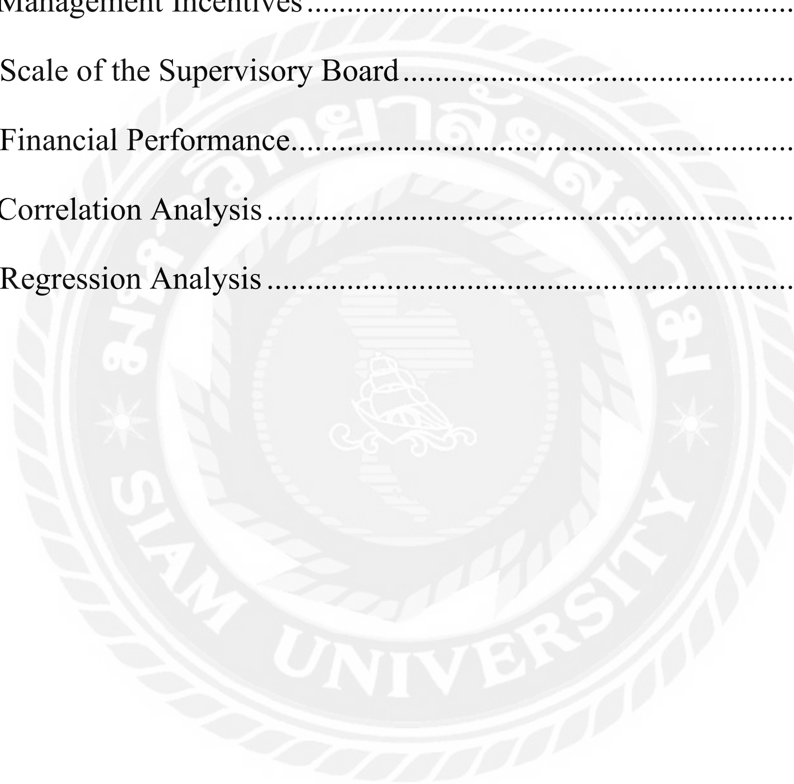

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Chapter 1 Introduction

1.1 Background of the Study

In recent years, corporate governance structure has gradually become an important topic in corporate management and academic research. A good governance structure is believed to enhance an enterprise's competitiveness, improve financial performance, and maintain a sustainable development advantage in the market. As China's leading technology company, Alibaba Group has not only made remarkable achievements in the domestic market, but also won widespread attention in the global market with its unique governance structure and management model.

Of course, financial performance is an important reflection of the results of an enterprise's operating activities and a core indicator for measuring an enterprise's economic efficiency, resource allocation efficiency and financial management level. However, there are numerous factors that influence financial performance, including corporate governance structures. The governance structure determines the distribution of power within the company, the decision-making space of management, and the relationship between shareholders, the board of directors, and management. With the increasing improvement of corporate governance structure, factors such as the size of the board of directors, ownership concentration, management incentive mechanism, and size of the board of supervisors are gradually considered to be key factors in improving the company's financial performance. In-depth research on financial performance helps to understand the relationship between corporate governance and performance, provides a theoretical basis for corporate governance practices, and has important practical guidance for investors, policymakers, etc. Therefore, studying the impact of corporate governance structure on financial performance has important academic value and practical significance（Zheng, 2020).

Alibaba's governance structure is representative to a certain extent, and its ownership concentration, board of directors setup, management incentive mechanism and other aspects have provided a large amount of research materials and references for academia and industry (Chen, 2022). Alibaba's management model not only ensures the influence of the founder, but also effectively mobilizes the enthusiasm of management and employees. By analyzing the corporate governance structure of Alibaba Group, we can gain an in-depth understanding of how different governance factors affect financial performance, and provide useful reference for other companies to optimize their governance structure and improve financial performance.

Therefore, this study takes Alibaba as a case study to analyze how various elements of corporate governance structure affect its financial performance, hoping to reveal the role of governance structure in improving corporate financial performance and provide theoretical and practical support for Chinese enterprises to establish effective governance structures in a competitive environment driven by globalization and technology (Yang, 2017).

1.2. Questions of the Study

The Internet industry is very arduous in the process of development and will face many challenges and difficulties. Especially in the early stages of establishment, due to the special nature of the enterprise, the enterprise has high requirements for technical level, innovation and capital. However, if emerging enterprises do not receive the support of external capital chains such as banks, they will suffer from rupture of capital chains, bankruptcy and closure. As a result, many Internet companies have never been able to keep up with the pace of international Internet development in the process of development. In the final analysis, the development of Internet companies cannot be separated from the support of the external environment, let alone the rationality and improvement of internal governance structures. For all enterprises in China at this stage, corporate governance structure is always the top priority for enterprise development. A sound governance structure can not only improve the management level of an enterprise, but also strengthen its financing capabilities and enable the enterprise to develop healthily and stably. This study is intended to explore the optimal governance structure of Internet companies to strengthen their financial management capabilities.

1. What is the impact of equity concentration on financial performance?
2. What is the impact of board size on financial performance?
3. What is the impact of management incentives on financial performance?
4. What is the impact of supervisory board size on financial performance?

1.3. Objectives of the Study

This study explores how different governance elements affect the company's financial performance by analyzing the corporate governance structure of Alibaba Group.The specific objectives are:

1.To explore the impact of equity concentration on financial performance of Alibaba Group.

2.To explore the impact of board size on the financial performanceof Alibaba Group.

3.To explore the impact of management incentives on the financial performance of Alibaba Group.

4.To explore the impact of supervisory board size on the financial performance of Alibaba Group.

1.4. Scope of the Study

This study used a questionnaire survey of the quantitative research method. Based on the relevant theories of financial contingency and combined with the actual situation of Alibaba Group, the study conducted an in-depth analysis on the influencing factors of its financial risk management. The survey subjects of this study were Alibaba employees with work experience and evaluation capabilities, who were required to have a full understanding of the corporate governance structure. It aimed to comprehensively understand the perceptions of employees in different departments and different positions on the group's financial performance and its influencing factors. The sample size was set at 290 people, and 275 questionnaires were effectively returned, with an effective rate of 94.83%.

1.5 Significance of the Study

1.5.1 Theoretical significance

At present, domestic and foreign scholars mainly focus on the basic research on corporate governance theory, but there are still few studies on the impact of corporate governance structure on financial performance.Based on this background, this study conducts in-depth research on the four dimensions of equity concentration, board size, management incentives, and supervisory board size to improve the development of corporate governance theory,provide a new perspective on financial performance evaluation and improve cross-research on management and financial academics.

1.5.2 Practical significance

To enhance corporate competitiveness and sustainable development, a good corporate governance structure can optimize company management processes, control risks, and thereby improve financial performance.By exploring the impact of governance structure on financial performance,companies can better identify and improve their own governance shortcomings, thereby maintaining competitiveness in the market and achieving long-term sustainable development.This study takes Alibaba Group as the research subjected to explore the impact of corporate governance structure which included its ownership concentration, board size, management incentives, and supervisory board size. It aims to reveal that Alibaba Group uses corporate governance structure to improve the financial performance and industry competitiveness, and provide valuable reference for Internet enterprises in the corporate governance process, and can also provide valuable reference for policy makers. Governments and regulatory agencies can formulate relevant policies based on the research results to promote the

improvement of corporate governance structure, thereby enhancing the overall financial performance and market competitiveness of enterprises.

1.6 Definition of Key Terms

1.6.1 Corporate governance

Corporate governance can be divided into two aspects. One is the broad perspective, that is, the power allocation of the enterprise; the other is the narrow perspective, that is, how to effectively exercise the supervisory function after the enterprise's rights and obligations are divided. Measuring the independent variables (equity concentration, board size, management incentives and supervisory board size) is a key step when studying theimpact of corporate governance structure on financial performanc.

1.6.2 Corporate governance structure

Corporate governance structure means standardizing the structure of the board of directors, reasonably dividing the rights and obligations of shareholders and senior managers, and improving the supervision mechanism.

1.6.3 Equity concentration

Equity concentration refers to the distribution of a company's equity (stocks) among shareholders, reflecting whether the company's equity is concentrated in the hands of a few shareholders or dispersed among many shareholders. Ownership concentration can be used to measure the concentration of a company's control rights, generally expressed by the shareholding ratio of major shareholders (such as the top five shareholders or controlling shareholders).

1.6.4 Board size

Board size refers to the number of board members of a company and is one of the important factors in corporate governance structure. The board of directors is the highest decision-making body within the company, responsible for formulating the company's strategic direction, supervising management execution, and protecting the interests of shareholders. The size of the board may affect the quality of corporate decision-making, efficiency and effectiveness of oversight.

1.6.5 Management incentives

Management incentives refer to various incentive measures taken by the company to motivate management (such as CEO, general manager and other top managers) to work hard and achieve company goals. These incentives usually include salary incentives, stock options, performance bonuses, long-term and short-term incentive plans, etc., to help closely link the interests of management with the interests of the

company's shareholders, thereby enhancing the company's overall performance and value.

1.6.6 Supervisory board size

Supervisory board size refers to the number of supervisor members on the company's supervisory board. The board of supervisors is an important supervisory body in the corporate governance structure. Its main responsibility is to supervise the decision-making and operations of the board of directors and management, ensure that the company operates within the framework of laws, regulations and the company's articles of association, and protect the interests of shareholders and other stakeholders. The supervisory board is usually responsible for reviewing the company's financial information, inspecting the actions of the board of directors and management, and reviewing the company's internal control processes.

1.6.7 Financial performance

Financial performance is an indicator that measures the company's financial status and profitability within a certain period of time, reflecting the company's performance in resource utilization, cost control, market competitiveness, etc. Financial performance is typically assessed through a range of financial metrics, including revenue growth, profit levels, return on assets, return on shareholders, etc.

Chapter 2 Literature Review

2.1 Introduction to Alibaba Group

Alibaba Group was founded in 1999 and is a leading global e-commerce company in China. Its founder is Jack Ma. The group's business covers e-commerce, cloud computing, digital media and entertainment and other fields. Its main businesses are: e-commerce platform,cloud computing, digital media and entertainment,logistics and supply chain. Early days of establishment (1999-2003): Alibaba initially started with B2B business, aiming to help small and medium-sized enterprises expand international markets through the Internet. From 2005 to 2010, it rapidly expanded and launched Tmall, quickly becoming one of the largest online retail platforms in China.Globalization in 2016: Alibaba actively expanded international markets, acquired and invested in multiple overseas companies, and enhanced global influence.

Alibaba adheres to the values of "customers first, teamwork, embracing change, integrity, passion and innovation" and advocates an open and sharing corporate culture. Through continuous innovation and technology-driven development, Alibaba is committed to building a more equal and efficient business ecosystem.

As of 2023, Alibaba has become one of the world's largest e-commerce companies, covering retail, wholesale, cloud computing, digital entertainment and other fields, and continues to lead the development of the industry.

2.2 Current Status of Alibaba Group's Corporate Governance Structure

Alibaba Group's corporate governance structure is a multi-level, modern governance system designed to balance the interests of the company's management, board of directors, shareholders and other stakeholders and ensure company transparency, governance efficiency and long-term development. The following is the current status of Alibaba Group's corporate governance structure:

Alibaba Group Governance Structure

1. Board of Directors

Alibaba's board of directors is composed of independent directors, executive directors and non-executive directors, with the purpose of introducing multiple perspectives and checks and balances into management decision-making. The board of directors plays a central role in strategic decision-making, financial review and management oversight. Alibaba's board of directors has multiple professional committees, including the audit committee, remuneration committee, governance

committee, etc., to respectively supervise key issues such as financial statement auditing, management compensation and corporate governance.

2. Partner System

Alibaba's partnership system is a major feature of its governance structure. This system allows qualified core company managers to become partners and participate in the nomination and appointment of board members. The partnership system helps Alibaba maintain the cultural and strategic consistency of the founding team to a certain extent and ensure the continuation of its long-term vision. At the same time, this system also provides institutional guarantees for enterprises to attract and retain key talents.

3. Shareholders' Meeting

Alibaba's shareholders' meeting is an important part of corporate governance. Shareholders exercise their rights through the shareholders' meeting and review the company's financial performance, appointment and removal of directors, major investments and other matters. Alibaba has adopted a dual-class share structure, with founders and management having larger voting rights. This arrangement helps management achieve long-term strategic goals, but it also raises concerns from external shareholders about the company's transparency and management independence.

4. Management Team

Alibaba's management team includes senior management such as the CEO and CFO, who are responsible for the company's daily operational management and strategic execution. Alibaba's management team implements a relatively flat organizational structure to improve decision-making efficiency and market response speed and adapt to the rapidly changing Internet and e-commerce market.Alibaba implements a dual-class equity structure, and it implements an AB equity structure, that is, the Class A shares held by the founding team and management have higher voting rights. This dual-class share structure protects the control rights of the founding team and core management and ensures their influence in the company's major decisions, but it may also result in certain restrictions on the rights of external shareholders.

Alibaba Group's corporate governance structure has distinctive features, including a dual-class share structure, a partnership system and culturally oriented governance concepts. These elements ensure the company's governance efficiency and strategic consistency. Although its governance structure has the potential problem of limited rights of external shareholders. (Su, 2021)

2.3 Research on Corporate Governance Structure

The agency theory proposed by Jensen and Meckling (1976) is one of the foundations of corporate governance research.The agency theory holds that because the

interests of owners and managers are not completely aligned, managers may make decisions for their own benefit that are detrimental to the company as a whole. The stakeholder theory proposed by Freeman (1984) believes that companies are not only responsible to shareholders, but also to other stakeholders (such as employees, suppliers, customers, etc.). Shleifer and Vishny (1997) the relationship between corporate governance structure and It is believed that good corporate governance can effectively improve corporate performance and enhance shareholder value. They pointed out that a transparent governance structure can help reduce uncertainty within the company and improve the efficiency of company operations. Bebchuk and Kraakman (2000) studied the impact of dual-class share structure on corporate governance and pointed out that this structure plays an important role in protecting founders. and management control, it may also trigger conflicts of interest for external shareholders. They suggested that an effective power check and balance mechanism should be set up in corporate governance to ensure the fairness of corporate governance. Fombrun and Shanley (1990) believed that corporate culture is an important part of corporate governance. Good corporate governance not only relies on institutional arrangements, but also relies on the support of corporate culture. The impact of corporate culture on corporate governance lies in its ability to shape management's values and behavioral norms, which in turn has a profound impact on corporate performance. Min (2016) chose chief marketing officers as the research object. Research shows that for companies where management owns shares, there is a strong correlation between the interests of business operators and corporate performance. This relationship is established because the operators have part of the business. stocks, and the value of stocks continues to change as they develop. It can be concluded from this that management employees hold part of the company's stock, which is conducive to the improvement of the company's financial performance. Nobuhisa (2017) selected Japanese listed companies as the research object. After analyzing the equity incentives implemented by their management, they found that management employees held part of the company's stock, which improved the company's overall performance. Scholars such as Cappelli (2020) verified the above views through different research methods. That is, when management employees hold company equity, it will have a positive impact on management employees and help promote the development of the company's financial performance. Santore and Tackie (2017) reached a conclusion different from the above point of view. When the company grants part of the company's shares to management employees, it analyzes the changes in the company's performance before and after the grant of part of the company's shares. The results show that when companies implement equity incentives for management,

fraud also occurs. As a result, it not only fails to improve the company's performance, but also reduces its effectiveness. Grill (2016) compared 600 sample companies and concluded that increasing management shareholding ratio has basically no impact on company financial performance. Similarly, scholars such as Chendra (2020) found that equity incentives can only play a positive role in high-priced stock markets, but their incentive effects have not significantly changed corporate financial performance. Zhang and Yan (2019) selected financial data from 2010 to 2015 for analysis. The results showed that corporate financial performance is largely affected by the corporate salary structure, and a scientific and reasonable salary structure will promote the improvement of corporate performance. Li et al (2020) conducted a survey and research on listed companies from 2011 to 2017, and concluded that executive incentives can optimize the relationship between corporate innovation investment and corporate performance, and found that among many incentive methods, salary incentives have the greatest impact on There is a positive regulatory effect.

2.4 Research on the Impact of Corporate Governance Structure on Financial Performance

In their study of corporate governance and financial performance, Gomper et al.(2003) pointed out that corporate governance quality is positively related to corporate value and financial performance. Their research found that companies with good governance structures generally achieve higher investment returns and more stable financial performance. Yermack (1996) studied the impact of board size on corporate financial performance and found that small boards perform better in supervising and controlling management and help improve corporate performance. At the same time, he pointed out that the independence of the board of directors can enhance the effectiveness of corporate governance and thereby improve financial performance. Morck et al.(1988) studied the impact of shareholder structure on corporate performance and found that when management's shareholding ratio is higher, corporate performance tends to improve. However, an excessively high management shareholding ratio may lead to an increase in "manager self-interest" and have a negative impact on financial performance. Core et al.(1999) analyzed the relationship between executive compensation structure and company performance and believed that performance-oriented compensation incentive mechanisms can effectively promote management to focus on the company's financial goals, thereby improving financial performance. Their research shows that equity-oriented compensation mechanisms have a significant role in promoting company performance. Ashbaugh-Skaife et al.(2007) found that sound internal control and risk management mechanisms have a

positive effect on improving company financial performance. A strong internal control system helps reduce financial reporting inaccuracies and operational risks, thereby stabilizing and improving financial performance

2.5. Financial Contingency Theory

The financial contingency theory is based on the contingency theory framework.This theory holds that an enterprise's financial decisions and financial structure should be adjusted according to its internal and external environment to adapt to the changing market and operating environment. This means that there is no best form of financial structure and management model that applies to all enterprises, but needs to be adapted and optimized according to the specific circumstances of the enterprise.

The core idea of the financial contingency theory is that an enterprise's financial performance and financial management effects are affected by many external and internal factors, including market environment, economic conditions, technological level, competitive pressure, company size, management structure, etc. Different enterprises face different environmental and internal conditions, so their best financial strategies and management methods should also be different. This kind of financial management method that adapts to time and local conditions can help enterprises respond to changes in the external environment more flexibly and achieve financial goals.

2.5.1 Equity concentration

Foreign scholars began to explore the relationship between equity structure and corporate financial performance in the 1930s. American scholars Burr and Means pointed out in "Modern Corporations and Private Property Rights" that the ability of corporate owners to control the enterprise is gradually weakened, and the principal-agent relationship is thus created. Foreign scholars have started an upsurge in research on equity structure and corporate financial performance. Bykova and Molodchik (2017) selected ROE and Tobin's Q as indicators to evaluate the financial performance of Russian listed companies, and concluded that companies with higher ownership concentration have higher financial performance levels. Forgione and Migliardo (2018) used the method of establishing an instrumental variable random effects (IV-RE) model to sort out the five-year data of 1,459 banks in the European Union from 2011 to 2015, and concluded that when the bank's equity is relatively concentrated, its Profitability will also be stronger. Some scholars believe that the two are linearly related or unrelated. Thomsen (2006) compared the factors that affect the financial performance of companies in the United States and the European Union. Scholars used Tobin's Q theory

as a research basis to conduct a comparative analysis of the impact of corporate ownership concentration on corporate financial performance in the United States and the European Union, and came to different conclusions. The research conclusions of many domestic scholars show that there is a positive correlation between ownership concentration and corporate operating performance. Wu Xiang (2017) analyzed all listed companies from 2008 to 2014 and concluded that companies with high ownership concentration can easily stimulate the development and vitality of the company, and are conducive to shareholders' meetings to quickly make optimal decisions.

2.5.2 Board size

Board size is an important factor affecting board governance. When analyzing the relationship between its size and financial performance, due to differences in researchers' perspectives, the conclusions drawn are also different. There are positive and negative correlations between the two. Anjala and Mittal (2016) believed that board size has a positive impact on corporate financial performance. The increase in the number of board members will provide more comprehensive supervision of corporate senior managers, allowing some executives to give up speculative behavior, which will help optimize corporate operating conditions, control agency costs, build a good supervisory environment for corporate sustainable development, and improve Business performance. Masulis and Mobbs (2014) forward a different view and concluded that board size has a negative impact on corporate financial performance. Scholars have comparatively analyzed multiple companies and concluded that under the premise of the same company size, the operating performance of companies with a larger number of directors is often lower than that of companies with a smaller number of directors. In addition to the above views, many scholars have put forward different views. The representative scholar is Jensen (1993) who put forward different views and concluded that there is an "inverted U" relationship between board size and corporate financial performance. If the size of the board of directors is too small, the power enjoyed by the directors will increase, and the phenomenon of interest transfer will easily occur; if the size of the board of directors is too large, it will delay the company's decision-making time and hinder the development of the company's financial performance. Pascal and Nahid (2016) proposed that board size has no significant impact on corporate financial performance. In order to ensure the objectivity and accuracy of the research results, scholars selected representative companies of different sizes and concluded that the number of board members has a greater impact on medium-sized companies, but has no obvious impact on large companies.

Wei Le (2020) studied relevant data and found that an increase in the number of people on the board of directors will optimize the corporate supervision system to a certain extent, reduce management costs, and improve corporate performance; point two is that too many people on the board of directors will reduce corporate performance. Zhao Xin (2020) selected listed companies from 2014 to 2017 for analysis and concluded that a large board size will limit the development of corporate financial performance, and there is a negative correlation between the two. Viewpoint 3: There is an "inverted U"-shaped relationship between board size and company financial performance. Yu Dongzhi and Chi Guohua (2024) conducted a survey and research on 1160 listed companies and found that there is an "inverted U"-shaped relationship between the number of directors and corporate performance. When the number of board members reaches a certain size, the corporate operating performance is the best. Once it exceeds or falling below this number limit will have a negative impact on corporate performance. The scholar proposed in the article that the ideal size of the board of directors is 9 people. Viewpoint 4: There is an uncertain relationship between board size and corporate performance. Yin Piaoyang (2021) comparatively analyzed three years of financial data of companies listed on the SME board and found that the size of the board of directors has a less significant negative correlation with the financial performance of small and medium-sized enterprises.

2.5.3 Management incentives

In the process of studying the motivation methods of management and exploring the influence between the two, scholars often choose different entry points to carry out in-depth analysis. Due to the differences in research entry points, a relatively rich conclusion system has been formed, mainly including positive correlation, negative correlation and irrelevant relationship. Min (2016) chose chief marketing officers as the research object. The research shows that for companies where management owns shares, there is a strong correlation between the interests of business operators and corporate performance. This relationship is established because the operators have part of the business. stocks, and the value of stocks continues to change as they develop. It can be concluded from this that management employees hold part of the company's stock, which is conducive to the improvement of the company's financial performance. Nobuhisa (2017) selected Japanese listed companies as the research object. After analyzing the equity incentives implemented by their management, they found that employees in the management held part of the company's stock, which improved the company's overall performance. Scholars such as Cappelli (2020) have verified the above views through different research methods. That is, when management employees

hold company equity, it will have a positive impact on management employees and help promote the development of the company's financial performance. Santore and Tackie (2017) reached a conclusion different from the above point of view. When the company grants part of the company's shares to management employees, it analyzes the changes in the company's performance before and after the grant of part of the company's shares. The results show that when companies implement equity incentives for management, fraud also occurs. As a result, it not only fails to improve the company's performance, but also reduces its effectiveness. Grill (2016) compared 600 sample companies and concluded that increasing management shareholding ratio has basically no impact on company financial performance. Similarly, scholars such as Chendra (2020) found that equity incentives can only play a positive role in high-priced stock markets, but their incentive effects have not significantly changed corporate financial performance.

2.5.4 Supervisory board size

A very important link in the governance mechanism of listed companies is the governance of the board of supervisors. At present, academic circles have always paid attention to the functions of the board of supervisors in corporate governance and the relationship between the board of supervisors and various departments of the company, and scholars hold different views. The role of the board of supervisors in an enterprise is closely related to the members of the board of supervisors. The academic qualifications and majors of the members of the board of supervisors and the size of the board of supervisors will have a subtle impact on their functions. Joachim (1991) proposed that there is a positive correlation between corporate financial performance and the educational background of supervisory board members. Scholars pointed out in the article that in order for the corporate board of supervisors to effectively perform its functions, the members of the board of supervisors need to have knowledge in finance, business management and related laws. Therefore, scholars believe that when a master's degree in management is used as a member of the board of supervisors, it can not only improve the regulatory capabilities of the board of supervisors, but also improve the company's operational evaluation capabilities to a great extent. Lipton and Lorsch (1992) proposed that a reasonable size of the supervisory board can improve its regulatory efficiency. Scholars pointed out in the article that fewer board of supervisors members cannot effectively supervise and evaluate the operations of the company, while too many board members will reduce the efficiency of supervision to a great extent, and gradually create a phenomenon where supervisors do not speak out. Scholars believe that the most reasonable state is when the number of supervisory boards is less than 10 people. Jensen (1993) agreed with Lipton's point of view in the

article. Scholars believe that if the number of supervisors exceeds 9 people, the work efficiency and intensity of the supervisory board will be greatly reduced. In the process of exploring the relationship between the size of the board of supervisors and the market value of the company, scholars found that an excessively large size of the board of supervisors will lead to a decline in business performance of the company. Adams and Ferreira (2009) analyzed the relationship between the gender of supervisory board members and corporate performance. Scholars pointed out in the article that female employees have a more cautious attitude towards work than male employees, and when faced with risks, female employees tend to be more risk-averse. An analysis of the supervisory board meeting record data shows that female employees participate in supervisory board meetings more frequently than male employees. From this, it can be concluded that female employees are more active in the work of supervisors. The characteristics of female employees can help companies promptly and effectively discover behaviors that are contrary to the original intention of corporate development, and conduct strict audits of corporate finances. Therefore, the proportion of female members of the supervisory board has a positive impact on corporate performance.

Domestic researchers have also investigated this. Liu Rong (2023) analyzed the financial statements of 1,264 listed companies from 2017 to 2021. Due to the large scale of the research sample, there are companies with different equity properties in the selected samples. Data analysis results show that corporate supervisory boards have different functions in companies with different equity types. In state-owned enterprises, the supervisory board has supervisory functions and can effectively control corporate earnings management.

2.6 Conceptual Framework

The basic assumption of this theoretical framework is that corporate governance structure, including ownership concentration, board structure, management incentive structure and supervisory board structure, affect the company's contingency ability in financial decision-making.This study mainly uses the financial contingency theory which is reflected in equity concentration, board size, management incentives, and supervisory board size,as shown in Figure 2.1:

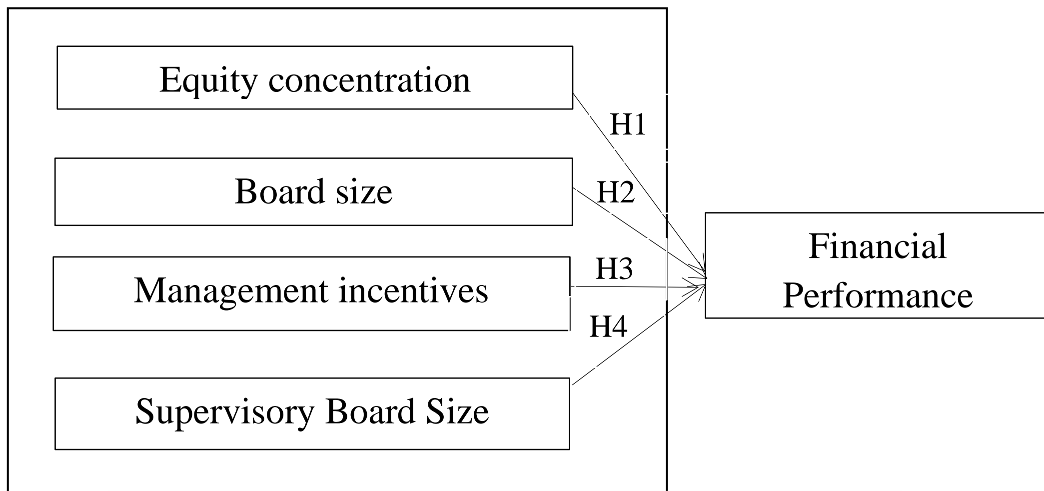
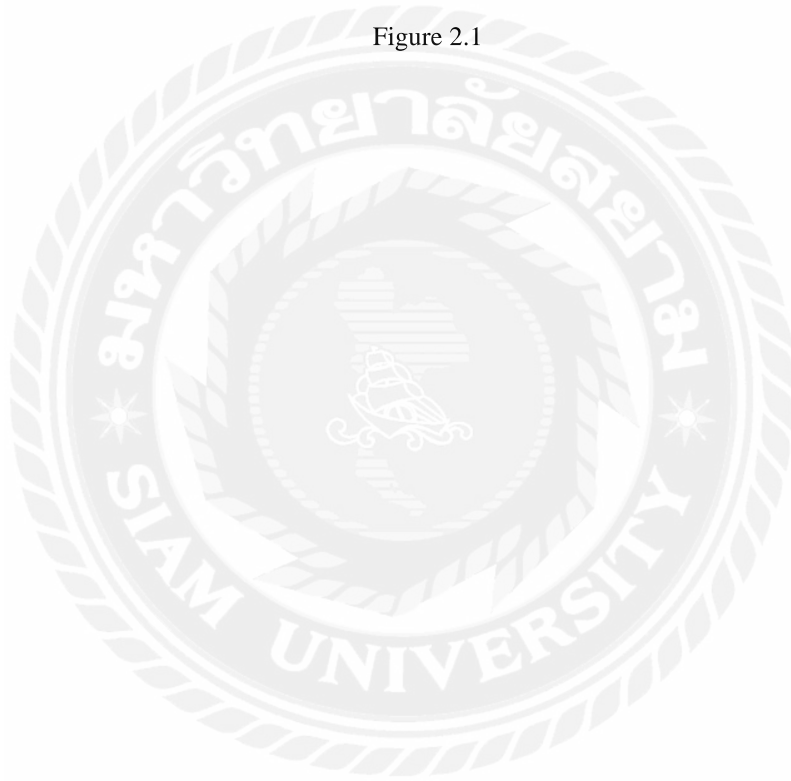


Figure 2.1



Chapter 3 Research Methodology

3.1 Research Design

This study adopted the quantitative research methods and used a questionnaire survey to explore the factors that affect the financial performance of Alibaba Group. Based on the financial contingency theory, the important factors affecting the company's financial performance include equity concentration, board size, management incentives, and supervisory board size.

3.2 Population and Sample

In order to ensure that the sample fully represented the entire company, and to obtain representative and reliable survey results, the research subjects of this study were employees of Alibaba Group. The sample size was set at 290 people.The sample was selected to cover different functions and positions to ensure representativeness and diversity of the sample.

The simple random sampling was used to ensure that employees in each department and position had the opportunity to participate in the survey. At the same time, in terms of sampling composition, the position level of employees was considered in order to more accurately analyze the impact of corporate governance structure on Alibaba Group's financial performance.

3.3 Hypothesis

Through a review of relevant literature, this study provides a preliminary foundation for the relationship between corporate governance structure and financial performance, and establishes the following hypotheses:

H1: Equity concentration has a positive impact on financial performance

H2: Board size has a positive impact on financial performance

H3: Management incentives have a positive impact on financial performance

H4: Supervisory board size has a positive impact on financial performance

3.4 Research Instrument

This study uses a structured questionnaire as the primary data collection tool to systematically assess the impact of corporate governance structure on Alibaba Group's financial performance. The questionnaire design is based on relevant theories and literature review to ensure that key dimensions are covered, including equity concentration, board size, management incentives, and supervisory board size. Each indicator is evaluated using a five-point scale (1-Strongly Disagree,5-Strongly Agree) to quantify employees’subjective feelings and opinions.

The first part of the questionnaire is about gender, age , working years and job position of the respondent. The second part explores the relationship between the research hypothesis variables. Among them, there are four parts: equity concentration, board size, management incentives, and supervisory board size, a total of 21 questions.

Table 3.1 Questionnaire Desgin

Dimension	Item
Equity Concentration	1. Our company's equity structure is very centralised, and major shareholders hold a high proportion of shares.
	2. Major shareholders play an important role in the company's decision-making.
	3. Shareholder concentration helps to improve the company's operating efficiency and decision-making speed.
	4. High equity concentration brings more resource support to the company.
The size of the board of directors	1. The appropriate size of our company's board of directors is conducive to efficient decision-making.
	2. The size of the board of directors is enough to represent the interests of the company's shareholders.
	3. A larger board of directors is conducive to full discussion and reasonable decision-making.
	4. A smaller board of directors helps to improve the operational efficiency of the company.
Management Incentivesn	1.The company provides sufficient incentives (such as bonuses and equity incentives) for the management.
	2.The motivation of management is closely related to the company's performance.
	3.The management incentive plan has a positive effect on the company's long-term financial performance.
	4. The management of our company has a clear sense of responsibility for its personal performance.
Supervisory Board Size	1. The appropriate size of our company's supervisory board is conducive to the effective supervision of the work of the company's management.

Dimension	Item
	2. Members of the Board of Supervisors have sufficient professional knowledge and skills to supervise the operation of the company.
	3. The independence of the board of supervisors helps to ensure the transparency of corporate governance.
	4. The supervisory function of the board of supervisors has played a positive role in improving the company's performance.
Financial Performance	1. In the past few years, the company's operating income has shown steady growth.
	2. Our company's net profit margin is increasing year by year.
	3. The company's return on investment (ROI) is high and stable.
	4. The company's financial performance is at a high level in the same industry.
	5. I think the corporate governance structure has a direct impact on financial performance.

3.5 Reliability and Validity Analysis of the Scale

Table 3.2 Reliability Test

	Cronbach α	Number of items
Equity Concentration	0.815	4
Board Size	0.782	4
Management Incentives	0.842	4
Supervisory Board Size	0.875	4
Financial Performance	0.827	5
Questionnaire as a whole	0.935	21

The reliability analysis, measures the credibility of the questionnaire.This survey uses the "reliability analysis" of the SPSS26.0 tool to detect the internal consistency of the questionnaire data and determine whether the data is stable and reliable. Generally, Cronbach's Alpha coefficient is used as the reliability value to measure the reliability of the data. The higher the reliability coefficient, the more consistent, stable and reliable the test results are. In general research, if the coefficient of a measurement dimension is higher than 0.8, it means that the internal consistency of the measurement dimension variable is good; if the coefficient of the measurement dimension is between 0.7-0.8, it means that the internal consistency of the measurement dimension variable is high.If the coefficient of the measurement dimension is between 0.6-0.7, it means that the

internal consistency of the measurement dimension variable is acceptable. The reliability test results of this study are shown in the Table3.2.

The overall Cronbach's Alpha coefficient of the scale is 0.935, which is greater than 0.8, and the Cronbach's Alpha coefficients of each dimension are 0.815, 0.782, 0.842, 0.875, and 0.827, respectively, which are greater than 0.7, which shows that the questionnaire has good reliability.

Table 3.3 Validity Test

KMO and Bartlett test		
KMO sampling suitability quantity		0.831
Bartlett's test of sphericity	Approximate chi-square	3874.017
	degrees of freedom	210
	Significance	0.000

In general research, the validity analysis of a questionnaire is to test whether the questionnaire test data can truly reflect the research purpose, that is, to verify whether the questionnaire is accurate and effective for the research. This study uses the KMO coefficient to test the validity of the scales in the questionnaire. According to the test results in theTable3.3, the KMO value is 0.831, which is greater than 0.8, and the Bartlett test significance is $p<0.05$, which shows that the questionnaire has good validity.

3.6 Data Collection

This study collected data through an online questionnaire to explore the impact of corporate governance structure on Alibaba Group's financial performance. During the data collection process, anonymity was used to ensure the privacy of respondents and to increase the authenticity and reliability of answers. A total of 290 questionnaires were distributed in this survey, and 275 valid questionnaires were actually collected.The effective rate was 94.83%

3.7 Data Analysis

Data analysis refers to the process of using statistical analysis methods to analyze large amounts of collected data, extract useful information,and draw conclusions.The data analysis methods used in this study were reliability and validity analysis, correlation analysis, and regression analysis.

Chapter 4 Findings and Discussion

4.1 Demographic Characteristics of Participants

Table 4.1 Demographic Variables

Basic characteristics	Classification	Frequency	Proportion（%）	Cumulative proportion（%）
Gender	male	131	50.4	50.4
	female	129	49.6	100.0
Age	18-30 years old	121	46.5	45.6
	31-40 years old	71	27.3	73.9
	41-50 years old	46	17.7	91.5
	Over 51years old	22	8.5	100.0
Job Tenure	less than 1 year	39	15.0	15.0
	1-3 years	77	29.6	44.6
	3-5 years	92	35.4	80.0
	5-10 years	46	17.7	97.7
	Over 10 years	6	2.3	100.0
Position	Ordinary staff	107	41.2	41.2
	junior manager	79	30.4	71.5
	middle manager	53	20.4	91.9
	senior manager	21	8.1	100.0

In terms of gender distribution, 50.4% of the employees who participated in the survey were male and 49.6% were female. The ratio of male to female was basically the same, showing Alibaba's good performance in gender diversity.

In terms of age structure, employees aged 18-30 account for the highest proportion, reaching 46.5%, which shows that Alibaba has a young and dynamic workforce. Employees aged 31-40 account for 27.3%, ranking second, reflecting that the company also has a certain size of reserves among middle-aged employees. Employees aged 41-50 account for 17.7%, while employees aged 51 and above account for 8.5%. Although

the proportions of these two age groups are not high, they also reflect the company's comprehensive coverage of the age structure of employees.

In terms of current job tenure, employees with 3-5 years account for the highest proportion, reaching 35.4%, which shows that a considerable number of Alibaba employees have been working in the company for a long time and have a relatively in-depth understanding of the company. Employees with 1-3 years of experience account for 29.6%, ranking second, indicating that the company is also constantly recruiting new employees. The proportion of employees with less than 1 year experience is 15.0%, indicating that the company has recently joined new employees. The proportion of employees with 5-10 years and more than 10 years is 17.7% and 2.3% respectively. These employees play a more important role in the company and have rich experience and knowledge.

In terms of position distribution, ordinary staff account for the highest proportion, reaching 41.2%, junior managers account for 30.4%, mid-level managers account for 20.4%, and senior managers account for 8.1%. This position distribution reflects Alibaba’s hierarchical organizational structure and also shows that the company has corresponding talent reserves at different job levels.

To sum up, Alibaba's workforce shows high diversity and balance in terms of gender, age, job tenure and position, which provides strong talent support for the company's development.

4.2. Descriptive Statistics

4.2.1 Equity concentration

Table 4.2 Equity Concentration

Item	Average	Standard deviation
Our company's equity concentration is very concentrated, and major shareholders hold a relatively high proportion of shares	3.10	0.94
Major shareholders play an important role in company decision-making	2.99	0.91
Equity concentration helps improve the company's operating efficiency and decision-making speed	3.24	0.95
High equity concentration brings more resource support to the company	3.17	0.90

The analysis of Alibaba's equity concentration is as follows: Regarding the irem "Our company's equity concentration is very concentrated, with major shareholders

holding a relatively high proportion of shares", the mean is 3.10 and the standard deviation is 0.94. This shows that most employees who participated in the survey believe that Alibaba's shareholding structure is relatively concentrated, with major shareholders holding a higher proportion of shares. However, the value of the standard deviation also shows some differences in employees' opinions on this issue. For the item "Major shareholders play an important role in company decision-making",the mean is 2.99 and the standard deviation is 0.91. This means that most employees believe that major shareholders do play an important role in company decision-making, but there are also phenomena where employees hold different views on this. On the item "Shareholder concentration helps to improve the company's operating efficiency and decision-making speed", the mean is 3.24 and the standard deviation is 0.95. This shows that a relatively large number of employees agree that shareholder concentration has a positive impact on the company's operating efficiency and decision-making speed, but some employees still have reservations about this. For the item "High equity concentration brings more resource support to the company", the mean is 3.17 and the standard deviation is 0.90. This shows that most employees believe that high ownership concentration can help the company obtain more resource support, but there are also certain differences in opinions among employees.

To sum up, there is a certain consensus among employees about Alibaba's equity concentration, that is, most employees believe that the ownership structure is relatively concentrated, that major shareholders play an important role in the company's decision-making, and that shareholder concentration has an important impact on the company's operating efficiency and performance. Speed of decision-making and resource support have a positive impact. However, there are also certain differences in employees' views on these issues, which may be related to employees' personal positions, experiences and understanding of the corporate
governance structure.

4.2.2. Board Size

Table 4.3 Board Size

Item	Average	Standard deviation
Our company’s board of directors is appropriately sized for efficient decision-making	3.16	0.98
The board of directors is large enough to represent the interests of the company’s shareholders	3.16	0.99

Item	Average	Standard deviation
A larger board size allows for adequate discussion and sound decision-making	3.12	0.92
Smaller board sizes help companies run more efficiently	3.23	0.93

The analysis of the size of the board of directors of Alibaba Group is as follows: On the item "The appropriate size of our company's board of directors is conducive to efficient decision-making.", the average number is 3.16, and the standard The difference is 0.98. This shows that most employees who participated in the survey believe that Alibaba's board of directors is of moderate size and is conducive to efficient decision-making. However, the value of the standard deviation also indicates a certain dispersion in employees' opinions on this issue. For the item "The size of the board of directors is enough to represent the interests of the company's shareholders", the mean is also 3.16 and the standard deviation is 0.99. This means that most employees believe that the size of the board of directors can better represent the interests of the company's shareholders, but there is also the phenomenon that employees have different views on this, and the differences in views are relatively large. On the item "A larger board of directors is conducive to full discussion and reasonable decision-making", the mean is 3.12 and the standard deviation is 0.92. Although most employees believe that a larger board size is helpful in decision-making, this view is not universally recognized by all employees, and there are certain differences in opinions among employees. For the item "A smaller board of directors helps to improve the operational efficiency of the company.", the mean is 3.23 and the standard deviation is 0.93. This shows that a relatively large number of employees believe that a smaller board size can improve the company's operational efficiency, but there are also cases where some employees have different opinions.

To sum up, there is a certain consensus among employees about the size of Alibaba's board of directors, that is, most employees believe that the size of the board of directors is moderate, can better represent the interests of shareholders, and has a positive impact on efficient decision-making and operational efficiency. However, there are also certain differences in employees' views on these issues, which may be related to employees' different understanding of the company's specific situation, the operating mechanism of the board of directors, and the corporate governance structure. Therefore, the company needs to fully consider the opinions and suggestions of employees when formulating relevant policies and decisions to promote the continuous improvement and optimization of the corporate governance structure.

4.2.3. Management Incentives

Table 4.4 Management Incentives

Item	Average	Standard deviation
1.The company provides sufficient incentives (such as bonuses and equity incentives) for the management.	3.06	1.01
2.The motivation of management is closely related to the company's performance.	3.00	1.03
3.The management incentive plan has a positive effect on the company's long-term financial performance.	3.25	0.96
4.The management of our company has a clear sense of responsibility for its personal performance.	3.19	1.04

The analysis of Alibaba's management incentives: In the item "The company provides sufficient incentives (such as bonuses and equity incentives) for the management",the mean is 3.06 and the standard deviation is 1.01. This shows that although most employees believe that Alibaba provides management with a certain degree of incentives, there are certain differences in employees' opinions on whether these measures are sufficient. Some employees may find the incentives rich and engaging enough, while others may have reservations. For the item "The motivation of management is closely related to the company's performance", the mean is 3.00 and the standard deviation is 1.03. This means that employees have mixed views on the correlation between management incentives and company performance. Some employees believe that management's incentives are closely linked to the company's performance, which can motivate management to create better performance for the company; while other employees may think that this correlation is not strong enough, or that there are other factors that affect performance. On the item "The management incentive plan has a positive effect on the company's long-term financial performance", the mean is 3.25 and the standard deviation is 0.96. This suggests that a relatively large number of employees agree that management incentive programs have a positive impact on a company's long-term financial performance. They believe that through reasonable incentive plans, management can be motivated to pay more attention to the company's long-term development, thereby creating better financial performance for the company. For the item "The management of our company has a clear sense of responsibility for its personal performance." the mean is 3.19 and the standard deviation is 1.04. This shows that most employees believe that management has a certain sense of responsibility for their personal performance, but there are also certain differences

in opinions among employees. Some employees may think that management has a very clear sense of responsibility for their performance and is able to actively perform their responsibilities; while other employees may think that management does not have a strong sense of responsibility in this regard.

To sum up, Alibaba has achieved certain results in terms of management incentives, but employees still have questions about the adequacy of incentive measures, the correlation between incentives and performance, the impact of incentive plans on long-term financial performance, and management's sense of responsibility for individual performance. There are certain differences in aspects such as this. Therefore, when formulating and improving management incentive policies, companies need to fully consider employees' opinions and suggestions to ensure the effectiveness and fairness of the incentive policies.

4.2.4. Supervisory Board Size

Table 4.5 Supervisory Board size

Item	Average	Standard deviation
1.The appropriate size of our company's supervisory board is conducive to the effective supervision of the work of the company's management.	3.07	1.00
2.Members of the Board of Supervisors have sufficient professional knowledge and skills to supervise the operation of the company.	3.10	1.01
3.The independence of the board of supervisors helps to ensure the transparency of corporate governance.	3.14	1.03
4.The supervisory function of the board of supervisors has played a positive role in improving the company's performance.	3.14	1.02

The analysis of Alibaba’Group is as follows: On the item "The appropriate size of our company's supervisory board is conducive to the effective supervision of the work of the company's management", the mean is 3.07, and the standard deviation is 1.00. This indicates that the majority of employees believe that the supervisory board is of a moderate size and can effectively supervise the work of the company's management. However, the value of the standard deviation also shows some differences in employees' opinions on this issue. For the item "Members of the Board of Supervisors have sufficient professional knowledge and skills to supervise the operation of the company",

the mean is 3.10 and the standard deviation is 1.01. This means that most employees believe that supervisory board members have sufficient professional knowledge and skills to be competent in their responsibilities of overseeing company operations. But again, some employees hold different views. On the item "The independence of the board of supervisors helps to ensure the transparency of corporate governance", the mean is 3.14 and the standard deviation is 1.03. This indicates that a relatively large number of employees agree on the importance of supervisory board independence for corporate governance transparency. However, there are also certain differences in perceptions among employees, which may be influenced by personal understanding of the corporate governance structure. For the item "The supervisory function of the board of supervisors has played a positive role in improving the company's performance", the mean is 3.14 and the standard deviation is 1.02. This shows that most employees believe that the supervisory function of the board of supervisors has a positive effect on improving the company's performance, but there are also cases where employees have reservations about this.

To sum up, there is a certain consensus among employees about the size of Alibaba's board of supervisors. That is, most employees believe that the size of the board of supervisors is moderate, that its members have sufficient professional knowledge and skills, and that its independence helps ensure the transparency of corporate governance. However, there are some differences in employees' views on these issues. Therefore, when optimizing the structure of the supervisory board, the company needs to fully consider the opinions and suggestions of employees to ensure the effectiveness and independence of the supervisory board.

4.2.5 Financial Performance

Table 4.6 Financial Performance

Item	Average	Standard devition
1.In the past few years, the company's operating income has shown steady growth.	3.01	0.91
2.Our company's net profit margin is increasing year by year.	2.87	0.94
3.The company's return on investment (ROI) is high and stable.	3.24	0.99
4.The company's financial performance is at a high level in the same industry.	3.18	0.94
5.I think the corporate governance structure has a direct impact on financial performance.	3.20	0.98

The analysis of is as follows: On the item "In the past few years, the company's operating income has shown steady growth", the mean is 3.01 and the standard deviation is 0.91. This shows that most employees believe that the company's operating income has shown a steady growth trend in the past few years. However, the value of the standard deviation also shows some variation in employees' opinions on this issue, which may be affected by personal knowledge of the company's financial situation. For the item "Our company's net profit margin is increasing year by year", the mean is 2.87 and the standard deviation is 0.94. This means that there is some disagreement among employees about the company's net profit margin improving year by year. Some employees may believe that the company's net profit margin is indeed improving year by year, while others may hold the opposite view. For the item "The company's return on investment (ROI) is high and stable," the mean is 3.24 and the standard deviation is 0.99. This indicates that a relatively large number of employees agree that the company's return on investment is high and stable. This reflects employees' recognition of the benefits of the company's investment. For the item "The company's financial performance is at a high level in the same industry", the mean is 3.18 and the standard deviation is 0.94. This shows that most employees believe that the company's financial performance is at a high level in the same industry, but there are also situations where employees hold different views on this. On the item "I think corporate governance structure has a direct impact on financial performance", the mean is 3.20 and the standard deviation is 0.98. This indicates that a relatively large number of employees agree that corporate governance structure has a direct impact on financial performance. This reflects employees' awareness of the importance of corporate governance structures.

To sum up, Alibaba has achieved main results in terms of financial performance. Employees have certain feelings about the company's stable growth in operating income, high and stable return on investment, and high level of financial performance in the same industry. consensus. However, there are some differences among employees on the improvement of net profit margin year by year. In addition, most employees believe that corporate governance structure has a direct impact on financial performance, which further emphasizes the importance of optimizing corporate governance structure.

4.3. Correlation Analysis

Correlation analysis is often used when two or more variables have a certain correlation to measure the closeness of the relationship between variables, often expressed by the Pearson correlation coefficient. The value of the Pearson correlation

coefficient is between -1 and 1. The larger the positive value or the smaller the negative value, the stronger the correlation between the two variables; the closer the value is to 0, the weaker the correlation between the variables. By conducting correlation analysis on the 275 collected questionnaires, the results are shown in the table 4.7.

Table 4.7 Correlation Analysis

	Equity concentration	Board size	Management incentives	Supervisory board size	Financial proformance
Equity concentration	1				
Board size	0.639**	1			
Management incentives	0.487**	0.557**	1		
Supervisors board size	0.581**	0.630**	0.521**	1	
Financial proformance	0.621**	0.676**	0.553**	0.638**	1

According to the correlation analysis results of 275 questionnaires (shown in Table 4.7), we can draw the following detailed elaboration on the correlation between various variables. The Pearson correlation coefficient between equity concentration and board size is 0.639**, showing a strong positive correlation. This means that the more concentrated the ownership, the larger the board size, or that the two may grow in tandem to some extent. The Pearson correlation coefficient between equity concentration and management incentives is 0.487**, indicating that there is a moderate positive correlation between the two. Increased equity concentration may mean greater incentives for management. The Pearson correlation coefficient between equity concentration and supervisory board size is 0.581**, which also shows a moderate to strong positive correlation. This may mean that as shareholdings become concentrated, the size of the supervisory board increases accordingly to better oversee corporate governance. The Pearson correlation coefficient between equity concentration and financial performance is 0.621**, showing a strong positive correlation. This suggests that increased equity concentration may have a positive impact on a company's financial performance.

In addition to being positively correlated with ownership concentration, board size also has a strong positive correlation with management incentives (Pearson correlation

coefficient 0.557), supervisory board size (Pearson correlation coefficient 0.630) and financial performance (Pearson correlation coefficient 0.676**).This suggests that an increase in board size is accompanied by an increase in management incentives, an increase in supervisory board size, and an increase in firm financial performance.

Management incentives have a positive correlation with equity concentration, board size, and supervisory board size. The Pearson correlation coefficient with the supervisory board is the highest (0.557), and the Pearson correlation coefficient with the size of the supervisory board is 0.521. This suggests that increases in management incentives is associated with larger board and supervisory board sizes. The Pearson correlation coefficient between management incentives and financial performance is 0.553**, showing a moderate to strong positive correlation. This means that an increase in management incentives have a positive impact on a firm's financial performance.

In addition to being positively correlated with ownership concentration and board size, the size of the supervisory board is also positively correlated with management incentives and financial performance. Among them, the Pearson correlation coefficient with financial performance is relatively high (0.638**), indicating that the size of the supervisory board has an important impact on the improvement of the company's financial performance.

Financial performance has a positive correlation with equity concentration, board size, management incentives and supervisory board size, and the correlation coefficients are all relatively high. This suggests that various aspects of corporate governance structure, including equity concentration, board size, management incentives and supervisory board size have a positive impact on the company's financial performance.

In summary, each variable shows a certain degree of positive correlation, which further verifies the importance of corporate governance structure to financial performance.When formulating corporate governance policies, these factors should be comprehensively considered to optimize the corporate governance structure and improve financial performance.

4.4.Regression Analysis

Table 4.8 Regression Analysis

	Unstandardized coefficient		Standardized coefficient	t	Significance
	B	standard error	Beta		
(constant)	0.435	0.149		2.922	0.004

	Unstandardized coefficient		Standardized coefficient	t	Significance
	B	standard error	Beta		
Equity concentration	0.209	0.055	0.211	3.770	0.000
Board size	0.296	0.060	0.300	4.969	0.000
Management incentive	0.136	0.045	0.154	3.005	0.003
Supervisory board size	0.208	0.048	0.246	4.364	0.000
R2			0.576		
Adjusted R2			0.570		
F			F=86.684,p＜.001		

According to the results of the regression analysis shown in Table 4.8, we can draw the following conclusions: When examining the impact of equity concentration, board size, management incentives, and supervisory board size on the company's financial performance, we found that these variables all have an impact on the company's financial performance. Specifically, the unstandardized coefficient of equity concentration is 0.209, which means that for every unit increase in equity concentration, the company's financial performance will increase by 0.209 units on average, and this effect is statistically significant ($p<0.001$). The unstandardized coefficient of board size is 0.296, indicating that for every unit increase in board size, financial performance increases by 0.296 units on average, which is also statistically significant ($p<0.001$). The unstandardized coefficient of management incentives is 0.136, which means that for every unit increase in management incentives, financial performance increases by 0.136 units on average. This effect is also significant ($p=0.003$). The unstandardized coefficient of supervisory board size is 0.208, indicating that for every unit increase in the size of the supervisory board, financial performance increases by 0.208 units on average, and this effect is statistically highly significant ($p<0.001$).

In addition, the R^2 value of the model is 0.576, indicating that these independent variables can explain 57.6% of the variability of the company's financial performance, which is a relatively high proportion, indicating that the model has good explanatory power. The adjusted R^2 value is 0.570, further confirming the explanatory power of the model. The F value is 86.684, and the corresponding p value is less than 0.001, indicating that the entire model is statistically significant, that is, at least one independent variable has a significant impact on the company's financial performance.

In summary, the results of the regression analysis support the hypothese that ownership concentration, board size, management incentives, and supervisory board

size all have a positive impact on the company's financial performance. When formulating corporate governance strategies, companies should comprehensively consider these factors to optimize the corporate governance structure and thereby improve the company's financial performance.

4.5. Hypothesis Test Results

According to the regression analysis results in Table 4.8, when financial performance is used as the dependent variable, and equity concentration, board size, management incentives, and supervisory board size are used as independent variables, the overall fit of the model is good. The relevant hypothesis verification results are as follows:

H1: Equity concentration has a positive impact on the company's financial performance (unstandardized coefficient is 0.209, standardized coefficient is 0.211, t=3.770, p value is less than 0.001)

H2: Board size has a positive impact on company financial performance (unstandardized coefficient is 0.296, standardized coefficient is 0.300, t=4.969, p value is less than 0.001)

H3: Management incentives have a positive impact on the company's financial performance (unstandardized coefficient is 0.136, standardized coefficient is 0.154, t=3.005, p value is less than 0.003)

H4: Supervisory board size has a positive impact on the company's financial performance (unstandardized coefficient is 0.208, standardized coefficient is 0.246, t=4.364, p value is less than 0.001)

Chapter 5 Conclusion and Recommendation

5.1 Conclusion

This study aimed to explore the impact of corporate governance structure on financial performance under the framework of the financial contingency theory. Through previous expert research on corporate governance structure, it was found that most scholars believe that corporate governance structure is related to financial performance, while other scholars believe that corporate governance structure is not necessarily related to financial performance. This study used the quantitative method of questionnaire survey to examine the impact of corporate governance structure on the company's financial performance from dimensions of equity concentration, board size, management incentives, and supervisory board size. This study used SPSS software to conduct reliability and validity analysis, correlation analysis and regression analysis on the collected data. The relationship between the independent variables (ownership concentration, board size, management incentives, supervisory board size) and the dependent variable (financial performance) is verified.

The results show that corporate governance structure has a promoting and developing effect on the financial performance of the Internet industry. Corporate governance structure involves four aspects: ownership concentration, board size, management incentives, and supervisory board size.

In summary, the main findings of this study show that under the interaction of equity concentration, board size, management incentives, and supervisory borad size,there is a significant positive correlation between Alibaba Group's corporate governance structure and financial performance. This result provides an important theoretical basis for the company's continuous corporate governance structure development and emphasizes the importance of corporate governance structure in improving financial performance.

5.2 Recommendation

5.2.1 Optimize ownership structure to improve corporate governance

my country's Internet listed companies themselves are an industry that combines high risks and emerging technologies, so they are Compared with traditional industries, enterprises have many operating risks and uncertainties. However, with the support of national policies,The Internet industry has gradually improved. In fact, at this stage, my country’s Internet listed companies must Make a reasonable optimization of the equity structure to prevent equity imbalance. In order to break over-centralization and

decentralized governance formal barriers to governance, adopt appropriate governance methods in a flexible manner, and balance the power distribution mechanism and multiple levels， Management entities to adjust their responsibilities and obligations, thereby improving the company's performance level.

(1) Optimize equity attributes

From the experimental results, it can be found that the increase in the proportion of state-owned shares will lead to corporate financial performance to a certain extent of reduction. Based on the above analysis, within a reasonable range, the company can reduce its mutual holdings through stock repurchases and other means.The proportion of state-owned shares held by managers of online listed companies. Moreover, from the perspective of the ratio of legal person shares to tradable shares, generally increase its proportion through stock incentives and other means.

(2) Increase shareholding concentration to prevent shareholding imbalances

For Internet companies, relatively concentrated equity is more conducive to the management of the company's business activities. Because in the growth stage of Internet companies, in order to seize opportunities and seize opportunities, decision-makers are facing fierce competition in the market.

When necessary, judgments and decisions need to be made quickly. Therefore, too dispersed equity is not conducive to the company's early development. But as the development of Internet companies becomes relatively stable, excessive concentration of equity is no longer needed. Reduce the shares of major shareholders to reduce constraints on small and medium shareholders, allowing major shareholders to devote more energy to the company.In the management and development of the industry. From this point of view, the largest shareholder is in a relatively controlling state, while other shareholders,it is best to hold shares with similar shares, so that you can control each other on some important decisions.The role of balance. Not only is it helpful for the development opinions and suggestions of Internet companies to be effectively adopted, but it is also conducive to improving.The management level of the enterprise.

5.2.2 Use effective evaluation mechanisms to stimulate management motivation

The talent competition among Internet companies plays a decisive role in their development. Therefore, listed companies on the internet.Among the daily governance, management governance is particularly important. In order to prevent themselves from being eliminated, they only ability to enrich one's experience and broaden one's horizons by constantly learning new knowledge, and improve the salary system.And a reasonable incentive and restraint mechanism can further stimulate their initiative in learning. The "remuneration-contract" mechanism is also effective in Internet

companies. Incentives on management's salary and equity are conducive to binding their interests with the company and jointly promoting the development of the company. In order to Internet companies to effectively respond to market competition, they must scientifically improve the salary structure of management, match short-term incentives with long-term incentives, and use salary gaps for incentive management. In addition, an equity incentive system should also be considered for particularly outstanding talents. Encourage them with power by increasing their shareholdings, advancing stock option plans, and convertible securities. This makes it easier for them to establish prestige in the company, thereby gaining a sense of honor and satisfaction, allowing them to complete their work efficiently. Of course, companies should also establish strict and standardized punishment measures and restraint mechanisms. Anyone or anything that violates the company's rules must be dealt with fairly and reasonably to form a sound company management system and atmosphere.

5.2.3 Perfect the board of directors structure to improve decision-making efficiency

Listed companies should not only improve the independence and effectiveness of their boards of directors, but also improve their internal structures so that it effectively plays a decision-making and supervisory role in the governance process. Especially for Internet companies, this is an industry that requires extremely high professional backgrounds for talents, especially board members, whose professionalism and vision are critical to businesses play a decisive role in making major decisions. Because only professional talents understand the future development of the enterprise best.Needs and directions are the same for independent directors. Professionalism and independence are equally important. Because being on the board of directors.Among members, there are often intricate relationships. They represent different interest groups of the enterprise and have a strong influence on the enterprise.There may be disagreements or biased decisions when making decisions. At this time, independent directors are needed.The internal control agency makes an objective choice on the company's decision-making, selects the optimal strategy, and prevents major shareholders from the phenomenon of controlling board decisions occurs.

It can be seen from the descriptive statistics mentioned above that the board size of China's Internet listed companies is relatively reasonable.It just does not show a significant effect on the level of corporate financial performance. Therefore, this study believes that scientifically develop a set of board standards because the size of the board is only the basis for decision-making and the most critical factor is the professional quality and capabilities of the board of directors. First, strictly select board members

with solid foundation and rich experience.This makes them calm and comfortable when facing and handling corporate crises. Second, provide a sound training program.

Regular training and guidance by experts to board members will help them adapt to changes in society and the market.It can also ensure that they receive effective learning and steady improvement at each stage. Third, establish a strict assessment system degree, keep the professional level of board members at an increasing stage forever, and take measures against members who fail to pass the assessment.Replace measures to ensure the accuracy of corporate decisions and enable healthy and lasting development.

5.2.4 Intensify the structure of the supervisory board to strengthen supervision functions

Nowadays, the supervision of the board of supervisors has become the top priority for the healthy development of enterprises. Supervisory Board and Independent Directors.They play the same role and should strictly supervise enterprises. Especially for larger enterprises, due to the existing complex business and management problems will lead to a series of management mistakes in the company. Therefore, no regardless of whether it is an independent director or a board of supervisors, reasonable supervision can effectively control the occurrence of corporate problems and improve corporate governance.The level of business operation and management.The supervisory boards of most Internet companies in my country do not perform their supervisory functions well, resulting in the level of financial performance of enterprises has not improved significantly. Therefore, a scientific and reasonable supervision mechanism should be developed to manage supervisors members. First, improve the composition of the board of supervisors. Members of the supervisory board must not only have investor representatives, but also bring in higher-level outsiders to co-supervise. Second, establish an incentive mechanism for the board of supervisors. The incentive mechanism of the supervisory board has the same principle as the incentive mechanism of the management. When the members of the supervisory board are motivated, they will stimulate their enthusiasm for work and increase their efficiency.Increase work motivation and better fulfill their supervisory responsibilities. Third, formulate a supervisory board system. Supervision for violation of regulations board members will take appropriate punitive measures. At the same time, members of the supervisory board should hold qualification certificates stipulated in the system and it is necessary to prevent the occurrence of one member of the supervisory board having multiple responsibilities, so as to ensure the independence of the supervisory board. In

summary,when the company's supervisory board is objective and proactive, there will be explosive progress and improvement in the company's governance and management.

5.3 Further Study

As the business environment continues to change, the company's governance structure is also constantly adjusted. Future research can focus on the dynamic changes in governance structure at different stages and explore the different impacts of different governance mechanisms (such as board of directors structure, ownership structure) on company financial performance at different periods to adapt to the rapidly changing market environment. Big data and artificial intelligence may also be applied in corporate governance: future research can combine big data and artificial intelligence technologies to mine and analyze the relationship between corporate governance and financial performance. Using data mining and machine learning technologies, researchers can extract more accurate governance indicators from large-scale data and optimize analysis models, thereby obtaining more accurate analysis results and providing intelligent support for company decision-making. Synergy between governance and risk management: Corporate governance and risk management are closely related. Future research can focus on how the governance structure is combined with the risk management mechanism to enhance the company's ability to resist risks and stabilize financial performance. Especially in the context of increasing economic uncertainty, integrated research on governance and risk management will become an important direction to improve corporate robustness.

In general, future research can use new technologies and interdisciplinary perspectives to further enrich the research framework between corporate governance and financial performance from a dynamic and multi-dimensional perspective, provide enterprises with more forward-looking governance improvement plans, and promote corporate finance and Enhancement of dual social values.

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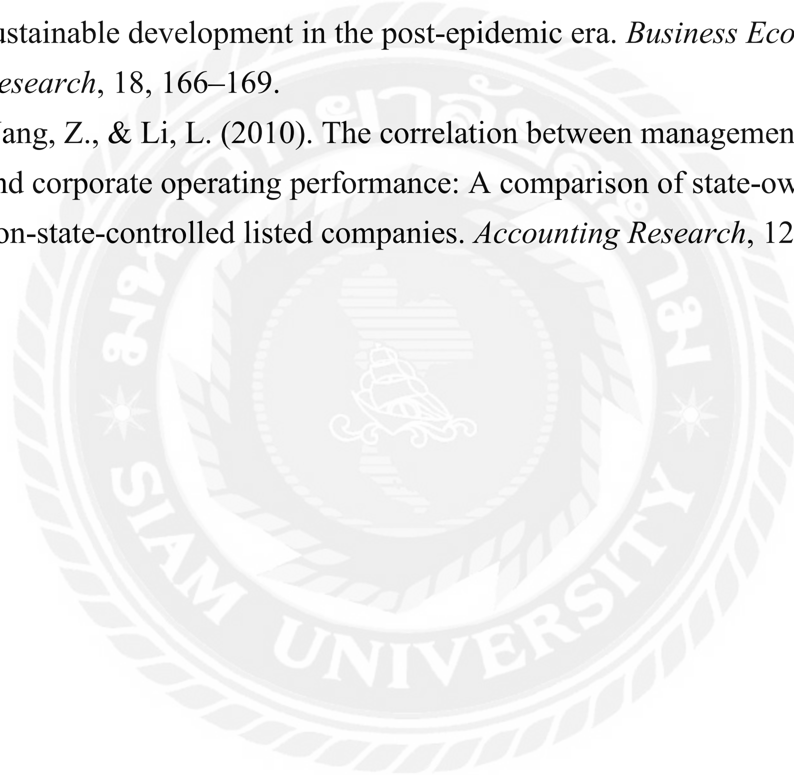

Appendix

Questionnaire

Attachment: Questionnaire on the impact of Alibaba Group's corporate governance structure on financial performance

Dear Sir or Madam,

I am a Siam University graduate studying the impact of Alibaba Group's corporate governance structure on financial performance. This study completed my Master's degree. In Management Plan Requirements.

Please assist me in completing this research by completing the following questionnaire. The information you share today will be used for this research and academic purposes only. Please select the option that best reflects your company. Completing the questionnaire takes approximately 10-15 minutes. Please read each question carefully to ensure the scientific soundness of the research. Your participation is critical to the success of this study.

Looking forward to thanking you for your reply! If you have any questions, please feel free to contact me at email: 2254352041@qq.com.

Fu Yanni, Graduate. student

Siam University

Part 1 Questionnaire

1. Demographic information

Remark: Please choose using ✓ in R or fill data in the blank.

01.Gender:

£ Male   £ Female

02. Age:

£ 20-35   £ 35-45   £ 45-55   £55+

03. Tenure in current Position (year)

£ Less one year   £Between 1-3   £ Between 3-5

£ Between 5-10   £ over 10

04. Position:

£ Ordinary Staff   £ Junior manager

£ Middle Manager   £ Senior Manager

2.Relational factors.

For the majority of the sections, we deploy the widely acknowledged "Likert five-point scale" ranging from "completely disagree" (scored as 1) to "completely agree" (scored as 5). The intermediary scores represent varying degrees of agreement or disagreement.

Dimension	Question	1	2	3	4	5
Equity Concentration	1. Our company's equity structure is very centralised, and major shareholders hold a high proportion of shares.					
	2. Major shareholders play an important role in the company's decision-making.					
	3.Shareholder concentration helps to improve the company's operating efficiency and decision-making speed.					
	4. High equity concentration brings more resource support to the company.					
The size of the board of directors	1.The appropriate size of our company's board of directors is conducive to efficient decision-making.					
	2.The size of the board of directors is enough to represent the interests of the company's shareholders.					
	3.A larger board of directors is conducive to full discussion and reasonable decision-making.					
	4.A smaller board of directors helps to improve the operational efficiency of the company.					
Management Incentivesn	1.The company provides sufficient incentives (such as bonuses and equity incentives) for the management.					
	2.The motivation of management is closely related to the company's performance.					
	3.The management incentive plan has a positive effect on the company's long-term financial performance.					
	4.The management of our company has a clear sense of responsibility for its personal performance.					

Dimension	Question	1	2	3	4	5
Scale of the Board of Supervisors	1.The appropriate size of our company's supervisory board is conducive to the effective supervision of the work of the company's management.					
	2..Members of the Board of Supervisors have sufficient professional knowledge and skills to supervise the operation of the company.					
	3.The independence of the board of supervisors helps to ensure the transparency of corporate governance.					
	4.The supervisory function of the board of supervisors has played a positive role in improving the company's performance.					
Financial Performance	1.In the past few years, the company's operating income has shown steady growth.					
	2.Our company's net profit margin is increasing year by year.					
	3.The company's return on investment (ROI) is high and stable.					
	4.The company's financial performance is at a high level in the same industry.					
	5. I think the corporate governance structure has a direct impact on financial performance					