

Relationship between the Traditional Buddhist Culture and the Fluctuations of Corporate Performance

Min Xiao

School of Management, Jinan University, Guangzhou, China

Email: m13265911658_1@163.com

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Abstract

After the financial crisis and stock price crash, more stakeholders are concerned about the performance of the company. With the rise of religious economics in recent years, the paper selected data from 2006-2016 for listed companies on the A-share main board. The study found that: 1) The stronger the traditional Buddhist culture of listed companies is, the smaller the fluctuation of corporate performance is; 2) Compared with state-owned enterprises, the negative impact of traditional Buddhist culture on fluctuations in corporate performance is stronger among non-state-owned enterprises; 3) When the company is in a mature period, the Buddhist tradition has a stronger inhibitory effect on corporate performance fluctuations.

Keywords

Buddhist Traditional Culture, Corporate Performance Fluctuation, Risk Aversion

1. Introduction

Enterprise performance volatility is an important indicator to measure the stability of a company's earnings. The existing research mainly discusses the factors affecting the fluctuation of enterprise performance from the level of corporate governance and other factors, but ignores the factors that affect the fluctuation of corporate performance from the non-institutional perspective. Generally speaking, in order to maximize the profit of the target company, the business managers of the enterprise will make some irrational decisions, such as formulating some strategies that violate the willingness of the enterprise to develop, or blindly pursuing the realization of short-term benefits while ignoring the actual long-term development, resulting in the fluctuations of corporate performance.

Buddhism culture has always played an important role in the historical stage of China. From a micro perspective, traditional Buddhist culture, as an important spiritual civilization of our country, can affect individual personality and organizational/company development. From a macroscopic point of view, Buddhism has exerted a significant influence on the political, economic, social and cultural aspects of a certain region. This paper is based on the micro level to examine the impact of traditional Buddhist culture on corporate performance volatility. The article selects the data of the listed companies of A-share main board from 2006 to 2016 as the research sample. The research results show that the more traditional Buddhist culture atmosphere of the listed company is, the more stable the performance fluctuation of the company is. In addition, the article explains from a psychological perspective that the above relationship is more obvious in non-state-owned enterprises. At the same time, based on the perspective of the enterprise life cycle, the research results show that when the enterprises in the mature stage, the traditional culture of Buddhism inhibits the fluctuation of corporate performance more obviously. The research conclusions provide empirical evidence for understanding the fluctuation of corporate performance from the non-institutional level, and can also arouse scholars to pay attention to the role of informal institutional culture in the stable development of enterprises.

2. The structure of This Paper and Literature Review

2.1. The Structure of This Paper

The article is organized as follows:

The first part is the introduction. It mainly introduces the research background of the article and briefly summarizes the main contents of the article.

The second part is literature review. This section reviews relevant literature at home and abroad, including: existing research on corporate performance volatility; the impact of religious traditions on business conduct; and the relationship between religious traditions and formal institutions.

The third part is the theoretical analysis and hypothesis. This part mainly proposes three main hypotheses based on relevant theories.

The fourth part is the selection of samples and the measurement of variables. This section summarizes the source of the sample, as well as the measurement of related variables and the selection of control variables.

The fifth part is the model design. This section focuses on two main regression models.

The sixth part is the empirical result, which mainly analyzes the regression results.

The seventh part is the conclusion. The empirical results of this paper are summarized and the future research directions are proposed.

2.2. The Connotation and Influencing Factors of Enterprise Performance Fluctuation

Adams, Cheng *et al.* argue that company performance includes both perfor-

mance levels and performance volatility. Performance levels measure the company's short-term performance, while performance volatility considers the company's long-term operating conditions, including the stability of company earnings [1] [2]. Kogan, Moscoviei *et al.* studied the influencing factors of corporate performance volatility from the perspective of decision theory. They claimed that team communication generated costs, and the larger the team, the more cost. The final team's decision was replaced by a compromise and compromise. Therefore, the larger the company, the more conservative the final decision may be, and the smaller the performance volatility. Adams *et al.* found that the power of other managers within the company was affected by the concentration of corporate power. If the company's power is too concentrated, then the company's performance and the market value of the company will fluctuate more. Cheng, Niu *et al.* have shown that board size has a negative correlation with corporate performance volatility [3].

Koemiadi *et al.* have shown that companies with better governance structures have lower non-systemic risks, and their performance volatility will be smaller. Yang *et al.* empirically examined the relationship between management decision-making authority and corporate performance volatility from the perspective of senior management team decision-making. The results of the study have found that a company with more authority in its position will have greater volatility in the performance of the company. Zang found that the higher the female directors, the more stable their performance fluctuations, because of female directors tending to avoid risks compared to male directors [4].

2.3. The Impact of Religious Traditions on Individuals and Businesses

Miller and Hoffmann found that the stronger the level of religious belief, the weaker people's ability to withstand risk. Osoba *et al.* found that risk averseers went to church more often than risk takers. Pan, Zhong found that family members with religious beliefs were more cautious in borrowing. Jiang *et al.* argued that founders with religious backgrounds were more inclined to avoid risks when making decisions. Hilary and Hui discovered that religion influences organizations' attitudes toward risk. Chen, Du *et al.* showed that the more religious traditions in the location of listed companies, the less accounting violations [5] [6]. Du *et al.* discovered that religious traditions promoted corporate social responsibility, and this promotion was more pronounced in areas where the external legal environment was weak [7]. In addition, Bi *et al.* found that traditional culture is positively related to the level of corporate environmental information disclosure, while there is a complementary effect between traditional culture and environmental systems. Gambling propensity would be stronger in regions with higher concentrations of Catholics relative to Protestants [8].

3. Theoretical Analysis and Hypothesis Proposed

3.1. Traditional Buddhist Culture and Corporate Risk Appetite

Previous literature on religious traditions shows that people with traditional Buddhist cultural beliefs have a greater risk aversion tendency. Generally speaking, the risk decision of the enterprise is made by the company's management, and the traditional culture of Buddhism can influence the strategic choices and risk decisions made by the executives in the uncertain environment by influencing the executives' psychological and cognitive preferences, and ultimately affect the organizational behavior of the company. Therefore, the stronger the corporate traditional culture atmosphere of the enterprise, the weaker the risk-taking ability of the enterprise, and the higher the aversion of the enterprise to the risk, so that the senior executives often adopt some gentle strategies in making decisions, thus reducing the fluctuation of corporate performance. McGuire, Sean T, Omer, Thomas C *et al.* found that firms headquartered in areas with strong religious social norms generally experience lower incidences of financial reporting irregularities [9]. At the same time, according to the theory of resource dependence, enterprises in the process of sustainable development will minimize the dependence on external resources, thereby reducing the risk caused by the uncertainty of the external environment. Therefore, when the concept of traditional Buddhist culture conflicts with the decision of the enterprise, it will increase the cost of the enterprise. Stephen J. Nickell considered that competition is associated with a significantly higher rate of total factor productivity growth [10]. Therefore, from the perspective of social capital, when making decisions, companies will try to avoid behaviors that are inconsistent with the local style. On the contrary, they will pursue synergies and follow the local culture to minimize costs. From this perspective, it is necessary for corporate culture to be consistent with the local environment of the company. Therefore, if the traditional Buddhist culture of the company is more concentrated, the traditional Buddhist culture can restrain the opportunistic behavior of managers to a certain extent, thus restraining the fluctuation of corporate performance. Based on the above analysis, this paper proposes the following assumptions:

H1: The richer the traditional Buddhist atmosphere of the listed company, the smaller the fluctuation of corporate performance.

3.2. Nature of Property Rights, Traditional Buddhist Culture and Fluctuations in Corporate Performance

Du found that there is a complementary substitution between religious tradition and formal system. When the company faces a strong external supervision mechanism, the suppression of corporate governance by religious traditions tends to weaken [11]. Due to China's special institutional background, more than half of listed companies are state-owned enterprises, and different corporate natures have different internal corporate cultures, and China's state-owned enterprises have formed a unique corporate culture in the process of development. Com-

pared with non-state-owned enterprises, state-owned enterprise culture may have some political color. Therefore, based on the theory of property rights nature, this paper explains whether there is a complementary substitution effect between different cultures of state-owned enterprises and non-state-owned enterprises from the perspective of psychology. Edward proposed conservatism, that is, when people make decisions in the face of uncertainty, if there is new information about decision-making, people may not change the original beliefs in a rational Bayesian way. Therefore, this paper believes that the management and employees in state-owned enterprises will subconsciously recognize the culture of state-owned enterprises, and give less weight to the culture outside the enterprise to avoid the risk uncertainty caused by the external environment. Therefore, this paper expects that the unique corporate culture within state-owned enterprises may dilute the inhibition of some Buddhist traditional culture on corporate performance fluctuations. Based on this, this paper proposes a second hypothesis:

H2: Compared with state-owned enterprises, the negative influence of traditional Buddhist culture on corporate performance volatility is stronger in non-state-owned enterprises.

3.3. Enterprise Life Cycle Path Hypothesis

Wright argues that when a company is in the growth stage, it will undertake high-risk projects with expected returns and expected cash flow uncertainty. According to the enterprise life cycle theory, when the enterprise is in different life cycle stages, the internal and external environment and development strategy of the enterprise are different. With the gradual development of the enterprise, when the enterprise is in the mature stage, the free cash flow of the enterprise reaches the highest. At this time, the enterprise will increase investment, and at the same time, it will also increase the risk faced by the enterprise, and ultimately lead to excessive performance volatility. However, the Buddhist tradition will act as a stabilizer in the company's investment decisions, and to some extent inhibit the management's excessive investment and aggressive behavior, which is more likely to reduce performance volatility. Based on this, this paper proposes a third hypothesis:

H3: When the enterprise is in a mature stage, the traditional culture of Buddhism has a stronger inhibitory effect on the fluctuation of corporate performance.

4. Sample Selection and Variable Measurement

4.1. Sample Selection and Data Source

The sample covers China firms with fiscal year-ends over the period 2006 to 2016. I obtained nominal accounting variables from the CSMAR database. I obtain the latitude and longitude of the company registration and the key temple sites from Baidu Map and Google Map. For the initial data, this article has done

the following processing:

- 1) Excluding ST/*ST companies in listed companies;
- 2) Considering the continuity of data, companies that were not listed before 2006 and companies that were delisted during 2006-2016 were excluded.
- 3) Eliminate the observations of listed companies in the financial and insurance industries and the lack of financial data.
- 4) In order to avoid the influence of other traditional cultures of a few ethnic groups on traditional Buddhist culture, following the practices of Chen, Hu, Du *et al.*, this article excludes listed companies whose registered places are located in ethnic minorities [12] [13]. At the same time, according to the “Report of the State Council’s Bureau of Religious Affairs on the Determination of the National Key Temples of Buddhism in the Han Area” issued by the State Council of the People’s Republic of China on April 9, 1983 which include 148 provincial key temples. In addition, I also added 56 key temples in the list of the second batch of national key temples of the Chinese Buddhist Association of Chinese Buddhism, a total of 204 key Buddhist temples. The final sample comprises 12088 observations, a total of 1327 listed companies. To mitigate the effects of outliers, I winsorize all continuous variables in **Table 1** at the top or bottom one percentile of the deflated value in each year.

4.2. Variable Selection and Measurement

4.2.1. Enterprise Performance Fluctuations

This paper measures corporate performance volatility from two perspectives: accounting performance and market performance. ROA is selected as an indicator to measure the company’s accounting performance. Tobin’s Q is selected as an indicator to measure the company’s market performance. The Tobin Q value is a comprehensive indicator that can more realistically reflect the performance of the company. Referring to the research methods of Adams, Cheng *et al.*, I adopt Glejter heteroscedasticity test to measure the performance volatility of the company in stages. Therefore, the company’s performance fluctuations are divided into vertical volatility and horizontal volatility. Vertical volatility mainly refers to changes in company performance during the research period, reflecting the continuity and stability of company performance (ROA, Tobin’s Q). Horizontal volatility indicates the extent to which a company’s performance deviates from normal performance, reflecting performance fluctuations between different companies [14]. The residual of model (3) takes the absolute value as a proxy variable to measure the company’s lateral dispersion.

4.2.2. Traditional Buddhist Culture

According to the research ideas of Hilary and Hui, this paper uses the number of key Buddhist temples within a certain range of listed companies to measure the influence of traditional Buddhist culture on listed companies. I adopt the number of key Buddhist temples within 100 km, 200 km, and 300 km of the company as a proxy variable for measuring traditional Buddhist culture.

4.2.3. Control Variables

Following the previous scholars' research on company performance, I added control variables such as company size (C_size) and board size (Inboard) and other control variables to the model [15] [16] [17] [18]. Detailed variable definitions are shown in **Table 1**.

5. Research Design

5.1. A Test Model for Analyzing the Relationship between Buddhist Traditional Culture and Corporate Performance Fluctuations

In order to test H1, that is, the richer the traditional Buddhist atmosphere of the listed company, the smaller the fluctuation of corporate performance. This paper builds the following model based on two different performance volatility [19] [20]:

1) When testing the traditional culture of Buddhism and the vertical performance fluctuations of the company. The data on the control variables is the average value during the sample period. I estimate the following equation:

$$\text{Std_ROA} = a_0 + a_1 \text{rel200} + \text{control Variables} + \varepsilon \quad (1)$$

$$\text{Std_Tobin's } Q = a_0 + a_1 \text{rel200} + \text{control Variables} + \varepsilon \quad (2)$$

In model (1) and model (2), the explanatory variable Std_ROA (Std_Tobin's Q) measures the vertical volatility of the firm, mainly refers to the change of

Table 1. Main variable definition.

Variable nature	Variable name	Variable description
Dependent variable (Accounting)	ROA	Return on Assets
	Std_ROA	The standard deviation of performance during a company's research period
	u_R	The extent to which actual performance deviates from normal performance
Independent variable (Market)	TobinQ	Corporate Market Value/Asset Replacement Cost
	Std_TobinQ	the standard deviation of performance during a company's research period
	u_Q	The extent to which actual performance deviates from normal performance
Independent variable	rel100/rel200/rel300	Number of key temples within 100/200/300 km of the registered company of the listed company
	Dum (rel200)	When rel200 is greater than its mean value, it takes a value of 1, otherwise it is 0
Control variable	lev	Liabilities/Assets
	Inboard	The variable takes the logarithm of the board size
	C_size	The variable takes the logarithm of the total assets
	growth	Operating income growth rate
	seperation	The degree of separation of powers
	H10	Equity concentration, which is the sum of the squares of the shareholding ratio of the top 10 shareholders
	SOE	Take 1 for the state-owned sample, otherwise take 0
	IND	Industry
age	Company establishment time	

company performance during the research period, reflecting the continuity and stability of the company's performance. At the same time, the two models were tested with rel100 and rel300 as distance standards. If the coefficient a_1 is significantly negative, it indicates that the richer the traditional Buddhist atmosphere of the listed company, the smaller the fluctuation of corporate performance, the H1 is established.

2) When studying the relationship between traditional Buddhist culture and the horizontal performance volatility of the company, it is mainly divided into two stages: First, based on the company performance ROA (Tobin's Q) and the traditional influence of Buddhist culture (rel200) and related control variables, a simple linear regression is performed to obtain the residual u_1 (u_2). Then the absolute value $u_R(u_Q)$ of the residual is regressed with the influence degree of Buddhist traditional culture (rel200) and the control variables. The specific analysis model is as follows:

$$\text{ROA (Tobin's Q)} = a_0 + a_1 \text{rel200} + \text{control Variables} + u_1(u_2) \quad (3)$$

$$u_R(u_Q) = a_0 + a_1 \text{rel200} + \text{control Variables} + \varepsilon \quad (4)$$

First, through the model (3), the ROA (Tobin's Q) and the explanatory variable and the control variable are subjected to multiple linear regression, and the residual u_1 (u_2) can be obtained, and then the absolute value of the residual $u_R(u_Q)$ is used to measure the lateral direction of the company. Discreteness, indicating the horizontal volatility of company performance.

Then, using the model (4), the absolute value $u_R(u_Q)$ of the residual is regressed with the Buddhist influence degree (rel200) and the control variable. If the coefficient of rel200 is significantly negative, the assumption 1 is established.

5.2. Property Nature of the Enterprise

Whether the influence of traditional Buddhist culture on corporate performance fluctuations is different between state-owned enterprises and non-state-owned enterprises.

In order to test H2, the article divides the sample into state-owned enterprises and non-state-owned enterprises by grouping, and the specific model is consistent with the model of hypothesis 1 [21].

5.3. The Enterprise Life Cycle

Most existing studies have simplified the enterprise life cycle into four phases: initial stage, growth stage, maturity stage, and recession stage. According to the characteristics of listed companies in China, this paper divides the life cycle of enterprises into three stages: growth stage, maturity stage and recession stage [22] [23].

Similarly, in order to verify H3, I divide the enterprise into four stages by cash flow combination method, and then use group regression to explore whether

there is a difference in the influence of traditional Buddhist culture at different stages on corporate performance fluctuations.

6. Descriptive Statistics and Empirical Results

6.1. Descriptive Statistics

From **Table 2** we can see that the mean values of the variables rel100, rel200 and rel300 for measuring the Buddhist tradition are 5.45, 12.46 and 21.84 and the standard deviations are 4.64, 9.04 and 14.62 respectively. It is explained that the average number of key Buddhist temples within 100 km and 200 km and 300 km of the listed company is about 5, 12 and 22 respectively. Taking rel200 as an example, the number of key Buddhist temples around the company can be up to 40, and the minimum is 0, indicating that there is a large gap between the traditional Buddhist atmospheres around different companies. The mean values of the control variables lev, C_size, and growth are 0.53, 22.23, and 0.23 and the standard deviations are 0.21, 1.5, and 0.79, respectively, which are basically consistent with the existing literature [24] [25] [26] [27].

6.2. Main Results

6.2.1. The Influence of Traditional Buddhist Culture on Corporate Performance Fluctuations

First, we examine the impact of traditional Buddhist culture on corporate performance volatility. From enterprise level, after controlling for other factors such

Table 2. Descriptive statistics.

variable	N	mean	sd	p25	p50	p75	min	max
Std_ROA	12,088	0.04	0.03	0.02	0.03	0.05	0	0.20
Std_TobinQ	12,088	1.07	1.01	0.45	0.73	1.25	0	6.57
u_R	12,088	0.04	0.04	0.01	0.02	0.05	0	0.34
u_Q	12,088	1.11	1.32	0.39	0.82	1.36	0	11.48
ROA	12,088	0.03	0.06	0.01	0.03	0.06	-0.27	0.20
TobinQ	12,088	1.89	2.02	0.71	1.27	2.25	0.15	13.13
rel100	12,088	5.45	4.64	2	4	8	0	18
rel200	12,088	12.46	9.04	6	10	21	0	40
rel300	12,088	21.84	14.62	9	19	34	0	54
lev	12,088	0.53	0.21	0.38	0.54	0.68	0.08	1.22
growth	12,088	0.23	0.79	-0.05	0.09	0.26	-0.71	6.14
lnboard	12,088	2.20	0.21	2.08	2.20	2.30	1.10	3.09
C_size	12,088	22.23	1.50	21.24	22.07	23.05	18.96	27.27
seperation	12,088	5.96	8.35	0	0	11.15	0	44.48
H10	12,088	0.20	0.16	0.08	0.15	0.26	0	0.86
SOE	12,088	0.66	0.47	0	1	1	0	1

as asset-liability ratio (lev), firm size (C_size), and growth (growth), the proxy variable of Buddhist traditional culture (rel200) is negatively correlated with the vertical and horizontal performance fluctuations of the enterprise, and the coefficient is significantly negative, consistent with the expectation. Then, we use rel100 and rel300 as the distance standard to measure the traditional culture of Buddhism. The regression results show that the rel100 coefficient is significantly negative when the firm performance fluctuation is measured by Std_ROA. However, when the dependent variable is Std_TobinQ, the coefficient of rel100 is marginal significantly. From the descriptive statistics in **Table 3**, the average value of rel100 is only 5, so it does not reflect the extent to which the company is influenced by traditional Buddhist culture. When rel300 is used as an explanatory

Table 3. The influence of Buddhism on corporate performance fluctuations.

Panel A (longitudinal dispersion)						
	Std_ROA			Std_TobinQ		
rel100	-0.0005*** (-2.92)			-0.0088* (-1.85)		
rel200		-0.0003*** (-3.21)			-0.0067*** (-2.90)	
rel300			-0.0002*** (-3.46)			-0.0035** (-2.49)
lev	0.0380*** (8.94)	0.0383*** (8.98)	0.0381*** (8.95)	0.3253** (2.29)	0.3277** (2.32)	0.3266** (2.32)
lnboard	-0.0078** (-2.34)	-0.0078** (-2.35)	-0.0077** (-2.32)	-0.0868 (-0.94)	-0.0895 (-0.97)	-0.0858 (-0.93)
growth	0.0024*** (4.94)	0.0024*** (4.99)	0.0024*** (5.00)	0.1116*** (7.36)	0.1113*** (7.40)	0.1116*** (7.41)
age	0.0008*** (4.02)	0.0008*** (3.92)	0.0008*** (3.77)	0.0256*** (4.33)	0.0253*** (4.28)	0.0248*** (4.21)
C_size	-0.0098*** (-14.25)	-0.0098*** (-14.36)	-0.0098*** (-14.28)	-0.3644*** (-15.59)	-0.3652*** (-15.70)	-0.3645*** (-15.65)
seperation	-0.0001* (-1.65)	-0.0001 (-1.57)	-0.0001 (-1.64)	0.0005 (0.24)	0.0007 (0.31)	0.0006 (0.25)
H10	0.0214*** (4.64)	0.0207*** (4.48)	0.0208*** (4.49)	0.5378*** (3.99)	0.5248*** (3.88)	0.5261*** (3.90)
Year(Ind)	Control	Control	Control	Control	Control	Control
_cons	0.2419*** (15.20)	0.2438*** (15.36)	0.2436*** (15.35)	8.6334*** (16.65)	8.6858*** (16.78)	8.6687*** (16.72)
N	12088	12088	12088	12088	12088	12088
adj. R-sq	0.244	0.245	0.246	0.292	0.294	0.293

Panel B (lateral dispersion)						
	u_R			u_Q		
rel100	-0.0003**			-0.0086**		
	(-2.52)			(-2.13)		
rel200		-0.0002***			-0.0076***	
		(-2.79)			(-3.90)	
rel300			-0.0001***			-0.0036***
			(-2.58)			(-3.03)
lev	0.0276***	0.0278***	0.0278***	0.3653*	0.3652**	0.3661**
	(6.29)	(6.34)	(6.33)	(1.95)	(1.98)	(1.98)
lnboard	-0.0001	-0.0001	-0.0000	0.0666	0.0630	0.0676
	(-0.04)	(-0.04)	(-0.01)	(0.68)	(0.64)	(0.69)
growth	0.0009*	0.0009*	0.0009*	0.0673***	0.0669***	0.0673***
	(1.72)	(1.72)	(1.73)	(3.58)	(3.58)	(3.59)
age	0.0003**	0.0003**	0.0003**	0.0084*	0.0080	0.0075
	(2.28)	(2.19)	(2.09)	(1.72)	(1.64)	(1.53)
C_size	-0.0089***	-0.0090***	-0.0090***	-0.3638***	-0.3645***	-0.3638***
	(-13.37)	(-13.45)	(-13.40)	(-10.85)	(-10.93)	(-10.90)
seperation	-0.0001	-0.0001	-0.0001	-0.0068***	-0.0066***	-0.0067***
	(-1.35)	(-1.28)	(-1.33)	(-3.02)	(-2.95)	(-3.01)
H10	0.0237***	0.0233***	0.0233***	0.7827***	0.7704***	0.7716***
	(5.55)	(5.44)	(5.46)	(6.76)	(6.66)	(6.67)
Year(Ind)	Control	Control	Control	Control	Control	Control
_cons	0.2039***	0.2051***	0.2047***	8.2002***	8.2627***	8.2363***
	(15.04)	(15.19)	(15.15)	(13.17)	(13.28)	(13.22)
N	12170	12170	12170	12170	12170	12170
adj. R-sq	0.111	0.111	0.111	0.142	0.143	0.142

Note: 1) ***, **, * indicate significant at 1%, 5%, and 10%, respectively; 2) t values in parentheses.

variable, the regression results are significant in both models, further confirming the establishment of H1.

6.2.2. The Nature of Property Rights, Traditional Buddhist Culture and Fluctuations in Corporate Performance

In order to verify Hypothesis 2, I first classify the sample into a state-owned sample group and a non-state-owned sample group according to the actual controller nature. Then, using the two models of vertical and horizontal dispersion to carry out regression analysis on the state-owned sample group and the non-state-owned sample group respectively, the regression results in **Table 4** show that in the two models, the coefficient of the proxy variable rel200 of the traditional Buddhist culture is significantly negative. Moreover, the coefficient

test results of state-owned samples and non-state-owned samples indicate that there is a significant difference between the two, indicating that the traditional culture of Buddhism has a stronger inhibitory effect on the performance fluctuations of non-state-owned sample enterprises. The regression results of other control variables are consistent with the previous basic analysis. From another point of view, the internal culture of state-owned enterprises will dilute a part of the traditional culture of Buddhism to inhibit the fluctuation of corporate performance to a certain extent, indicating that there is a complementary substitution between different cultures [28].

6.2.3. Dynamic Regression Analysis Based on Enterprise Life Cycle

Most of the previous studies have used listed companies as a research sample

Table 4. Regression results for state-owned and non-state-owned samples.

Panel A (longitudinal dispersion)						
VARIABLES	Std_ROA			Std_TobinQ		
	Full samples	State-owned	Non-state-owned	Full samples	State-owned	Non-state-owned
rel200	-0.000*** (-3.21)	-0.005*** (-3.01)	-0.012*** (-6.95)	-0.007*** (-2.90)	-0.004*** (-3.96)	-0.010*** (-6.43)
lev	0.038*** (8.98)	0.034*** (20.97)	0.043*** (18.38)	0.328** (2.32)	0.044 (1.00)	0.705*** (10.09)
lnboard	-0.008** (-2.35)	-0.007*** (-4.20)	-0.006** (-2.44)	-0.090 (-0.97)	-0.040 (-0.95)	0.048 (0.64)
growth	0.002*** (4.99)	0.001 (1.60)	0.003*** (6.90)	0.111*** (7.40)	0.078*** (6.16)	0.115*** (7.54)
C_size	-0.010*** (-14.36)	-0.007*** (-25.45)	-0.015*** (-32.94)	-0.365*** (-15.70)	-0.242*** (-33.74)	-0.548*** (-40.57)
seperation	-0.000 (-1.57)	-0.000*** (-2.84)	-0.000 (-1.42)	0.001 (0.31)	0.000 (0.28)	-0.004** (-2.22)
H10	0.021*** (4.48)	0.026*** (13.17)	-0.004 (-0.82)	0.525*** (3.88)	0.530*** (9.87)	0.598*** (4.38)
age	0.001*** (3.92)	0.001*** (9.12)	0.001*** (5.53)	0.025*** (4.28)	0.015*** (6.86)	0.037*** (9.74)
Year(Ind)	Control	Control	Control	Control	Control	Control
_cons	0.244*** (15.36)	0.182*** (28.72)	0.339*** (33.33)	8.686*** (16.78)	5.921*** (34.86)	12.329*** (40.08)
N	12088	7965	4123	12088	7965	4123
adj. R-sq	0.245	0.216	0.326	0.294	0.221	0.394
t		13.50 (0.004)			14.30 (0.002)	

Panel B (lateral dispersion)						
VARIABLES	u_R			u_Q		
	Full sample	State-owned	Non-State-owned	Full sample	State-owned	Non-State-owned
rel200	-0.000*** (-2.74)	-0.000*** (-3.60)	-0.008*** (-6.82)	-0.008*** (-3.91)	-0.006*** (-4.60)	-0.011*** (-4.58)
lev	0.028*** (6.28)	0.020*** (9.46)	0.038*** (12.02)	0.389** (2.10)	0.004 (0.07)	0.899*** (8.29)
lnboard	0.000 (0.02)	0.000 (0.16)	0.003 (0.95)	0.068 (0.69)	0.066 (1.13)	0.225* (1.94)
growth	0.001* (1.66)	0.000 (0.72)	0.001 (1.14)	0.069*** (3.71)	0.065*** (3.73)	0.049** (2.06)
C_size	-0.009*** (-13.40)	-0.006*** (-17.72)	-0.013*** (-21.87)	-0.362*** (-10.79)	-0.201*** (-20.44)	-0.662*** (-31.56)
seperation	-0.000 (-1.30)	-0.000 (-1.17)	-0.000*** (-2.73)	-0.006*** (-2.85)	-0.008*** (-5.55)	-0.001 (-0.41)
H10	0.023*** (5.38)	0.023*** (8.58)	0.031*** (5.07)	0.761*** (6.50)	0.625*** (8.48)	1.071*** (5.05)
age	0.000** (2.09)	0.000*** (4.23)	-0.000 (-0.20)	0.009* (1.73)	0.003 (1.15)	0.010* (1.75)
Year(Ind)	Control	Control	Control	Control	Control	Control
_cons	0.205*** (15.06)	0.151*** (18.01)	0.284*** (20.56)	8.189*** (13.03)	5.036*** (21.62)	13.717*** (28.74)
N	12088	7965	4123	12088	7965	4123
adj. R-sq	0.111	0.084	0.150	0.143	0.085	0.253
t		5.15 (0.0274)			4.34 (0.0371)	

Note: 1) ***, **, * indicate significant at 1%, 5%, and 10%, respectively; 2) t values in parentheses.

from a static perspective, ignoring the differences between enterprises at different stages of life cycle. In view of this, this paper introduces the enterprise life cycle theory, attempts to analyze the relationship between traditional Buddhist culture and corporate performance volatility, and attempts to provide a reference for the dynamic construction of non-institutional culture in the different life cycle stages of enterprises. According to the characteristics of listed companies in China, this paper divides the life cycle of enterprises into three stages: growth stage, maturity stage and recession stage. The division of the life cycle is based on the practices of Cao Yu *et al.* and Dickinson, and is divided by the cash flow combination method. The regression results in **Table 5** indicate that when the enterprise is at the maturity stage of the life cycle, the inhibitory effect of traditional Buddhist culture (rel200) on corporate performance volatility is signifi-

cantly negatively correlated in both models, that is, when the enterprise is in a mature stage, the traditional culture of Buddhism has a stronger inhibitory effect on the fluctuation of corporate performance.

6.3. Additional Test

This section examines the sensitivity of the division of the enterprise life cycle. First, we use the multivariate scoring method to divide the enterprise life cycle stage, and then consider the factors of the difference between the industries, that is, according to the total score of the four indicators, the total sample is sorted by industry from large to small. Each industry sample is divided into three parts according to the total score size. About 1/3 of the highest scores are for long-term enterprises. About 1/3 of the lowest scores are enterprises in the recession period, and the middle part is mature enterprises. The multi-index comprehensive scoring method can comprehensively characterize the different development stages of the

Table 5. Different life cycle stages of the enterprise.

VARIABLES	Panel A (longitudinal dispersion)					
	Std_ROA			Std_TobinQ		
	Growth	Maturity	Recession	Growth	Maturity	Recession
rel200	-0.000 (-0.97)	-0.000*** (-2.99)	-0.000** (-2.14)	-0.002 (-0.81)	-0.009*** (-3.40)	-0.010** (-2.53)
lev	0.030*** (4.31)	0.040*** (9.04)	0.054*** (11.83)	-0.208 (-1.36)	0.327** (2.02)	0.629*** (3.99)
Inboard	-0.008* (-1.94)	-0.007 (-1.44)	-0.004 (-0.59)	-0.090 (-0.93)	-0.160 (-1.38)	-0.008 (-0.04)
growth	0.005*** (5.92)	0.003*** (3.61)	0.002** (2.10)	0.156*** (5.76)	0.074*** (2.96)	0.111*** (4.37)
C_size	-0.007*** (-7.69)	-0.009*** (-12.35)	-0.015*** (-13.39)	-0.253*** (-10.37)	-0.307*** (-10.84)	-0.579*** (-16.09)
age	0.001*** (4.86)	0.001*** (4.30)	0.001 (1.45)	0.027*** (3.78)	0.017*** (2.62)	0.026** (2.56)
H10	0.034*** (4.69)	0.025*** (3.90)	0.018** (2.26)	0.726*** (4.55)	0.545*** (3.53)	0.391* (1.66)
seperation	-0.000* (-1.67)	-0.000* (-1.82)	0.000 (0.20)	-0.001 (-0.27)	-0.001 (-0.45)	0.007* (1.87)
Year(Ind)	Control	Control	Control	Control	Control	Control
_cons	0.174*** (9.40)	0.226*** (12.57)	0.337*** (12.42)	6.154*** (12.11)	7.661*** (13.07)	13.091*** (15.44)
N	3689	4344	2878	3689	4344	2878
adj. R-sq	0.180	0.270	0.369	0.247	0.272	0.389

Panel B (lateral dispersion)						
VARIABLES	u_R			u_Q		
	Growth	Maturity	Recession	Growth	Maturity	Recession
rel200	0.000 (0.31)	-0.000*** (-2.94)	-0.000 (-1.11)	-0.003 (-1.35)	-0.011*** (-3.47)	-0.005 (-1.44)
lev	0.013* (1.84)	0.038*** (5.62)	0.059*** (10.41)	-0.211 (-0.89)	0.625* (1.93)	0.968*** (4.20)
lnboard	-0.003 (-0.86)	-0.004 (-0.82)	0.010* (1.65)	0.111 (1.00)	-0.141 (-0.89)	0.189 (1.07)
growth	0.004*** (7.05)	0.000 (0.10)	0.000 (0.09)	0.118*** (3.59)	0.083* (1.68)	0.052 (1.57)
C_size	-0.004*** (-5.43)	-0.008*** (-8.88)	-0.015*** (-13.40)	-0.232*** (-6.46)	-0.284*** (-5.99)	-0.640*** (-12.63)
age	0.000 (0.54)	0.000 (1.23)	-0.000 (-0.10)	-0.005 (-0.82)	0.003 (0.41)	0.017** (1.99)
H10	0.014** (2.35)	0.025*** (3.82)	0.016** (1.99)	0.780*** (4.92)	0.821*** (4.53)	0.710*** (3.62)
seperation	-0.000 (-0.06)	-0.000 (-0.78)	-0.000 (-1.11)	-0.005** (-2.07)	-0.008** (-2.26)	-0.004 (-1.17)
Year(Ind)	Control	Control	Control	Control	Control	Control
_cons	0.111*** (7.16)	0.205*** (9.66)	0.296*** (12.10)	5.815*** (8.49)	7.019*** (7.75)	12.911*** (13.03)
N	3689	4344	2878	3608	4211	2715
adj. R-sq	0.065	0.124	0.224	0.115	0.131	0.263

Note: 1) ***, **, * indicate significant at 1%, 5%, and 10%, respectively; 2) t values in parentheses.

Table 6. Standards for the division of the enterprise life cycle.

VARIABLES	operating income growth rate		retained earnings rate		capital expenditure rate		Age	
	feature	value	feature	value	feature	value	feature	value
Development stage	High	3	Low	3	High	3	Low	3
Growth stage	Mid	2	Mid	2	Mid	2	Mid	2
Maturity stage	Low	1	High	1	Low	1	High	1
Recession stage								

enterprise, and the loss of the sample is relatively small.

The regression results in **Table 6** show that when the enterprise is in the mature stage of the life cycle, the inhibition effect of the traditional culture of Buddhism (rel200) on the fluctuation of enterprise performance is significantly negatively correlated in both models, and the hypothesis H3 is verified. The regression results in **Table 7** are basically consistent with the regression results of

the enterprise life cycle by using the cash flow method, indicating that the research conclusions based on the division method of the enterprise life cycle stage constructed by the Institute are robust.

6.4. Robustness Test

This paper conducted a series of robustness tests: 1) Dividing the sample into East, Central and Western regions according to the location of the company. Previous literatures have shown that the geographical distribution of Buddhism is largely consistent with the regional distribution of the economy. Therefore, it is inferred that the traditional Buddhist culture in the eastern region is more intense. The empirical results show that in the two models, the company is located in the eastern region. Buddhist tradition has a significant negative impact on its corporate performance volatility. 2) Defining rel200 as a dummy variable. The

Table 7. Comprehensive scoring method to divide business life cycle.

VARIABLES	Panel A (longitudinal dispersion)					
	Std_ROA			Std_TobinQ		
	Growth stage	Maturity stage	Recession stage	Growth stage	Maturity stage	Recession stage
rel200	-0.000 (-0.72)	-0.000 (-1.43)	-0.000*** (-3.34)	-0.002 (-0.67)	-0.007** (-2.47)	-0.009*** (-3.05)
lev	0.033*** (5.47)	0.047*** (10.33)	0.050*** (11.07)	-0.464*** (-3.01)	0.268* (1.80)	0.752*** (5.07)
lnboard	-0.009** (-2.09)	-0.009** (-2.04)	-0.007 (-1.32)	-0.073 (-0.63)	-0.057 (-0.51)	-0.160 (-1.17)
growth	0.004*** (5.07)	0.003*** (4.19)	0.001 (0.43)	0.149*** (5.93)	0.113*** (5.14)	0.019 (0.55)
C_size	-0.007*** (-7.94)	-0.011*** (-13.54)	-0.013*** (-13.87)	-0.222*** (-8.11)	-0.368*** (-13.66)	-0.454*** (-15.12)
H10	0.033*** (3.59)	0.029*** (5.28)	0.028*** (3.68)	0.519*** (2.90)	0.549*** (3.41)	0.417** (2.05)
seperation	-0.000 (-1.05)	-0.000 (-0.66)	-0.000 (-1.62)	-0.002 (-0.57)	0.002 (0.67)	0.002 (0.77)
age	0.001*** (4.68)	0.001*** (5.14)	0.001*** (2.63)	0.024*** (2.97)	0.032*** (4.29)	0.033*** (3.60)
Year(Ind)	Control	Control	Control	Control	Control	Control
_cons	0.179*** (8.75)	0.254*** (13.46)	0.298*** (14.23)	5.808*** (9.15)	8.679*** (14.65)	10.606*** (16.23)
N	2693	4975	4446	2693	4975	4446
adj. R-sq	0.225	0.273	0.338	0.264	0.284	0.357

Panel B (lateral dispersion)						
VARIABLES	u_R			u_Q		
	Growth stage	Maturity stage	Recession stage	Growth stage	Maturity stage	Recession stage
rel200	-0.000 (-0.54)	-0.000* (-1.77)	-0.000 (-1.50)	-0.011*** (-2.90)	-0.007*** (-2.92)	-0.006** (-2.26)
lev	0.016 (1.45)	0.052*** (8.00)	0.046*** (9.58)	-0.961*** (-3.10)	0.425* (1.88)	1.054*** (4.62)
lnboard	0.003 (0.61)	-0.007 (-1.58)	0.006 (1.22)	0.001 (0.00)	-0.095 (-0.78)	0.121 (0.90)
growth	-0.000 (-0.31)	0.001 (0.62)	-0.000 (-0.13)	0.099*** (2.62)	0.115*** (4.07)	-0.067** (-2.03)
C_size	-0.007*** (-6.08)	-0.011*** (-12.38)	-0.012*** (-13.41)	-0.081** (-2.18)	-0.373*** (-8.81)	-0.547*** (-11.87)
H10	0.029*** (3.58)	0.027*** (4.58)	0.028*** (4.07)	0.742*** (3.34)	0.902*** (5.92)	0.831*** (5.27)
seperation	-0.000 (-0.62)	-0.000 (-0.54)	-0.000 (-1.25)	-0.003 (-0.72)	-0.005* (-1.93)	-0.008*** (-3.39)
age	0.001*** (2.76)	0.001** (2.48)	0.001*** (3.01)	-0.010 (-1.03)	0.011 (1.46)	0.018** (2.37)
Year(Ind)	Control	Control	Control	Control	Control	Control
_cons	0.154*** (5.73)	0.250*** (13.19)	0.236*** (13.16)	3.353*** (4.32)	8.781*** (10.94)	11.609*** (13.52)
N	2693	4975	4446	2640	4805	4254
adj. R-sq	0.068	0.162	0.212	0.110	0.158	0.269

Note: 1) ***, **, * indicate significant at 1%, 5%, and 10%, respectively; 2) t values in parentheses.

regression results show that in the two models, the dummy variable dum(rel200) is significantly negatively correlated with the accounting performance (Std_ROA) and market performance (Std_TobinQ) which are proxy variables for corporate performance volatility, supporting the hypothesis H1. 3) Adding rel200*SOE to the model. The regression results show that the coefficient of enterprise nature (SOE) and Buddhist tradition (rel200) are significantly negative, while the coefficient of rel200*SOE is significantly positive, which indicates that the suppression of performance fluctuations of Buddhist tradition exists in enterprises of different natures. A certain degree of difference, compared with non-state-owned enterprises, the Buddhist tradition has reduced the suppression of performance fluctuations of state-owned enterprises, further validating the hypothesis H2. 4) Using the multivariate scoring method to divide the enterprise life cycle, the final regression results show that when the enterprise is in the mature stage of the life cycle, the coefficients of the traditional Buddhist culture (rel200) are signifi-

cantly negative, further verification the hypothesis H3.

7. Conclusions

7.1. Contribution

1) Empirical contribution

First, from the company level, an enterprise is an organization that seeks to maximize profits. However, as a company's decision makers and executives, executives' personal characteristics will have an impact on the stability of company performance through certain behavioral decisions. Performance is one of the most concerned issues for corporate stakeholders. Stakeholders have different levels of acceptability for fluctuations in business performance due to different biases toward risk. Therefore, this paper studies the influence of traditional Buddhist culture (corporate culture) on corporate performance volatility, stressing those enterprises should not neglect the role of corporate culture in the development process, and provide reference and reference for realizing the long-term interests of the company.

Second, for the enterprise itself, it is necessary to recognize the impact of the external environment of the enterprise on the entire enterprise organization and corporate decision-makers. Therefore, the development of the enterprise must consider the joint effect of the internal and external environment and grasp the external advantages of the enterprise development.

2) Theoretical contribution

In addition to the actual contribution, the research in this paper has certain theoretical significance. At present, the research on corporate performance volatility is still limited to the literature related to corporate governance, while the relative non-institutional considerations are relatively rare, especially from the perspective of Chinese traditional culture.

First, company performance includes two dimensions of performance level and performance volatility, which can measure the management level of executives. However, some related researches mainly focus on the performance level of the company, and less people study the performance volatility of the company. It not only represents whether the company's profitability has certain stability, but also reflects the risks faced by enterprises in the process of business management. Therefore, this paper mainly explores the influence of the non-institutional culture of Buddhist tradition on the performance fluctuation of the company, enriching the research in this field.

Second, most of the listed companies in China are state-owned listed companies, which may have some unique characteristics by nature. The internal corporate culture formed by them also has special attributes. Therefore, according to the unique attributes of Chinese listed companies and the unique internal culture of enterprises, it is studied whether there is a difference between traditional Buddhist culture and corporate performance waves under the different property rights.

Third, most of the previous studies have taken the static view of the listed companies as a research sample, ignoring the differences between enterprises at different stages of life cycle. In view of this, this paper introduces the enterprise life cycle theory to investigate whether there is a difference in the influence of traditional Buddhist culture on enterprise performance fluctuations in different life cycle stages, and attempts to provide a reference for the non-institutional culture to dynamically construct enterprise performance fluctuations in different life cycle stages of enterprises.

7.2. Conclusion and Future Research Direction

This paper is based on the idea that Buddhist traditional culture can enhance individual ethical standards and internal self-discipline, and then explores the relationship between traditional Buddhist culture and corporate performance fluctuations. Different from previous research literatures on economic development, political structure and legal system, and corporate governance, this paper focuses on the impact of corporate culture—traditional Buddhist culture which is the implicit social norms on corporate performance volatility. The empirical results show that the traditional culture of Buddhism plays an important positive role in restraining the fluctuation of corporate performance. The main findings include: The stronger the traditional Buddhist culture of listed companies is, the smaller the fluctuation of corporate performance is; Compared with state-owned enterprises, the negative impact of traditional Buddhist culture on fluctuations in corporate performance is stronger among non-state-owned enterprises; When the company is in a mature period, the Buddhist tradition has a stronger inhibitory effect on corporate performance fluctuations. The limitations of this paper are mainly as follows: first, because of the Buddhist belief involving personal privacy issues, it is difficult to collect data at the individual level. Therefore, this paper does not consider whether there are differences in the impact of different religious belief categories on corporate performance fluctuations. Second, the traditional Buddhist culture is only part of the corporate culture. Therefore, there is still a lot of room for the study of corporate culture in the future.

Conflicts of Interest

The authors declare no conflicts of interest regarding the publication of this paper.

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