CORPORATE GOVERNANCE, INTERNAL CONTROL AND INEFFICIENT INVESTMENT BASED ON THE EXPERIENCE OF A SHARE MANUFACTURING LISTED COMPANIES IN CHINA

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ABSTRACT

Investment is the key of the development of an enterprise, and it is also an important driving force for the economic development of country. In this paper, a sample of A-share manufacturing listed companies in China from 2012 to 2016 is taken as a sample to empirically analyze how manufacturing listed companies affect their investment behavior in terms of corporate governance and internal control. The study found that corporate governance can effectively inhibit the company's inefficient investment, especially the suppression of voluntary investment is better, but the internal control does not play a role in the investment behavior. Combined with the results of empirical analysis, this paper puts forward countermeasures and suggestions for reducing inefficient investment from the perspectives of corporate governance and internal control.

Keywords: Corporate Governance; Internal Control; Inefficient Investment.

INTRODUCTION

As we all know, investment is regarded as the key to driving the "troika" of national economic development. Due to the existence of principal-agent and asymmetric information, inefficient investment activities of enterprises become more and more common. The performance of high-efficiency investment is considered as an important pillar for the long-term healthy development of enterprises and an important factor in invincible capital market competition. Therefore, the research on inefficient investment in enterprises becomes more and more important. After studying the operating mechanism behind the inefficient investment, we are trying to find out the "truth" that manipulates inefficient investment from both corporate governance and internal control. We need to address how to curb the hot issue of inefficient investment.

Overinvestment and underinvestment are the two main manifestations of inefficient investment. Overinvestment means that an enterprise has sufficient cash flow to invest in projects with a net present value of less than zero, resulting in a decrease in the efficiency of investment in enterprises and a waste of resources. Underinvestment means that an enterprise has a positive cash flow,but it does not invest in projects with a net present value greater than zero, which causes the company to lose good opportunity for development and thus reduce its profitability. Both overinvestment and underinvestment are abnormal investment behaviors. They are not only increase the business risk of the enterprise, but also damage the value of the enterprise and cannot realize the rational allocation of resources.

Based on the different internal mechanisms of inefficiency investment and the research of Professor Fang Hongxing's 2013 study on non-efficiency investment classification, non-efficiency investment is divided into voluntary non-efficiency investment and operational non-efficiency investment. Due to mistakes in assessment and implementation, inefficient investment is an operational non-efficiency investment In the process of actual project operation.Management ineffectively invests privately because of the problem of entrusted agency. This paper studies the operating mechanism of various categories of inefficient investment through corporate governance and internal control of corporate, whether they have a significant impact on the inefficient investment of enterprises.

LITERATURE REVIEW

(A) Corporate Governance and Inefficient Investment

Due to the inconsistency between the interests of shareholders and managers, Berle and Means (1932) analyzed the problems of ownership structure and agency conflicts， found that the minority shareholders cannot effectively supervise the managers. So managers can only take their own personal interests or avoid them Risk leads to inefficient investment. Myers and Majluf (1984) found that while managers generally target maximization of shareholder interest, they also do not invest in projects with net present value greater than zero in the face of high costs. Conversely, Murphy (1985) think that they will invest in various projects with the goal of maximizing self-interest,, including those with a net present value of less than zero, are continuously invested and resulting in overinvestment.Through the empirical research, Goyal (2002) found that the separation of the chairman and the general manager would be more conducive to corporate governance, which can effectively supervise management behavior and restrain inefficient investment.

Li Weian and Jiang Tao (2007) found that through the establishment of a comprehensive evaluation system of corporate governance, the governance of the board of directors can effectively restrain the over-investment of enterprises. Yu Honghai and Yang Xingquan (2010) found through empirical research that high-quality corporate governance mechanism can effectively restrain inefficient investment. On the contrary, Liu Changguo et al. (2006) found that the inhibitory effect of corporate governance on inefficient investment is rather weak.

(B) Internal Control and Inefficient Investment

La Porta (1998) and cheng.etc (2013) analyzed the investment efficiency of companies disclosing internal control deficiencies under the SOX Act. The results show that high-quality internal control can effectively suppress inefficient investment in the company. Rajan and Zingales (2000) found through research that in order to make the company's financial system work properly, it is necessary to establish a system that can enhance the transparency of internal control information disclosure. Wilfert, Fitch Ratings (2005) have found that a well-established internal control system in an enterprise can help companies reduce the cost of equity capital and thereby increase the value of the company. Doyle et al (2007) found that when the quality of internal control of enterprises is higher, the quality of the financial report information of enterprises is more reliable, which can reduce the financing cost of the company and alleviate the problem of underinvestment. Ashbaugh Skaife et al. (2008) considered that the internal control system significantly improves the quality of accounting information of enterprises and reduces the information asymmetry of enterprises, thereby restraining inefficient investment.

Lin (2010) found through empirical research that the higher the degree of disclosure of internal control information, the more it can curb the inefficient investment of enterprises. Li Wanfu (2011) found that when the quality of internal control is lower, the probability of overinvestment or underinvestment will be higher, that is, the more serious the inefficient investment behavior of the company. Fang Hongxing and Jin Yuna (2013) found that the internal control has the most significant inhibitory effect on operational inefficient investment by reclassifying inefficient investment as voluntary and operational investment. However, Chungpo, Tian Liang (2009) found that high-quality internal control cannot effectively inhibit inefficient investment.

(C) Corporate Governance and Internal Control

Lanra (2003) found that corporate governance plays an inverse role in promoting internal control. By continuously optimizing the path of corporate governance, the development of internal control can be accelerated. Rezaee (2007) found that the efficiency of corporate governance interacts with internal controls by studying how corporate governance and internal controls affect operational efficiency. Zhang (2007) found that there is a significant connection between audit committee governance and whether there is a defect in internal control. With the size of the board of directors expands, fewer and fewer defects are found in internal control. Hoitash et al. (2009) also found that firms with high-quality corporate governance have an effective internal control system. The number of audit committee meetings is significantly and positively related to significant deficiencies in internal control.

Li Minghui (2003) argues that corporate governance can improve the internal control environment.Conversely, efficient internal control can improve the company's governance. Li Guo and Zhang Qingchang (2005) found that internal control is an effective way to improve the efficiency of corporate governance, which can better optimize the corporate governance structure. Cheng Xiaoling, Wang Huaming started and tested from the factors that affect corporate governance, found that corporate governance and internal control has a significant correlation. Zhuhai Shen et al. (2010) found that the separation of the functions of chairman and general manager and the low proportion of independent directors increase the probability of failure of internal control.

METHODOLOGY

(A) Propose Hypothesis

Corporate governance is to coordinate the relationships among the various stakeholders of the company through a set of formal informal or internal and external systems to ensure the correct decision-making of the company to safeguard the legitimate interests of all parties (Li Weian, Jiang Tao, 2007). With the support of principal-agent theory, the core of corporate governance is to supervise the agent, make the professional managers converge with the owner's interests, and maximize the shareholders' interests as the ultimate goal. The theory of principal-agent is to solve this situation under the separation of ownership, how to adopt various constraints or incentives to supervise managers to maximize their own utility. Under the background of information asymmetry theory, the incomplete information between agent and agent causes the company to take self-interest as the goal and make incorrect investment and financing decision to the enterprise Resulting in inefficient business investment, affecting the efficiency of business. Shareholders and managers are in fact an incomplete contract of interest. The existence of corporate governance mechanism enables the owner to supervise and avoid the moral hazard or adverse selection of managers, and will not cause the enterprise investment behavior due to the conflict of interest Weakening, hinder the sustainable development of enterprises. In summary, corporate governance can inhibit the company's inefficient investment, it is proposed that H1:

H1: Corporate governance can inhibit a company's inefficient investment.

H1a: Incentives can inhibit a company's inefficient investment.

H1b: Oversight mechanisms can inhibit a company's inefficient investment.

The definition of internal control by the Ministry of Finance in 2008 was jointly implemented by the board of directors, board of supervisors, managers and all employees of the enterprise. The purpose is to reasonably ensure that the management decisions of the enterprises are lawful and compliant, the financial reports are truthful and complete, and the operating efficiency is enhanced Effect, thereby promoting the long-term development strategy of enterprises. Since the perfect internal control can improve the operating efficiency of enterprises and prevent the self-interest of managers, the establishment of a sound and effective internal control system is very effective. By restraining and supervising the investment and financing activities of the management, it inhibits the inefficient investment activities of enterprises and enhances the investment efficiency of enterprises. Based on the goal of internal control reporting, it helps to weaken the agency conflicts between shareholders and creditors and reduce the information asymmetry by improving the quality of accounting information, keeping the integrity and transparency of financial reports. At the same time, it can also prompt management to make the goal of maximizing their own business value and corporate value converge because of the reputation effect and occupational stability, and make reasonable and compliant investment decisions. In summary, a sound and effective internal control system can inhibit the behavior of inefficient investment, it is proposed Hypothesis H2:
H2: Internal control can inhibit a company's inefficient investment.
According to Fang Hongxing's 2013 reclassification of inefficient investment, we classify inefficient investment as intentional inefficient investment and operational inefficient investment. In this paper, according to the different governance direction, corporate governance is divided into incentive mechanism and supervision mechanism. Due to the division of responsibilities of various departments in the company, the concept of corporate governance mechanism will also be different. The mechanism of corporate governance often relies on the long-term development goals of enterprises, including the conflict of interests between managers and shareholders. Effective corporate governance behavior is most effective in solving the high-level voluntary investment problems arising from principal-agent theory. The existence of internal control system can solve the problem of agency conflict and unclear division of rights and responsibilities based on corporate governance mechanism. In the project evaluation and budget accounting and other operational issues, in order to ensure the realization of the established objectives of the enterprise, the internal control system can be a good solution to this basic problem of daily business. In summary, a reasonable division of labor can make corporate governance and internal control play different utility, while the inhibition of various non-efficient investment behavior is also different. Therefore, it is proposed that H3, H4:
H3: Corporate governance curbs intentional inefficient investment.
H4: Internal controls can inhibit operational inefficient investment.

(B) Research Design

As domestic and foreign scholars widely adopt Richardson (2006) model to measure inefficient investment behavior.This paper makes some slight improvements on the basis, which makes the empirical results more effective. For the key variable of total investment (inv), we use the Company's net fixed assets, long-term equity investments and intangible assets this year to measure and eliminate the scale effect divided by the net fixed assets at the beginning of the period. According to Wang Yanchao (2009) set growth growth model variables, and Tobin Q as an alternative variable, this article also adopted this approach. Cash holdings are expressed as the sum of monetary funds and trading financial assets in the balance sheet divided by total assets to eliminate the effect of scale. Company size (size) and the number of years (age) were used to measure the natural logarithm of total assets and the number of years of listing. The other variables, such as lev, and the annual rate of return (ret) considering reinvestment of cash dividend, which were shown in database data. Finally, the years and industries as a control variable to be set, the explanatory variables are used lagged a period of data. In summary, the establishment of non-efficient investment model①:

$$inv_{i,t} = \alpha_0 + \alpha_1 growth_{i,t-1} + \alpha_2 lev_{i,t-1} + \alpha_3 cash_{i,t-1} + \alpha_4 age_{i,t-1} + \alpha_5 size_{i,t-1} + \alpha_6 ret_{i,t-1} + \alpha_7 inv_{i,t-1} + \Sigma year + \Sigma ind + \varepsilon_{i,t} \quad ①$$

Firstly, the fitting value is obtained as the expected investment in model①,and the difference between it and the actual investment inv is taken as the measurement of non-efficiency investment. The result of less than zero is regarded as the under-investment variable and the result of greater than zero is regarded as the over-investment variable,which can use for the later model.

According to the theoretical analysis of the corporate governance mechanism, it is divided into two parts: incentive mechanism and supervision mechanism. Through the summary analysis of previous scholars, we choose the following variables as a screening set of these two parts. For the incentive mechanism, we choose top1, top5, top1-5, idd, and cocur of the board chairman and general manager. The separation of the two rights (dual). For the monitoring mechanism, we selected the top three extremists for the shareholding percentage (dis), sustent shareholding (sus), mas shareholding (mas), top three executives The natural logarithm of total directors' remuneration (top3dir). According to the principle of principal component analysis, we select the principal components of the incentive and supervisory mechanisms in corporate governance respectively, and determine the variables of the two main mechanisms through empirical analysis. The results are illustrated in the empirical analysis.

According to the way of disclosing internal control information from Fang Hongxing and Zhang Zhiping (2012),, this article also divides internal control into three levels of high, middle and low levels, each level using Fang Hongxing's division criteria.When Internal control evaluation revealed major defects and irregularities, and access to non-standard audit opinion and internal assurance verification opinion, which is considered as a low quality ,and we regard internal control (Inc) value as -1; when the company was issued a standard audit opinion As well as the internal control certification opinions, we consider the value of the Inc as 1, otherwise we consider the medium quality Inc as 0.

Through the improvement of the inefficient investment model of Richardson (2006), this paper constructs a model ② to empirically analyze the relationship among the three. Model ② as follows:

$$Inv_{i,t} = \beta_0 + \beta_1 supme_{i,t} + \beta_2 Incent_{i,t} + \beta_3 Inc_{i,t} + \beta_4 fcf_{i,t} + \beta_5 size_{i,t} + \beta_6 lev_{i,t} + \beta_7 growth_{i,t} + \beta_8 ore_{i,t} + \Sigma year + \Sigma ind + \varepsilon_{i,t} \quad ②$$

Inv is the sum of inefficient investments, including overinv greater than zero and underinv less than zero.

Table 1 shows the details of Model variables as follows:

Table 1
Variable Definition List

Variable sign	Variable name	Variable measurement method
Inv	Inefficient investment	Model ① Residuals after regression
overinv	Overinvestment	Inv value with residual greater than zero
underinv	Underinvestment	Inv value with residual less than zero
Incent	Incentives	After the selected variables of the principal component analysis of the results obtained
Supme	Supervision mechanism	After the selected variables of the principal component analysis of the results obtained
Inc	Internal control evaluation	Internal control low quality value -1, medium quality value 0, high quality value 1
fcf	Free cash flow	Net cash flows from operating activities - Maintenance investments (depreciation and amortization) - Estimated level of investment (Fitted)
size	Enterprise size	Natural logarithm of total assets
lev	Assets and liabilities	Total debt divided by total assets
growth	Growth ability	Tobin Q = (Market Capitalization + Market Value of Net Claims) / Total Assets
ore	Major shareholders account for the payment	(Other receivables - Other payables) / Total assets
Year	Annual control variables	According to the listing of control
ind	Industry control variables	According to the Commission classification criteria set

RESULTS

(A) Sample Selection

In this paper, we select the A-share manufacturing listed companies in Shanghai and Shenzhen Stock Exchanges from 2011 to 2016 as the research object. Due to the lagged demand of the variables, the actual measurement period should be five years from 2012 to 2016. In this paper, we take the data of Shanghai-Shenzhen A-share manufacturing company from 2011 to 2016 as the raw data and process the following data: (1) excluding the ST-treated companies in the sample; (2) the sample data of incomplete data; (3) Sample data; (4) 2% Winsorize all variables to avoid extreme values. The data sources of this paper are all selected from CSMAR Guotai An database, and the data are filtered and processed by Excel to get 5205 samples. Finally, we use the data of Stata14.0 for the 5205 sample data for empirical analysis.

(B) Descriptive Statistics

Through the regression of the model ① (eliminating 2% Winsorize for the explanatory variables), the positive and negative over-investment and under-investment of the residuals are determined, and the inefficient investment is simply grouped based on this. After the grouping The results of descriptive statistics. Among them, the first principal component of the incentive mechanism and the supervisory mechanism through Stata Principal Components

Analysis result in the top1 share of the largest shareholder; the first principal component of the supervisory mechanism is the shareholding ratio (dis) of directors, And use it as a substitute for the incentive mechanism and the supervisory mechanism into the regression model for analysis. In the sample, there were 2,314 overinvestment samples and 2,891 underinvestment samples, indicating that the underinvestment in enterprises is still relatively common. Among them, the standard deviation of overinvestment is 0.12, the average is 0.144, the maximum is 0.46; the standard deviation of underinvestment is 0.08, the average is -0.122 and the maximum is -0.00004. This shows that the degree of overinvestment is still more serious than the underinvestment group, and the difference in investment between the companies is relatively large. Consistent with the conclusion of Zhang Gongfu (2009).

Table 2
Descriptive Statistics

Under-investment group					
Variable	Obs	Mean	Std. Dev.	Min	Max
underinv	2891	-0.12276	0.07759	-0.28659	-0.00004
supme	2891	0.34759	0.14366	0.0362	0.8855
incent	2891	0.14353	0.20672	0	1.1115
inc	2891	0.69111	0.49884	-1	1
Over-investment group					
Variable	Obs	Mean	Std. Dev.	Min	Max
underinv	2314	0.14447	0.12233	0.00002	0.46188
supme	2314	0.34828	0.14980	0.0362	0.8999
incent	2314	0.10375	0.17377	0	1.0684
inc	2314	0.67027	0.52082	-1	1

DISCUSSION

Corporate governance, the impact of internal controls on inefficient investments is as follows.In order to study the impact of corporate governance and internal control on inefficient investment, we need to conduct multiple regression analysis of the model ② Before the regression analysis, we need to determine whether the correlation between the variables, multi-collinearity test, the test results shown in Table 3. VIF values in the results were more than 5, there is no serious multicollinearity, the next step of the regression analysis.

Table 3
Multiple Collinearity Test

Variable	VIF	1/VIF
size	1.90	0.526165
growth	1.64	0.610712
lev	1.45	0.688808
fcf	1.38	0.723679
Incent	1.16	0.862623
Inc	1.13	0.887130
supme	1.03	0.969784
ore	1.00	0.997967
Mean VIF	1.34	

The results of multiple regression are shown in Table 4, and the results indicate that the incentive mechanism in corporate governance is significantly (over 1% and 5%) both in overinvestment and underinvestment groups, indicating that the incentive mechanism in corporate governance can be effective H1a. The monitoring mechanism in corporate governance is significantly negatively correlated with the under-investment group at a significant level of 1%, but not over-investment group, and H1b can not be fully verified. The internal control evaluation Over-investment group or under-investment group are not significant, H2 has not been verified; free cash flow, the impact of firm size on inefficient investment is significant; debt-to-asset ratio and growth ability are not completely significant in the significant degree of each group Different; major shareholder accounted for completely insignificant.

Table 4
Multiple Regression Analysis Results Of Model②

	(1) Overinvestment	(2) Underinvestment
VARIABLES	overinv	underinv
supme	-0.007	-0.040***
	(0.019)	(0.011)
Incent	-0.060***	-0.016**
	(0.016)	(0.008)
Inc	0.007	-0.004
	(0.006)	(0.004)
fcf	-0.000**	-0.000***
	(0.000)	(0.000)
size	0.008**	-0.005***
	(0.003)	(0.002)
lev	0.022	-0.056***
	(0.014)	(0.009)
growth	0.004***	-0.000
	(0.001)	(0.000)
ore	0.000	-0.000
	(0.000)	(0.000)
Ind	control	control
Year	control	control
Constant	-0.025	0.025
	(0.072)	(0.042)
Observations	2,314	2,891
R-squared	0.072	0.083

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

The following is the impact of corporate governance and internal control on willingness and operational inefficiency investment.In order to suggest the influence of corporate governance and internal control on different types of inefficient investment, we also need to group non-efficiency investment according to Fang Hongxing (2013) and carry out multiple regression on different sub-groups separately. In this paper, we summarized the regression results in

Table 5.

From the results in Table 5, we can see that the oversight mechanism in corporate governance is significant in both state-owned and willing-to-invest firms, with overinvestment and underinvestment in the state-owned (willing-to-invest) However, the under-investment group is very significant. The incentive mechanism of corporate governance is significant in state-owned and private enterprises and inefficient investment, which shows that corporate governance can significantly inhibit the willingness and inefficient investment, assuming that H3 is verified. In contrast, internal control evaluation shows that the impact on non-efficiency investment is insignificant in both over-investment and under-investment groups, that is, it cannot effectively inhibit inefficient investment, including voluntary investment and operational investment. H4 is not verified.

The reason for the analysis may lie in that the research industries are concentrated in the manufacturing enterprises, the evaluation system of internal control is not perfect, and the actual internal control situation of the company is not actually reflected, resulting in insignificant differences in the data. Another reason may be that enterprises are more important than the construction of corporate governance, including the supervisory mechanism and incentive mechanism. The evaluation of internal control is also a kind of supervisory action within the enterprise. There is a possible correlation between the two, leading to a certain degree of connection between the data It may also result in insignificant results of the analysis.

Table 5
The Influence of Corporate Governance and Internal Control On Intentional And Operational Inefficient Investment

	Overinvestment		Underinvestment	
	Willingness to invest	Operational investment	Willingness to invest	Operational investment
VARIABLES	overinv	overinv	underinv	underinv
supme	0.072**	-0.035	-0.060***	-0.034***
	(0.033)	(0.023)	(0.022)	(0.012)
Incent	0.277**	-0.061***	-0.517***	-0.013
	(0.157)	(0.017)	(0.186)	(0.008)
Inc	0.009	0.010	0.001	-0.004
	(0.010)	(0.007)	(0.006)	(0.005)
fcf	-0.000	-0.000***	-0.000***	-0.000***
	(0.000)	(0.000)	(0.000)	(0.000)
size	-0.004	0.012***	-0.007**	-0.003
	(0.006)	(0.004)	(0.003)	(0.002)
lev	0.069***	0.000	-0.083***	-0.043***
	(0.024)	(0.018)	(0.014)	(0.011)
growth	0.002	0.004***	-0.001	-0.000
	(0.004)	(0.001)	(0.002)	(0.000)
ore	0.000	0.000	-0.061**	-0.000
	(0.000)	(0.000)	(0.025)	(0.000)
Constant	0.204	-0.109	0.148**	-0.058
	(0.134)	(0.095)	(0.064)	(0.053)
Ind	control	control	control	control
Year	control	control	control	control
Observations	817	1,497	932	1,959
R-squared	0.128	0.087	0.187	0.068

Standard errors in parentheses
*** p<0.01, ** p<0.05, * p<0.1

CONCLUSIONS

This article chooses the manufacturing data of A-share in China from 2011 to 2016 as a sample, which based on the generation mechanism of inefficient investment. According to the experience of our predecessors, we divide the inefficient investment into four parts: corporate governance, internal control and inefficient investment Relationship. Through the regression analysis of the two models, the following conclusions can be drawn: (1) There are widespread inefficient investment behaviors in the listed manufacturing companies in our country. The phenomenon of underinvestment is more common, but the degree of overinvestment is even more serious. (2) The incentive mechanism in corporate governance can effectively restrain the inefficient investment behavior, however, the supervisory mechanism can not completely and effectively limit the inefficient investment behavior, assuming H1a is verified. (3) The evaluation of internal control has no significant effect on inefficient investment behavior and can not restrain inefficient investment. Hypothesis H2 is not validated, indicating that the influence of internal control factors in manufacturing enterprises may be solved through corporate governance mechanisms and can not be separately influenced as variables. Through the supervision mechanism of corporate governance, the effective management and management of investment and financing behavior, but also to illustrate the importance of corporate governance. (4) Incentives and supervisory mechanisms in corporate governance are very significant for the return of willing and inefficient investment, which can effectively limit the different types of inefficient investment in the enterprise. State-owned enterprises have financial capital. When there is a project with a net present value greater than zero, the state-owned enterprises will not be shelved because of the fund issue, which helps to reduce the underinvestment. Strict system of state-owned enterprises will also enable management to monitor the effectiveness of investment issues, the face of the net present value of less than zero projects will be cautious evaluation to curb excessive investment behavior. Hypothesis H3 is verified. (5) The evaluation of internal control does not significantly limit the inefficient investment behavior of manufacturing enterprises in our country. The insignificant result may indicate that the internal control evaluation will have different industries for investment behavior. H4 is not verified.

The main contribution of this paper is to provide a solution to the inefficient investment behavior of manufacturing enterprises, which can curb inefficient investment effectively by improving the corporate governance model, restrain the willingness and inefficient investment behavior of some state-owned enterprises to be more effective. The Bank set up a reasonable supervisory mechanism and established evaluation indicators by supervising management investment and financing activities so that managers can realize the convergence of interests with their owners and work together to maximize shareholder efficiency. The existence of incentive mechanism can effectively reduce the agency costs and weaken the adverse effects of asymmetric information, such as the management of a certain share of the company, the company's effectiveness can be the first goal rather than their own interests, to ensure that enterprises Through the effective investment behavior to promote long-term stable development of the company. The limitation of this paper is that the limitation of industry in the manufacturing industry cannot effectively find out the impact of internal control on inefficient investment. The limitation of setting variables also makes the final result not significant to the evaluation of internal control. The next step is to start from here and add control variables to more effectively link corporate governance with internal controls and find out if there is a real division of labor among them and whether it is industry-specific.

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