The Relationship between Spousal Co-ownership of Shares and Corporate Governance Level

Runyu Zhong[1, *], Zhuoyu Pan[2]

[1]Department of Insurance, International Business and Economics University, Beijing, China, 100105

[2]International Business School, Hainan University, Hainan, China, 570228

* Corresponding Author Email: 202230083@uibe.edu.cn

Abstract. Amid continual societal advancement, a growing number of women have assumed roles in the business realm, co-owning shares with their spouses and managing family businesses, which in turn exhibit varying qualities of operational administration. This study selects family businesses listed on A-shares between 2010 and 2021, with an initial sample studied extensively through multiple regression analysis. The empirical examination discerns the influence of spousal co-ownership of shares on corporate governance levels. The results indicate that businesses with spousal co-ownership tend to have a higher percentage of familial involvement, with suboptimal internal quality control, not conducive to the elevation of governance levels. In conclusion, the author provides policy recommendations for government entities and anticipates the future rationalization of corporate structures.

Keywords: Spousal Co-ownership of Shares, Corporate Governance level, Internal quality control.

1. Introduction

In recent years, with the outbreak of the 1997 Asian financial crisis, Enron, and World Com incidents in the United States, the importance of studying corporate governance has become increasingly evident[1]. The subsequent international financial crisis a decade later further reinforced the understanding of the importance of governance mechanisms and environments among both academia and practitioners. Over the past decade or so, research on corporate governance has experienced explosive growth, both domestically and abroad. With continued support from funding organizations such as the National Natural Science Foundation of China, Chinese research on corporate governance has rapidly developed and made significant progress.Simultaneously, as economic and social development has accelerated, women's education levels have gradually improved, and a growing number of women have chosen to enter the business world, collaborating with their husbands in managing family businesses and contributing greatly to social-economic development. Data shows that in currently listed family businesses in China, more than 30% of the companies have stocks held jointly by couples. Economists have long believed that family structure and characteristics are important variables affecting economic development, and as enterprises serve as vital drivers of economic progress, the relationship between family structure and business growth has become a hot topic for research both at home and abroad.

Existing literature has indicated that women prefer risk-averse approaches with more conservative decision-making, reducing R&D investment risks[2] and restraining excessive M&A premiums. Women also have a higher likelihood of hiring high-quality auditors to send positive signals about their capabilities and company performance to the market[3]. Additionally, women possess higher moral standards, significantly suppressing listed companies' fraudulent financial practices[4], are more willing to assume social responsibilities, contribute more to charitable donations, and perform better in terms of social responsibility[5]. However, women are more altruistic and may face stronger "obedience" pressures, limiting their ability to exercise their gender advantages in carrying out supervisory duties[6]. Most literature has thus far focused on isolated comparisons between men and women, with relatively single evaluation indicators.In light of these limitations, this study focuses on the impact of couples jointly holding shares on corporate governance levels, selecting A-share listed

family businesses between 2010 and 2021 as the initial sample. The research analyzed several aspects, including the quality of internal controls, the number of years a company has been listed, audit quality, equity structure, and the proportion of family members involved in family businesses. The results remain consistent in stability tests and heterogeneous analysis.

Compared to previous studies, this article's contributions are as follows: First, it expands related research on the evaluation criteria for companies with shares jointly held by couples[7]. Following a comprehensive index construction method for corporate governance levels, it evaluates governance levels mainly from three perspectives: equity structure, governance of the Board of Directors, and Management behavior. This study effectively overcomes the shortcomings of existing literature by using a corporate governance level system, normalizing various evaluation factors and taking their impact on governance levels within companies with shares jointly held by couples into account. This serves as an enrichment and complement to the literature on family business research.

Second, this study enriches the Upper Echelons Theory. Since Hambrick and Mason (1984) introduced the "Upper Echelons Theory"[8], many researchers have studied the impact of top executives' personal characteristics on firm behavior and performance. However, these studies mainly focus on personal characteristics of executives and managers, with limited discussion on couples as joint stakeholders. Unlike previous research, this study empirically tests the influence of couples jointly holding shares on corporate governance levels, enriching the Upper Echelons Theory.

Lastly, this article has practical significance for government departments in formulating relevant policies. In recent years, several countries, following successes in Norway, Spain, and Sweden, have introduced mandatory quotas for women directors and encouraged companies to hire more women in corporate management roles, thus promoting a "Boardroom Revolution"[11]. As this study examines listed companies with shares jointly held by couples, serving as a typical representation of joint decision-making and management by men and women, it offers essential guidance for government departments to adopt effective measures, further optimizing corporate governance structures in listed companies, and promoting the significant role played by women's human capital.

2. Theoretical analysis and hypothesis

From the legal perspective, a company as the marital joint property displays no essential difference between singular and joint shareholdings during the marriage. Theoretically, both parties should equally divide according to the property value of corporate equity. However, marriage changes the goal of decision-making from individual welfare maximization to family welfare maximization [9]. Owning shares means having the right to information and voting, leading to different modes of corporate management and varying levels of governance.

On the one hand, significant differences exist between women and men in terms of risk tolerance and focus on moral and ethical issues. Women tend to be more risk-averse in decision-making and pay more attention to a company's sustainable development capabilities. When making strategic decisions, they consider a broader range of factors, and their decision-making style is more robust. They contemplate fully in cases of large-scale and high-valuation events such as mergers and acquisitions that have far-reaching effects [2]. Moreover, female managers significantly reduce the risk of stock price collapse of listed companies [10], and companies in which they are involved have higher earnings quality [11], lower company debt levels, and a higher survival rate [12]. Furthermore, as women pay more attention to the improvement of ethics, they maintain higher moral standards, leading to a more standardized operation of the company, significantly reducing behaviors that infringe on the interests of small and medium shareholders and other stakeholders [4], and improving the efficiency and outcomes of corporate governance. Therefore, the following hypothesis is proposed:

H1a: Husband and wife's joint shareholding is conducive to the improvement of corporate governance.

On the other hand, when both spouses' rights to information and voting are legalized, they both acquire a certain level of real power. As a result, they are more likely to introduce family factors into

corporate governance decision-making by involving relatives with blood ties in the management of the company.By doing so, a more serious first-order agency problem may arise.As family members of the couple hold a significant proportion in the company's governance system, internal quality control may be compromised. This leads to limitations on the company's operations due to the influence of favoritism and nepotism [10].Furthermore, research indicates that conflicts of interest can arise in companies where spouses jointly hold shares[14]. Given the intimate relationship between spouses, they may tend to prioritize their own interests over the long-term interests of the company. Such conflicts can lead to biased corporate governance decision-making, which is detrimental to maximizing the company's overall interests[13].Moreover, spousal joint shareholding can reduce independence in corporate governance[15]. During the decision-making process, spouses may exhibit a bias towards supporting and cooperating with each other, rather than engaging in effective monitoring and oversight of each other's actions. Consequently, governance mechanisms may become less effective, making moral hazards and agency problems more likely. Additionally, spousal joint shareholding can lead to increased information asymmetry within the company[16]. Due to their ownership stakes, spouses have access to more information about the company. This imbalance of information exchange between spouses and other shareholders and investors may result in inaccurate assessment of the company's value. As a result, the company's financing and investment decisions may be compromised, ultimately undermining the level of corporate governance.Based on the above analysis, the following hypothesis is proposed:

H2a: The joint shareholding of husband and wife is not conducive to the improvement of corporate governance.

3. Research design

3.1. Sample selection and data sources

To investigate the impact of husband-wife joint shareholding on the corporate governance level of family businesses, this study takes A-share listed family firms from 2010 to 2021 as the initial sample. According to the relevant literature and combined with the definition of CSMAR, the family firms in this study are defined as follows: (1) single natural person family firms; (2) multiple natural person family firms with no kinship relationship; (3) multi-person family firms with a kinship relationship; (4) the founder of the firm or his/her family members are the largest shareholders and also serve as board members, with a shareholding ratio not less than 10%. The data is further processed in the following steps: (1) financial companies are excluded; (2) listed family firms labeled as ST, *ST, PT are eliminated; (3) companies with missing data are removed. After these steps, the study finally obtains annual observations of 1,940 companies from 13,400 listed family firms. The data of the actual controller and his/her spouse come from the description of the "Actual Controller and Kinship Relationship" data in the CNRDS Family Firms Database, supplemented manually through the IPO prospectus, Baidu search, and other sources. The company-level data is all from the CSMAR Database.

3.2. Explanation of Variables and Model Design

3.2.1 Dependent Variable: Governance Level(Govern)

This study refers to the comprehensive index construction method of corporate governance level proposed by Yan Ruosen, (2018)[7], applying the data processed by the Principal Component Analysis method from The Economics of Information.It evaluates the governance level of listed companies using nine indicators from three dimensions: equity structure, governance of the Board of Directors, and management behavior. The larger the composite index, the higher the corporate governance level. The specific indicators are shown in Table 1.

Table 1. Corporate Governance Level System

First-level indicator	Secondary Target
Equity structure	Shareholding ratio of the largest shareholder (Top1)
	The shareholding ratio of the second to five major shareholders divided by the shareholding ratio of the largest shareholders (S-index)
	Is it a state-owned holding (SOE)
	Shareholding ratio of institutional investors (INST)
Board Governance	Board size (Board)
	Proportion of Independent Directors (Indep)
	Whether the two positions are integrated (Dual)
Management behavior	Management shareholding ratio (Mshare)
	Natural logarithm of the top three total compensation of management (TMTPay1)

3.2.2 Explain variables

Spousal Joint Shareholding (CO-share): This study uses a dummy variable for spousal joint shareholding to measure whether both the actual controller and their spouse hold shares in the listed family firm. If both spouses hold shares, the value is set to 1; otherwise, it is set to 0.

3.2.3 Control variables

Following the approach of Hegde and Mishra (2019)[14], this study includes control variables such as Listing Age (ListAge), Firm Size (Size), Shareholding Ratio of the Largest Shareholder (Top1), Fixed Asset Ratio (Fixed), Tobin's Q (TobinQ), Inventory Ratio (INV), Cash Flow Ratio (Cashflow), Growth (Growth), Debt-to-asset Ratio (LEV), and Return on Assets (ROA). Additionally, industry and year dummy variables are included. The specific variable definitions are provided in Table 2.

3.3. Model setting

This paper adopts the following regression model for empirical testing:

$$Govern_{i.t} = \partial_0 + \partial_1 Co-share + \partial_2 Controls_{i.t} + Year + Industry + \varepsilon_{i.t} \quad (1)$$

Where $Govern_{i.t}$ represents the governance level of company i in year t, $Co\text{-}share_{i.t}$ is a dummy variable indicating whether company i is a spousal joint shareholding, Controls refers to control variables, Year is a year dummy variable, and Industry is an industry dummy variable. After performing regression analysis, if the coefficient of $Co\text{-}share_{i.t}$ is positive, it suggests that spousal joint shareholding contributes to enhancing the level of corporate governance; conversely, it inhibits it if the coefficient is negative [13].

Table 2. Define variables

Variable type	Variable symbol	Variable definition
Explained variables	Govern	Corporate governance level
Explain variables	Co-share	The husband and wife control the enterprise1, no 0
Control variables	Size	The size of the company, the natural logarithm of the total assets of the company
	Lev	Enterprise asset-liability ratio, the ratio of total liabilities to total assets
	ROA	Return on net assets, the ratio between net profit and net assets
	Fixed	The proportion of fixed assets, the ratio of fixed assets to total assets
	Cashflow	Cash flowRatio, the ratio of cash flow from operating activities to total assets at the end of the period
	Growth	Growth, the ratio of the increase in operating income this year to the total operating income of the previous year
	TobinQ	TobinQ value, enterprise market priceRatio to the replacement cost of the enterprise
	INV	the number of products or materials a company has in stock at a specific point in time
	Top1	Equity concentration, the proportion of shares held by the largest shareholder of the enterprise
	ListAge	Listing years, the reporting year minus the natural logarithm of the listing year
	Year	Annual dummy variable
	Industry	Industry dummy variable

3.4. Analysis of research results

3.4.1 Descriptive statistics

Descriptive statistics of the main variables are presented in Table 3. Specifically, the governance level (Govern) has a maximum value of 1.736, a minimum value of -2.751, a mean of -0.542, and a standard deviation of 0.769. These data indicate that there is still considerable room for improvement in the governance level of listed companies, showing a relatively high dispersion degree. The maximum value of joint spousal shareholding (Co-share) is 1, and the minimum value is 0, with a mean of 0.506 and a standard deviation of 0.500. These figures suggest that the practice of spousal joint shareholding is still relatively common in family businesses.

Table 3. Descriptive Statistics

Variable	N	Mean	SD	Min	P50	Max
Govern	13400	-0.542	0.769	-2.751	-0.630	1.736
Co-share	13400	0.506	0.500	0	1	1
Size	13400	21.86	1.107	19.52	21.70	26.43
Lev	13400	0.376	0.196	0.027	0.361	0.925
ROA	13400	0.0500	0.0700	-0.398	0.0500	0.254
Cashflow	13400	0.0470	0.0700	-0.224	0.0460	0.257
INV	13289	0.145	0.126	0	0.116	0.772
Top1	13400	0.343	0.138	0.081	0.325	0.758
Fixed	13400	0.191	0.129	0.002	0.173	0.736
Growth	13396	0.201	0.428	-0.660	0.136	4.330
TobinQ	13159	2.107	1.370	0.802	1.679	17.73
ListAge	13400	1.691	0.902	0	1.792	3.367

3.4.2 Benchmark regression analysis

Table4 presents the regression coefficient of joint spouse shareholding and corporate governance level as -0.101, significant at the 1% level. This suggests a negative correlation between joint spousal shareholding and corporate governance level, indicating that joint spousal shareholding is not conducive to the improvement of corporate governance level. The assumption is thus further validated.

4. Robustness test

4.1. Year + Industry +Province fixed effect

The impact of joint spousal shareholding on corporate governance level may be influenced by regional factors such as cultural differences, regional policies, regional planning, and the development level of the financial market. Therefore, this study incorporates province fixed effects. The regression result in Table4, which is consistent with previous findings, validates that joint spouse shareholding is not conducive to the improvement of corporate governance level.

4.2. Add control variables

For higher experiment accuracy, this study further includes four control variables: whether it's a loss (Loss), book-market value (BM), management expense Ratio (Mfee), and major shareholder's fund occupation (Occupy). As shown in Table4, the regression coefficient of joint spouse shareholding and corporate governance level is -0.102, significant at the 1% level. This result, consistent with previous conclusions, further validates our assumption .

4.3. Delay test

Considering that it takes time to observe the specific results of corporate governance levels, this study postpones the observation year of the dependent variable (corporate governance level) by one year. As depicted in table4, the regression coefficient of joint spouse shareholding and corporate governance level is -0.176, significant at the 1% level. This further verifies our assumption.

4.4. PSM Propensity Score Matching

This research employs 1:2,1:3 and 1:5 matching strategies respectively, focusing on variables such as: the tenure of a company's listing status (ListAge), enterprise dimensions (Size), the largest shareholder's equity proportion (Topl), the ratio of fixed assets (Fixed), Tobin's Q (TobinQ), the inventory proportion (INV), cash flow ratio (Cashflow), company growth (Growth), the leverage coefficient (LEV), and the return on assets (ROA). After subjecting these samples to a rigorous balance test, statistical regression was re-applied. Interpretations from Table 5 expose that, following consideration of propensity score matching, both matching methodologies exhibit a decisively negative bearing on the regression coefficient for the spousal joint ownership towards organizational governance at a highly significant 1% statistical level. This corroborates with the principal regression inference of this paper, asserting that spousal joint ownership might be deleterious towards the augmentation of corporate governance.

Table 4. Benchmark Regression and Robustness Test

	(1)	(2)	(3)	(4)	(5)	(6)	(7)
	Benchmark regression	Add control variables	ProvinceFixedEffect	Lagging test	PSM (1:2)	PSM (1:3)	PSM (1:5)
VARIABLES	Govern	Govern	Govern	Govern	Govern	Govern	Govern
Co_share	-0.101***	-0.102***	-0.101***	-0.074***	-0.085***	-0.084***	0.064***
	(-7.16)	(-7.11)	(-7.14)	(-4.13)	(-5.34)	(-5.62)	(9.97)
Size	0.062***	0.070***	0.061***	0.044***	0.076***	0.067***	0.032
	(9.85)	(10.63)	(9.72)	(5.88)	(10.79)	(10.11)	(1.20)
Lev	0.034	0.051*	0.033	0.044	0.001	0.026	0.035
	(1.28)	(1.89)	(1.23)	(1.37)	(0.03)	(0.92)	(0.68)
ROA	0.028	0.063	0.027	0.041	0.065	0.050	0.029
	(0.54)	(0.98)	(0.54)	(0.65)	(1.10)	(0.91)	(0.65)
Cashflow	0.037	0.037	0.034	0.060	0.027	0.047	-0.034
	(0.84)	(0.84)	(0.77)	(1.17)	(0.54)	(1.00)	(-0.79)
INV	-0.017	-0.029	-0.021	-0.034	-0.015	-0.028	2.854***
	(-0.40)	(-0.67)	(-0.49)	(-0.67)	(-0.30)	(-0.60)	(68.90)
Top1	2.846***	2.856***	2.847***	2.320***	2.808***	2.821***	-0.068*
	(70.12)	(69.73)	(70.04)	(48.63)	(60.74)	(65.01)	(-1.84)
Fixed	-0.081**	-0.082**	-0.094***	0.014	-0.049	-0.046	-0.001
	(-2.27)	(-2.28)	(-2.61)	(0.32)	(-1.18)	(-1.20)	(-0.21)
Growth	-0.003	-0.005	-0.003	-0.003	0.006	0.002	0.024***
	(-0.56)	(-0.87)	(-0.54)	(-0.46)	(0.87)	(0.37)	(8.55)
TobinQ	0.023***	0.021***	0.023***	0.010***	0.024***	0.023***	0.152***
	(8.56)	(7.57)	(8.48)	(3.19)	(7.85)	(7.90)	(20.24)
ListAge	0.152***	0.158***	0.152***	0.139***	0.156***	0.150***	0.064***
	(20.67)	(20.36)	(20.57)	(16.08)	(18.76)	(19.26)	(9.97)
Loss	/	0.011	/	/	/	/	/
	/	(0.96)	/	/	/	/	/
BM	/	-0.025***	/	/	/	/	/
	/	(-4.77)	/	/	/	/	/
Mfee	/	0.047	/	/	/	/	/
	/	(0.75)	/	/	/	/	/
Occupy	/	0.119	/	/	/	/	/
	/	(0.87)	/	/	/	/	/
Constant	-3.030***	-3.225***	-3.059***	-2.598***	-3.412***	-3.203***	-3.106***
	(-20.66)	(-20.94)	(-20.14)	(-14.47)	(-20.75)	(-20.54)	(-20.74)
Observations	13,057	12,782	YES	10,991	10,079	13,057	12,649
Number of stkcd	1,941	1,684	YES	1,675	1,856	1,941	1,933
Year FE	YES	YES	13,057	YES	YES	YES	YES
Industry FE	YES	YES	1,941	YES	YES	YES	YES
Province FE	/	/	YES	/	/	/	/

Z-statistics in parentheses
*** p<0.01, ** p<0.05, * p<0.1

5. Further analysis

5.1. Group inspection

The presence of a "Big Four" auditor reflects the quality of a firm's audit. The higher the audit quality, the better the quality of information disclosure [17]. In this paper, the sample firms are divided based on whether they are audited by the Big Four, to test the impact of spousal co-shareholding. As depicted in Panel A of Table5, in the family firms not audited by the Big Four, the influence of spousal co-shareholding on the level of corporate governance is significantly negative at the 1% level. However, in family firms audited by the Big Four, the impact of spousal co-shareholding on corporate governance level is not significant and the result is negative.

The duration of a company's public listing can indicate its credibility and recognition. Firms with longer listing histories typically have higher credibility and visibility. This study classifies the sample into two groups based on listing duration and examines the relationship between spousal co-ownership and corporate governance.As shown in Panel B of Table 5, in businesses with shorter listing durations, spousal co-ownership's impact on corporate governance is negatively significant at a 5% level. Conversely, in those with longer listing histories, the impact is negatively significant at a 1% level.

The existence of combined CEO and Chairman roles within a company is influenced by a complex array of factors and could lead to a decline in executive performance while increasing governance risks. However, combined roles can also promote decision-making efficiency and streamline management structure. This study bifurcates the sample into two based on different power distributions within the company: combined CEO and Chairman roles and separate roles, and carries out an empirical test on the relationship between spousal co-ownership and corporate governance levels. As represented in Table 5 Panel C, in family businesses with combined CEO and Chairman roles, the effect of spousal co-ownership on the level of corporate governance is not significant and is negative. Conversely, in family enterprises with separated roles, the influence of spousal co-ownership on the level of corporate governance is negatively significant at the 1% level.

Table 5. Heterogeneity test

VARIABLES	Panel A Audit Quality		Panel B Listing period		Panel C Corporate Governance Structure.	
	Non-Four major audits	Four major audits	Short-term listing	Long-term listing	Dual Role	Separate Role
	Govern	Govern	Govern	Govern	Govern	Govern
Co_share	-0.103***	-0.001	-0.059**	-0.127***	-0.030	-0.116***
	(-7.26)	(-0.01)	(-2.27)	(-9.54)	(-1.47)	(-7.64)
Constant	-2.963***	-2.397**	-4.895***	-2.471***	-2.397**	-2.522***
	(-19.72)	(-2.14)	(-15.80)	(-15.60)	(-2.14)	(-15.28)
Observations	12,732	324	6,767	14,385	5,465	8,920
Number of stkcd	1,902	78	1,772	1,942	1,242	1,382
Year	YES	YES	YES	YES	YES	YES
Industry	YES	YES	YES	YES	YES	YES

Z-statistics in parentheses
*** p<0.01, ** p<0.05, * p<0.1

5.2. Adjustment effect

This study, drawing on the insights of Zhang Xue-zhi and Ke Chan (2022) [18], contends that family members' involvement in the management of family firms may heighten the conflicts of internal decision-making, thus impairing the level of corporate governance. Therefore, this paper examines the impact of the involvement of family members on the relationship between spousal co-shareholding and the governance level in family firms. Table6 shows the regression results using the proportion of family members involved (Index) as a moderating variable. The interaction term between spousal co-shareholding and internal control quality (Index), Co-share*Index, has a

significant negative correlation with the level of corporate governance (Govern) at the 10% level. This suggests that the higher the proportion of family members involved (Index), the lower the governance level of firms with spousal co-shareholding.

Referring to Zhang Xue-zhi and Ke Chan (2022) [18], this paper considers that internal control quality affects the level of corporate governance and tests whether the internal control quality (ICindex) is a potential mediator for the impact of spousal co-shareholding on the governance level of family firms. Table6 presents the regression results with internal control quality (ICindex) as a moderating variable. The interaction term between spousal co-shareholding and internal control quality (ICindex), Co-share* ICindex, exhibits a significant negative correlation with corporate governance level (Govern) at the 1% level, indicating that the poorer the internal control quality (ICindex), the lower the governance level of firms with spousal co-shareholding.

Table 6. Adjustment Effect

	(1)	(2)
VARIABLES	Govern	Govern
Co_share	-0.157**	-0.179***
	(-2.23)	(-4.45)
Index	0.000	/
	(1.06)	/
ICindex	/	0.000
	/	(0.64)
Co_share*Index	-0.101**	/
	(-0.43)	/
Co_share*ICindex	/	-0.106***
	/	(-1.85)
Constant	-3.776***	-3.758***
	(-7.28)	(-7.23)
Observations	1,124	1,124
Number of stkcd	344	344
Year FE	YES	YES
Industry FE	YES	YES

Z-statistics in parentheses
*** p<0.01, ** p<0.05, * p<0.1

6. Research Conclusions and Enlightenment

As women increasingly step out of their familial roles and into the workplace, gaining influence in company management, their impact on corporate governance outcomes has attracted significant attention. Based on China's unique institutional context and corporate practices, this study selected A-share listed family firms from 2010-2021 as the initial sample . The following conclusions have been drawn:(1)Spousal co-shareholding does not aid in improving the level of corporate governance;(2)Companies with spousal co-shareholding have a higher involvement of family members, which exacerbates internal decision-making conflicts and negatively affects governance levels;(3)Longer-listed companies tend to have better governance standards;(4)Firms with spousal co-shareholding are likely to employ high-quality audit firms, hence their audit quality is relatively higher;(5)Companies with spousal co-shareholding have lower quality internal controls, leading to poorer governance standards.(6)In corporations with spousal co-ownership, the CEO-Chairman duality potentially enhances corporate governance standards.Based on the above research results, this paper puts forward the following suggestions from enterprise structure management and policy formulation:

6.1. Enterprise level

On the one hand, companies need to strengthen internal quality control management, enhance communication among spouses and family members, unify their efforts to accelerate business development, and enhance market competitiveness. On the other hand, businesses should consider gender differences affecting the characteristics of roles in job responsibilities allocation, fully exploring individual strengths while optimizing human resources allocation at risk assessment, control activities, internal supervision, and audit management stages.

6.2. Policy level

Firstly, regulations on corporate governance should be improved to strengthen the guidance and supervisory role in the construction of internal control systems. This can be done by addressing internal control elements through industry standard formulation, refining supervision and punishment mechanisms, assisting businesses and accountants to promptly identify and resolve existing issues, and fully utilizing the internal control system. The disclosure level, report quality, and degree of informationalization of internal control among different entities should be checked to establish a multidimensional internal control quality assessment system. The enforceability of the legal system should be strengthened to augment the deterrence effect of regulations and rules by increasing penalties and the cost of legal violations.

Secondly, a social atmosphere promoting gender fair competition should be promoted. Efforts should be made to eliminate gender discrimination, provide ample upward mobility for women, encourage women to transcend barriers and fully utilize their advantages for corporate development, enabling them to dialogue with men equitably and jointly promote economic development.

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