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The Effects of Corporate Governance Auditing and Management Types on Investment

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Abstract
This paper studies the auditing function that affect the investment in different management types of firms under the emphasizing corporate governance environment, and to understand the strategy choice of the enterpriser or the manager, and the auditor, while the firm must operate the investment project for the expanding markets. This paper is derived the equilibrium analysis by game theory, and discusses the issue of corporate governance, auditing, management types and investment.
This paper has policy implications. When the firm is operated by the manager, it can impel the auditor to maintain independence. The enterpriser retained rate is more than the stockholding rate, and the auditor's auditing fee is highly, they are the signal that the enterpriser chooses the unfavorable investment project for investors. The more the effects of corporate governance and auditing are, the more the asymmetric information problem between the investor and the enterpriser or the manager is solved, and it can solve the under-investment problem.
Keywords： Corporate Governance; Auditing; Management Type; Investment; Asymmetric Information

1. Introduction

According to the traditional corporate finance theory, when the capital market is complete and the market arbitrage is completely free, no matter what kind of fund-raising methods are adopted for investment projects, no matter how much the proportion of various financing methods is, it has nothing to do with the enterprise's expected income and has nothing to do with the enterprise's investment efficiency. With the rise, application and development of new institutional economics enterprise theories such as enterprise contract theory, principal-agent theory and information asymmetry theory in the field of corporate finance, more and more theoretical research and empirical analysis have depicted a clear picture for the financial problems of the company: the inherent assumption that the value of the company is not affected by its governance structure and interest distribution mechanism must be relaxed Agency conflict will affect the investment behavior of enterprises to a great extent. The natural existence of incompleteness of enterprise contract makes a series of effective institutional arrangements of corporate governance mechanism for residual claim and residual control become the key to improve enterprise investment efficiency and business performance. The equity structure of listed counter companies has moved towards the separation of operating rights and ownership (securities and futures market development fund meeting), Managers use and allocate enterprise economic resources according to their personal utility maximization principles, Aproxy problem will be derived from the manager's behavior to deviate from the maximum profit margin of shareholders,), Need to implement corporate governance can solve the agency problem. In terms of corporate ownership and ownership in China, Ye Yun, Li Cunxiu and Ke Chengen (2019) pointed out that, Companies with concentrated equity structures are generally run by large shareholders, i.e. directors, supervisors and senior managers, Most of the secompanies are family-owned; But some of the company's big shareholders are not involved,And authorized to the professional manager. Besides,Some companies are of adecentralized type,Like big American companies, At this time, senior managers hold little, That is, the employment of professionalmanagersresponsiblefortheoperation. Onapracticalbasis,The management of the company can be divided into (1) large shareholders control board,Assign family manager stooperate;(2)Major Shareholders Control Board,

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Employ professional manager stooperate;(3) Diversification of shares, operate by the entrepreneur or grandson as manager;(4) Diversification of shares, Employ professional manager stooperate.

Corporate financial resources are maintained by managers to reflect the company's financial position, operating results and cash flow, and financial statements need to be audited by accountants to enhance the credibility of financial statements; Schiff(2018) considered that the company changes accountants in order to obtain accounting standards and accounting methods with greater room for interpretation and application; therefore, it is easy for managers to exchange accountin go pinions,while compromising the rights and interests of shareholders and stakeholders of the company. ChowandRice(2020) points out that the company has a significant relationship between the audit report issued by the retained opinion and the replacement accountant; the company that has also issued the audit report with the retained opinion has not found any connection between the selected candidate accountant's business and the retained opinion audit report; and indicates that the company can find the accountant willing to cooperate in the audit practice. The American academic community began to explore the issue of corporate governance in the 1930s, and after the 1997 financial storm in the Asian region,it showed that Asian companies were mostly family and group operations, and their financial and operational information was opaque and had drawbacks. The importance of corporate governance is attached importance to all countries. As an important act of the twenty-first century affecting enterprises and their stakeholders, the American Shashi Act (Sarbanes-OxleyAct) regulates the internal and external mechanisms of corporate governance. In addition to increasing the reporting responsibility of the management, there are many measures to strengthen the independence of accountants,including increasing the legal responsibility.

2. Literature Review

Newman, Patterson and Smith (2018) to explore the interests of managers and controlling shareholders incompetitive audit markets, accounting experts are invited to learn about the waste of managers, and to study the increase in investment volume, expected investment income, commission of professional managers, investment and audit of public funds. Johnson (2017) pointed out that the replacement accountant may be positive announcement effect,so there placement accountant does not see a bad news even when the accountant faces the pressure of the management team,there placement account an tmay be good news for the investor.Nichols(2019) pointed out that the replacement of accountants is related to the price of enterprises, and enterprises with high prices are confident that they can obtain unqualified opinions from current accountants and have less chance of replacing accountants; middle-priced enterprise replacement accountants are to obtain more favorable audit opinions; and low-priced enterprises do not replace accountants because they do not expect to change it qualitatively. With regard to the investor's reaction to there placement accountant, factors such as the cost of replacement and the benefit of replacement should be considered. After the malpractice cases of Boda Company and Liba Company,the government revised these curities trading law and the accountant law, strengthened the corporate governance system and strengthened the responsibility of the relevant personnel in the financial report. Due to the international situation, the corporate governance of different corporate management is the focus of the industry, officials and the academic community.

Gibbons (2020) to explore the audit function model of enterprise management, to extend the model of variable design and different corporate management patterns,including the model of audit function of enterprise management or manager management, and to analyze the influence of corporate governance and audit functionon investment. In this paper, the measurement of corporate governance,in addition to the corporate governance context in which an entrepreneur or manager can replace a accountant o has no right to replace a accountant, includes the benefits that an entrepreneur or manager can obtain at the end of the term, the damage caused by an entrepreneur or manager or accountant and the costs of futurerent-seeking and compensation losses, employers or managers accountants, The accountant accepts the income of the entrepreneur or manager, the audit fee of the accountant, the related cost of the company replacing the accountant in the middle of the period, the cost of finding new customers in the audit market, the number of users and stakeholders of the financial statement, the ability of the entrepreneur or manager to use the company's economic resources to check with the accountant. This paper discusses four topics, including (1) the influence of managers of different management types on the independence of planners. (2) To explore the decision of managers of different management types to select investment projects at the beginning of the period and to consider the impact of the audit. (3) To explor the implications of maintaining independence for managers of different management types of companies in the context of corporate governance. (4) Explore the possibility of solving the problem of under investment after considering the audit. The research results can not only supplement domestic and foreign literature, but also serve as a reference for production, government and academic circles. The other parts of this paper are as follows discussion of literature; discussion of questions, model building and guidance; emphasis economic agent,the investor's reaction to the replacement is positive in the face of the clear cost of issuing a reserved or unqualified opinion. Berle(2018)take the company that replaced the accountant between1973 and1974 as a sample, To explore the possibility of the replacement of accountants by the company in order to avoid a qualified audit report, The invesigation points out that there is a significant relationship between the company's qualified opinion audit report and the replacement accountant; A company that has also issued a qualified audit report, Did not find the relevance of the selected accounting firm to the audit report with qualified opinions issued after replacement, Said that in reviewing the market facts, The company can find accountants who are willing to cooperate with the audit report without reservation. In the field of verification in other countries, Company's announcement of replacement of accountants does not contain significant information.

Wong (2019) establish a model of entrepreneurship, consider the roles of accountants and fund providers, explore the legal responsibilities, and it quality and investment deficiencies of accountants, and investigate the challenges of enterprise efforts and investment incentives, which will help to raise audit quality and solve the problem of investment deficiencies. Ma (2017) points out that managers and providers of funds are not symmetrical, and there will be insufficient investment. The results show that the opaquer and underfunded accounting information is positive. Wang Mao chang and Qiu Shizong (2020) discussed the audit function of enterprise operators, and found that the establishment and implementation of corporate governance would help employers and accountants to link up the causes of behavior, and implement the audit function to solve the problem of insufficient investment. After the malpractice cases of BodaCompany and Liba Company, the government revised the securities trading law and the accountant law, strengthened the corporate governance system and strengthened the responsibility of the relevant personnel in the financial report. In this paper, under the environment of competitive corporate governance system, it is assumed that enterprises with different management types need to increase their investment, and the influence of corporate governance and auditing functions on investment is discussed in order to understand the strategic choices of entrepreneurs or managers and accountants. The topics and model design discussed in this paper are both innovative, which mainly depends on the fact that companies need investment projects for market growth, and different management types of enterprises think about the factors that need to be considered in corporate governance, auditing and investment; they can also be used as input for industry, government and academic circles.

3. Problem Discussion, Model Building and Guidance

The model assumes that all participants are risk neutral, and that early entrepreneurs or managers are business opportunities for market growth. They need to choose investment projects, the private interests of enterprises or managers who are only successful and project are different. When the final project is successful, the cash flow isA, and the loss is zero, but in the middle of the project, due to the lack of funds of the company, it is necessary to increase the capital by Iyuan to facilitate the project. If the project is successful, the cash flowisR>s. This article fake enterprise or manager's salary is dayor&. In an environment that does not take into account the accountant's audit function, that is, when the accountant is required to issue an audit report on financial and operational information during the period, for the company:

$$p_H R - S_O > I > p_L R - S_O \qquad (1.1)$$

or

$$p_H R - S_m > I > p_L R - S_m \qquad (2.1)$$

3.1 A company in which a large shareholder controls a board of directors or a company in which shares are dispersed: operated by an enterprise

"In view of the initial share hold in ratio of the enterprise, the company's own capital is not sufficient to support the subsequent investment in the interim period, assuming that the company needs to increase its capital to finance its investment. When the entrepreneur faces the environment of increasing investment, the equity ratio reserved for the exogenous, while the equity ratio of the new investor is exogenous, and the expected salary rate of the investor is higher than the required rate of return, so he is willing to invest in the enterprise.

Suppose the Loft project is lost, the enterprise's damage and the future rent and claim loss. In the absence of an enterprise, if the project wishes to receive external funding, the conditions are:

$$\alpha(p_H R - S_O) + S_O > \alpha(p_L R - S_O) + S_O + B_O - (1 - p_L)G_O \qquad (1.2)$$

$$(1-\alpha)(p_H R - S_O) > I > (1-\alpha)(p_L R - S_O) \qquad (1.3)$$

(1.2) The choice of project H ;(1.3) requires that only when the entrepreneur takes the project H, the investor is willing to invest in the fund. The necessary conditions for the establishment of (1.2) and (1.3) are:

$$p_H R - I > \frac{B_O - (1 - p_L)G_O}{1 - p_L / p_H} + (1 - \alpha)S_O$$

Due to the private interests (3. (S.) and For the private information of the entrepreneur, the investor may not be willing to provide funds because the information is not symmetrical,causing the company to suffer from insufficient investment.

In recent 20 years, more and more researches have confirmed the existence of controlling shareholders in most companies. Even in a country with typical berry means equity structure in the United States, the centralized holding of family enterprises and rich investors is common; in other countries in the world, the paper analyzes the characteristics of the ownership structure of family enterprises and rich investors, as a camera choice of legal protection, the concentration of equity is a common practice form of enterprise ownership. The reasons for the phenomenon of equity concentration are different, depending on the different factors such as law, politics and culture in the country. However, from the perspective of corporate governance, the emergence of major shareholders will eliminate the phenomenon of "hitchhiking" under the decentralization of equity and make up for the problem of insufficient effective supervision and supply. Although the active action of large shareholders in governance can solve the collective action problems that are perplexing the small shareholders, the participation of large shareholders in governance also brings new problems, that is, the proxy between large and small shareholders and their encroachment on small shareholders. Under the centralized shareholding structure, ultimate controllers a at the top of the equity control chain can control company B through shareholding ratio α (0 < α < 1), while company B controls the listed company C through shareholding ratio β (0 < β < 1). Then the ultimate controller a has cash flow right equal to α × β, while a controls min (a), β) 。 The values of α and β are greater than 0 and less than 1, so the control right min (α, β) is greater than the cash flow right α × β. Because of the unequal ownership and control of the company, the majority shareholders share cash flow income with the external small and medium shareholders according to the share proportion, and usually use the control right higher than the equity ratio to implement self-profit financial decision, and obtain and monopolize the additional income higher than the proportion of the shares held by them, namely the private income of control. As Shleifer and vishny points out, when the controlling shareholders control almost all the control rights of the company, they tend to expand the controlling assets of the enterprise through capital investment, thus forming the private income of control right not shared by the small and medium shareholders. After that, based on the characteristics of ownership control and external governance factors.

The research on the issue of private interest acquisition of capital investment and control right is further refined. The research of La porta et al shows that the supervision institutions are more difficult to monitor financial decisions such as internal capital investment of enterprise groups, whether it is pyramid control or cross shareholding control. Therefore, the phenomenon of large shareholders seizing the private interests of control right through enterprise group is particularly obvious. Tim baldenius studies the relationship between private income of control and investment decision of shareholder agent. The results show that the investment of retained earnings by controlling shareholders usually requires higher return rate than that of project investment in conventional capital budget, even under the condition of asymmetric information, it can also form a sharing mechanism of private interests of control power with managers within the control power of enterprise groups. Xueping wu introduces the private interest of control into the reverse selection model. Through model reconstruction and analysis, it is shown that the pursuit of private interest of control is the main factor leading to excessive investment of the company, but the moderate private interest of control can alleviate the investment insufficiency of controlling shareholders and promote the company value. Almeida and wolfenzon based on the research of pyramid equity structure of enterprise group, it is found that the greater the separation of control right cash flow right, the more obvious the expansion motivation for large shareholders to transfer distributable profits to fixed assets investment funds, and increase the possibility of over investment. In the process of the allocation of merger capital of enterprise group, when the managers of the merged company have private information on the production efficiency of their assets, the main company has to increase the compensation to the managers in order to share the private interests of control rights with the managers. The research of Rui Al and Neng wang further finds that in countries with weak legal protection, ultimate shareholders tend to use fixed assets investment to seek the stability of control right and cause damage to enterprise value while increasing pyramid control level to protect the interests of enterprise groups. It can be seen that, driven by the value of control right and the motive of profit grabbing, although acquiring and controlling more large-scale resources is an important factor in controlling shareholders' financial decision-making, the external supervision measures and the degree of investor legal protection will affect the realization of the self-interest financial decision of the major shareholders. Because, under the good legal and financial system environment, investors can get strong legal protection, reducing the risk of the interests being encroached upon by the majority shareholders after the event. Licht, Goldschmidt and Schwartz (2008) found that institutional supply, legal environment and financial development have a significant impact on the efficiency of corporate investment and corporate performance. The results of corporate investment in common law countries originated from British law are significantly better than those of civil law countries. Therefore, the institutional factors outside the law are very important to the corporate investment governance effect of the countries in which the law is written. Based on the data of foreign-funded enterprises, Bai chongen and others have carried out empirical tests on the impact of investment environment on the benefits of foreign enterprises, and found that the investment environment has a significant positive impact on the enterprise benefits. With the deepening of the marketization process in China, how to coordinate the internal governance mechanism, capital market supervision and external institutional innovation as a more effective governance system, how to promote the efficiency of enterprise investment through the improvement of internal governance mechanism, so as to promote the overall capital allocation efficiency, will become the driving force of economic sustainability an important way to develop healthily.

3.2 A company in which a large shareholder controls a board of directors or a company in which shares are dispersed: managed by a manager

When the L of the hypothetical project is lost, the damage caused by the manager and the G. of the flat rent and claim loss in the future management. manpower market is taken as the in the interim, if the project wants external funding, the conditions for its satisfaction are:

$$S_m > S_m + B_m - (1 - p_L)G_m \qquad (2.2)$$

$$p_H R - I > S_m \qquad (2.3)$$

(2.2) Managers are required to choose a project based on a favorable view for enterprises and investors H, Therefore Bm-^~PLG)3m<0。 (2.3) The formula requires that only when the manager implements the project H, the investor is willing to invest in the fund.

(2.3) the company has the problem of insufficient investment, that is, the expected cash flow H the project must be reduced and the subsequent investment must be higher than the salary of the manager, and the investor will believe that the manager will carry out the H. of the project If the manager's salary is too high, the more difficult it is (2.3), it will affect the willingness of investors to provide funds.

To sum up, there are insufficient investment problems under the management of entrepreneurs or managers. Although the net L of the project is lower than the H of the project, the project L to the private interests of the enterprise or manager, so the enterprise or manager has the opportunity to choose the project L ;(1.1) and (2). The net position of the project L is less than zero. If the investor believes that the entrepreneur or manager may choose the project at the beginning of the period L, he will not provide funds in the interim, at which time the entrepreneur or manager may carry out the project in mid-term H, so that there is no information between the investor and the entrepreneur or manager, resulting in the phenomenon of insufficient investment and loss of company and social welfare. This paper will analyze the corporate governance and auditing functions according to different management companies, and improve the phenomenon of underinvestment.

After an enterprise becomes a listed company through public offering of shares, the residual claim of internal managers depends on the size of their shareholding ratio.

Managers usually have more than the proportion of residual claim to control the company, and they are likely to carry out over investment and under investment to maximize the value of the non-company, and turn the company's wealth into personal interests. Jensen further proposed the problem of over investment of free cash flow. After an enterprise has invested in all projects with NPV > 0, the remaining cash flow is called free cash flow (FCF). Based on the consideration of personal interests, the management not only hopes to master more FCFS, but also prefers to invest them in low yield projects rather than return them to shareholders, which leads to agency conflicts between the management and shareholders. Because cash to shareholders will reduce the resources in the hands of managers and weaken their control benefits. At the same time, the external financing of the company is subject to the supervision of the capital market or the financing constraints under the information asymmetry, which greatly limits the freedom of the implementation of the management's investment expansion decision. Richard and Michael. Based on the research of free cash flow and investment efficiency, we found that over investment is mainly concentrated in enterprises with free cash flow, and 20% of free cash flow is used for over investment. The agency conflict and over investment caused by free cash flow should be governed by the power of capital market and debt financing contract. When common stock is replaced by debt, management's commitment to pay future cash flow will be more strictly constrained. Debt can reduce the agency cost of FCF by reducing the discretionary cash flow of management, especially for those companies with large cash flow but low growth. After the implementation of leveraged capital restructuring, shareholder wealth has increased significantly, especially, the increase of shareholder wealth is significantly related to the decrease of capital investment. In addition to self-interest motivation to obtain private benefits, managers also have personal motivation in human capital reputation and occupational safety preference. These motives will also lead to agency conflicts between shareholders and managers, leading to inefficient investment behavior. Because some managers pay too much attention to their reputation in the human capital market, they may take the investment decision to increase the short-term performance of the enterprise at the cost of the long-term interests of shareholders, resulting in the underinvestment of some assets. For example, for short-term benefits, managers will reduce investment in machinery and equipment maintenance, as well as investment in intangible assets such as brand loyalty and staff training. From the perspective of shareholders, it is difficult for them to identify whether the investment is insufficient, because the short-term behavior is often accompanied by good performance and short-term rise of stock price. Bebchuk and stole pointed out: when the market praises some industries or projects, in order to please the market and prove their ability to find investment opportunities, managers are likely to blindly over invest. In addition to reputation motivation, managers may be averse to investment projects that are beneficial to shareholders' value despite risks due to occupational safety considerations. Aggarwal and Samwick found that older managers may not be willing to invest in new projects due to occupational safety considerations, leading to underinvestment. When an enterprise starts a new project or renovates an existing project, on the one hand, managers need to shoulder greater regulatory responsibility, on the other hand, they need to learn new knowledge to improve their management ability of investment projects. The long-term stable life of managers may be disrupted, and they have to work longer hours and make greater efforts to cope with the challenges and pressure brought by new project investment. On the contrary, managers may take defensive overinvestment because of occupational safety. When a young manager of an enterprise finds that he has a certain comparative advantage over other managers, he may invest the enterprise funds in the fields he is good at, consolidate his own advantages, and lead to over investment. Therefore, based on the consideration of occupational safety, managers may not only underinvest, but also over invest.

At the same time, western scholars gradually integrate the research results of financial decision-making under asymmetric information into the scope of enterprise financial research under the framework of corporate governance, which further enriches and deepens the research content. On the one hand, due to the existence of information asymmetry, the investment decision-making of enterprises will be affected by the degree of financing constraints; on the other hand, after taking into account the factors of information asymmetry, the research on enterprise investment behavior under agency conflict is further refined. Gugler, Mueller and yurtoglu found that the problems of financing constraints and free cash flow agency faced by companies in continental Europe are more serious than those in British and American countries, and the problem of free cash flow agency leads to over investment of enterprises with sufficient cash but lack of investment opportunities; The financing constraints make the companies with good investment opportunities have serious underinvestment. In the case of information asymmetry and agency problems, in order to reduce the moral hazard of managers, an important solution is to design incentive contracts to make the interests of managers and shareholders as consistent as possible. In the case of decentralized ownership, with the increase of manager's shareholding ratio, the benefit synergy between managers and shareholders increases. Dutta and sunil1 under the condition of asymmetric information, according to the different nature of investment projects and the option value of managers, the corresponding incentive measures are given. Aggarwal and Samwickverified the governance effect of incentive contract on managers' capital investment behavior from the perspective of the relationship among managers' equity incentive, capital investment and enterprise value. In addition to incentive contracts, corporate governance mechanisms such as supervision by major shareholders, competition in product market, takeover of control market, and manager's market reputation will also have positive incentive or supervisory effects on manager's agency problem under the condition of asymmetric information. These internal and external governance tools are combined to form a systematic governance mechanism of corporate investment behavior.

4. Entrepreneurship

The model contestants are entrepreneurs and accountants. The accountants are required to issue a check report on the financial and operational information during the period. As this paper discusses the independence of the accountants, the fake designers have the same ability.If the entrepreneur reports to the project H, the accountant issues an unqualified opinion check report, he may obtain funds for the project follow-up investment. When the entrepreneur is in charge of the project L, and does not report it as a project H, the cost of the accountant is that the accountant accepts the income of the entrepreneur G' and indicates the difficulty of the accountant. Due to the loss of project L, the company will cause operational crisis, the damage of the accountant and the future rent and compensation loss. When the accountant decides to issue a qualified opinion audit report, the enterprise may replace the accountant or has no right to replace the accountant (that is, to remain an accountant), the cost of replacing the accountant in the middle of the period is%, and the cost of finding new customers in the audit market is the cost. Accountants who provide different audit qualities have different expectations, so entrepreneurs can find accountants who are willing to hook up.

The remuneration of each strategy combination is shown in figure. This paper considers the initial shareholding ratioand the loss of ownership of the L of the project and the future level of rent and compensation loss, Compared with Wang Maochang and Qiu Shizong (2010), the model is closer to economic reality. In addition, the research model of this paper shows the retention equity ratio of entrepreneurs (8%), And the accountant's audit fee (F) is very high, the combination of strategies (3) and (5) is one of the final equilibrium results, this is different from Wang Mao chang and Qiu Shizong (2010) study model. A reverse Backwards Induction method is used to push the model,2003; Gibbons,1992), From decision four, For the final equilibrium result, There are eight important equilibrium results (strategic composition of decision points) after guidance, The equilibrium conditions of each equilibrium result are arranged as shown in the table, For relevant analysis,please refer to the description of the important equilibrium results analysis.

The influence of corporate governance structure on the investment behavior of enterprises, On the one hand, the related research focuses on the behavior of managers under the conflict of agency and improper governance. Jensen and Meckling, the behaviors of the manager extra allowance, waste, excessive investment, blind diversification or financial conservatism, which are caused by the problem of principal-agent and imperfect governance mechanism, will directly affect the investment decision of the company. on the other hand, the change of financing cost and the choice of financing mode will also affect the investment decision of the enterprise management and the behavior of the stakeholders. If the governance mechanism of the enterprise is not perfect, So the incorrect decision of financing mode will aggravate the conflict of interest of the stakeholders, add agent problem, Reduce investment efficiency. The way in which an enterprise raises funds for investment, not just the right to allocate the flow of investment income, It also includes the allocation of residual claim and residual control right related to the ownership of enterprises, Whether the two allocation is effective or not directly affects the behavior of all stakeholders and the investment behavior of the enterprise. On the whole, Since the 1970s, With the development of enterprise theory and the application of new institutional economics methods such as principal-agent theory and contract theory in the research of enterprise finance theory, the modern company finance theory has obtained the great development. The former two independent fields of research formed a unified theoretical system of cross integration. The research on the investment and financing of enterprises has gradually changed from the research framework and analysis method guided by neoclassical economics to the research framework and analysis method guided by the new institutional economics; The research perspective is gradually developed from simple complete market equilibrium analysis to governance structure analysis under the condition of integration. After the integration of the theory system of corporate finance and corporate governance, Because the mainstream research of corporate governance focuses on the governance mode under the decentralized ownership for a long time, therefore, the influence of corporate governance structure on the investment decision of enterprises, at first, it mainly focuses on the moral hazard of managers and the principal-agent problems. With the development of information economics, the financing cost difference and adverse selection caused by the information asymmetry between the operator and the external investors in the expectation of the investment income, it is also included in the research category that affects the investment decision and stakeholder behavior of enterprises. So, it is based on the principal-agent theory and the information asymmetry theory, the theory system of enterprise investment under the corporate governance structure has been formed.

5. Management

The model participant is the manager and the accountant; if the manager and the accountant conclude that the report is not honest, the cost of the manager is that the q, accountant accepts the income of the manager q, and q >q indicates the difficulty of the manager. When the accountant decides to issue a qualified opinion audit report, the manager may replace the accountant or has no right to replace the accountant (that is, to remain a accountant), and the related cost of replacing the accountant in the middle of the period is. Accountants who provide different audit qualities have different expectations, so managers can find accountants who are willing to check.the remuneration for each strategy combination. After the model is pushed, the equilibrium conditions of each equilibrium result are arranged. Please refer to the description of the important equilibrium result analysis in the following section.

When the manager actually carries out the project, but does not report the project in good faith, the accountant and the manager conclude and issue the unqualified opinion check report,then the damage and loss in the future audit market. The G. of the damage and the rent and loss in the future audit market will be higher. Therefore, when the manager manages and faces the project L, because the balanced result III and the VII are to achieve, the motivation of the planner to maintain independence is stronger. When the entrepreneur runs and faces the project L, because the L is relatively small, because the equilibrium result is III and the VII is not easy to achieve, the motivation of the planner to maintain independence is weak. Signals and factors for the H of an enterprise or manager to choose an investment project at the beginning of the period:Variables are important signals for entrepreneurs to choose investment project H at the beginning of the period.Considering the auditor's audit function, it will improve the possibility of entrepreneurs or managers choosing investment project positive relationship with the H possibilityof an entrepreneur or manager choosing an investment project. But the size of the variable is inversely related.

Without considering the audit function of the accountant, that is,when the accountant is required to issue an audit report on the financial and operational information during the period,the(1.2)and(2.2)forms are arranged. In addition, consider that the accountant should issue the audit function of the audit report in the middle of the period, the results and tables of the model, and the conditionsofthedecisionpointsoftheindividualcompetitionbureaumodelin Table 2. Arrange the conditions for selecting investment project H at the beginning of each situationinTable3.Table3found that considering the audit function and the independence of the accountant, the conditions for selecting the investment project H at the beginning of the period are as follows:

(1) *ccp„R +(a) S_o +(l3-a) F >Q*

(2) Business: S.〉 .

When the company increases its capital, the retention ratio (Q) is greater than the initial shareholding ratio (0), and when the accountant's audit fee (F) is very high, the op isHR +(1- a) S.+(^- a) F >0 does not hold, so the variable number of 0 is an important signal (Signal). Furthermore, the entrepreneur or manager chooses the project at the beginning of the period L, although the accountant is not independent, but compared with not considering the audit, the cost of the enterprise is necessary. or a Eo +CoThe manager needs to pay the cost in the period. E orm +CmConsidering the audit function can improve the possibility of entrepreneurs or managers choosing investment project H.A positive or reverse relationship between the variables and the conditions H by the entrepreneur or manager to choose the investment project can be determined by the conditions in various situations. governance and increase the cost (Q or) of business owners or managers.), or increase the cost (E.) of replacing accountants by entrepreneurs or managersOr Em), or reduce the private interests or BQ; of the entrepreneur or manager, on the other hand, implement the legal responsibility and related treatment (G.) of the entrepreneur and managerOr G,"), which increases the likelihood that an entrepreneur or manager will choose an investment project H at the beginning of the period.

Third, corporate governance, the more can reduce the enterprise or manager and accountants linked to the cause of action, promote entrepreneurs or managers to report honestly and maintain the independence of accountantsTransfer

$$(1-p_L)G_a - C_a < E_a$$

$$\alpha(p_L R - E_O - C_O) + (1-\alpha)S_O + (\beta-\alpha)F + B_O - (1-p_L)G_O > 0$$

$$(1-p_L)G_a - C_a < 0$$

$$\alpha(p_L R - C_O) + (1-\alpha)S_O + (\beta-\alpha)F + B_O - (1-p_L)G_O > 0$$

to shareholders who are not involved in the operation of the company, therefore, it can reduce the reasons why entrepreneurs contact new accountants by replacing accountants. Moreover, the equilibrium results II and the equilibrium conditions of VI in decision points 3 and 2 are as follows:

More balanced results II and VI found that if an enterprise does not have the right to appoint a planner to make a decision, the reasons for the merger between a zero accountant and an enterprise reduce the profit and core, respectively. Furthermore, the legal responsibility of entrepreneurs and accountants to improve G. is fulfilledAnd the q amount, can reduce the accountant and the enterprise to link up the cause.

As the manager operates, according to the results and conditions of the situation equilibrium in Table 2, it is known that the equilibrium conditions of decision point 4 are +B to the penm-Cm- Em-(1- pL- G)mIf corporate governance makes it difficult for managers to easily use enterprise economic resources to link up with accountants, the cost of accounting q increase, thus reducing the

incentive for managers to link up with new accountants by replacing accountants. Moreover, the equilibrium results II and the equilibrium conditions of VI in decision points 3 and 2 are as follows:

$$(1-p_L)G_a - C_a < E_a$$

$$S_m + B_m - C_m - E_m - (1-p_L)G_m > 0$$

$$(1-p_L)G_a - C_a < 0$$

$$S_m + B_m - C_m - (1-p_L)G_m > 0$$

More balanced results II and VI found that, if the manager does not have the authority to appoint a decision, the reason why the manager and the manager interact with each other has reduced the heart and heart.Moreover, the implementation of the legal responsibility of managers and accountants, that is, to increase the amount of G and q, can reduce the cause of interaction between accountants and managers.

When the conditions are met, consider the auditor's audit function to help solve the problem of insufficient investment.From the above arrangement, it can be seen that when enterprises adopt managers to operate, considering the audit function can help to improve the asymmetry of information between investors and managers, so it also helps to solve the problem of insufficient investment.

6. Discussion

In terms of the independence of different enterprise management types and accountants, managers tend to maintain independence when they operate, showing that for companies separated from ownership, corporate governance helps accountants to develop their audit functions. In terms of the signals and factors of investment projects that are beneficial to investors, when the enterprise adopts the business operation, the retention ratio of the enterprise is larger than the initial shareholding ratio, that is, unwilling to raise more funds from the external investors, and the higher accountant audit fee, that is, pay the accountant higher than the market, and the signal of the investment project that the early entrepreneur chooses to disadvantage the investor. To improve corporate governance, increase the cost of corporate or manager accounting, or increase the cost of business or manager replacing accountants; on the other hand, to implement the legal responsibilities and related responsibilities of business and managers, or to reduce the success rate of project L, enhance the transparency of information and reduce private interests, may enhance the possibility for entrepreneurs or managers to select investment projects (i.e., project H) that are beneficial to investors at the beginning of the period.

In the context of corporate governance, requiring companies to employ accountants with professional qualifications and to strengthen internal control of the company can significantly increase the cost of accountants and the cost of replacing accountants by managers and managers; or increase transparency of information and enforcement of legal liability to reduce the private interests of entrepreneurs or managers, and to increase the amount of potential losses, rent losses and losses incurred by accountants; It can reduce the cause of actionbetween the entrepreneur or manager and the accountant, promote the entrepreneur or manager to report honestly and maintain the independence of the accountant. With regard to corporate governance and auditing to solve the problem of inadequate investment, when an entrepreneur or manager carries out an investment project (that is, a project L) that is unfavorable to an investor, the smaller the private benefits that an enterprise or manager can obtain at the end of the term; If the accountant is lost in the L of the project, the damage and the loss of the investment market in the future, the accountant will maintain the independence.

In conclusion, it is pointed out that when enterprises adopt managers, accountants are more likely to maintain independence; the retention ratio of entrepreneurs is higher than that of early stage, and the higher accounting fees are selected by accountants to select the signal of investment projects which are unfavorable to investors; and the corporate governance and auditing function can reduce the information between investors and entrepreneurs or managers, which helps to solve the problem of insufficient investment.

7. Study implications

This paper proposes an analytical framework to consider corporate governance and audit issues, and the competition board model also considers the role of entrepreneurs or managers and accountants to explore the impact of audit functions on investment. To understand the strategic choices of entrepreneurs or managers and planners, in the domestic corporate governance related literature. This paper mainly focuses on the factors that different management enterprises need to consider when investment projects are required for the growth of the market. The research results can not only supplement domestic and foreign literature, but also provide reference for production, government and academic circles. The results of this paper are explained according to the views of corporate governance on the independence of different enterprise management types and accountants, the signals and factors of investment projects selected by entrepreneurs or managers in favor of investors, the integrity of enterprises.

8. Study limitations

On the whole, the research on enterprise investment from the perspective of corporate governance has made a lot of achievements, but there are still some problems.

It can be further deepened in the following aspects. First, expand research areas. The existing studies mainly focus on the impact of internal governance mechanism on corporate investment behavior. Future studies should further explore the relationship between external corporate governance mechanism and corporate investment behavior, such as corporate control market, manager market and product market. Second, improve the research methods. With the continuous development of behavioral corporate finance research, under the condition that investors and managers are not completely rational, how to improve the supervision mechanism of the board of directors, build an effective incentive mechanism, and then improve the efficiency of corporate governance and investment performance, behavioral corporate governance research undoubtedly opens up a new research direction for the in-depth exploration of enterprise investment. Since 2006, with the completion of the reform of non-tradable shares, the unique "dual ownership structure" of Listed Companies in China has been eliminated, and profound changes will take place in corporate governance and shareholders' interest motivation. With the implementation of incentive system after the reform of non-tradable shares, the interest target of the major shareholders and their agents of listed companies will switch from static financial indicators to dynamic market value, its investment choice will be greatly affected by the market's valuation differences of different investment assets and projects. Therefore, under the background of the change of interest orientation and the evolution of corporate governance after the non-tradable share reform, it is not only an urgent issue to study the corporate governance and corporate finance after the non-tradable share reform to explain, identify and explore the interest motivation, driving forces and governance measures behind the investment choice and structure distribution of major shareholders, Moreover, it has important policy implications for optimizing the investment structure of listed companies, improving the capital operation efficiency of listed companies, and further improving the resource allocation efficiency of capital market after the reform of non-tradable shares.

The following research perspectives are worthy of attention: (1) to explore the major shareholders' self-interest motivation and investment choice mechanism after the non-tradable share reform; (2) to study the characteristics of agency conflict and the influence of capital gain game on investment choice after the non-tradable share reform; (3) under the background of market game and institutional evolution after the non-tradable share reform, the paper analyzes the relationship between the major shareholders' self-interest motivation and investment choice mechanism after the non-tradable share reform, This paper studies the capital investment choice mechanism of large shareholders in the process of weighing the private benefits of control and capital gains; (4) under the self-interest motive of large shareholders weighing the private benefits of control and capital gains, this paper studies the crowding out, substitution effects and economic consequences of different investment choices; (5) This paper studies the influence of control expansion, control defense, performance evaluation and incentive mechanism on the investment choice of major shareholders after the split share structure reform.Managers and the independence of accountants, corporate governance and auditing to solve the problem of insufficient investment.

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