debt financing and company performance. However, the relationship between corporate debt financing and corporate performance cannot be generalized based on the results of the theory. It should be analyzed based on specific research situations.

CHAPTER 2
LITERATURE REVIEW

2.1 Literature review

The origins of research on the relationship between corporate debt financing and corporate performance in the West originated earlier. In the 1970s, there were many studies on this aspect, and as China's money market and capital market started relatively late, research on debt financing was relatively late.The monitoring hypothesis states that debt can also reduce the agency conflict by creditor monitoring, especially when companies engage in bank loans. In the following, we introduce foreign and domestic research in this area respectively, and divide the relationship between corporate debt financing and corporate performance into: the relationship between the overall debt structure and corporate performance, the relationship between debt maturity structure and corporate performance, and the structure of debt sources. The relationship between company performance is introduced separately.

Business groups have also led Korean exports through the creation of global brands and competitiveness. The top five export items including shipbuilding and motor vehicles are largely from the heavy and chemical industries (HCIs) produced by chaebols. Samsung has become a world leader in several key manufacturing industries such as memory-chips, flat-panel monitors (the absolute leader), DVD players (the second) and cellular phones (the third). The brand value of Samsung is estimated at $16.2 billion U.S. . Other chaebols such as Hyundai Motor Co. (global brand value ranking 84th in 2006) and LG Electronics (global brand value ranking 94th in 2006) have also become among the world’s best known producers of automobiles, air conditioners, and CD-ROM drives. Business groups have contributed to creating jobs domestically and establishing the brand image of Korea globally.

2.2 Foreign literature review

2.2.1 Relationship between debt structure and corporate performance

Some scholars proposed, That if the company's debt financing ratio is high, it is easy to cause the bankruptcy of the company due to financial difficulties. In addition, when the company faces greater repayment of principal and interest pressure, it will be forced to give up the net present value is positive. The project will reduce the company's profits, so the overall scale of debt financing is negatively related to corporate performance.

Analyzed the company’s capital structure and built an econometric model on the basis of this, assuming that the company’s debt financing scale has a positive and related impact on the company’s performance. If the company is carrying out debt financing, it will influence managers' day-to-day operations and investment decisions, which will have a restrictive effect on managers and lead managers to become more rational behaviors, which in turn will have positive effects on company performance (Grossman & Hart , 1982).

Some scholars proposed, Concludes through an empirical study that when the company’s overall debt level is between 23% and 45% of total assets, the company’s performance level is positively related to the overall level of debt, and within this range, the company’s average The value of stocks will rise as the level of debt rises.

Some scholars proposed, Believes that if the company uses debt to finance, the company has the obligation to repay the principal and interest, which will impose constraints on the company's managers, reduce the possibility of managers squandering cash, and thus generate positive results on the company's performance. Related effects.

Studied the data of western developed countries and found that although the internal structure of debt financing in different countries is different, the scale of financing is still relatively high relative to the assets, and follows With the expansion of the scale of indebtedness, the trend of negative correlation with corporate performance is increasingly evident.

Some scholars proposed, Believe that the sample range of the past scholars' research on corporate debt financing and performance is too small, which inevitably leads to deviations. Therefore, nearly 200,000 U.S. non-financial companies from 1950 to 2000 were selected as research objects. Samples, through research, have found that the scale of corporate debt financing is negatively related to the company’s market value .

2.2.2 Relationship between the term of claims and company performance

Believe that in the term structure of corporate debt financing, increasing the proportion of short-term debt can help improve the company's performance, because short-term debt will cause the company to face the pressure of debt service and payment in the short term.It will strive to operate, reduce the squandering of cash, and reduce investment in high-risk projects, so companies should increase the proportion of short-term liabilities (Senbet & Barnea, 1980).

Some scholars proposed, Took the privatization company of India as the research object and conducted an empirical analysis of their data. He concluded that the increase in the proportion of long-term liabilities helps to increase profitability indicators such as sales profitability, especially in the proportion of fixed assets. For higher companies, this relationship is even more pronounced.

Some scholars proposed,Selected companies in the United Kingdom and Italy as research objects. Empirical research on the term structure of bonds and company performance factors shows that there is no clear evidence that the increase in short-term liabilities can improve the company's performance.

2.2.3 The relationship between the source of claims and company performance

Some scholars proposed, Has shown through research that when the company's bank loans are large, the pressure on debt repayment will affect the company's growth, constrain the company's long-term planning, and have to give up some visionary and cost-consuming projects. It will have a negative impact on the company's performance to a large extent.

Came to the conclusion by establishing a model and concluded that if the source of the debt is a bank loan, it can effectively reduce the agency cost and solve the agency problem between shareholders, creditors and managers. Because if the company obtains a bank loan, the company's daily business activities will be under the supervision of the bank. The managers will work harder. The shareholders will get a ride and will have the effect of monitoring the management area. Consideration of self-interest will prevent the company from undertaking projects with higher risks (Diamond, 1984).

Some scholars proposed, Believe that the company's debt source is mainly related to the company's credit rating. When the company's credit rating is high and its social reputation is good, the company's debt source will have more room to choose from. The company can raise funds through debt issuance, bank loans, etc., and can choose lower financing costs; the company's credit rating is relatively low. When it is low, the source of debt financing can only be obtained through bank loans, and under the same conditions, it will pay higher interest rates and will bear higher financing costs. Therefore, companies with high credit ratings have low debt financing costs, which can improve company performance.

2.3 Domestic literature review

2.3.1 Relationship between overall debt structure and corporate performance

Some scholars proposed, An empirical analysis of the characteristics of the capital structure of listed companies shows that under similar conditions such as total asset size, dividend distribution system, and shareholdings of major shareholders, the company's overall debt ratio is positively correlated with company performance measured by the value of the trailer's Q (Lu & Han, 2002).

Some scholars proposed, The company in China is divided into two categories, manufacturing and non-manufacturing, and conducts empirical research on them. It is concluded that the asset-liability ratio will have a negative impact on the company's performance, and it will be related to various financial indicators, such as the profit rate of the main business. The total asset yield and sales profit margin are negatively correlated.

Some scholars proposed, On the measurement of corporate performance, selected the main business yield and return on total assets as the research object, conducted a regression analysis of companies in various industries and reached the conclusion: the company's asset-liability ratio and the company The performance is negatively correlated and significant.

Some scholars proposed, Taking China's manufacturing listed companies as the research object, the empirical research shows that the company's total debt financing scale is positively related to the value of the company, but the effect is not very obvious. This shows that the debt financing of listed companies in China has not really promoted the company's performance.

Taking the A shares of Shanghai and Shenzhen as the research object, the data from 1988 to 1999 were selected. Using a variety of economic models to determine the coefficient relationship between the variables, and through comparative analysis of various models, it was concluded that the company was in debt. Maintaining the rate at a certain level can improve the company's performance (Wang, 2004) .

2.3.2 Relationship between ddebt maturity structure and corporate performance

Some scholars proposed, Selected 300 listed companies in China as the research object and used 2001 data as sample data. Through empirical research, we concluded that current liabilities have a positive correlation effect on company performance, and long-term liabilities have corporate performance. Positively related effects.

Some scholars proposed, Using the parameters of the debt maturity structure and corporate performance as variables, the relationship between the debt maturity structure of the company and the company's performance is obtained through empirical research methods. With the increase in the ratio of short-term debt, the company's market value and book value will increase accordingly.

Some scholars proposed, Taking China's pharmaceutical listed companies as the research object and empirically analyzing the short-term debt ratio and the company's main business profit rate, we conclude that the short-term debt ratio has little significant correlation with company performance, but when the When liabilities are mainly bank loans, the long-term debt ratio is positively related to company performance.

A sample of companies listed on the Shanghai Stock Exchange and the Shenzhen Stock Exchange prior to 2001 was selected as the study sample. From this, 1034 companies were selected, and 4,136 data from the four years from 2001 to 2004 were selected for empirical research. The results of such research were obtained: The longer the debt maturity structure, the higher the company's performance level, but the effect of the total amount of debt financing has no significant effect on company performance (Yuan, 2006) .

Some scholars proposed, When studying the relationship between the company’s debt financing term structure and corporate performance, it mainly studies whether the debt financing term structure will have a certain role in promoting the business operators to improve the company’s performance. Through research, it shows that short-term debt financing can improve the business operators’ performance. The enthusiasm of the work, improve corporate governance efficiency, and then improve the company's performance.

Some scholars proposed, The listed companies in China's Shanghai and Shenzhen stock markets are selected as the research objects, and the company's liabilities are specifically divided into long-term debt financing and short-term debt financing. They are empirically studied with the company's growth,it is proposed that the positive influence of leverage on firm performance will be more pronounced in both the overinvestment. and the relationship between the company's growth and the company's growth is analyzed. It shows that the company's short-term debt ratio is positively correlated with the growth of the company, and it is negatively correlated with the long-term liabilities. Therefore, the company should increase its short-term debt ratio to enable the company to obtain better growth.

Some scholars proposed, Taking the Shanghai and Shenzhen 300 stock index as the research object, we selected data samples from 2008 to 2009 to represent the company's performance with various financial indicators and company value indicators. We established an econometric model and found out through the linear regression equation: different debt financing terms. The structure has different effects on the performance of the company, but the scale of the long-term debt ratio has a significant positive correlation effect on the company's performance.

2.3.3 Relationship between debt source structure and corporate performance

Taking China's pharmaceuticals and bio-listed companies as research samples, it conducts empirical research on the sources of debt financing and company performance. Through research, it draws the conclusion that the scale and current ratio of bank loans is negatively correlated with earnings per share; commercial credit The scale is negatively correlated with the current ratio and earnings per share (Han & Xiang, 2003) .

Some scholars proposed, Studying the relationship between the source structure of corporate debt financing of listed companies in China and the governance efficiency of the company, the research shows that the scale of corporate bank loans and commercial credits is negatively related to the company’s performance, and the company’s financial liabilities and the company’s There is a positive correlation between performance..

Some scholars proposed, Among the listed companies in China, the listed company that issued the bonds was selected as the research object. Through research, it was proved that for companies that issued bonds,Profitability ratios evaluate a company’s performance in generating earning, profits and cash flows relative to the amount of money invested. the scale of the bonds issued by the company to society was positively related to the performance of the company, and the company was private to the company. The scale of bond issuance has a negative correlation effect with the company's performance .

Some scholars proposed, Taking the commodity circulation industry and manufacturing industry from 2003 to 2007 as research samples to conduct empirical research, the study shows that for the commodity circulation industry, the scale of commercial credit has a positive correlation effect with corporate performance, but the effect is not significant. There is a significant positive correlation effect with corporate performance; for manufacturing, the scale of commercial credit has a positive correlation effect with company performance, and its effect is not significant, but bank loans have a significant negative correlation with corporate performance.

Some scholars proposed, Studying the relationship between the source structure of corporate debt financing of listed companies in China and the governance efficiency of the company, empirical research proves that among the company’s debt financing sources, when the proportion of bank loans exceeds 5% of the company’s debt financing scale, the company’s The management efficiency will increase with the bank's loan scale, so the company's bank loan scale has a positive correlation with the company's performance level (Yan & Gao ,2004).

2.4 Summary of literature review

The debt-financing policy, coupled with the rapid growth of the banking system following interest rate reform in 1965, led to the soaring debt–equity ratio of firms in the industrial sector from around 100% in the early 1960s to around 500% in mid 1980s.7 Meanwhile, the Government introduced the principal transactions bank (PTB) system in the 1970s as well as fiscal policies to improve corporate financial structure. Despite these regulatory measures, the debt–equity ratios of business groups remained high. The PTB system introduced in the 1970s failed to curb chaebols’ rising debt–equity ratios. The PTB system mainly sought to control the thirty largest chaebols’ financial structure at the macro-level. The medium-to-small chaebols (top six-to-thirty) increased their debt–equity ratios significantly. These groups invested in and effectively controlled the money market by owning merchant banks and other non-bank financial institutions (NBFIs) including insurance and securities firms . The leverage (medians) during 1988 and 1996 was three times higher than in the U.S. and Germany, and nearly double that in most Asian countries.

CHAPTER 3
RESEARCH METHOD

3.1 Research methods

The research methods of this paper include literature research method, comparative analysis method, empirical research method, induction summarization method and so on. The literature research method is the theoretical basis of this paper. The comparative analysis method is used to describe and analyze the status quo. The empirical analysis method is the main research method of this paper. Through the empirical analysis method, various financial indicators are selected as the research variables and the empirical model is used. The results of this study lead to the conclusion of the regression. At the end of the article, we use the inductive summary method to analyze the existing problems and make recommendations (Yu, 2003).

3.2 Research content framework

In order to scientifically and reasonably study the relationship between Hainan Airlines's debt financing and corporate performance, and achieve the purpose of research, this article refers to the research ideas of scholars on related issues, and combines the writing characteristics of case studies to divide this article into five parts:

After the onset of the crisis, the IMF provided bail-out funds subject to reforms and improvement of macroeconomic indicators. The sweeping reforms included the restructuring of chaebols and corporate governance; reforms in bankruptcy procedures and firm exit procedures; protection of minority shareholders' rights and the role of outside directors; changes in the governance structure of corporate bond markets ; and reforms to the banking sector.

In the second part, the concepts and theories related to debt financing and corporate