An Empirical Analysis of the Impact of Executive Equity Incentives on Enterprise Performance Based on the Moderating Effect of Occupational Background Heterogeneity

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Abstract

As the core executive force of corporate governance, the degree of human capital heterogeneity of senior executives has an important impact on corporate operating performance. This paper uses China's 2011-2019 A-share non-financial listed companies as a research sample to conduct an empirical test on the relationship between the intensity of executive equity incentives and corporate performance, and examines the relationship between the heterogeneity of the senior management team's professional background and the relationship between the two The regulation effect of the slab has been further verified. Research shows that there is a significant positive correlation between the intensity of executive equity incentives and corporate performance; the heterogeneity of the professional background of the executive team has a significant positive moderating effect on the relationship between equity incentive intensity and corporate performance

Keywords*: Executive Equity Incentives; Corporate Performance; Heterogeneity of Professional Background.*

I. Introduction

In the field of corporate governance, the effect of executive equity incentives on corporate performance has always been the focus of research in academia and practice. Due to the existence of principal-agent problems, companies need effective governance mechanisms to reduce conflicts of interest between owners and managers, reduce the possibility of managers infringing on shareholders' rights and interests, thereby improving corporate performance. An effective mechanism for executive equity incentives to reduce agency costs. By granting senior managers a certain amount of company equity, the interests of executives and shareholders will converge and become a community of interests, thereby reducing the encroachment of owners' equity by executives. Since January 2006, China has officially promulgated the "Administrative Measures for Equity Incentives for Listed Companies (Trial)" and implemented it, with a view to effectively standardizing the existing equity incentive mechanisms of listed companies. By 2018, the norms for equity incentives have been written into the "Company Law of the People's Republic of China", marking the continuous improvement of the policy and legal environment for equity incentives in China. The academic circles have mostly studied the characteristics of the equity incentive system itself, such as the intensity of equity incentives, the types of equity incentives, etc., to explore how executive equity incentives can reduce agency problems and improve corporate performance.

However, the above research on the relationship between the characteristics of the executive equity incentive system itself and corporate performance has certain limitations. Why do the sample executive equity incentives of listed companies in different periods and different countries have different effects on corporate performance? Berle and Means (1932) showed for the first time in their book "Modern Companies and Private Property" that the less shares held by executives, the greater the probability of the phenomenon that managers use their own rights to consume, and the value of the enterprise Significantly down. Liu Guoliang and Wang Jiasheng (2000) believe through research that: institutional design can promote the improvement of corporate performance, and corporate performance and manager's shareholding ratio show a positive relationship. The view of Wang Xuhui and Xu Jian

(2009) is that there is an inverse relationship between the shareholding ratio of senior management and corporate performance. Wang Jianwen, Li Li (2010) The empirical results show that if ROE is chosen as the main indicator of company performance, then the proportion of domestic listed companies' executive shareholding and company performance show a cubic curve relationship. At this stage, the research on the relationship between executive equity incentives and corporate performance has not yet reached a unified conclusion. Based on this, there may be different adjustment variables between different samples, resulting in different effects of equity incentives for the same executives. Therefore, the introduction of regulatory variables can effectively compensate for the deficiencies in the above-mentioned research.

In 1984, American management scientist Hambrick and his collaborator Mason published the "High-level Ladder Theory" for the first time. They believed that the demographic characteristics of executives reflected the cognitive laws and unique values of senior Cognitive ability and decision-making ability form an impact, and affect corporate performance. Most of the existing documents have studied the role of senior executives in equity incentives based on demographic characteristics such as age, gender, and education level of executives, while the literature based on the heterogeneity of the professional background of the executive team is very rare. The professional background fully reflects the richness of the work knowledge and experience of the senior management, and experience can promote the establishment of cognition, so this indicator can more objectively represent the cognitive level of the senior management team than other indicators, thereby affecting the quality of decision-making. Therefore, this paper uses the data of A-share listed companies from 2011 to 2019 to test the causal relationship between the intensity of executive equity incentives and corporate performance, and at the same time verifies the possible moderating effect of the heterogeneity of the professional background of the executive team.

II. Theoretical Analysis and Research Hypothesis

2.1 Research Hypothesis on the Relationship Between the Intensity of Executive Stock Incentive and Enterprise Performance

The current research conclusions on the relationship between executive equity incentives and corporate performance mainly have three viewpoints: most studies show that the two have a positive correlation. Kuo CS et al. (2013) based on the equity incentive data of 6,583 corporate managers of listed companies in Taiwan from 1999 to 2004, the study found that stock dividends to corporate executives can significantly improve corporate performance. Tian Guoshuang et al. (2018) believe that the effects of the implementation of equity incentives by companies are not the same, but they show that they are beneficial to the improvement of corporate performance as a whole. Some scholars have found that executive equity incentives and corporate performance present a quadratic curve relationship. Song Jianing et al. (2015) studied from the perspective of the actual controller of the company that there is an inverted U-shaped relationship between the two. Yang Hengli (2013) also believes that the two show a quadratic curve relationship through research on some small and medium-sized enterprises in China. The research results of some scholars show that the two are negatively correlated. Wang Huaiming (2015) believes that in a low-competitive environment, executive shareholding has a defensive effect and has a negative effect on corporate performance. Some scholars believe that there is no significant correlation between the two. Ann M et al. (2014) analyzed the data disclosed by nearly 2500 listed companies in the United States and found that increasing the proportion of executive shares did not significantly promote corporate performance growth. Zou Jing (2016) research results show that the coefficient of influence between them is close to zero. With reference to the hypothetical content of the convergence of interests, corporate managers usually work with the goal of maximizing their own interests, and not necessarily with the goal of maximizing the interests of corporate shareholders. Therefore, agency costs generally exist in the system of separation of powers. After implementing equity incentives for managers, managers can also hold corporate property rights. Executive equity incentives enhance the consistency of the interests of corporate managers and shareholders, and managers will maximize the creation of shareholders' interests and ultimately promote the improvement of corporate performance. This article tends to agree with the explanation of the convergence of interests hypothesis, and proposes the following hypotheses:

Hypothesis 1: There is a significant positive correlation between the intensity of executive equity incentives and corporate performance. The higher the intensity of executive equity incentives, the more obvious the effect on corporate performance.

2.2 Research Hypothesis on the Moderating Role of Senior Managers' Professional Background Heterogeneity in the Relationship Between Stock Incentive Intensity and Corporate Performance

High-level theory believes that the functional background of executives represents an important professional knowledge resource for executives. Academia lacks consistency in the research conclusions on the impact of the heterogeneity of the senior management team on business operations. The analysis using foreign companies as samples mostly confirms that the heterogeneity of senior executives' professional background has a positive effect on corporate performance; while the analysis results based on domestic companies have two conclusions: positive and negative effects. Zheng Haiyuan et al. (2021) believe that teams with high professional background heterogeneity have richer professional experience and master more comprehensive professional knowledge and professional skills, which can improve the rationality of decision-making to a certain extent. Teams with highly heterogeneous professional backgrounds have a broader vision, can understand the company's business activities from different angles, learn from each other's strengths when making decisions, and obtain a synergistic effect of 1 plus 1 greater than 2. Wang Jingyong et al. (2021) believe that based on the level of social resources, teams with obvious professional background heterogeneity have more external social resources, including political connections, social relations, financial background, etc., so their professional experience is different. A management team with obvious qualitative characteristics has more advantages in terms of external social resources. Yao Bingshi (2014) empirically confirmed that because executives with different functional backgrounds have different perceptions of the same issue, it takes more time to form a consensus, which reduces the efficiency of decision-making and thus reduces corporate performance. This article believes that the negative effects of professional background differences are far less than the benefits of professional background heterogeneity. Based on the above analysis, this article proposes the following hypotheses:

Hypothesis 2: The heterogeneity of the executive team has a significant positive regulating effect on the relationship between the intensity of executive equity incentives and corporate performance. That is to say, the more obvious the heterogeneity of the executive team, the greater the effect of executive equity incentive intensity on corporate performance Bigger.

III. Research and Design

3.1 Selection of Research Samples

The research sample of this article selects 2011-2019 A-share listed companies (the sample data for 2020 is incomplete, so it is deleted). The characteristics of executives, shareholdings, and financial data are all obtained from the Guotaian database. The missing data is supplemented by the WIND financial terminal and other network information. In order to avoid the negative impact of the results of the instance verification by the abnormal samples, this paper implements the following treatments on the initial samples: (1) Eliminate companies with incomplete sample data (2) Eliminate financial and insurance listed companies; (2) Eliminate ST and *ST listed company. After the processing is completed, the total number of enterprises is 809, and 11,022 observations were finally obtained. In order to reduce the influence of extreme values, the continuous variables of the sample were processed with winsorize at the 1% level.

3.2. Research Variable Design

3.2.1. Interpreted Variable

Enterprise performance (ROA), currently there are two main types of indicators to measure corporate performance: one is accounting indicators, including return on equity (ROE) and return on total assets (ROA); the other is market indicators including earnings per share (EPS) And Tobin Q. Because the domestic asset market is still immature, the stock prices of listed companies are affected by many uncertain factors other than performance, and their market indicators cannot accurately reflect the actual value of the company. Considering the research situation in China comprehensively, compared with ROE, ROA eliminates the influence of financial leverage and more objectively reflects the management ability of management based on total assets. Therefore, this paper establishes the return on total assets (ROA) as the main corporate performance Metrics.

3.2.2. Explaining Variables

The senior management equity incentive intensity (SIP) is actually the ratio of the senior management team's shareholding to the total equity at the end of each year. There are two types of perspectives for measuring the strength of equity incentives. One is the incremental effect of share-holding incentives, that is, the number of share-holding incentives that senior executives receive each year, and the increase in shares of the company that senior executives control; It is the stock effect of shareholding incentives, that is, the proportion of the company's shares held by executives at a certain point in time. In terms of the total number of shares owned by the senior management team and the increase in shareholding, it can more accurately measure the gap between the target function of the senior management team and the shareholders. Therefore, this paper selects the stock effect of equity incentives, which means that the management team has a certain amount of shares at the end of the year, and the proportion of the company's total equity is established as the criterion for the cumulative effect of the strength of the executive team's support for share-holding incentives.

3.2.3. Adjusted Variables

Heterogeneity of the professional background of the senior management team (Herf): Hambrick and Mason divided the professional backgrounds of senior managers into three types: one is output type (sales, R&D, marketing), and the other is production type (finance, finance, marketing). Human resources, production), and the third is peripheral (legal, financial). Assuming that a senior manager has more than one professional background, refer to the research of Yao Bingshu et al. (2012), and use the function of the first job as the main type. This paper uses the Herfindahl index $H = 1 - \sum_{i=1}^{n} p_i^2$ (Lin Xinqi, 2011; Wei Liqun, 2002) to measure the degree of heterogeneity of the senior management team's professional background. Among them, H represents the degree of heterogeneity, and Pi represents the ratio of the number of executives with different types of functions to the total number of the team. The value range of H is 0-1, and the closer its value is to 1, the more obvious the degree of team heterogeneity.

3.2.4. Control Variables

According to relevant research results, corporate performance is not only affected by equity incentives and the characteristics of the senior management team, but also by internal factors and external factors of other companies. In order to control the interference of these factors on this research, refer to Fan Xiaoxu (2018), Wang Chunlei (2020) and other methods, select important influencing factors to control, including the nature of the company, asset structure, company size, growth, moderate equity incentives, the combination of the chairman and the industry,years.

Table 1: Variable definition and index calculation method

variable	Name of variable	Variable Symbol	Definition and calculation method
Explained variable	Return on total assets	ROA	To measure the company's financial performance, the formula = net profit/total assets
Explanatory variables	Executive equity incentive intensity	SIP	Formula = Total number of shares held by the senior management team at the end of the year / Total

			number of shares
Moderator	Executive heterogeneity	Herf	The heterogeneity of occupational background is represented by the Herfindahl index, which is divided into three types: peripheral type, output type, and production type
Control variable	Two jobs in one	Dual	Dummy variable, take 1 if the general manager and chairman concurrently, otherwise take 0
	Enterprise Nature	State	Dummy variable, the value of state-owned enterprises is 1, and the value of non-state-owned enterprises is 0
	Enterprise size	TA	Take the natural logarithm of the total assets at the end of the period
	Equity concentration	Contl	The largest shareholder's shareholding ratio
	Assets and liabilities	LEV	Expressed by the asset-liability ratio at the end of each year
	Corporate growth	Growth	When sales revenue increased relative to last year
	Industry control variables	Industry	A total of 22 industries are involved, and 21 dummy variables are selected
	Year control variable	Year	A total of 5 years are involved, and 4 dummy variables are used to control

3.3. Research Model Design

In order to control the interference of these factors on this research, refer to Fan Xiaoxu (2018), Wang Chunlei (2020) and other methods, select important influencing factors to control, including the nature of the company, asset structure, company size, In order to verify the role of executive equity incentive intensity in corporate performance and verify the moderating effect of the heterogeneity of senior management's career background, this paper chooses the moderating effect verification model created by Wen Zhonglin and Hou Jietai et al. (2005) [20]. Implement regression analysis with stepwise regression. The first step is to introduce all the control variables; the second step is to add the equity incentive strength of the executive team based on the first part to conduct a main effect test; the third step is to add the heterogeneity of the senior management team and the senior management team The interaction terms of heterogeneity and equity incentive intensity test the moderating effect.

Model 1 is used to test the impact of control variables on corporate performance:

$$nROA\ (Patent) = \alpha_0 + \alpha_1 State + \alpha_2 Contl + \alpha_3 LEV + \alpha_4 Growth + \alpha_5 \sum Industry + \alpha_6 \sum Year + \varepsilon$$

Model 2 is used for the main effect test, that is, after controlling other relevant variables, whether the intensity of executive equity incentives has a clear positive impact on corporate performance, to verify hypothesis 1:

$$nROA\ (Patent) = \alpha_0 + \alpha_1 Stock + \alpha_2 State + \alpha_3 Contl + \alpha_4 LEV + \alpha_5 Growth + \alpha_6 \sum Industry + \alpha_7 \sum Year + \varepsilon$$

The main purpose of Model 3 is to verify the moderating effect of the heterogeneity of the executive team, and to verify Hypothesis 2:

$$\mathrm{n}ROA\ (\mathrm{Patent}) = \alpha_0 + \alpha_1 Stock + \alpha_2 \mathrm{CHeter} + \alpha_3 \mathrm{CHeter} * Stock + \alpha_4 State + \alpha_5 Contl + \alpha_6 LEV + \alpha_7 Growth + \alpha_8 \sum Industry + \alpha_9 \sum Year + \varepsilon$$

IV. Empirical Analysis

4.1. Descriptive Statistical Analysis

It can be seen from Table 2 that in 2011-2019, the proportion of A-share listed companies' senior management's

holdings of the company's equity shows the following characteristics: (1) The phenomenon of 0 shareholding is relatively serious. The shareholding ratios of non-controlling companies are 27%, 26%, 26%, 26% and 26% respectively. (2) In the past five years, the overall shareholding ratio of A-share executives is still low, showing the characteristics of "more low-end but less high-end": the average share of companies with less than 10% of executives in the five years is 77%. The number of companies with a shareholding ratio of more than 10% is less than 1/3 of the total number of samples.

Table 2: 2011-2019 A-share listed companies' senior management holdings

Year	counts	0	0 - 0.1	0.1 - 1	average
2015	2535	698	1374	704	0.09
2016	1994	544	996	544	0.08
2017	2139	557	1036	557	0.08
2018	2161	571	1093	571	0.07
2019	2193	579	1135	579	0.09
total	11022	2949	5634	2955	0.082

According to the descriptive statistics in Table 3, the total number of samples is equal to 11022, and the mean, standard deviation, minimum and maximum values of each variable can be obtained. Based on the dependent variable, the ROA of the sample listed companies reached 22.7% at the highest, and as low as -54.2%, with an average of 3.94%. In terms of independent variables, the highest shareholding ratio of executives is 97.9%, the minimum is 0, the average level is 29%, and the median is only 0.11%, which means that the level of equity incentives for executives of domestic listed companies is uneven. The degree is generally low; the maximum heterogeneity of the senior management team is 0.932, the minimum is 0.011, the average is 0.64, and the median is 0.59, indicating that the degree of heterogeneity of the senior management team of listed companies in China is quite different. Overall, the degree of heterogeneity is moderate. In general, the intensity of executive equity incentives, the heterogeneity of the executive team, and the performance of different companies are quite different.

Table 3: Descriptive statistics of main variables

Variable	Sample size	Mean	Standard variance	Max	Min	Median
ROA	11022	0.039	0.0464	0.227	-0.542	-0.082
SIP	11022	0.290	0.229	0.979	0	0.001
Herf	11022	0.646	0.196	0.932	0.011	0.591
TA	11022	3.832	1.443	12.446	-1.771	3.067
LEV	11022	0.430	0.433	82.466	0.008	0.417
Growth	11022	7.390	605.965	69980.822	-1.352	-0.170
Dual	11022	0.351	0.478	1	0	0
Contl	11022	34.079	14.613	100	4.080	16.761
State	11022	0.31	0.464	1	0	0

4.2. Correlation Analysis

Table 4 shows the correlation between corporate performance, the intensity of executive equity incentives, the heterogeneity of the executive team, and the control variables. There is a significant positive relationship between the intensity of executive equity incentives and corporate performance. Factors such as the company's total capital and corporate liabilities have a very prominent correlation with corporate performance. The correlation between corporate performance and the heterogeneity of the senior management team is not prominent enough. Regression test will analyze it in depth.

Table 4: Pearson test results for all variables

	ROA	SIP	H	Growth	LEV	CSize	Contl	State	Dual
ROA	1								
SIP	0.132***	1							
CHeter	-0.019	-0.245***	1						
Growth	0.222***	0.016	-0.059***	1					
LEV	-0.299***	-0.311***	0.194***	0.080***	1				
CSize	-0.108***	-0.449***	0.187***	0.073***	0.551***	1			
LEV	0.104***	0.055***	0.062***	-0.019	0.018	0.074***	1		
Contl	-0.130***	-0.469***	0.118***	-0.074***	0.295***	0.385***	0.025	1	
State	0.060***	0.205***	-0.055***	0.022	-0.132***	-0.173***	0.024	-0.186***	1

4.3. Regression Analysis

4.3.1 The Relationship Between the Intensity of Executive Equity Incentives and Corporate Performance

Table 5 is the test result of the main effect and the adjustment effect of the heterogeneity of the senior management team. On the whole, the adjusted R2 is 0.22, and the overall degree of fit is relatively high. Each variable can be better explained by the return on total assets of the enterprise deducting non-recurring gains and losses. The coefficient of SIP is 0.013, which is significant at the 10% confidence level. It shows that there is a significant positive correlation between the intensity of executive equity incentives and corporate performance: the shareholding ratio of the executive team increases by one percentage point, and the return on total assets increases by 0.013 percentage points. Hypothesis 1 is verified. 2. The moderating effect of the heterogeneity of the senior management team on the relationship between the incentive intensity of senior management and corporate performance As shown in Table 5, after adding the heterogeneous variables and interaction terms of the senior management team, the R2 of Model 3 has improved compared with Model 1, from 0.22 to 0.23, indicating that the heterogeneity variables and interaction terms of the senior management team have increased Interpretation of corporate performance. The interaction coefficient of SIP*H is 0.132, which is significant at the 1% confidence level. Very positive regulation effect. Hypothesis 2 is verified and supported.

Table 5: Regression analysis results

Variable	Model1	Model2	Model3
	ROA	ROA	ROA
CSize	0.003*** （-2.67）	0.011*** （-4.03）	0.004*** （-3.61）
Contl	0.000*** （-5.11）	0.001*** （-5.94）	0.000*** （-5.11）
Growth	0.040*** （-11.42）	0.004*** （-12.4）	0.040*** （-11.41）
LEV	-0.080*** (-15.14)	-0.112*** (-14.08)	-0.081*** (-15.28)
LZ	0.001 （-0.81）	-0.002 （-0.63）	0.001 （-0.6）
State	**-0.004*** (-1.68)	-0.003 (-0.98)	-0.002 (-0.92)
SIP		**0.013*** （-1.78）	0.009** (-2.24)

Herf			**0.024****
			(-2.11)
SIP*H			**0.132*****
			(-5.03)
Industry		Controlled	
Year		Controlled	
_cons	0.037***	0.037***	0.039***
	-14.3	-14.29	-14.9
N	11022	11022	11022
adj. R2	0.22	0.22	0.23

Note: * p <0.1, ** p <0.05, *** p <0.01, the corresponding t value is in parentheses

4.4. Significance Test

The moderating effect of executive heterogeneity can be verified by a simple slope method. After introducing the adjustment variables, the regression process can be simplified. The specific expression is: Y=i+aX+bZ+cXZ+ε. If the coefficient of the interaction term and the coefficient of the independent variable are significant, the equation can be expressed as Y=i+(a+cZ)X+bZ+ε, in which (a+cZ) It refers to the simple slope between X and the dependent variable. By comparing the magnitude of the slope, the adjustment effect of Z can be visually inspected. It can more intuitively show the degree of adjustment effect. The point selection method is to select a specific value of the adjusted variable. Generally, a new variable is created for the mean plus or minus one standard deviation, and then (a+cZ) is brought in to calculate the simple slope of the independent variable X under different Z conditions.

After adding the interaction term regression, the simple slope of the executive equity incentive intensity changes from 0.009 to: (0.009 + 0.092*H), and the average value of H plus or minus one standard deviation is selected to represent the high heterogeneity team and the low heterogeneity team. Qualitative teams are affected by equity incentives. When H takes 0.646+0.196=0.842, the simple coefficient of SIP is 0.084; when H takes 0.646-0.196=0.456, the simple coefficient of SIP is 0.049. As shown in Figure 1, comparing the simple slope of executive equity incentive intensity on corporate performance in the two cases of highly heterogeneous executives and low heterogeneous executives, we can intuitively see that under the heterogeneity of high professional backgrounds , The simple slope of SIP is close to 0.084, which is significantly higher than the simple slope of 0.456 under the background of low heterogeneity executive characteristics, indicating that the effect of implementing equity incentives for highly heterogeneous executive teams is significantly better than that of low heterogeneous executive teams The effect of implementing equity incentives.

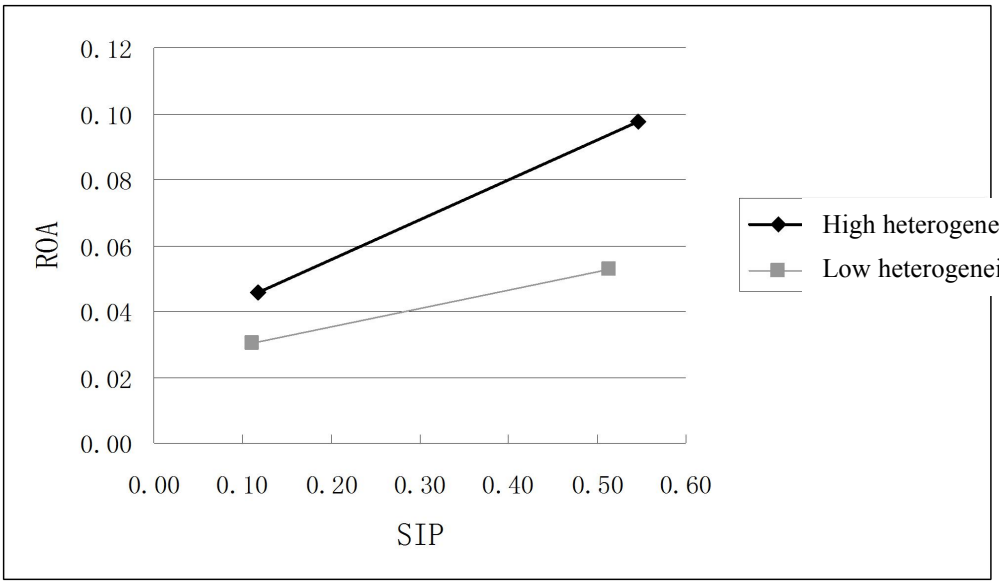

Figure 1: The moderating effect of executive heterogeneity

4.5. Robustness Test

This test mainly used the measurement method of changing the core explained variables, replacing ROA with ROE for return on net assets, and then tested its robustness. According to the regression results in Table 6, it can be seen that there is still a positive correlation between the intensity of executive equity incentives and corporate performance (ROE), which means that the greater the intensity of equity incentives, the better the industry performance; the heterogeneity of the professional background of the executive team remains There is a significant positive regulatory effect. Therefore, it can be shown that the main research conclusions are robust.

Table 6: Robustness test results

	Model1	Model2	Model3
	ROE	ROE	ROE
CSize	1.108*	0.370**	0.576***
	-1.7	-2.44	-2.86
Contl	0.470**	0.039***	0.260***
	-2.44	-5.64	-5.74
Growth	0.069***	7.824***	7.345***
	-5.64	-11.66	-11.67
LEV	7.424***	-7.059***	-6.202***
	-11.66	(-5.80)	(-6.00)
LZ	-6.069***	-0.211	-0.219
	(-5.80)	(-0.41)	(-0.44)
State	-0.211	-0.468	-0.739
	(-0.41)	(-1.24)	(-1.19)
Stock		**1.115***	**1.452***
		-1.7	-2.18
Herf			**1.794***
			-2.21
SIP*H			**12.746***
			-4.17
Industry		Controlled	
Year		Controlled	
_cons	5.695***	5.695***	5.976***
	-12.14	-12.14	-12.63
N	11022	11022	11022
adj. R^2	0.167	0.167	0.176

Note: * p <0.1, ** p <0.05, *** p <0.01, the corresponding t value is in parentheses

V. Research Conclusions and Recommendations

This article focuses on the empirical analysis of the relationship between the equity incentive intensity of Chinese listed executives and corporate performance, and regards the heterogeneity of the professional background of the executive team as a moderating variable. Investigate the moderating effect of the heterogeneity of the senior management team's professional background on the relationship between senior management equity incentives and corporate performance. The empirical analysis selected the data of non-financial listed companies in China from 2011 to 2019, and through regression analysis, it specifically discussed the relationship between corporate performance and executive equity incentives. And on this basis, it studies and analyzes the adjustment effect of the heterogeneity of senior management's professional background on corporate performance and senior management's equity incentives. Research shows that the corporate performance of listed companies and the intensity of executive equity incentives show a significant positive correlation, that is, the stronger the intensity of equity incentives, the more corporate performance improves. It shows that the role of executive equity incentives can unify the interests of the company, shareholders and management, prompt management to make more decisions based on the interests of shareholders and the company, reduce the total entrusted agent expenditure, and efficiently promote the development of corporate performance. In addition, the variable of the senior management team's occupational background heterogeneity has a positive moderating effect between the intensity of equity incentives and corporate performance. The management with strong occupational background heterogeneity can

use their different professional knowledge and experience, as well as social, political, and social Financial and other related backgrounds bring resources to enterprises and make more reasonable decisions, so that equity incentives can play a better incentive role and bring better corporate performance.

This article has certain practical significance to promote the development of equity incentives of listed companies in our country. First of all, government departments should attach great importance to the development of corporate equity incentive measures, deepen and highlight the advantageous role of equity incentives, continuously improve corporate equity incentive policies and regulations, and provide a good policy environment for enterprises to adopt equity incentive measures. Secondly, it is necessary for companies to attach great importance to the construction of senior management team members, continuously optimize the heterogeneity of the management team in terms of their professional background, rationally adjust the personnel structure of the company management, promote rational decision-making and efficient management of the management, and promote high corporate performance. Quality development.

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