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The Impact of Executive Incentive on Enterprise Performance

-- A Case Study of Liquor Enterprises

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Abstract: This paper empirically examines the relationship between compensation incentive, equity incentive and enterprise performance in executive incentive by selecting the relevant data of listed companies of liquor enterprises from 2010 to 2020. The results show that executive compensation incentive can significantly and positively affect enterprise performance, while executive equity incentive has no significant impact on enterprise performance.

Keywords: Executive compensation incentive, Executive equity incentive, Enterprise performance.

1. Introduction

In the principal-agent theory, executive incentive has been a hot topic for scholars. According to the principal-agent theory, the ultimate goal of the principal is to maximize the value of the enterprise and enable the enterprise to achieve sustainable development. And executives, as agents, care more about their own salaries. The difference between the two goals may lead executives to do things that harm the interests of the enterprise for their own interests. The conflict between the two goals may also affect the performance of the enterprise, which cannot maximize the performance. Therefore, in order to align the purposes and interests of shareholders and executives, enterprises will use some systems or methods to encourage executives. Generally speaking, there are two types of incentives for senior executives, namely short-term incentives and long-term incentives. The short-term incentive method is mainly compensation incentive, that is, to give executives related compensation. The long-term incentive method is mainly equity incentive, that is, to give executives some equity in enterprise, so that the interests of executives are related to the interests of enterprises.

However, with the continuous in-depth research on executive incentive by domestic and foreign scholars, the research conclusions are different. And because of the different market environment at home and abroad, the relevant influencing factors are also different. Therefore, based on the data of A-share listed companies from 2010 to 2020, this paper empirically analyzes the impact of compensation incentive and equity incentive on enterprise performance from the perspective of executive incentive, taking liquor enterprises as the research object.

2. Literature Review

2.1. Executive compensation incentive and enterprise performance

Most scholars believe that executive compensation incentive can promote the improvement of enterprise performance, that is, the greater the executive compensation incentive, the better the company performance[1](Zhang Jing, 2021). Xi Yunting (2021) found a positive relationship between executive compensation incentive and enterprise performance through empirical research on tourism listed companies. In addition, between state-owned enterprises and non-state-owned enterprises, in the past, non-state-owned enterprises had higher efficiency and more effective executive incentive, but in fact, this was not the case. Some scholars found through comparison that, compared with non-state-owned enterprises, the executive compensation of listed companies in state-owned enterprises has a more obvious role in improving enterprise performance[2](Liu Yuying, 2021).However, some scholars questioned this, believing that executive compensation is directly related to the size of the company and not related to enterprise performance[3](Li Zengquan, 2000), Zhao Shanshan and Chen Jin (2019) studied the impact of executive compensation incentives in different industries on enterprise performance, and the results showed that there was a significant correlation between executive compensation incentives and enterprise performance in the real estate industry and the electronic information industry, while the correlation between the two was not obvious in the traditional manufacturing industry. Li Ban (2020) focused on the data of private enterprises in China from 2006 to 2016, and believed that executive compensation incentive had no significant impact on the performance of private enterprises[4].

2.2. Executive equity incentive and enterprise performance

Since the equity incentive system was introduced into China's listed companies in 1999, and since the CSRC formally promulgated the Measures for the Administration of Equity Incentive in Listed Companies in 2006, the equity incentive system has been piloted in Beijing and Shanghai and gradually extended to the whole country. A large number of studies on equity incentive have also begun to emerge in the academic community.

Some scholars believe that executive equity incentive has no significant or even negative effect on enterprise performance. Zhang Jing (2021) selected small and medium-sized board listed enterprises from 2016 to 2018 as research samples and found that there was no significant relationship

between executive equity incentives and enterprise performance, but equity incentives could effectively reduce agency problems and agency costs. Sun Hui and Yang Wangwei (2019), while focusing on the impact of executive incentive on innovation performance, were also affected by executive human capital and found that executive human capital plays a positive moderating role in executive compensation incentive and enterprise performance, but it plays a negative moderating role in executive equity incentive and enterprise performance. In addition, there are other scholars who believe that executive equity incentive plays a positive moderating role on enterprise performance. For example, from the perspective of dual innovation, Liu Wei (2020) found that executive equity incentive has a significant positive effect on enterprise performance[5]; Zhang Mingxue (2020) took Shanghai and Shenzhen A-share listed companies in 2014-2018 as the research object, and found that the higher the shareholding ratio of senior executives, the higher the enterprise performance[6]; In addition, no matter from the perspective of team characteristics or from the perspective of equity nature, scholars have confirmed that executive equity incentive can significantly improve enterprise performance (Gao Xin, 2020[7]; Liu Yuying, 2021).

3. Research Hypothesis and Model Construction

3.1. Theoretical analysis and research hypothesis

Based on the "Interest Convergence Hypothesis", Jensen and Meckling (1976) believed that the inconsistency between the residual value claim and the control right of the enterprise was one of the important reasons for agency costs. Under the background of separation of two rights in modern enterprise management, there is a significant difference between shareholders and managers in pursuit of goals. The goal of shareholders is to maximize enterprise value and shareholder wealth, while the ultimate goal of managers is to maximize their own interests. In the case of serious information asymmetry between shareholders and executives, executives may sacrifice shareholders' equity or damage the company's value, use the company's resources to gain benefits for themselves, conduct short-term speculation, and increase agency costs, which not only affects the improvement of the financial performance of the enterprise to a certain extent, but also is not conducive to the sustainable and stable operation of the enterprise.

In order to minimize the agency costs caused by the principal-agent relationship, enterprises often choose to sign compensation performance contracts with executives when formulating incentive strategies. Under this contract, executive compensation is determined by the performance it creates, which virtually drives senior managers to improve the company's performance to achieve their own compensation expectations, forming a linkage mechanism between executive compensation and enterprise performance. In order to improve their own profits as much as possible, executives will give up the speculative behavior that harms the company's interests, and do everything possible to improve the company's performance to maximize their own interests. Therefore, this paper believes that the implementation of incentives to senior executives by improving the salary level can bring about the improvement of enterprise performance. Therefore, the hypothesis is put forward:

H1: Executive compensation incentive has a significant positive impact on enterprise performance.

Since the reform of non-tradable shares, China's capital market has gradually tended to mature. The improvement of the external environment has enabled the implementation and development of the executive stock ownership plan in modern enterprises. The residual value of enterprises can be shared through the executive stock ownership, thus avoiding the short-sighted behavior of managers in the process of business decision-making, promoting the consistency of interests between the principal and agent, and producing the effect of convergence of interests. Make the managers' control over the enterprise and their enthusiasm for operation gradually increase with the increase of incentives, and make each other become a community of interests.

The implementation of equity incentive for senior executives enables them to have the identity of enterprise owners to a certain extent. By binding the interests of senior executives and shareholders, they will help enterprises to obtain more development opportunities and long-term development momentum for their own economic benefits brought by shares, thereby improving the financial performance of enterprises. The higher the degree of equity incentive, the more the management will pay accordingly, and the more effective the equity incentive will be. Based on the above analysis, the following hypothesis is proposed:

H2: Executive equity incentive has a significant positive impact on enterprise performance.

3.2. Model building

According to the research hypothesis put forward earlier in this paper, by referring to the model building methods of Wen Zhonglin, Hou Jietai, Zhang Lei (2005)[8] and Liu Wei (2020), the following two models are established respectively:

$$\mathrm{ROA}_{i,t} = \beta_0 + \beta_1 \mathrm{SAL}_{i,t} + \beta_2 \mathrm{SIZE}_{i,t} + \beta_3 \mathrm{CF}_{i,t} + \beta_4 \mathrm{GROWTH}_{i,t} + \beta_5 \mathrm{TOP10}_{i,t} + \beta_6 \mathrm{DEBT}_{i,t} + \varepsilon_{i,t} \quad (1)$$

$$\mathrm{ROA}_{i,t} = \beta_0 + \beta_1 \mathrm{MSR}_{i,t} + \beta_2 \mathrm{SIZE}_{i,t} + \beta_3 \mathrm{CF}_{i,t} + \beta_4 \mathrm{GROWTH}_{i,t} + \beta_5 \mathrm{TOP10}_{i,t} + \beta_6 \mathrm{DEBT}_{i,t} + \varepsilon_{i,t} \quad (2)$$

Where β_0 is a constant term, $\beta_1 \ldots\ldots \beta_6$ are regression coefficient, where β_1 represents the impact factors of executive compensation incentive (SAL) and executive equity incentive (MSR) on enterprise performance (ROA) respectively in the two regression models, and β_2 to $\beta_6$represent the impact factors of each control variable on enterprise performance respectively. ε is a random interference term, where subscript i represents enterprise and subscript t represents time.

4. Research Design

4.1. Sample selection and data source

This paper takes the relevant data of listed companies of liquor enterprises in China from 2010 to 2020 as samples, and conducts sorting and screening. In order to ensure the reliability of the research results, the ST companies and the company samples with missing or abnormal data were removed from the data screening. Finally, 411 sample data

were selected from 41 companies. All the data in this paper came from CSMAR database and were collated and analyzed using Excel 2016 and Spss 23.0.

4.2. Variable selection

Through reading relevant literature, in this study, enterprise performance is selected as the explained variable, and executive incentive as the explanatory variable. The control variables mainly include enterprise size, cash flow, enterprise growth, equity concentration and debt. The specific selection and definition of relevant indicators are as follows:

4.2.1. Explained variable

The explained variable of this paper is enterprise performance. At present, the most commonly used indicators to measure enterprise performance are Return on total assets (ROA), Return on equity(ROE) and Tobin Q. Return on equity(ROE) refers to the proportion of net profits in shareholders' equity. It can reflect the company's ability to use funds to obtain profits to a certain extent and reflect the actual profits. However, ROE is one of the performance evaluation indicators of the regulatory authorities, which is easy to be overestimated and lacks practicality. Tobin Q value refers to the ratio between the company's market value and its capital replacement cost. Like primary earnings per share(EPS), Tobin Q value is dynamically changing. Compared with the company's development, it more reflects the company's earnings in the current year. Return on total assets (ROA) refers to the ratio of net profit to total assets, which objectively reflects the ability of an enterprise to use all assets to obtain benefits, and reflects the overall profitability of an enterprise. Therefore, this paper takes the return on total assets (ROA) as the index to measure the enterprise performance.

4.2.2. Explanatory variable

The explanatory variables of this paper are executive incentive, including executive compensation incentive (SAL) and executive equity incentive (MSR). In this paper, senior executives are defined as directors, supervisors and senior managers who have significant decision-making power over the company's business activities. Since non-cash compensation of senior executives is difficult to be calculated and quantified, domestic and foreign scholars usually take "natural logarithm of total compensation of top three executives" or "natural logarithm of total compensation of senior executives" as the index of executive compensation incentive (SAL). In this paper, referring to the measurement index of Zhou Fei et al. (2019) [9] and He Weihong (2015) [10] in their research, "natural logarithm of total compensation of top three executives" is selected as the measurement index of executive compensation incentive, and "natural logarithm of total compensation of senior executives" is used as the robustness test. As for the executive equity incentive, the proportion of the number of senior executives' shareholding in the total capital stock of their enterprises (the number of shareholding will not be calculated repeatedly when there is a part-time job) is selected as the measurement indicator of the executive equity incentive(MSR), based on the measurement indicators of Xiao Jianhua et al. (2022) [11] and Li Shufeng et al. (2020) [12] in their research.And β_1 represents the impact factor of senior executives' incentive on enterprise performance.

4.2.3. Control variable

Through consulting relevant literature, there are many factors that affect enterprise performance, and these factors should be controlled. In this paper, the selection of control variables is determined as: enterprise size (SIZE), cash flow (CF), enterprise growth (GROWTH), equity concentration (TOP10) and debt to asset ratio (DEBT).

(1) Enterprise size (SIZE).

Generally speaking, the larger the size of the enterprise, the higher the enterprise performance. Some scholars believe that for large-scale enterprises, it will be easier to obtain resources, and more financial support will make it easier to create value; Some scholars believe that small-scale enterprises are more flexible and can quickly change their business methods according to market changes, thereby reducing the risks and possible losses they face. According to the existing literature, enterprise size can affect enterprise performance, so in this paper, the natural logarithm of enterprise total assets is used as an indicator to measure enterprise size.

(2) Cash flow (CF).

The cash flow generated in the business activities of an enterprise can well reflect the operating capacity and financial status of the enterprise. Having a good cash flow is the guarantee for the normal operation of the enterprise. The so-called cash is king, sufficient cash flow can not only ensure the normal production of the enterprise, but also can have the power to support the enterprise long-term development plan or other activities conducive to business operation. On the contrary, the lack of cash flow will not only make the enterprise's operation unstable, but also make the enterprise face greater risks due to the rupture of the capital chain. Therefore, this paper selects the ratio of net cash flow and total assets in business activities as an indicator to measure the cash flow of enterprises.

(3) Enterprise growth (GROWTH).

Enterprise growth can represent the ability of sustainable development and the stability of the enterprise. If an enterprise can grow continuously and steadily, it is easier to get the favor of investors, raise the enterprise valuation, and make the enterprise more competitive in the market. In this respect, the increase of operating income can more intuitively reflect the growth of enterprises and send positive signals to the outside world, and the increase of operating income is also more conducive to the improvement of enterprise performance. Therefore, this paper selects the Increase rate of main business revenue as an indicator to measure the enterprise growth.

(4) Equity concentration (TOP10)

Equity concentration is an indicator of the dispersion or concentration of equity by the different shareholding ratios of shareholders. The higher the degree of equity concentration, the stronger the shareholder's control over the enterprise, and the less the freedom of senior executives. Moreover, the higher the degree of freedom of shareholders, the more discourse shareholders may make decisions that are more beneficial to their own interests and affect enterprise performance.Therefore, this paper selects the sum of the proportion of the top ten shareholders of the enterprise as the index to measure the equity concentration, drawing on the measurement index of Li Lan (2020) in her research [13].

(5) Debt to asset ratio (DEBT)

The debt to asset ratio is a manifestation of a company's capital structure, and the capital structure of an enterprise will

affect its performance. The debt to asset ratio refers to the ratio of enterprise debt to total assets. The higher the debt to asset ratio, the higher the enterprise debt. Generally speaking, in the capital structure of enterprises, the cost of debt is lower than the cost of equity. Therefore, enterprises are more inclined to operate through debt and achieve profits through financial leverage. Therefore, this paper selects debt to asset ratio as a control variable to control its impact on enterprise performance.

See Table 1 for the definition of each variable

Table 1. Definitions of Variables

Variable	Name	Symbol	Definitions of Variables
Explained variable	Enterprise performance	ROA	Net profit/total assets
Explanatory variable	Executive compensation incentive	SAL	natural logarithm of total compensation of top three executives
	Executive equity incentive	MSR	Number of shares held by executives/total share capital of the company
Control variable	Enterprise size	SIZE	natural logarithm of enterprise total assets
	Cash flow	CF	net cash flow/total assets
	Enterprise growth	GROWTH	(Amount of operating revenue in the current period of this year - Amount of operating revenue in the same period of last year)/Amount of operating revenue in the same period of last year
	Equity concentration	TOP10	the sum of the proportion of the top ten shareholders of the enterprise
	Debt to asset ratio	DEBT	Total debt/total assets

5. Empirical Analysis

5.1. Descriptive statistics analysis

Through descriptive statistical analysis, data distribution, average level and change trend can be seen, reflecting the overall situation of variables. Table 2 shows the descriptive statistical results of related variables of listed liquor enterprises.

Table 2. Descriptive Statistics of Main Variables

Variable	Number	Min	Max	Average	Standard deviation
ROA	411	-0.6768	0.4939	0.0657	0.1037
SAL	411	12.1548	16.9999	14.4861	0.8491
MSR	411	0.0000	0.5758	0.0189	0.0846
SIZE	411	19.3714	27.9656	22.5277	1.4401
CF	411	-0.6571	0.9201	0.0632	0.1186
GROWTH	411	-0.9913	6.1752	0.1897	0.5719
TOP10	411	18.9184	90.6228	57.9723	17.0405
DEBT	411	0.0084	1.8061	0.4239	0.2386

From the descriptive statistical results in Table 4-1, it can be seen that the minimum value of the enterprise performance (ROA) of the explained variable is -0.6768, the maximum value is 0.4939, the average value is 0.0657, and the standard deviation is 0.1037. From the data, the profit level of most enterprises is around 0.0657, but some enterprises have losses, and the performance level gap between enterprises is large. In terms of executive compensation incentive (SAL), the minimum value is 12.1548, the maximum value is 16.9999, the average value is 14.4861, and the standard deviation is 0.8491, indicating that there are certain differences in executive compensation among enterprises. In terms of executive equity incentive (MSR), the minimum value is 0, and the average value is 0.0189, indicating that the share of executives in enterprises is generally not high, and some enterprises have not implemented equity incentive plans. In each control variable, the minimum value of enterprise size (SIZE) is 19.3714, and the maximum value is 27.9656. It can be seen that there is a large difference in size among enterprises. The sample covers listed companies of liquor enterprises of different sizes, and the research results are universal. In terms of cash flow (CF), the average value is 0.0632, and the standard deviation is 0.1186, indicating that the difference of cash flow generated by operating activities among enterprises is not large, but there are still enterprises in a loss state. In terms of enterprise growth (GROWTH), there is a large gap between the maximum value and the minimum value, indicating that there is a large gap in the level of profitability among enterprises. In terms of equity concentration (TOP10), the minimum value is 18.9184 and the maximum value is 90.6228. The gap between the two extreme values is large, indicating that some enterprises have excessive equity concentration. In the debt to asset ratio (DEBT), the difference between extreme values is large, with the average value of 0.4239 and the standard deviation of 0.2386, which indicates that most enterprises are in good operating conditions and have high stability, but there are also enterprises with high liabilities and high financial risk level.

5.2. Correlation analysis

In order to understand the correlation between the variables and lay a foundation for subsequent regression analysis, Pearson correlation test was conducted for the following variables, as shown in Table 3.

Table 3. Pearson Correlation Test

	ROA	SAL	MSR	SIZE	CF	GROWTH	TOP10	DEBT
ROA	1							
SAL	0.300***	1						
MSR	0.083*	-0.049	1					
SIZE	0.265***	0.603***	-0.150***	1				
CF	0.541***	0.219***	0.032	0.228***	1			
GROWTH	0.038	-0.055	0.037	-0.047	0.102**	1		
TOP10	0.316***	0.280***	0.182***	0.361***	0.324***	-0.082*	1	
DEBT	-0.334***	-0.092*	-0.107**	0.087*	-0.289***	0.092*	-0.187***	1

Note: * refers to p<0.1; **refers to p<0.1; *** refers to p<0.01.

It can be seen from Table 4-2 that the correlation coefficient between executive compensation incentive (SAL) and enterprise performance (ROA) is 0.300, and there is a significant positive correlation at the level of 1%, indicating that in listed companies of liquor enterprises, the greater the executive compensation incentive, the better the enterprise performance, and preliminarily verified hypothesis 1. The correlation coefficient between executive equity incentive (MSR) and enterprise performance (ROA) is 0.083, which is significantly positive at the level of 10%. Hypothesis 2 is preliminarily verified. In addition, in the selection of control variables, the correlation coefficient between control variables and enterprise performance is mostly significant at the level of 1%, which indicates that the selection of control variables is good, which effectively controls the impact of other variables on enterprise performance except executive compensation incentive and equity incentive, making the model more reliable.

5.3. Multicollinearity test

In order to avoid multicollinearity among variables, this paper tests multicollinearity among variables. As shown in Table 4.

Table 4. Multicollinearity Test

Variable	Tolerance	VIF
SAL	0.612	1.634
MSR	0.908	1.101
SIZE	0.533	1.876
CF	0.79	1.266
GROWTH	0.954	1.048
TOP10	0.734	1.363
DEBT	0.834	1.199

It can be seen from Table 4-3 that the collinearity tolerance between the main variables is far greater than 0.1, and the variance inflation factor (VIF) is far less than 10, indicating that there is no serious multicollinearity problem among the variables, which establishes the data basis for the next step of regression analysis.

5.4. Regression analysis

Regression analysis is made between executive compensation incentive (SAL) and executive equity incentive (MSR) and enterprise performance (ROA), and the results are shown in Table 5.

Table 5. Regression Analysis of Executive Incentive and Enterprise Performance

Variable	ROA	ROA
SAL	0.116***	
	(2.306)	
MSR		0.058
		(1.405)
SIZE	0.09*	0.173***
	(1.71)	(3.859)
CF	0.406***	0.412***
	(9.159)	(9.26)
GROWTH	0.033	0.028
	(0.816)	(0.682)
TOP10	0.085*	0.072
	(1.899)	(1.563)
DEBT	-0.201***	-0.213***
	(-4.659)	(-4.962)
F	40.103***	39.226***
Adj.R2	0.364	0.359
DW	1.454	1.435
N	411	411

Note: * refers to p<0.1; **refers to p<0.1; *** refers to p<0.01，the t values are in parentheses.

According to the results in Table 4-4, the F value of the regression model between executive incentive and enterprise performance is significant at the level of 1%, indicating that there is a significant linear relationship between enterprise performance and executive incentive in the model, and the significance in the model is 0.000, less than 0.05, indicating that the regression coefficient is not all 0, and the adjusted R2 is 0.364 and 0.359 respectively, with a good fitting degree. The DW value is close to 2, and there is no significant correlation between the residuals. The regression equation has strong explanatory significance, and the regression results are reliable.

The regression coefficient between executive compensation incentive (SAL) and enterprise performance (ROA) is 0.116, which is significant at the level of 1%, indicating that executive compensation incentive is positively correlated with enterprise performance. In terms of control variables, enterprise size (SIZE), equity concentration (TOP10) and enterprise performance (ROA) are significantly positively correlated at the level of 10%, cash flow (CF) and enterprise performance (ROA) are significantly positively correlated at the level of 1%, and the debt to asset ratio (DEBT) and enterprise performance (ROA) are significantly negatively correlated at the level of 1%.

The regression coefficient between executive equity incentive (MSR) and enterprise performance (ROA) is 0.058, but it is not significant. In terms of control variables, enterprise size (SIZE) and cash flow (CF) are significantly positively correlated with enterprise performance (ROA) at the level of 1%, while the debt to asset ratio (DEBT) is significantly negatively correlated with enterprise performance (ROA) at the level of 1%.

To sum up, according to the analysis of regression results, hypothesis 1 has been verified and hypothesis 2 has not been verified.

5.5. Robustness test

In order to ensure the reliability and accuracy of the research results, the robustness analysis is carried out in this paper.

Since domestic and foreign scholars often use "natural logarithm of total compensation of senior executives" as an indicator of executive compensation incentive, this paper uses "natural logarithm of total compensation of senior executives" (SAL2) as a robustness test, and the results are shown in model (3) in Table 6.

Table 6. Results of Robustness Test

Variable	ROA(3)
SAL2	0.123**
	(2.33)
SIZE	0.081
	(1.479)
CF	0.402***
	(9.04)
GROWTH	0.04
	(0.98)
TOP10	0.088**
	(1.976)
DEBT	-0.197***
	(-4.543)
F	40.132***
Adj.R2	0.364
DW	1.452
N	411

Note: * refers to p<0.1; **refers to p<0.1; *** refers to p<0.01， the t values are in parentheses.

It can be seen from the above table that the regression coefficient between the new indicator of executive compensation incentive (SAL2) and enterprise performance (ROA) is 0.123, which is significant at the level of 5%. Based on the above analysis, the regression results have not changed substantially, and the original conclusion is still valid.

6. Conclusions and Deficiencies

Based on the principal-agent theory and incentive theory, this paper uses the data of listed companies of liquor enterprises from 2010 to 2020 as a sample to reasonably estimate the relationship between executive incentive and enterprise performance. Based on the empirical test of the influence between executive incentive and enterprise performance, the company size, cash flow, enterprise growth, debt to asset ratio and equity concentration are selected as the control variables. The empirical results show that executive compensation incentive has a significant positive impact on enterprise performance, while executive equity incentive has no significant relationship with enterprise performance.

This shows that enterprises can enhance their enthusiasm for work and pay more attention to the development of enterprises by increasing executive compensation and enhancing the incentive effect of executive compensation. The stronger the executive compensation incentive, the higher the proportion of R&D investment of enterprises, and the greater the improvement of enterprise performance. However, equity incentives for senior executives do not necessarily promote enterprise performance, and some existing studies also support this conclusion. Compared with compensation incentive, equity incentive has more uncertainties.

This paper empirically studies the relationship between executive incentive and enterprise performance in liquor enterprises, which enriches the existing research, but there are

still some shortcomings. First of all, in terms of sample selection, the data objects adopted in this paper are all listed companies of liquor enterprises, and the data sources are all CSMAR database. The data sources are single and not comprehensive enough; And this paper only studied the liquor industry, not other industries, and different industries have differences, so the research conclusions may not be applicable to other industries. In addition, for the incentive of senior executives, this paper only selects two ways: compensation incentive and equity incentive. Other incentives for senior executives, such as reputation incentive, spiritual incentive and other implicit incentives, are not involved. Besides, there are many factors that affect enterprise performance. In the future, in-depth research from different perspectives can be considered to make the research conclusions more comprehensive.

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