



**AN EMPIRICAL STUDY ON THE COMPENSATION GAP AND THE
PERFORMANCE OF THE COMPANY IN A STATE-OWNED LISTED
COMPANY**

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Abstract

Title: An Empirical Study on the Compensation Gap and the Performance of the Company in a State - owned Listed Company

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Along with the development of social economy, the concept of management, the methods of management, and the corresponding modes of management, along with the development and progress of human practice, and present a very obvious trend of the times, with the constant development of knowledge economy, the traditional economy and the Internet are combined. Along with the development of economy and Internet communication technology, the combination of traditional industry and Internet industry has produced "Internet + ". The concept of knowledge, subversion of many traditional concepts, knowledge elements in the adjustment of the industrial structure to the rationalization direction adjustment, promote the rapid upgrading and development of technology will still play a key role. Compared with more than a decade ago, the current economic and social development of human society in accelerating to the knowledge industry stage transition, and in the enterprise management theory and management method research more reviews, also inevitably will bring profound effect. The competition of modern enterprises is largely reflected in the competition of talent, after all, all the activities of the enterprise depend on people to complete, and human resources are precious resource in all the resources of the enterprise. However, in many cases, the goal of the enterprise's pursuit and the goal of personal development are not exactly the same, so what method is used to achieve the goal of achieving both the incentive and the rapid progress of the enterprise is precious. The heated discussion about the pay of executive pay of state - owned enterprises has made the pay issue of domestic senior management become the

concern of society as a whole. Not only theorists are concerned, but entrepreneurs are also actively looking for solutions. One of the core issues of entrusted agency theory is the design incentive scheme to avoid the generation of agent problem, and the most important aspect of the incentive plan is the design of the compensation system. The research on the remuneration gap and the company's performance relationship can provide reasonable suggestions for the establishment of a reasonable executive compensation system for enterprises.

The correlation coefficient between the return of the net assets of the listed company's financial performance indicator and the remuneration margin of the senior management, the company's growth, the assets and the proportion of the top 10 shareholders are positive and positive correlation. The correlation coefficient between the earnings per share and the asset - liability ratio is negative. The correlation between earnings per share and the remuneration margin of executive compensation, company's growth, assets and the proportion of the top 10 shareholders are positive and positive correlation. The correlation coefficient between earnings per share and asset - liability ratio is negative. The number indicates a significant negative correlation. It illustrates the positive correlation between the enterprise performance index and the pay gap between executives.

It can be seen from the regression result that the remuneration margin of the senior management, the company's growth, the assets can have a significant positive impact on the return on the net assets of the listed company's financial performance indicator, and the asset - liability ratio has a significant negative impact on the return of net assets. Products can have a significant positive impact on earnings per share in the performance indicators of state - owned listed companies, and the asset - liability ratio has a significant negative impact on earnings per share. The higher the pay gap, the higher the company's net assets and earnings per share.

Key words: State-owned listed Enterprises, executive pay gap, enterprise performance

摘要

题目: 国有上市公司高管内部薪酬差距与公司绩效的实证研究

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随着社会经济的发展,管理的理念、管理的方法或管理的相应模式的都随着人类实践的发展在不断的发展和进步,并且呈现出来非常明显的时代化特性随着知识经济的不断发展,传统经济与互联网线相结合,形成了“互联网+”当今,随着经济和互联网通信技术的发展,传统的产业和互联网行业的紧密结合产生了“互联网+”的概念,颠覆了很多传统意义上的经典理念,知识要素在调整产业结构向合理化方向调整、推动技术的快速的升级和发展仍会起到关键性的作用。和十几年前相比,目前人类经济社会在加速的向知识产业阶段过渡,而在企业管理的理论和管理的方法研究上更加审核,也必然会带来深刻的影响,现代企业的竞争在很大程度上体现的是人才的竞争,毕竟企业的所有活动都要靠人去完成,人力资源在企业的所有资源中算是珍贵的资源。但是,在很多时候,企业追求的目标和个人发展的目标是不是完全相同的,所以用什么样的方法来实现既可以达到激励员工又能实现企业的迅速进步的目标就便显得弥足珍贵了。国内民众对国企高管薪酬的热议,使得国内高管的薪酬问题成为整个社会关注的问题。不仅理论界关注,而且企业家们也在积极寻找解决方案。委托代理理论的核心问题之一就是设计激励方案来避免委托代理问题的产生,而激励方案的重中之重就是薪酬制度的设计。对高管薪酬差距与公司绩效关系的研究可以为企业设置合理的高管薪酬制度提供合理的建议。

国有上市公司财务性绩效指标净资产收益率与高管薪酬差距、公司成长性、资产、前十大股东的持股比例 的相关系数为正数,说明呈显著的正相关关系,

每股收益与资产负债率的相关系数为负数，说明呈显著的负相关关系；国有上市公司市场性绩效指标每股收益与高管薪酬差距、公司成长性、资产、前十大股东的持股比例 的相关系数为正数，说明呈显著的正相关关系，每股收益与资产负债率的相关系数为负数，说明呈显著的负相关关系。说明企业绩效指标与高管间的薪酬差距呈显著的正相关关系。

由回归结果可以看出高管薪酬差距、公司成长性、资产可以对国有上市公司财务性绩效指标净资产收益率产生显著正向影响，资产负债率对净资产收益率产生显著负向影响；高管薪酬差距、公司成长性、资产可以对国有上市公司市场性绩效指标每股收益产生显著正向影响，资产负债率对每股收益产生显著负向影响。说明薪酬差距越大，公司的净资产收益率和每股收益就会越高。

关键词： 国有上市企业 高管薪酬差距 企业绩效

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CHAPTER 1

INTRODUCTION

1.1 Background

Since the 18th Party congress of the CPC, the state has continuously implemented various policies, strengthened reforms, solved some problems arising from the causes of the state - owned listed companies, and constantly deepened the reform of state - owned listed companies, improved the enterprise system, set up a board of directors, reformed leadership and remuneration system, and invested in enterprises. High - level managers define salary, implement dividend policy, improve capital distribution and improve the efficiency of resource allocation. Along with the development of the social economy, the management idea, the management methods or the corresponding modes of management, along with the development and progress of human practice, and present a very obvious zeitgeist characteristic. Along with the development of economic and Internet technology communication, the combination of traditional industry and Internet industry has produced "Internet + ". The concept of knowledge, subversion of many traditional concepts, knowledge elements in the adjustment of the industrial structure to the rationalization direction adjustment, promote the rapid upgrading and development of technology will still play a key role. However, in many cases, the goal of the enterprise's pursuit and the goal of personal development is not exactly the same, so what method is used to achieve the goal of achieving both the incentive and the rapid progress of the enterprise is precious. The same employee can play different energy under the guidance of different performance management modes, and the employees can really do the enterprise as the home, all for the relevant interests of the enterprise, and thus can be formed in the enterprise. The benign situation, can effectively improve the enterprise's core competitiveness and comprehensive strength, occupy a favorable position in the international market. In the enterprise, how to establish a feasible and effective performance management system is an important issue which enterprise management has been exploring, and many enterprises have bottlenecks in the study of the problem. In normal circumstances, a person's efforts and returns are proportional, and under the hypothesis of an ideal economic person, there is little likelihood of low wages and

high productivity. When performance appraisal is linked to remuneration, the person in charge of an enterprise should perform better duties, create more wealth for the enterprise, and obtain corresponding remuneration according to how much wealth it creates. Under the special national conditions and social background of our country, the management of executive compensation relates to a certain degree to more people's interests.

The executive compensation of state - owned enterprises is generally made up of basic salary, short - term performance performance, long - term incentive compensation, high - level management of state - owned enterprises in terms of appointment and appraisal, first of all, non - commercial objectives, such as whether to complete the corresponding political missions, whether they can be maintained Social stability, will enable the enterprise to create more performance in the second most important position, state - owned enterprise executive compensation to the degree of performance of the enterprise, its impact factor how big. There are 1095 state, - owned enterprises listed in Shanghai and Shenzhen in 2017. The number of state - owned companies in Beijing is up to 132, followed by Shanghai and Guangdong, 113 and 107 respectively. In view of its financial performance, 272 state, - owned listed companies have been growing for three consecutive years, compared with a year - on - year growth of 106 enterprises. State - owned enterprises' performance needs to be improved. State - owned listed companies play a very important role in the development of national economy, so it is especially important to improve the performance and development of state - owned listed companies. As the core power of enterprise management, senior management plays a very important role in the operation of an enterprise. The internal compensation gap is an important factor influencing the enthusiasm of senior management, and the pay gap of the senior management has a significant influence on the work of senior management. Therefore, from the pay gap of executive compensation, this paper studies the factors that the affect.

1.2 Research purpose and significance

The relationship between the shareholders and the business operator of an enterprise is the relationship between the agent and the agent, and the interests of the

business operator may put the company's interests first in the interests of its own interests, which will damage the interests of the shareholders of the company, so that the enterprise manager will put the company's interest in the first place. This requires oversight, which in part yields a certain amount of agency costs. The establishment of a reasonable executive compensation system can maximize the enthusiasm of the executives, lower the cost of agents, and better integrate the interests of the executives and the shareholders' equity. A reasonable executive compensation system, not only can better mobilize the enthusiasm of senior management, let management in the enterprise sense of belonging, and can let the management will do their best to better operate the enterprise, make the enterprise achieve better efficiency, improve the profitability of the enterprise. The executive compensation of the enterprise belongs to the corporate governance aspects of the company, the scientific and perfect executive compensation incentive system can help the enterprise develop better, enhance the company's competitive ability in the market, increase the market share of the company's products in the market, and the pay gap between the executive compensation and the enterprise's performance. Through understanding the relationship between executive compensation gap and enterprise performance, it can provide scientific and reasonable guidance for the enterprise to establish a reasonable compensation system.

The enterprise's senior management has a very important position in the development of an enterprise, which is related to the operation of the enterprise and the performance of the enterprise. The ability of an enterprise management is closely related to the profitability, market share and market competitiveness of the enterprise. A set of scientific and reasonable remuneration management system can help the enterprise to achieve good development in a certain extent, and to maximize the value of the company. East wealth maximizes. Through the relationship between the remuneration gap and the enterprise performance of the executives inside the listed company, the theory of executive compensation and corporate performance can be enriched in theory. On the one hand, whether an enterprise's top manager can truly devote wholeheartedly to the work service to the company's performance and Development, only for the top management to establish a scientific and reasonable compensation system, so that the remuneration of the company is directly linked to

the company's performance to retain talent for the enterprise while reducing the agency cost of agency. Excessive remuneration system, while arousing the enthusiasm of management, has resulted in higher cost of enterprise and low pay system to combat the initiative of executives in the enterprise, thereby affecting the overall efficiency of the enterprise. Through the relationship between the remuneration gap and the performance of the enterprise, it can help the enterprise establish a reasonable compensation system, so that the management of the enterprise can contribute its best efforts in order to improve the efficiency of the enterprise.

1.3 Research ideas and content

1.3.1 Research ideas

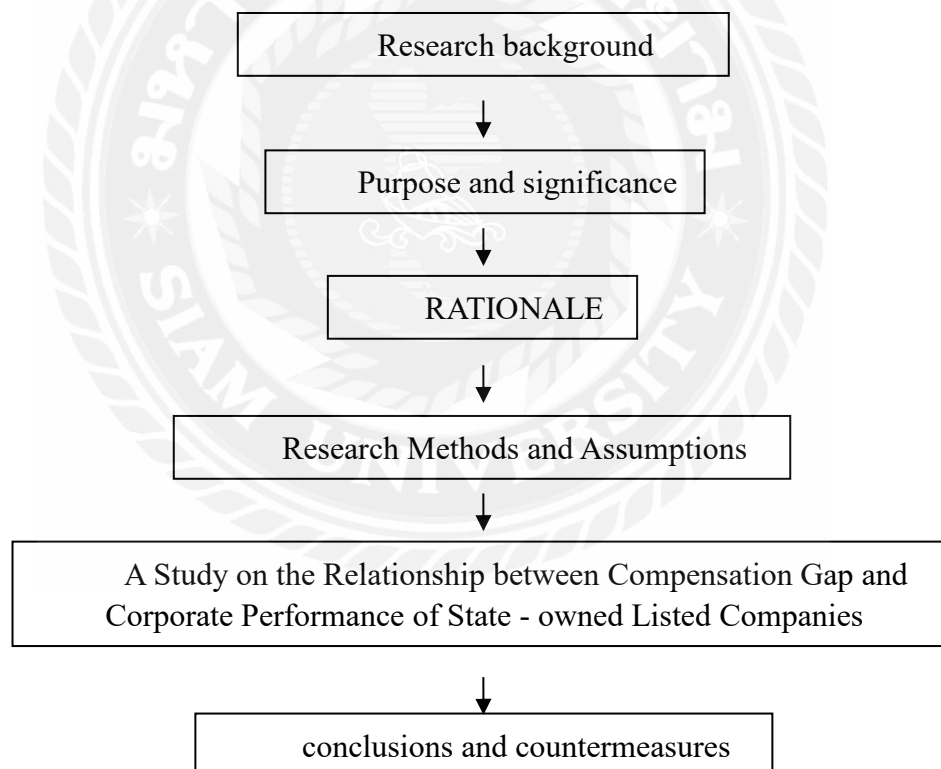


Figure 1 .1 Research ideas

1.3.2 Research Content

The contents of this article are as follows:

Chapter I Introduction. This paper introduces the background of this

research, makes clear the purpose of the research, the research of domestic and foreign research, points out the theoretical and practical significance of the research, summarizes the research contents, clarifies the research contents and the methods used.

Chapter 2 Theoretical Research. This paper sums up the theoretical foundation of the research on the relationship between the performance of the state - owned listed company and the remuneration margin of the state - owned listed company.

Chapter 3, the variable selection and research hypothesis are put forward, and the variables involved in the study are analyzed and the relevant assumptions are put forward.

Chapter 4 an empirical study of the description statistics, correlation analysis and regression analysis of the executive compensation gap, corporate performance, asset - liability ratio and asset size of state - owned listed companies, and the related relationship between executive compensation gap and corporate performance and the impact on corporate performance.

Chapter 5 proposes and discusses. According to the relevant conclusion of the relationship between the remuneration gap and the performance of the enterprise, the corresponding inspection is put forward to improve the pay gap, meanwhile, the significance and limitations of the article are pointed out, and some suggestions and prospects are put forward for future research.

CHAPTER 2

LITERATURE REVIEW

2.1 The present situation of domestic and foreign research

2.1.1 A Survey of Foreign Studies

In the 1920s, foreign scholars conducted relevant research on the relationship between executive compensation and corporate performance, and selected more mature enterprises to carry out empirical analysis. Bishop (1987) 's findings, in part, supported the tournament's theory, and in addition, the study pointed out that the widening of the pay gap within a group of senior managers would benefit the company from hiring more talented people to work for the company. Reduces the appearance of the turnover of excellent senior managers within an enterprise. Leonard (1990), a research - based approach to research on executive compensation for large companies, found that the higher the company's executive level, the higher its pay, the higher pay gap between senior executives. Main (1993) found that there was a significant positive correlation between the remuneration gap and the level of competition among senior managers. Carron (1977) selected 230 enterprises, as research objects, and concluded that there was a significant positive correlation between compensation of management and sales of enterprises. In 1982, as a sample of 210 enterprises, in different industries and different industries, Rosen (1982) showed that, in the first industrial enterprises, there was a significant correlation between performance performance of some enterprises and the remuneration of the general manager. The performance of the first industry and the remuneration of the general manager show a certain weak correlation. The correlation between industry and industry is relatively strong, and the research result shows that the industry type will have a certain effect on the correlation between them. Jenson and Murphy (1990), by increasing the sample size, carried out regression analysis using data from top management and corporate performance of 77 companies,, and the change in remuneration of the CEO of the enterprise and the coefficient of change in shareholder wealth in the enterprise were obtained. In addition, a special study of the extractive industries has been studied for 40 companies, in the industry for ten years. The former results show that the remuneration obtained by the CEO is positively

related to the performance of the company. In the research of extractive industries, the results show that the company's performance is related to the compensation paid by the operator of the company, and the remuneration obtained has a relatively small effect on performance. The study found that the result was a combination of the public's influence and the influence of private political forces. Bishop (1987) 's findings, in part, supported the tournament's theory, and in addition, the study pointed out that the widening of the pay gap within a group of senior managers would benefit the company from hiring more talented people to work for the company. Reduces the appearance of the turnover of excellent senior managers within an enterprise. Mehran (1995), based on the analysis of the composition of the remuneration of managers and the performance of the company, selected 153 developing better industrial enterprises. The study concluded that corporate managers' share forms and other forms of compensation could have a positive impact on the company's performance. Hall (1998) conducted relevant research on the business sector, selected the largest 100 business companies in the year, and concluded that business performance was positively influenced by CEO pay, which concluded with Jensen and Mu. The result of rphy's study is the opposite. The main reason for this result is due to the improvement of the incentive mechanism of the company after 1980, which has improved the structure of the CEO's pay, the proportion of the manager's equity in the compensation structure has increased significantly, and the equity increase in the next 10 years. The phenomenon has gradually gained popularity. The researchers believe that this is the main reason for a significant increase in the correlation between performance and pay increases.

Antle and Smith (1986) analyzed the methods of regression analysis of 39 companies, in three industries from 1948 to 1977, and the results obtained were: changes in remuneration of managers within the same industry as well as shareholder returns. There was a significant correlation between changes in income from other assets, and there was no significant correlation with the movements in other asset earnings; the performance of companies in different sectors was significantly related to the remuneration of managers. The remuneration gap between the general manager and deputy general manager in the enterprise was studied in Henderson (2001). Based on the research object of 1855 listed companies in the United States, L Bai Yao (2005)

conducted an empirical analysis of the positive correlation between the remuneration gap and the performance of the enterprise, and the greater the remuneration gap of the management, the higher the enterprise's performance. The more obvious it is. Long (2008) researched on the relationship between the remuneration gap and the expected income of enterprises in state-owned enterprises and non-state-owned enterprises. Lazear and Rosen (1979), Stokey (1983) put forward a bidding theory, arguing that executives' absolute performance in the company did not determine what they should be paid, but on their rankings. Marginal (2008) conducted a study on the relationship between the remuneration margin of the executive compensation and the expected income of the enterprise, and concluded that there was a significant negative correlation between the remuneration gap and the enterprise income. Arman (2008) picked U.S. "New Economy" from 1996 to 2002 as the sample, use panel data to carry out relevant inspection, and conclude that the CEO's remuneration has a more significant correlation with the enterprise's market value performance after the effect of eliminating the endogenous nature of the enterprise. Yu - Ting Shih (2013) studied the relationship between the pay gap and the performance of the high-tech industry and the non-tech industry, and concluded that the pay gap between the high-tech industry and the performance of the enterprise is relatively small, not the high-tech industry and business performance. There was a significant positive correlation between the effect. Liu (2014) has conducted research on the pay gap and the relationship between the compensation gap and the performance of enterprises in Taiwan.

2.1.2 Domestic research status

With the development of economy in recent years, enterprises are becoming more and more aware of the importance of high management on the development of an enterprise. The main conclusion is that there is no significant correlation between executive compensation and corporate performance, and there is a significant positive correlation between executive compensation and corporate performance, and there is a significant negative correlation between executive compensation and corporate performance.

Lin Junqing (2003) conducted relevant research on the executive

compensation gap of listed companies in our country, and concluded that there was a significant positive correlation between the remuneration gap and the performance of the enterprise, and that the remuneration of executives could be appropriately paid through a series of corporate governance schemes. The gap is expanded accordingly. In the study of the impact of remuneration margin on individual performance and team performance, Bai Feng (2006) concluded that the remuneration gap had a significant positive impact on individual performance and team performance. Lu Haifan (2007) conducted relevant research on the influence of the remuneration gap on the performance of the enterprise. The results of the study concluded that the remuneration margin of the executive compensation not only had a significant impact on the performance of the enterprise, but also had a significant impact on the performance of the company in the second year. Yuan Lu (2010) has carried out some research and analysis on the influence of the remuneration of the senior management team on the performance of the Company, and has joined the Board's independence and stock market risk two regulatory variables in the study, and concluded that the compensation gap between the executive compensation and the performance of the enterprise is not. There is often significant positive correlation. Wang Enhui (2016) researches the relationship between the remuneration gap and the company's performance. It can be seen that the remuneration gap in the enterprise has a significant positive influence on corporate performance. In 2011, Liu ZiJun (2011) studied the influence of the difference of executive compensation in A - share listed company on the impact of corporate performance, and concluded that the remuneration gap of the senior management was positively related to the performance of the enterprise. The influence of Li Xin (2007) on the relative difference of executive compensation and the effect of absolute difference on the performance of the enterprise were studied. Lu Haifan (2009), starting from psychology, came to the conclusion that the pay gap of executive compensation can be hotly contested within a certain range, but more than a certain extent has not helped the company's performance. Liu Xiaogang (2010), on the impact of the remuneration gap on the enterprise's performance, had a significant negative impact on the performance of the enterprise. According to Zhang Shun (2010), the relation between pay gap and enterprise performance of executive compensation is studied, and the square of

executive compensation gap is adopted. The result is that the expansion of the remuneration margin of senior management can represent the growth of corporate performance, but within a certain range, this scope is exceeded. There is a negative relationship between the pay gap and the performance of the enterprise. Lu Rui (2014) conducted a study on the influence of the remuneration gap between the executive compensation and the performance of the enterprise. It was concluded that the internal compensation gap of the senior management had a significant effect on the performance of the enterprise. Sunliang (2013) has conducted relevant research on the relationship between the remuneration gap of state - owned listed companies and the business performance of the enterprise. Through empirical analysis, the influence of remuneration margin on the performance of enterprises will decrease with the increase of time. Jiang Chao - Chao (2015) conducted an empirical study on the relationship between the remuneration gap and the enterprise performance of the listed company in Shenzhen and Shenzhen, and obtained the positive correlation between the remuneration gap and the performance of the enterprise when the enterprise risk factors were not considered. When corporate risk is controlled variable, the relationship between executive compensation gap and corporate performance will be reduced. Jinming (2017) compares the pay gap between the executive compensation of state - owned enterprises and private enterprises and the key of the enterprise's performance. In the high - management pay gap, the remuneration margin of the private enterprises is bigger than the executive compensation gap of state - owned enterprises, and the remuneration of the executives is obtained. The gap has a significant positive influence on corporate performance.

Based on the research on the relationship between compensation and corporate performance of managers at home and abroad, this paper selects A - share state - owned listed company, analyzes the remuneration gap and the relationship between the management's remuneration gap and the performance of the state - owned listed company in 2014. The research method of this paper is to use the empirical research method, apply the relevant research theory, combine the current situation of the state - controlled listed company A, and construct several empirical research models for the analysis of the relation between the remuneration gap and the performance of the state - owned listed company and the state - owned listed

companyThe relevant data of the company, using the statistical methods of relevant analysis and regression analysis, makes empirical research on the development status of state - owned listed companies and the main factors of the executive compensation of state - owned controlling listed companies, and thus draws the relevant relationship between executive compensation gap and corporate performance, andThe influence of the executive compensation gap on the performance of the enterprise, to further improve the compensation mechanism for state - owned enterprises, raise enterprise performance and put forward corresponding suggestions and suggestions.

2.2 Senior Management

The meaning of the company's top management is clearly defined in the Company Law, mainly including the company's manager, deputy manager, finance director and the person designated in the relevant articles of association of the company. The top management of an enterprise has a higher right and a good treatment in the enterprise, so it also has the responsibility to fulfill its duties, fulfill its corresponding obligations, and the top management is responsible for the benefit of the enterprise and the benefit of shareholders if it has bad behavior in the business enterpriseA shareholder has the right to go to the legal procedure and punish him. In the relevant research literature, the definition of the enterprise's senior management is divided into three types: the first is to select the top three top executives in the enterprise according to the annual report information disclosed by the enterprise; the second is to select one of the highest paid income and to a certain extent similar to the Western CEOIn the third case, the whole management team of the enterprise is selected as the research object. The top management of the selected enterprise and the manager stipulated in the articles of association. They are responsible for the management and operation of the whole company, the main responsibility of the top management is to formulate the company's overall performance indicators, formulate overall development strategy, market development, etc., master the organizational policy and the development direction of the enterprise, and evaluate the performance of the enterpriseThe price, since this level of personnel basically includes the people who determine the future and fate of the company, their own managerial ability and decision - making ability have a very obvious effect on the company's financial

performance.

2.3 executives as the characteristics of human capital

Top management belongs to high - level human capital. It is both common and common in common human capital. The main performance is: First, with the general human capital, the human capital of the senior management personnel is to a certain extent to the high - level managers themselves own, the ownership of their senior managers cannot be transacted and transferred, the free flow of the market, but this liquidity only can be used by managers of enterprises. Second, the human capital of the high management personnel belongs to the excellent human capital, has the characteristics of higher social contribution and economic and social value. This value is mainly manifested in the superior skill, rich experience, spirit and authority possessed by the executives. Top management can make certain deployment and control of the capital of the current enterprise, reconfiguring its capital through investment and resources quickly so that its capital is revalued, thus reflecting its value as a high - level human capital. Finally, the formation of the human capital is complicated. In addition to the need of regular education, it also requires long - term effort and practice, through the market hone and inspection, is the crystallization of all kinds of wisdom, finally through the market to prove its value.

In terms of value realization, senior management is different from general human capital. First, its value reflects indirectness, that is, the value of human capital of senior management personnel should be reflected through his operating performance, and a company's performance is closely related to its management. Second, the value of human capital is lagging behind. Because the company's performance has a certain lag, that is, from the management input human capital to the performance of the need to go through a process, and the human capital of the senior management should be reflected in the performance of the company, corresponding will have lagged problem. This lag in highlights the vision of the high management, but also makes it more difficult for its management decision - making.

Executive compensation is the corresponding remuneration for the Company's executives in the effort and labor of the Company, which is the external representation of the intrinsic value of the company through measurement. Due to the

existence of an entrusted agency relationship, the interests of the company and existing senior managers will be inconsistent, even in the opposite way. Because the entrusted agency relationship itself has the supervision difficulty and information asymmetry, the information is not transparent, so the shareholders need to take corresponding reasonable incentive mechanism to minimize the difference between the top management of the enterprise and the interests of the company's shareholders, so as to make the top management of the enterprise both account for its own interests, to a certain extent, to achieve the shareholder value of the company and shareholders' equity in a certain extent.

You can see executive compensation in narrow sense and broad sense. In the narrow sense, executive compensation mainly refers to the economic compensation obtained by the top management of the enterprise, while the broad executive compensation includes non - economic compensation other than economic compensation. Economic compensation refers to compensation that can be used to measure economic value, such as salaries, insurance, welfare benefits, profit dividends, stocks and options for top managers. Non - economic compensation refers to a reward that cannot be used to measure value, primarily spiritual encouragement, and does not appear in physical ways, such as promotion, in - service consumption, the promotion of social status and the achievement of honor. According to Maslow's hierarchy of needs, one's needs vary at different stages. The incentive mode for top managers should also be set according to the demand level, but because the material basis determines the superstructure theory, employees want more incentive ways for the economy, and the on - the - job consumption of enterprise executives is mainly reflected in administrative expenses, according to research on enterprises and summarizing the results of previous studies, the annual cash compensation obtained by the manager is used to replace the enterprise's executive compensation.

2.4 Basic Concepts of Financial Performance of Financial Company

With the separation of management rights and ownership and the emergence of the entrusted agency, the shareholders need to take some measures to control the appearance of the problem in the process of entrusting the agent. One is supervision; the other is motivation. Then, whether it is the supervision of top managers or the

incentives for top managers, financial performance measures need to be measured. In the study of modern enterprises, the research on performance of the company mostly takes a single way, such as substituting the accounting performance for the enterprise's teaching. But the criteria used by each researcher are not exactly the same, and the choice of criteria is different, causing the results of the study to fail to compare. The financial performance measures commonly used in Western research are Tobin Q and EVA. However, due to the development of China's capital market, these two indicators can not be used to carry out relevant research. The listed company of state - owned enterprises in our country has its own shareholding structure, but the lack of effective and sound restrictive supervision system, coupled with the lack of corresponding professional knowledge and investment into irrational investment personnel, has led to more turbulent stock market in our country and the investment of stocks. Speculative, capital markets do not form an effective price decision mechanism. If we are to use the market - based indexes based on the efficient securities market to measure the performance of the company is not comprehensive and fair, according to the above research opinions, the research on the financial performance of the company is more used to measure the financial performance of the company. The advantage of evaluating performance using an accounting indicator is that the performance indicators can be broken down in accordance with the responsibility center, since the resources within a responsibility centre are controllable for the center's top management, thus facilitating the evaluation of the level of effort and contribution of specific executives. There are more references to such indicators, including value - added value of assets, earnings per share, return on net assets, cash flow per share, profit growth rate, etc. These indicators, as the most important financial indicators of investors, reflect the profitability of enterprises and the degree of protection of the investor's investment in the enterprise. The index of return on net assets comprehensively reflects the profitability, operation ability and solvency of the company, which can comprehensively reflect the company's ability to control, sell scale, capital structure and operation ability. It is the most concentrated expression of enterprise value maximization. A better and more comprehensive measure of the company's financial performance. In the past year or two, a number of comprehensive index research methods have been developed, such as principal component analysis

and factor analysis. As we all know, there is also a flaw in the measurement of accounting that the accounting result is modified and manipulated due to the use of different methods or criteria, thereby lacking true reliability. And accounting data generally reflects the company's short - term results, and the use of such indicators to assess the performance of senior management will make decision - making short - term and neglect the long - term interests. As a result of complex historical reasons and special conditions, the listed companies in our country have the problem of low quality of single financial indicators, especially some specific indicators that are easy to be manipulated so that the data quality is low and hinders research judgment. There are also some researchers using the Balanced Scorecard (BBS) method to measure financial performance, but this method also has the difficulty of quantifying, calculating complex, subjective factors influencing the evaluation result, so this article will not be adopted. In conclusion, the purpose of this paper is to evaluate the financial performance of the company through a review of the past literature, combined with the current situation of China's national conditions and the development of state - owned enterprises in China, to select a comprehensive and rational comprehensive index to evaluate the financial performance of the company. According to the existing research, the paper chooses to use the return on net assets as a measure of the performance of financial indicators of the enterprise, and uses earnings per share to measure the market sex index of state - owned listed companies.

2.5 Delegated Agent Theory

In the 1930s, American economist Berley and Mearns put forward a proxy theory. The essence of it is the embodiment of a contractual relationship, the entrusted agency theory expenditure, with the continuous improvement of the social productivity, the increase of economic income, the size of the property owned by the human society will be increasing, and the property owner is not sufficient because of its knowledge, ability and energy. With the ability and energy to directly manage all the property and resources owned by themselves, and as a result of the continuous improvement of the social division of labor, there have been a number of agents with professional knowledge, which is bound to form the situation of the property owner transferring the management power of the property to the professional agent. This

gives rise to the entrusted agency relationship of the property owner (the principal) and the business manager (agent). With the content of the administrative functions of the government and the expanding of administrative functions and regions, the public resources owned by the government are increasing, and the expansion of administrative scale has made the government not competent enough to do all the administrative matters personally, and thus, to a certain extent, led to the government's lower administrative efficiency. By employing agents, the government carries out the corresponding operation and management in accordance with the government's requirements and the objectives they want to achieve, thus forming a "principal - agent" relationship at the relevant level of the country. In fact, the government is a complex of trustees and consigners.

The entrusted agent theory is based on the asymmetry of information and the theory of game theory in economics. Because of the asymmetry of information, some participants have information that is not owned by others, and the agent will have adverse selection and moral hazard problem. In the "entrusted agent" relationship, the agent manages and operates the property of the principal, and the principal wishes the agent to fulfill the agency obligations honestly, make full use of its resources and financial realization efficiency and efficiency maximization, achieve its specific will and purpose. In the case of asymmetric information, the client objectively requires the principal to evaluate the results of its work through the method of evaluating the performance of the financial expenditure, and the principal shall evaluate its financial performance by applying the scientific and feasible evaluation method, and determine the result based on the evaluation result obtained. Whether the agent has completed the target of the principal and pays the agent according to the degree of completion of the target. This evaluation process is not only the basis of the payment of the client's benefit, but also the corresponding supervision through the evaluation of performance. At the national level, a "principal agent" at the highest level of the country. In the relationship, with the theory research and practice innovation, the government's focus on the evaluation of financial expenditure has gradually shifted from the result gradually to the comprehensive evaluation of its financial expenditure performance, not only the economic efficiency of the use of financial funds, but also the government expenditure in the financial branch. The political, social, environmental

and other comprehensive benefits arising from performance. As the information asymmetry exists in the management and management of the entrusted property, in order to ensure the effective performance of the agent, the entrusted contract has been fulfilled, and the entrusted party shall rely on performance evaluation to evaluate the performance of the agent for the entrusted economic responsibilityKuang. With the change of socio - economic environment and the change of government - related financial expenditure budget, the entrusted agency theory begins to apply to the performance evaluation of government expenditure. The premise of performance appraisal and development is the existence of the entrusted economic responsibility, and the performance evaluation can effectively guarantee the overall and effective performance of the entrusted economic responsibility. The performance evaluation of fiscal expenditure is not only the result and effect of the government's financial expenditure behavior, but also the rationality and validity of the government's efforts and input and its output, and the supervision of these departments. In the case of information asymmetry, supervision also needs to be cost - effective. In the relationship of "entrusted agency", the problem of the principal's incentive and supervision to agent is present. The lack of incentives for high - level managers leads to negative neglect, reduced efficiency, and inadequate oversight of these high - level managers can lead to waste of human resources and money, as well as reducing efficiency. The remuneration of high - level managers based on enterprise management performance will be beneficial to enterprises to control the performance of senior managers, and comprehensively reflect the political, economic and social efficiency, benefits and effects of senior managers in the management of enterprises.

2.6 Excitation Theory

How to motivate managers to carry out relevant work and enhance their scientific nature. The theory raises the conclusion that the dynamic factors that guide people's behavior are mainly driven by the need, motivation, and relevant indicators. Motivation is something that exists in people's heart, which can serve as an inspiration. Motivation is mainly a line: the presentation of motivation theory, but also influenced by external factors, so it can be done in a way that can be stimulated, promoted and strengthened by external factorsIn theory, motivation theory plays a very important

role in the core theory of psychology, which can be used to solve the relationship between the motivation, the goals and the behavior of action. In people's general consciousness, people's behavior is the concept of direction, can use this theory to solve the enterprise's needs, the motive, the enterprise's goal and behavior has a clear correlation. The incentive theory is to study the behavior of people, and then to strengthen or weaken the guidance of the behavior direction by corresponding incentive behavior. The motivation theory of behavior includes many aspects, and the theory of behavior motivation related to managers mainly consists of two kinds of theory of motivation theory and incentive theory dominated by behavior. The motivation theory of content type is to find reasonable and effective incentives and related initiatives from the causes of behavior. It is very representative of Maslow's hierarchy of needs, the achievement motivation theory of McLaren and the double - factor theory of Hertzberg. The latter is the study of how to turn negative behavior into positive behavior, the theory is Skinner's operation conditional reflex theory, Heidegger's attribution theory and multi - person co - study the behavior frustration theory. Robert House's comprehensive and effective incentive pattern theory and the equity theory of Adam Smith. Motivation theory shows that people's actions can be manipulated and guided, with a certain directivity, which laid the foundation for establishing a rational and effective incentive mechanism for enterprises, and promoted the management of the company to improve the company's operating conditions and better improve the company's performance. The incentive theory has been widely applied in the enterprise. The establishment of incentive mechanism of enterprises is based on the incentive theory, which reflects the interaction between the enterprise managers and the owner of the enterprise.

2.7 interest convergence hypothesis

Meckler proposed the theory of "convergence hypothesis" in 1976. The hypothesis is that the higher the company's share of the company, the better it can make the top management of an enterprise have a significant mutual interest with the shareholders of the enterprise, and the sharing of reasonable rights will also make the top management of the enterprise and the shareholder's target function energyEnough to agree. As a result, it can be concluded that the holding of high - level managers of

an enterprise can play a role in the comprehensive manager and shareholder's interest, reducing the costs incurred by the agent and improving the overall performance of the enterprise. According to the hypothesis of the relevant rational economic person, senior managers will give preference to the scheme of maximizing their own interests, to allocate their resources accordingly, even at the expense of the shareholders' rights and interests to maximize their profits, indicating that there has been a problem of proxy conflict, but when enterprisesWhen the top management of the industry manages and holds the shares of the company, the interests of the executives and the shareholders of the enterprise have a certain degree of commonality, and the dividends of the equity of the enterprise are affected by the state of business operation, so that the company may increase the deviation from the shareholders in the absence of all the values of the shareholdersThe cost of equity, if by increasing the proportion of shareholding, would make it more common between executives and other shareholders. The residual measure of corporate performance will bring the objective function of the senior management to the shareholders. As a result, the shareholding ratio of senior management can be seen as an obvious increase in pooling agent and agent's interest, but also reduces the agency cost of the enterprise.

CHAPTER 3

RESEARCH METHODS

3.1 Data Source

According to the research on the data of listed companies listed on A - shares in 2014 - 2016, the data from the financial and insurance industries were eliminated, as data in the financial and insurance industries differed considerably from those in other industries, which excluded companies with PT and ST. In order to ensure the stability of financial - related indicators of enterprises, companies listed in 2016, 2015 and 2014 will be excluded from the companies listed in 2016 in order to ensure the stability of financial related indicators. The remaining 774 valid samples were used to deal and analyze the data.

3.2. Assumptions

The executive compensation of enterprises can not only restrain the role of senior management in a certain extent, but also attract high - level talents to serve the company. However, the remuneration gap between state - owned listed companies and top managers is still relatively small compared with the listed enterprises in the developed countries. Executive compensation gap is relatively small, it is not easy to form a certain competitive consciousness within the management of the enterprise. The competition between management becomes more intense when the executive pay gap is larger. The formation of a competition mechanism between executives can play an incentive to managers who are not a core tier, while non - core managers will continually improve their ability to make more effective suggestions on the company's operations and management in order to gain elevated positions. A higher level of promotion in the job will also allow companies to make decisions based on a variety of opinions that can make the company's performance more effective. When executives get larger internal pay, there will be some oversight between top managers, and lower - paid management will monitor higher - paid management, which is more beneficial to the client. When the pay gap is large, the competition of the core executives will be relatively intense, and the core executives will work harder to maintain their current position or gain a higher level of promotion, and work hard for

the company to make corresponding contributions to the company for the company's development. The expansion of its own resources will greatly contribute to the improvement of corporate performance. Therefore, the following assumptions are proposed in this paper.

It is assumed that there is a significant positive correlation between the remuneration margin of the senior management and the return on the net assets of the enterprise's financial performance indicator.

It is assumed that the remuneration margin of the two executives has a significant positive correlation with earnings per share in corporate market performance indicators.

Assuming 3 in the company size, the company's growth, the company's equity concentration, the asset - liability ratio as the control variable, the executive compensation gap has a significant positive influence on the return on the net assets of the enterprise's financial performance indicator.

Assuming 4 in the company size, the company's growth, the company's equity concentration, the asset - liability ratio as the control variable, the executive compensation gap has a significant positive impact on the earnings per share earnings per share.

3.3 variables selection

Enterprise Performance Variable: In the analysis of the performance of the enterprise, it is generally chosen to reflect the indicators in the enterprise market and reflect the financial aspects of the enterprise. The financial indicators reflect the enterprise's operating performance and the market indicators are more reflective of the enterprise's future development. Indicators, as our country's current stock market development is relatively weak. Using the return of net assets to reflect the financial aspect of the indicators, the adoption of earnings per share reflects the enterprise's market indicators. Return the return of net assets and earnings per share as the performance variable of the enterprise.

Executive compensation gap: the pay gap of the executive compensation is a pair of state - owned listed companies, and the pay mean of the top three executives is calculated with the difference of the pay mean of other executives.

Company size: the scale of the company will have a certain effect on the performance of the company, and this paper selects the total assets of the company to measure the size of the company, and takes the logarithm when making the variable.

Company's growth: The company's growth in a certain extent reflects the company's ability to continuously develop, reflects the company's future development targets, the growth variables will have a more obvious impact on the performance of the enterprise, this paper is to judge the growth index of the company is used (current assets - above)Total assets) / last period total assets.

Company equity concentration: the concentration of equity concentration of the Company reflects the concentration of ownership and management rights of an enterprise, and the proportion of shareholding of the top 10 shareholders reflects the equity concentration of the company.

Asset - liability ratio: This paper uses the asset - liability ratio to measure the capital structure of the enterprise. The enterprise capital structure has a great influence on the performance of the enterprise.

CHAPTER 4

RESULTS

4. 1 descriptive statistics analysis

From the executive compensation gap, the mean value of 2014 is, 2 .65. The mean value of 2015 is 2 .The mean value of 2016 is 2 .It can be seen that the pay gap has improved, from the growth of the company, the growth of the company's growth indicators in 2014 - 2015, a slight drop in 2016, but the decrease is smaller, from the size of the company's assets, the overall trend is a trend of growth, fundingThe ratio of asset - to - debt ratios is decreasing. The average value of the top 10 shareholders shows a growing trend, with the average value of asset yield being lower in 2015 and relatively high in 2016; earnings per share decreased in 2015.

Table 4 .Tier 1 Statistics

	Minimum	Maximum	Mean	Std. Deviation	Variance
Executive compensation gap 2014	.01	7.42	2.65	1.09	1.180
Executive compensation gap 2015	.01	6.67	2.78	1.15	1.323
Executive compensation gap 2016	.01	6.66	2.89	1.17	1.367
Corporate Growth 2014	-71.77	192.56	11.77	22.38	500.828
Corporate Growth 2015	-61.42	798.55	16.88	53.38	2849.001
company's growth 2016	-61.42	808.10	16.57	51.32	2634.190
Asset 2014	9.26	19.30	13.63	1.39	1.944

Asset 2015	9.16	19.29	13.74	1.41	1.991
Asset 2016	9.18	19.29	13.85	1.42	2.006
Asset - liability ratio 2014	1.56	110.85	52.92	20.12	404.818
Asset - liability ratio 2015	3.08	113.60	52.27	20.25	410.257
Asset - liability ratio 2016	5.16	98.49	51.78	19.90	396.144
Top 10 Sharehol, ders' Shareholding Scale 2014	12.72	98.07	56.99	15.47	239.354
Top 10 Sharehol, ders' Shareholding Scale 2015	17.56	98.46	57.21	15.30	234.070
Top 10 Sharehol, ders Holdings Proportion 2016	17.61	98.55	57.62	14.89	221.596
Net Asset Return 2014	-262.21	38.70	5.43	17.47	305.252
Net Asset Return 2015	-253.44	39.81	3.65	18.74	351.119
Net Asset Return 2016	-148.13	101.34	5.90	12.50	156.285
Earnings per share in 2014	-3.00	12.22	.3333	.65	.427
Earnings per share 2015	-3.69	12.34	.27	.72	.518

Earnings per share 2016	-2.57	13.31	.3333	.70	.486
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As can be seen from the annual remuneration of executives of enterprises, the average executive compensation value of state - owned listed companies is rising, and the average executive compensation of state - owned listed companies reached 68.7 million, in 2016, although the executive compensation of state - owned listed companies showed a trend of growth, but with the worldThe executive pay of national enterprises still has a significant gap. The compensation of middle managers in developed countries has reached \$1 million,, and senior managers have paid tens of millions of dollars in 2014. However, the average value of the top three executive compensation of the state - owned listed company reaches less than 3 million, yuan, and the gap between the developed countries is more obvious. Therefore, the executive compensation of state - owned listed company still has big rise space. In our country, excellent business operators are relatively few, and there is a lack of effective indicators for the evaluation of business operators. Therefore, the enterprise should establish a reasonable compensation mechanism, which can motivate the operator to consider the benefit of the enterprise better. Combined with the special conditions of our country, the influence of state - owned listed enterprises on the national environment and political environment is mainly affected by political rights. The managers of state - owned listed enterprises are seldom punished for their business performance, and this phenomenon has improved as our country's reform of state - owned listed companies continues to deepen.

Table 4 .2. Project Statistics

	Minimum	Maximum	Mean	Std. Deviation	Variance
Senior Executive's Annual Return 2014	69	6071	649	616	379062

Senior Executive's Annual Return 2015	69	13351	685	799	638366
Senior Executive's Annual Return 2016	37	7972	687	639	407736
Top three executive compensation 2014	29	1641	219	192	37028
Top three executive compensation 2015	14	3375	231	238	56834
Top three executive compensation 2016	12	3206	240	236	55675
Total assets 2014	10555	240537600	2893965	10955567	1200244
Total assets 2015	9507	239409400	3292606	11700215	1368950
Total assets 2016	9726	239695000	3613388	12379594	1532543

4.2 Correlation Analysis

4.2.1 A Correlation Analysis of Return on Net Worth

Based on the analysis of the correlation between the return on the net assets of the enterprise financial performance indicator in 2014, it can be seen that the correlation between the return of the net assets and the remuneration margin of the senior management, the company's growth, the assets, the asset - liability ratio and the shareholding ratio of the top 10 shareholders shall be examined .The correlation

between asset yield and executive compensation gap, company's growth, assets, asset - liability ratio and the proportion of the top 10 shareholders have been tested significantly, showing the difference between return of net assets and executive compensation, company's growth, assets, asset - liability ratio and the holding of top 10 shareholdersRatio of shares, from the correlation coefficient, the return of net assets and the remuneration margin of senior management, the company's growth, the assets, the top ten shareholders of the proportion of the correlation coefficient as positive, indicating a significant positive correlation, the correlation coefficient between the return of the net assets and the ratio of assets to assets is negativeThere is a negative correlation between them. The correlation between the executive compensation gap and the company's growth, assets, asset - liability ratio and the proportion of the top 10 shareholders has passed the significance test, and the correlation coefficient is positive, which indicates that the executive compensation gap relates to the company's growth, assets, assets and liabilities ratio, and the proportion of shareholding of the top 10 shareholders is significantThe positive correlation between the two.

Based on the analysis of the correlation between the return on the net assets of the enterprise financial performance indicator in 2015, it can be seen that the correlation between the return of the net assets and the remuneration margin of the senior management, the company's growth, the assets, the asset - liability ratio and the shareholding ratio of the top 10 shareholders shall be examined .The correlation between asset yield and executive compensation gap, company's growth, assets, asset - liability ratio and the proportion of the top 10 shareholders have been tested significantly, showing the difference between return of net assets and executive compensation, company's growth, assets, asset - liability ratio and the holding of top 10 shareholdersRatio of shares, from the correlation coefficient, the return of net assets and the remuneration margin of senior management, the company's growth, the assets, the top ten shareholders of the proportion of the correlation coefficient as positive, indicating a significant positive correlation, the correlation coefficient between the return of the net assets and the ratio of assets to assets is negativeThere is a negative correlation between them. The correlation between the remuneration margin and the asset and the proportion of the top 10 shareholders was statistically

significant, and the correlation coefficient was positive, indicating the significant positive correlation between the executive compensation gap and the asset and the proportion of the top 10 shareholders.

Based on the analysis of the correlation between the return on the net assets of the enterprise's financial performance indicators in 2016, it can be seen that the correlation between the return of the net assets and the remuneration margin of the senior management, the company's growth, the assets, the asset - liability ratio and the shareholding ratio of the top 10 shareholders shall be examined .The correlation between asset yield and executive compensation gap, company's growth, assets and asset - liability ratio has been tested significantly, showing the difference between return of net assets and executive compensation, company's growth, assets, asset - liability ratio and the proportion of shareholding of the top 10 shareholders, from the correlation coefficient ,The correlation coefficient between the return of net assets and the remuneration margin of the senior management, the growth of the company, the correlation coefficient of assets scale are positive, and the correlation coefficient between the return of the net assets and the ratio of asset - to - assets ratio is negative, indicating a significant negative correlation. The correlation between the remuneration margin and the asset and the proportion of the top 10 shareholders was statistically significant, and the correlation coefficient was positive, indicating the significant positive correlation between the executive compensation gap and the asset and the proportion of the top 10 shareholders.

The results show that the company's financial management performance is not only related to the high executive compensation gap, but also related to the growth of other factors, the asset size, the asset - liability ratio and the proportion of the top 10 shareholders.

Table 4 .3 Corrigendum

		Return on net assets	executiv e compen sation gap	compan y's growth	Asset	Assets Liabiliti es Ratio	Percenta ge of shares held by the top 10 sharehol ders
Return on net assets	Pearson s disease	1	.117**	.156**	.147**	-.180**	.108**
	Sig. (2-tailed)		.001	.000	.000	.000	.003
	N	774	774	774	774	774	774
executiv e compen sation gap	Pearson Correlat ion	.117**	1	.163**	.278**	.062	.071*
	Sig. (2-tailed)	.001		.000	.000	.085	.048
	N	774	774	774	774	774	774
compan y's growth	Pearson Correlat ion	.156**	.163**	1	.178**	.128**	-.011
	Sig. (2-tailed)	.000	.000		.000	.000	.756
	N	774	774	774	774	774	774

Asset	Pearson Correlation	.147**	.278**	.178**	1	.414**	.389**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	774	774	774	774	774	774
Assets Liabilities Ratio	Pearson Correlation	-.180**	.062	.128**	.414**	1	.037
	Sig. (2-tailed)	.000	.085	.000	.000		.301
	N	774	774	774	774	774	774
Percentage of shares held by the top 10 shareholders	Pearson Correlation	.108**	.071*	-.011	.389**	.037	1
	Sig. (2-tailed)	.003	.048	.756	.000	.301	
	N	774	774	774	774	774	774

Corylus cantoniensis

	Return on net assets	executive compensation gap	company's growth	Asset	Assets Liabilities Ratio	Percentage of shares held by the top 10 shareholders
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Return on net assets	Pearson Correlation	1	.208**	.163*	.100	-.23	.115**
	Sig. (2-tailed)		.000	.000	.00	.000	.001
	N	774	774	774	77	774	774
executive compensation gap	Pearson Correlation	.208*	1	.058	.24	.046	.115**
	Sig. (2-tailed)	.000		.108	.00	.200	.001
	N	774	774	774	77	774	774
company's growth	Pearson Correlation	.163*	.058	1	.11	.052	.112**
	Sig. (2-tailed)	.000	.108		.00	.149	.002
	N	774	774	774	77	774	774
Asset	Pearson Correlation	.106	.248**	.110*	1	.43	.426**
	Sig. (2-tailed)	.003	.000	.002		.000	.000
	N	774	774	774	77	774	774
Assets Liabilities Ratio	Pearson Correlation	-.23	.046	.052	.43	1	.031

	Sig. (2-tailed)	.000	.200	.149	.00		.391
	N	774	774	774	77	774	774
Percentage of shares held by the top 10 shareholders	Pearson Correlation	.11	.115**	.112*	.42	.031	1
	Sig. (2-tailed)	.001	.001	.002	.00	.391	
	N	774	774	774	7	774	774

** . We're waiting at the 0 .01 level, (2 - nil).

Table 4 .4 Corrigendum

		Return on net assets	executive compensa tion gap	compa ny's growth	Asset	Assets Liabiliti es Ratio	Percenta ge of shares held by the top 10 sharehol ders
Return on net assets	Pearson Correlati on	1	.082*	.092*	.049	-.121**	.059
	Sig. (2-tailed)		.022	.010	.170	.001	.101
	N	774	773	774	774	774	774
executive compensa tion gap	Pearson Correlati on	.082*	1	.078*	.281**	.095**	.082*

	Sig. (2-tailed)	.022		.029	.000	.008	.023
	N	773	773	773	773	773	773
company's growth	Pearson Correlation	.092*	.078*	1	.081*	-.013	.090*
	Sig. (2-tailed)	.010	.029		.025	.716	.013
	N	774	773	774	774	774	774
Asset	Pearson Correlation	.049	.281**	.081*	1	.441**	.441**
	Sig. (2-tailed)	.170	.000	.025		.000	.000
	N	774	773	774	774	774	774
Assets Liabilities Ratio	Pearson Correlation	-.121**	.095**	-.013	.441**	1	.021
	Sig. (2-tailed)	.001	.008	.716	.000		.554
	N	774	773	774	774	774	774
Percentage of shares held by the top 10 shareholders	Pearson Correlation	.059	.082*	.090*	.441**	.021	1
	Sig. (2-tailed)	.101	.023	.013	.000	.554	
	N	774	773	774	774	774	774

*. We're waiting at the 0 .05 level, (2 - nil).

**. We're waiting at the 0 .01 level, (2 - nil).

4.2.2 Correlation analysis of earnings per share

Based on the analysis of the correlation between the earnings per share in the enterprise market performance indicator in 2014, it can be seen that the correlation between the remuneration margin of each share and the executive compensation, the company's growth, the assets, the asset - liability ratio and the shareholding ratio of the top 10 shareholders will be examined, and the earnings per share and the high management can be seen. The correlation between the remuneration margin, the company's growth, the assets, the asset - liability ratio and the proportion of the top 10 shareholders have been tested significantly, indicating the difference between the earnings per share and the remuneration margin of the senior management, the company's growth, the assets, the asset - liability ratio, the proportion of shareholding of the top 10 shareholders, and the correlation coefficient. The correlation coefficient between earnings per share and executive compensation gap, company's growth, assets and top 10 shareholders is positive and positive correlation. The correlation coefficient between earnings per share and asset - liability ratio is negative, indicating a significant negative correlation.

Based on the analysis of the correlation between the earnings per share in the enterprise market performance indicator in 2015, it can be seen that the correlation between the remuneration margin of each share and the executive compensation, the company's growth, the assets, the asset - liability ratio and the ratio of shareholding of the top 10 shareholders shall be examined, and it can be seen that the earnings per share is higher than that of the senior management. The correlation between the remuneration margin, the company's growth, the assets, the asset - liability ratio and the proportion of the top 10 shareholders have been tested significantly, indicating the difference between the earnings per share and the remuneration margin of the senior management, the company's growth, the assets, the asset - liability ratio, the proportion of shareholding of the top 10 shareholders, and the correlation coefficient. The correlation coefficient between earnings per share and executive compensation gap, company's growth, assets and top 10 shareholders is positive and positive correlation. The correlation coefficient between earnings per share and asset - liability ratio is negative, indicating a significant negative correlation.

Based on the analysis of the correlation between earnings per share in

corporate market performance indicators in 2016, it can be seen that the correlation between the remuneration margin of each share and the executive compensation, the company's growth, the assets, the asset - liability ratio and the proportion of shareholding of the top 10 shareholders will be examined, and it can be seen that the earnings per share is higher than that of the senior management. The correlation between the remuneration margin, the company's growth, the assets, the asset - liability ratio and the proportion of the top 10 shareholders have been tested significantly, indicating the difference between the earnings per share and the remuneration margin of the senior management, the company's growth, the assets, the asset - liability ratio, the proportion of shareholding of the top 10 shareholders, and the correlation coefficient. The correlation coefficient between earnings per share and executive compensation gap, company's growth, assets and top 10 shareholders is positive and positive correlation. The correlation coefficient between earnings per share and asset - liability ratio is negative, indicating a significant negative correlation.

The results show that the company's market performance indicators are not only related to the high executive compensation gap, but also related to the growth of other factors, the asset size, the asset - liability ratio and the proportion of the top 10 shareholders.

Table 4 .5. Corrigendum

		Earnings per share	executive compensation gap	company's growth	Asset	Assets Liabilities Ratio	Percentage of shares held by the top 10 shareholders
Earnings per share	Pearson Correlation	1	.177**	.161*	.22	-.15	.133**

	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	774	774	774	774	774	774
executive compensation gap	Pearson Correlation	.177*	1	.163*	.278	.062	.071*
	Sig. (2-tailed)	.000		.000	.000	.085	.048
	N	774	774	774	774	774	774
company's growth	Pearson Correlation	.161*	.163**	1	.178	.128	-.011
	Sig. (2-tailed)	.000	.000		.000	.000	.756
	N	774	774	774	774	774	774
Asset	Pearson Correlation	.225*	.278**	.178*	1	.41400	.389**
	Sig. (2-tailed)	.000	.000	.000		.000	.000
	N	774	774	774	774	774	774

Assets Liabilities Ratio	Pearson Correlation	-.155 ⁰⁰	.062	.128*	.414	1	.037
	Sig. (2-tailed)	.000	.085	.000	.000		.301
	N	774	774	774	774	774	774
Percentage of shares held by the top 10 shareholders	Pearson Correlation	.133*	.071*	-.011	.389 ⁰⁰⁰	.037	1
	Sig. (2-tailed)	.000	.048	.756	.000	.301	
	N	774	774	774	774	774	774

** . We're waiting at the 0 .01 level, (2 - nil).

* . We're waiting at the 0 .05 level, (2 - nil).

Table 4 .6. Corrigendum

Earnings per share		Earnings per share	executive compensation gap	company's growth	Asset	Assets Liabilities Ratio	Percentage of shares held by the top 10 shareholders
executive compensation gap	Pearson Correlation	1	.214**	.136*	.224	-.1600	.149**

	Sig. (2-tailed)		.000	.000	.000	.000	.000
	N	774	774	774	774	774	774
company's growth	Pearson Correlation	.214*	1	.058	.248	.046	.115**
	Sig. (2-tailed)	.000		.108	.000	.200	.001
	N	774	774	774	774	774	774
Asset	Pearson Correlation	.136*	.058	1	.110	.052	.112**
	Sig. (2-tailed)	.000	.108		.002	.149	.002
	N	774	774	774	774	774	774
Assets Liabilities Ratio	Pearson Correlation	.224*	.248**	.110*	1	.434	.426*
	Sig. (2-tailed)	.000	.000	.002		.000	.000
	N	774	774	774	774	774	774

Percentage of shares held by the top 10 shareholders	Pearson Correlation	-.160 ⁰⁰	.046	.052	.434	1	.031
	Sig. (2-tailed)	.000	.200	.149	.000		.391
	N	774	774	774	774	774	774
. We're waiting at the 0.01 level, (2-tailed).	Pearson Correlation	.149*	.115	.112*	.426*	.031	1
	Sig. (2-tailed)	.000	.001	.002	.000	.391	
	N	774	774	774	774	774	774

Table 4.7 Corzine

		Earnings per share	executive compensation gap	company's growth	Asset	Assets Liabilities Ratio	Percentage of shares held by the top 10 shareholders
Earnings per share	Pearson's disease	1	.131**	.100*	.19	-.135* ⁰	.125**

	Sig. (2 - D)		.000	.005	.000	.000	.000
	N	774	773	774	774	774	774
executive compensat ion gap	Pears on s diseas e	.131*	1	.078*	.281	.095*	.082*
	Sig. (2 - D)	.000		.029	.000	.008	.023
	N	773	773	773	773	773	773
company's growth	Pears on s diseas e	.100*	.078*	1	.081	-.013	.090
	Sig. (2 - D)	.005	.029		.025	.716	.013
	N	774	773	774	774	774	774
Asset	Pears on s diseas e	.196*	.281*	.081*	1	.441*	.441**
	Sig. (2 - D)	.000	.000	.025		.000	.000
	N	774	773	774	774	774	774

Assets Liabilities Ratio	Pearson's disease	-.135*	.095**	-.013	.441	1	.021
	Sig. (2 - D)	.000	.008	.716	.000		.554
	n	774	773	774	774	774	774
Percentage of shares held by the top 10 shareholders	Pearson's disease	.125	.082*	.090*	.441 ⁰⁰	.021	1
	Sig. (2 - D)	.000	.023	.013	.000	.554	
	N	774	773	774	774	774	774

** . We're waiting at the 0 .01 level, (2 - nil).

* . We're waiting at the 0 .05 level, (2 - nil).

4. 3 regression analysis

4.3.1 A Regression Analysis of Return on Net Worth

After regression analysis of the influencing factors of the return on net assets of enterprise financial performance indicators in 2014, we can see that the R - side of regression model is 0 .117, stating that the independent variable can be in 11 .In 7%, the dependent variable is explained, and the sig value of the F test is less than 0 .05. The description passed the F test, the regression model was established and DW was 1 .987, indicating there is no serious autocorrelation relationship between variables.

The regression coefficient can be seen that the value of t - test of the regression coefficient of executive compensation gap, company's growth, assets and asset - liability ratio is less than 0 .05. It is said that, through t inspection, executive

compensation gap, company's growth, assets, asset - liability ratio can have a significant impact on the return of net assets of the enterprise financial performance indicator, further from the regression coefficient B, the remuneration margin of the senior management, the company's growth, assets and asset - liability ratio. The regression coefficient is: 0.793, 0.115, 2.692, -0.254. Explain that the higher compensation gap, company's growth, assets can have a significant positive impact on the return of net assets, that is, the higher the remuneration margin of the senior management, the higher the company's growth index, the higher the asset size, the higher the return on the net assets of the enterprise. Asset - liability ratio can have a significant negative impact on the return of net assets, that is, the higher the asset - liability ratio of the company, the lower the net assets of the state - owned listed company.

Table 4.8 Model Articleb

MODEL	R	R Square	Square R Square	Std. The Error of the Month	Durbin - Watson	F	Sig.
1	.342 ^a	.117	.111	16.474	1.987	20.296	.000 ^b

Table 4.9 Coaching entsa

MODEL		Unscented Cointreents		Coachi ng ents	t	Sig.	Colloquial Statistics	
		B	Std. ERRO R	Beta			Toleran ce	VIF
1	(Repeat)	-	5.941		3.947	.000		
	Executive compensati on gap 2014	.793	.574	.049	1.381	.008	.904	1.107

Corporate Growth 2014	.115	.027	.148	4.227	.000	.944	1.059
Asset 2014	2.692	.536	.215	5.018	.000	.627	1.594
Asset - liability ratio 2014	-.254	.033	-.292	7.732	.000	.804	1.244
Top 10 Shareholders' Shareholding Scale 2014	.038	.042	.034	.901	.368	.823	1.215

a Earnings: Net Asset Return 2014

The regression analysis showed that the fitting index of regression model was 0.155. The sig value of the test is less than 0.05. The description passed the F test, the regression model was established and DW was 2.041. There is no serious self - correlation relationship between variables.

The regression coefficient can be seen that the value of t - test of the regression coefficient of executive compensation gap, company's growth, assets and asset - liability ratio is less than 0.05. It is said that, through t inspection, executive compensation gap, company's growth, assets, asset - liability ratio can have a significant impact on the return of net assets of the enterprise financial performance indicator, further from the regression coefficient B, the remuneration margin of the senior management, the company's growth, assets and asset - liability ratio. The regression coefficient is: 2.723, 0.052, 2.465, -0.302, executive compensation gap, company's growth, assets can have a significant positive impact on the return of net assets, that is, the higher the remuneration margin of the senior management, the higher the company's growth index, the larger the asset size, the higher the net assets of the enterprise. Asset - liability ratio can have a significant negative impact on the

return of net assets, that is, the higher the asset - liability ratio of the company, the lower the net assets of the state - owned listed company.

Table 4 .11 Model Articlec

MODEL	R	R Square	Square R Square	Std. The Error of the Month	Durbin - Watson	F	Sig.
1	.394 ^b	.155	.150	17.276	2.041	28.271	.000 ^c

Table 4 .12 Coaching entsa

MODEL		Unscented Cointreents		Coachi ng ents	t	Sig.	Colloquial Statistics	
		B	Std. ERRO R	Beta			Tolera nce	VIF
2	(Constant)	-23.592	6.224		-3.791	.000		
	Executive compensati on gap 2015	2.723	.559	.167	4.869	.000	.933	1.072
	Corporate Growth 2015	.052	.012	.149	4.454	.000	.981	1.019
	Asset 2015	2.465	.565	.186	4.361	.000	.607	1.646
	Asset - liability ratio 2015	-.302	.035	-.327	-8.701	.000	.779	1.284

	Top 10 Shareholders' Shareholding Scale 2015	.013	.046	.011	.28200	.778	.785	1.274
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a Earnings: Return on Net Worth 2015

The regression analysis showed that the fitting index of the regression model was 0.148, the sig value of the test is less than 0.05. The description passed the F test, the regression model was established and DW was 1. In 1990, there is no serious self-correlation relationship between variables.

The regression coefficient can be seen that the value of t-test of the regression coefficient of executive compensation gap, company's growth, assets and asset-liability ratio is less than 0.05. It is said that, through t inspection, executive compensation gap, company's growth, assets, asset-liability ratio can have a significant impact on the return of net assets of the enterprise financial performance indicator, further from the regression coefficient B, the remuneration margin of the senior management, the company's growth, assets and asset-liability ratio. The regression coefficient is: 0.69, 0.019, 0.85, -0.106. Explain the difference between the executive compensation and the company's growth, the assets can have a significant positive impact on the return of net assets, and the asset-liability ratio has a significant negative impact on the return on net assets.

Table 4.13 Model Articlec

MODEL	R	R Square	Square R Square	Std. The Error of the Month	Durbin - Watson	F	Sig.
2	.385 ^b	.148	.145	12.30910 35	1.990	6.042	.000 ^c

Table 4 .14 Coaching entsa

MODEL		Unscented Cointreents		Coachi ng ents	t	Sig.	Colloquial Statistics	
		B	Std. ERRO R	Beta			Tolera nce	VIF
2	(Repeat)	-3.072	4.463		-.688	.491		
	Executive compensati on gap 2016	.690	.396	.064	1.740	.008	.914	1.094
	company's growth 2016	.019	.009	.076	2.134	.003	.985	1.016
	Asset 2016	.850	.412	.096	2.063	.004	.576	1.736
	Asset - liability ratio 2016	-.106	.025	-.168	-4.1640	.000	.766	1.305
	Top 10 Sharehol,d ers Holdings Proportion 2016	.007	.034	.008	.196	.845	.764	1.309

a Earnings: Net Asset Return 2016

4.3.2.Return analysis of earnings per share

The regression analysis showed that the fitting index of regression model was 0 .The sig value of the test is less than 0 .05. The description passed the F test, the regression model was established and DW was 1 .In 968, there is no serious

autocorrelation between variables.

The regression coefficient can be seen that the value of t - test of the regression coefficient of executive compensation gap, company's growth, assets and asset - liability ratio is less than 0 .05. It is said that, through t inspection, executive compensation gap, company's growth, assets, asset - liability ratio can have a significant impact on the return of net assets of the enterprise financial performance indicator, further from the regression coefficient B, the remuneration margin of the senior management, the company's growth, assets and asset - liability ratioThe regression coefficient is: 0 .055,0.004,0.136,-0.01. The higher compensation gap, the company's growth, the assets can have a significant positive impact on the return of net assets, that is, the higher the remuneration margin of the senior management, the higher the company's growth index, the higher the asset size, the higher the return on the net assets of the enterprise. Asset - liability ratio can have a significant negative impact on the return of net assets, that is, the higher the asset - liability ratio of the company, the lower the net assets of the state - owned listed company.

Table 4 .15 Model Articlec

MODE L	R	R Square	Square R Square	Std. The Error of the Month	Durbin - Watson	F	Sig.
2	.390 ^b	.152	.147	.6034096	1.968	27.630	.000 ^c

Table 4 .16 Codex

MODEL		Unscented Cointreents		Coachi ng ents	t	Sig.	Colloquial Statistics	
		B	Std. ERRO R	Beta			Tolera nce	VIF
2	(Repeat)	-1.264	.218		-5.807	.000		
	Executive	.055	.021	.091	2.605	.009	.904	1.107

compensation gap 2014							
Corporate Growth 2014	.004	.001	.133	3.896	.000	.944	1.059
Asset 2014	.136	.020	.290	6.906	.000	.627	1.594
Asset - liability ratio 2014	-.010	.001	-.299	-8.058	.000	.804	1.244
Top 10 Shareholders' Shareholding Scale 2014	.001	.002	.026	.710	.478	.823	1.215

a Earnings per share: 2014

The regression analysis showed that the fitting index of regression model was 0. The sig value of the test is less than 0.05. The description passed the F test, the regression model was established and DW was 1.945, indicating there is no serious self-correlation relationship between variables.

The regression coefficient can be seen that the value of t-test of the regression coefficient of executive compensation gap, company's growth, assets and asset-liability ratio is less than 0.05. It is said that, through t inspection, executive compensation gap, company's growth, assets, asset-liability ratio can have a significant impact on the return of net assets of the enterprise financial performance indicator, further from the regression coefficient B, the remuneration margin of the senior management, the company's growth, assets and asset-liability ratio. The regression coefficient is: 0.091, 0.001, 0.159, -0.011, executive compensation gap, company's growth, assets can have a significant positive impact on earnings per share, that is, the higher the remuneration margin of the senior management, the higher the

company's growth index, the higher the asset size, the higher the earnings per share of the enterprise. Asset - liability ratio can have a significant negative impact on earnings per share, that is, the higher the asset - liability ratio of the company, the lower the earnings per share of the state - owned listed company.

Table 4 .17 Mo,del Articlec

MODE L	R	R Square	Square R Square	Std. The Error of the Month	Durbin - Watson	F	Sig.
2	.406 ^b	.165	.159	.6597109	1.945	30.311	.000 ^c

Coaching entsa

MODEL		Unscented Cointreents		Coachi ng ents	t	Sig.	Collinearity Statistics Colloquial Statistics	
		B	Std. ERRO R	Beta			Tolera nce	VIF
2	(Constant)	-1.604	.238		-6.750	.000		
	Executive compensati on gap 2015	.091	.021	.145	4.259	.000	.933	1.072
	Corporate Growth 2015	.001	.000	.110	3.297	.001	.981	1.019
	Asset 2015	.159	.022	.311	7.352	.000	.607	1.646
	Asset - liability ratio 2015	-.011	.001	-.308	-8.235	.000	.779	1.284

	Top 10 Shareholders' Shareholding Scale 2015	.000	.002	-.003	-.088	.930	.785	1.274
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a Earnings per share, 2015

The regression analysis showed that the fitting index of regression model was 0.109. The sig value of the test is less than 0.05. The description passed the F test, the regression model was established and DW was 1.972. There is no serious self-correlation relationship between variables.

The regression coefficient can be seen that the value of t-test of the regression coefficient of executive compensation gap, company's growth, assets and asset-liability ratio is less than 0.1. It is said that through t inspection, executive compensation gap, company's growth, assets, asset-liability ratio can have a significant impact on the return of net assets of the enterprise financial performance indicator, further from the regression coefficient B, the remuneration margin of the senior management, the company's growth, the assets, the asset-liability ratio of the return. The return coefficient is: 0.041, 0.001, 0.146, -0.009, executive compensation gap, company's growth, assets can have a significant positive impact on earnings per share, that is, the higher the remuneration margin of the senior management, the higher the company's growth index, the higher the asset size, the higher the earnings per share of the enterprise. Asset-liability ratio can have a significant negative impact on earnings per share, that is, the higher the asset-liability ratio of the company, the lower the earnings per share of the state-owned listed company.

Table 4.18 Model Articlec

MODEL	R	R Square	Square R Square	Std. The Error of the Month	Durbin - Watson	F	Sig.
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2	.331 ^b	.109	.104	.6601841	1.972	18.843	.000 ^c
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Table 4 .19 Coaching entsa

MODEL		Unscented Cointreents		Coachin g ents	t	Sig.	Colloquial Statistics	
		B	Std. ERRO R	Beta			Tolera nce	VIF
2	(Repeat)	-1.301	.239		-5.436	.000		
	Executiv e compens ation gap 2016	.041	.021	.069	1.926	.055	.914	1.094
	company' s growth 2016	.001	.000	.068	1.987	.047	.985	1.016
	Asset 2016	.146	.022	.297	6.607	.000	.576	1.736
	Asset - liability ratio 2016	-.009	.001	-.271	-6.964	.000	.766	1.305
	2016 Top 10 Sharehol, ders Holdings Proportio n 2016	-.001	.002	-.011	-.293	.770	.764	1.309

a Earnings per share: 2016

4.4 Results Analysis

It is assumed that there is a significant positive correlation between 1 executive pay gap and corporate financial performance index. Assuming the establishment

It is assumed that there is a significant positive correlation between the 2 executive pay gap and the earnings per share of the enterprise market Performance index. Assuming the establishment

Assuming 3 in terms of company size, company growth, corporate equity concentration, and asset-liability ratio as control variables, the gap of executive pay has a significant positive effect on the financial performance index of enterprise. Assuming the establishment

Assuming 4 in terms of company size, company growth, corporate equity concentration and asset-liability ratio as control variables, the gap of executive pay has a significant positive impact on the earnings per share of the enterprise market Performance index. Assuming the establishment

CHAPTER 5

CONCLUSION AND DISCUSSION

5.1 Conclusion

The correlation coefficient between the return of the net assets of the listed company's financial performance indicator and the remuneration margin of the senior management, the company's growth, the assets and the proportion of the top 10 shareholders are positive and positive correlation. The correlation coefficient between the earnings per share and the asset - liability ratio is negative. The correlation between earnings per share and the remuneration margin of executive compensation, company's growth, assets and the proportion of the top 10 shareholders are positive and positive correlation. The correlation coefficient between earnings per share and asset - liability ratio is negative. The number indicates a significant negative correlation. It illustrates the positive correlation between the enterprise performance index and the pay gap between executives.

It can be seen from the regression result that the remuneration margin of the senior management, the company's growth, the assets can have a significant positive impact on the return on the net assets of the listed company's financial performance indicator, and the asset - liability ratio has a significant negative impact on the return of net assets ;Products can have a significant positive impact on earnings per share in the performance indicators of state - owned listed companies, and the asset - liability ratio has a significant negative impact on earnings per share. The higher the pay gap, the higher the company's net assets and earnings per share.

5.2 Recommendations

5.2.1 Promoting the sound and perfect remuneration mechanism and improving the incentive mechanism

First, we should improve the market system of our country's managers. To build a perfect incentive mechanism, the premise is to select the appropriate agent. Because if the agent's ability is not enough, no matter how the incentive program chooses to lead to the effective growth of corporate performance, there is no significance and effect on solving the agency problem. In a mature enterprise

manager's market, the market will give the manager value, the external performance of the agent's human capital value, and can improve the company's performance indicators to a certain extent. If professional managers do not give full play to their role, they cannot use their own human capital, the capital value of the top manager will be devalued, and may even be replaced by other senior executives for some time, and more likely to die for their own career. Intangible internal pressures create an effective supervision mechanism that motivates professional managers to work harder. Due to the short-term development of our country's managers market, the choice of senior managers in the state-owned enterprises will have a strong government background, and the choice of senior managers is basically the appointment system, which is the political line, even if the condition of the management is not good, it can also be the corresponding position in other companies. The cost of making a mistake would be minimal, either by choosing to act as a government official. In such a state, high-level managers will increase their income by working on the job, a way to satisfy their private desires, and secondly, to speed up the pay committees of top managers of reform companies. On the other hand, the problem of on-the-job consumption is that the salaries of executives at state-owned enterprises are not reasonable, and the transparency of the overall income of the executives is questioned. This requires the establishment of executive compensation committees to address such problems in the Remuneration Committee under the Board of Directors. At present, the board of directors of state-controlled listed company of our country has established the remuneration committee. In order to ensure fairness and independence of executive compensation, members of the remuneration committee of state-owned enterprises should all come from outside directors, but in reality there is no way to achieve that. This is also a party to the efforts of the Remuneration Committee of the State-owned Enterprises. In addition, for the state-owned controlling listed company executive compensation design should also be the following points: First, in the development of the enterprise executive compensation plan, invite all sectors of the community to attend the table, listen to the opinions, increase the rationality of the plan. Second, the information provided by the external market. The remuneration management committee should comprehensively take into account the market findings and the development trend of executive compensation and the development

trend of the future, and then, according to the company's industry, the size of the company and the size of the company, etc., make a reasonable fit for the executive compensation in the direction of the enterprise's development. Third, the whole prize money thought. In designing executive compensation, the remuneration committee needs to study the compensation mechanism of different high - level managers from the perspective of the whole, whether it can be replaced by the performance of the enterprise and the remuneration structure established by the enterprise, and it can be clearly determined whether the executive compensation can be managedThe achievement of the enterprise's performance.

Equity incentive is a long - term incentive for senior management personnel, and equity incentive can be regarded as an increase in the remuneration of senior managers, related to long - term performance of enterprises and long - term development of enterprises, thus taking into account the short - term interests of enterprises, reducing the short - term management because of short - term interestsIn the long run, it is beneficial to the growth of the company and the growth of corporate profits in the long run. Since 2006, the reform of equity allocation of enterprises has led us into the post - share - trading era, which has created a more favourable external market environment for enterprises in our country. But because of China's special national conditions, the effectiveness of China's capital markets has yet to be further determined, and the shares held by senior managers cannot have an obvious incentive to do so. In addition, the senior management of state - controlled public companies generally be appointed directly by the government and enjoy certain administrative levels of treatment. Influenced by the traditional bureaucratic thought of our country, top managers will promote their political objectives as their first goal. And the annual salary they earn in an enterprise is only a small part of their total income, most of which is a variety of gray income and a variety of benefits. Such a situation allows the company's internal compensation, even equities and equities, to be effective in encouraging high - level management of state - owned enterprises. According to the current irrational phenomenon of gray income, the article thinks there are two ways to solve this problem: one is to perfect the market employment system of the manager associated with the state - controlled listed company as soon as possible, cancel the current government appointment system, use the market efficiency and market

approval to test the pipePersonnel, with the leverage of the economy, to motivate the executives. The second is to accelerate the speed and improve the effectiveness of the capital market, create a very good external environment for equity incentive, reduce the potential risks of equity incentive in an unincorporated market, and facilitate the effective implementation of the equity incentive mechanism.

5.2.2 Set reasonable executive compensation gap

From the empirical conclusion, the remuneration gap between the executive compensation of the state - owned listed company has a significant positive impact on the earnings of the company's financial performance, the return on the net assets of the company and the earnings per share of the company's market performance indicator. The higher the remuneration gap between the executives, the better the performance of the enterprise and the development of the company. Therefore, to expand the pay gap between the state - owned listed company executives. In the development of the remuneration gap between senior management, it is necessary to formulate relevant executive compensation according to the specific performance indicators, not blindly expand the remuneration gap between the senior management, and the unreasonable remuneration margin can lead to vicious competition between senior management. In the development of executive compensation, it is necessary to combine the operation performance of all aspects of the enterprise, so that the executive compensation gap has a certain convincing force, and has a certain incentive effect on other senior management, so as to better serve the company and improve the performance of the whole company.

5.2.3 Improve the transparency of executive compensation

In order to obtain the recognition of the executives, it is necessary to strengthen the supervision system of the remuneration disclosure of executives, improve the transparency of executive compensation, make hidden income, grey income more clear, let the disclosure of this system play a greater role. To improve the transparency of the remuneration of executives of enterprises, we need to strengthen supervision over the remuneration of senior managers of state - owned enterprises, and regulate them in accordance with the relevant laws and regulations. The state -

owned assets law passed in 2008 set, the target for the progress and development of the executive compensation system of state - owned enterprises. Therefore, a reasonable, legal, open and transparent compensation management system shall be formulated in accordance with the relevant laws and regulations. At the same time, taking into account the particularity of state - owned enterprises in China, the management efficiency of state - owned assets and the long - term development of state - owned enterprises should be controlled accordingly. Therefore, whether the executive compensation system of state - controlled listed company is reasonably related to the overall situation of the whole company, it is related to the good or bad of the company's operating condition, or even related to the development of the whole nation's economy, only by a paper "limited salary order "It is impossible to solve the problem. It should be combined with the laws and regulations that have been formulated and the power of the legalization management to fundamentally govern the existing problems of the executive compensation of state - owned enterprises. In practice, the relevant laws and regulations should be taken as the basis of the relevant laws and regulations, and actively and reasonablyReform of the compensation management system of state - owned enterprises.

5.2.4 Combination of rewards and punishment to establish a risk assessment system

Through research on the relationship between executive compensation and corporate performance of state - owned enterprises, it can be found that the current state - owned enterprise executive compensation management scheme is the incentive mode by increasing the remuneration of enterprise executives. But high - level managers, as state - owned enterprises, will lose more people, such as on - the - job consumption of top managers, if they do harm to the company. Therefore, state - owned enterprises should set up corresponding punishment system, do reward and punishment. If the senior management of state - owned enterprises has a bigger violation or the illegal phenomenon, it will bring negative influence to the company or the economic and social losses caused by the company within a certain range, bear the corresponding responsibility for the period, and be punished by certain economic and administrative aspects. This requires an enterprise to incorporate the risk assessment

system into high - level management of the enterprise. When evaluating the performance of the company's corporate performance and the value created by the company, it is necessary to determine whether the enterprise's senior management can influence the negative impact of the company at the same time as the company's performance and the value created by the company. Consider the process of evaluation. In short, when the executive compensation of the state - controlled listed company is made, consideration should be given to the following principles: stick to the regulation of the market with the government's supervision system, adhere to the principle of the unity of the incentive system and the restraining system, and insist on taking into consideration the incentive mechanism of the long and short term. The executive compensation adjustment is coordinated with the adjustment of employee's wages. On the whole, the design of executive compensation of state - owned enterprises should be based on efficiency, taking into consideration the principle of fairness: to achieve the purpose of motivation, consideration should be given to the principle of high remuneration. In the long run, however, this behavior has greatly enhanced the operation and delivery of the whole society in the long run, if the efficiency of executive compensation is ignored in the process of regulating executive compensation. Easy cost, ultimately to the general public and the state and long - term interest to bring great harm. Therefore, it can not only take into account the short - term interests, from the long - term perspective, take into account the long - term interests of the enterprise.

5.3 Research Innovation Points and Insufficient

The main innovation point of this paper is that in selecting the performance of the enterprise, not only the financial aspects, but also the performance of the enterprise market. This paper analyzes the relationship between the remuneration margin of the executive compensation and the return on the net assets of the enterprise, and the related relationship between the earnings per share, and provides a theoretical basis for the relationship between executive compensation and corporate performance, and provides corresponding solutions and solutions to the improvement of its remuneration system.

The understudy of this paper is mainly reflected in the selection of variables,

not comprehensive, does not fully contain variables influencing enterprise performance, on the other hand, the selected data year to be increased. The consideration of executive compensation only takes into account its annual cash compensation and does not take into account other on - the - job consumption. Further studies will be carried out in follow - up studies.



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