



**THE IMPACT OF EQUITY INCENTIVE ON OPERATIONAL
PERFORMANCE: A CASE STUDY OF TSINGTAO BREWERY
COMPANY**

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**AN INDEPENDENT STUDY SUBMITTED IN PARTIAL FULFILLMENT
OF THE REQUIREMENTS FOR
THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION
GRADUATE SCHOOL OF BUSINESS
SIAM UNIVERSITY**

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This Independent Study has been Approved as a Partial Fulfillment of the
Requirements for the degree of Master of Business Administration

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ABSTRACT

This study took Tsingtao Brewery Company as a case study to examine the impact of equity incentive on corporate operational performance, with changes in management behavior serving as a mediating variable. The study aimed: 1) To determine whether equity incentive has a positive effect on operational performance; 2) To determine whether equity incentive has a positive effect on management behavior; 3) To determine whether management behavior has a positive effect on operational performance; 4) To determine whether management behavior mediates the relationship between equity incentive and operational performance.

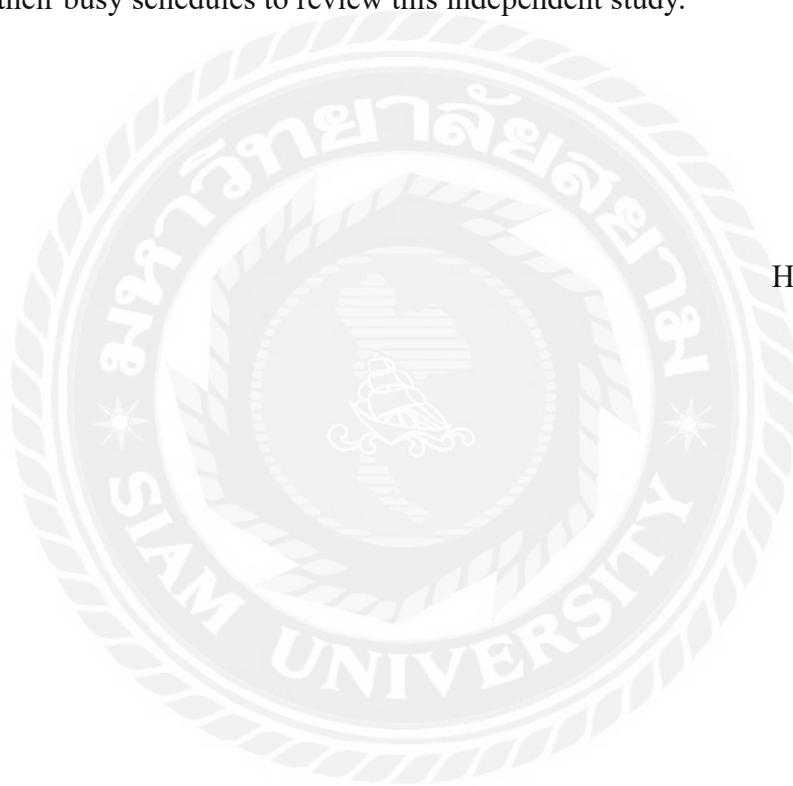
This study used the quantitative analysis method to examine the relationship between equity incentive and operational performance at Tsingtao Brewery Company, with management behavior as a mediating variable. The study distributed 240 questionnaires, of which 228 were returned. After excluding invalid responses, 203 valid questionnaires were obtained. The recovery rate was 95%. The findings of this research are: 1) Equity incentive has a positive effect on operational performance; 2) Equity incentive has a positive effect on management behavior; 3) Management behavior has a positive effect on operational performance; 4) Management behavior mediates the relationship between equity incentive and operational performance. Therefore, by implementing equity incentive, Tsingtao Brewery Company can foster positive behaviors in its management that align with the company's expectations, thereby enhancing management effectiveness and improving operational performance.

Keywords: equity incentive, operational performance, management behavior

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Finally, I would like to express my heartfelt thanks to all the teachers who took time out of their busy schedules to review this independent study.



Haoran Zheng

DECLARATION

I, Haoran Zheng, certify that the work embodied in this independent study entitled “The Impact of Equity Incentive on Operational Performance: A Case Study of Tsingtao Brewery Company” is result of original research and has not been submitted for a higher degree to any other university or institution.



Haoran Zheng

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Chapter 1 Introduction

1.1 Background of the Study

Since the 20th century, the global economy has rapidly developed, and the scale of enterprises has continuously expanded. To ensure the smooth conduct of various business operations, shareholders hire professional managers for operational management. Professional managers are responsible for improving the company's performance, while shareholders supervise the managers' actions. This clear division of labor enhances the company's operational efficiency. However, under this interest relationship, there is a conflict of interest between professional managers and shareholders, leading to the "principal-agent" problem and increasing the difficulty of corporate governance (Jensen, 1986). Therefore, in the process of corporate governance, it is necessary to establish an effective system of constraints and incentive to standardize and guide the behavior of managers. The emergence of management stock incentive mechanisms can effectively provide such regulation and guidance. By granting a certain number of shares to company managers, a community of interests is formed between the company's owners and its management. When the management team receives a corresponding proportion of company stocks, their interests become closely tied to the company's performance. Consequently, the management will aim for the long-term stable development of the enterprise as a lifelong goal, thereby promoting the long-term improvement of the company's performance. This helps reduce agency costs and encourages the retention of key talents, serving as a long-term incentive mechanism to motivate and retain core talents (Jensen & Meckling, 2019). According to a study by Zheng (2010), management stock incentive are positively correlated with corporate performance and can enhance operational performance.

The issue of stock incentive emerged in the 1950s as a significant innovative mechanism in the field of corporate incentive. The initial purpose of establishing stock incentive was to address the principal-agent problem arising from the separation of ownership and management in corporate governance. In the early 1970s, stock incentive were introduced to Europe, where they gained favor with many companies and were gradually incorporated into corporate management systems. Since the emergence of joint-stock companies in China was relatively late, it was only after Asian countries introduced stock incentive about 20 years ago that people realized their importance for corporate development. With the promulgation and implementation of relevant national laws and regulations, the systems related to stock incentive have gradually become more legalized and standardized (Zhang, 1999).

As a long-term mechanism to address the principal-agent problem, the essential role of stock incentive lies in guiding and restraining the behavior of management

(Murphy, 1999). Stock incentive directly influence changes in the behavior of management personnel. As an effective long-term incentive method for stabilizing a company's management and core employees, stock incentive are seen as one of the effective tools for solving principal-agent problems and achieving the long-term development of a company.

The beer industry is a significant component of the food and beverage sector, but existing literature on the implementation of equity incentive in this industry is scarce. With increasing competition in the beer industry, major beer companies are vying for the high-end beer product market, leading to a severe shortage of management and research and development talent. Against this backdrop, it is necessary to adopt appropriate incentive measures to achieve sustainable development for enterprises. In 2020, Tsingtao Brewery Company proposed an equity incentive plan for the first time, which positively impacted the company's operational performance. By studying the impact of implementing management equity incentive on the operational performance of this case company, this research provides a reference for other beer companies considering whether to implement equity incentive.

1.2 Questions of the Study

This study selected Tsingtao Brewery, a representative listed company in the beer industry, as the research subject. In 2020, Tsingtao Brewery implemented an equity incentive plan for the first time in its 26 years of being publicly listed. Since few companies in the beer industry have implemented equity incentive, and given that the beer industry is currently in a stock game stage with increasing competition, the case study of Tsingtao Brewery's equity incentive has significant reference value for other beer companies. In 2020, the overall economic level declined, impacting the operational performance of various industries. Tsingtao Brewery introduced the equity incentive plan to boost morale and motivate employees to tackle challenges. Therefore, the impact of implementing equity incentive on the company's operational performance is crucial, and this is the primary issue this paper aims to study.

From an analytical perspective, the questions of the study can be divided into the following four points:

1. Does equity incentive have a positive effect on operational performance?
2. Does equity incentive have a positive effect on management behavior?
3. Does management behavior have a positive effect on operational performance?
4. Is management behavior a mediator in the relationship between equity incentive and operational performance?

1.3 Objectives of the study

In response to the four questions proposed in this study, the following targeted research objectives are established:

1. To determine whether equity incentive has a positive effect on operational performance.
2. To determine whether equity incentive has a positive effect on management behavior.
3. To determine whether management behavior has a positive effect on operational performance.
4. To determine whether management behavior mediates the relationship between equity incentive and operational performance.

1.4 Scope of the study

This paper primarily investigated the impact of implementing equity incentive on the operational performance of Tsingtao Brewery. The study focused on the influence of equity incentive on the company's operational performance. Using the principal-agent theory, the incentive theory, and the human capital theory, the relationship between management equity incentive and operational performance was analyzed, with management behavior as a mediating variable to explore the influence mechanism between the two.

1.5 Significance of the Study

1. Theoretical significance

The study of equity incentive has been ongoing for a long time and has become a popular topic. Many foreign scholars have conducted extensive and in-depth research on this subject. However, research on equity incentive in China started relatively late, and there is still room for deeper exploration compared to international research and application. Currently, there is a substantial amount of empirical research in China, but case studies are still relatively scarce. Several important questions merit further investigation: whether equity incentive effectively address the principal-agent problem, whether executives might pursue equity incentive for personal gain, whether the implementation of equity incentive truly achieves the company's intended goals, and whether these incentive positively impact company performance. These are all critical issues that warrant in-depth research.

Based on the incentive theory, the human capital theory and the principal-agency theory, this study discusses the influence of equity incentive on the operation performance of Tsingtao Brewery Company, reveals the influence mechanism of equity

incentive on the management behavior, and then the influence on the enterprise performance. To some extent, it can play a certain reference role in the scheme design of listed companies that want to implement equity incentive in China, and also provide data for the further improvement of equity incentive cases in the future. It is of corresponding theoretical significance to the discussion of the influence of equity incentive on operational performance of listed enterprises in our country.

2. Practical significance

Many enterprises in China have launched equity incentive, and the practice has proved that the implementation of equity incentive can bring a positive effect to the operational performance of enterprises. However, the beer industry is more competitive than other industries and has an urgent demand for management and innovative talents. Its operating situation and operating efficiency are greatly affected by the external environment. If a reasonable incentive plan is not formulated in combination with the actual situation, it cannot solve the problem of the enterprise and even aggravate the problem. This paper has reference and guiding significance for the influence of equity incentive and the change of management behavior on the operational performance of enterprises.

As the leading enterprise in this industry, Tsingtao Brewery Company is under greater pressure and risk. It analyzes the actual implementation of equity incentive, finds out the shortcomings affecting the implementation effect, and puts forward optimization suggestions accordingly, which will be of some help to the continuous improvement of the incentive scheme of case enterprises. It can make enterprises further improve according to their specific situation and development, and promote its operational performance better and quickly. For our domestic listed companies, we will give corresponding reference on how to implement equity incentive, improve their own governance structure and enhance their competitiveness.

Chapter 2 Literature Review

2.1 Introduction

This chapter mainly summarizes the research of experts and scholars on the related concepts and specific variables involved in this paper, which lays the theoretical research foundation for this paper. At the same time, the paper analyzes the overall background of Tsingtao Beer Company involved in this paper, which lays a foundation for practical research.

2.2 Literature Review

2.2.1 Overview of Basic Theories

1. Principal-Agent Theory

The Principal-Agent Theory emerged in the 1930s, proposed by American economists Berle and Means. They advocated for the separation of ownership and management, where owners retain ownership rights while transferring management rights to operators. Jensen (1986) further expanded the Principal-Agent Theory, highlighting that the principal-agent relationship is a contractual relationship in which one or more principals designate agents other than themselves to exercise certain rights on their behalf. This theory is based on the assumption of rational economic agents, meaning both principals and agents strive to maximize their own interests. As the Principal-Agent Theory developed, its foundational conditions were established: the unpredictability of the agent's behavior, the asymmetrical distribution of information between the principal and the agent, and the agent's core objective of maximizing their own interests. The Principal-Agent Theory primarily analyzes the issues arising from the separation of ownership and management in corporate governance. Equity incentive emerged as a solution to address these issues discussed within the framework of this theory.

2. Incentive Theory

In 1968, American scholars Lyman Porter and Edward E. Lawler proposed the comprehensive incentive theory, which fully reflects the incentive process and its effects. The main means to solve the problem of principal-agent is to design the incentive mechanism to promote the interests of the agent to reach an agreement with the principal. The incentive theory believes that the efficiency of work is closely related to the working attitude of employees, and summarizes how to meet the various needs of people to mobilize the enthusiasm of work, among which the most famous is Maslow's "hierarchy of needs theory" and Herzberg's "two-factor theory". The essence of equity incentive for management lies in stimulating deep potential, allowing them to

exert subjective initiative and maximize the motivational effect. By granting a certain number of shares to management as incentive compensation, it satisfies both material and spiritual needs. To meet the unlocking conditions of equity incentive, certain performance targets must be achieved, and these targets are usually linked to operational performance. In this way, management is motivated to exert their subjective initiative, actively manage the company, and improve operational performance from various aspects, thereby maximizing the wealth created for the enterprise. Therefore, it is very necessary to formulate a long-term incentive plan, and the equity incentive plan is a method with a significant incentive effect and long-term certainty mechanism. This method can maximally stimulate the motivation of business managers to create value for the company (Li & Shen, 2021).

3. Human Capital Theory

American scholars Schultz and Becker first put forward the theory of human capital in the 1960s, providing a new idea for human capital management. According to the theory of human capital, human capital specifically refers to the sum of the labor skills, production knowledge and management ability of the employees, which is an important resource of an enterprise other than material capital. The management of human resources should be understood from both quality and quantity: firstly, quantitative management refers to the training and organization of employees to match and combine with the material capital of the company; secondly, qualitative management starts on their thoughts and behavior to exert subjective initiative, improve work enthusiasm and effort, ensure the continuous operation of business activities, maintain the core competitiveness of the enterprise and realize long-term value returns. The construction of human capital theory mainly borrows the definition of material capital, measures human capital according to the formation mechanism of material capital, and believes that human capital is the accumulation of all the knowledge and technology of an individual. Compared with material capital, it has subjective initiative and creativity (Qu, 2017).

In the market competition, human capital is particularly important. Retaining the core technical personnel, technical research and development personnel, and talented senior management personnel can improve the core competitiveness of the enterprise, so that the enterprise is in an invincible position in every fierce market competition. Therefore, enterprises should optimize the allocation of human capital in a planned way, should also use a variety of incentive form to encourage management and core employees to improve creativity and enthusiasm, incentive way should involve the realization of the benefits of enterprises and employees, promote employees' personal growth is also key enterprise development power, the important way to form the core competitiveness. It not only emphasizes the management of external elements, but also pays attention to the management of internal quality, and takes into account the two

elements to accurately grasp the core connotation of human capital.

2.2.2 Equity Incentive

Equity incentive is a long-term incentive mechanism for enterprises to give the incentive object a certain equity, which makes the incentive object form a community of interests and helps the enterprise to realize long-term pursuit. It is a long-term incentive mechanism for enterprises to motivate and retain core members, and a human resource incentive strategy implemented by enterprises to achieve long-term goals.

Equity incentive is the enterprise equity according to the proportion allocated to the enterprise employees, make enterprise employees and shareholders interest community, make the enterprise management more perfect, improve the management level (Song, 2016), originated in the United States in the 1950s, in the 1990s with Chinese state-owned enterprises to deepen reform, equity incentive began to introduce. The famous American economist Louis Kelso put forward the "Employee Stock Ownership Plans", and put forward the idea of capital ownership generalization, employees can enjoy the enterprise equity by their own labor, which is the origin of equity incentive. Equity incentive is also divided into broad and narrow sense. The broad sense of equity incentive refers to the implementation of different forms of stock incentive for the management and employees of the enterprise, while the narrow sense of equity incentive only refers to the management of the enterprise buys shares of the company at the agreed price (Liu, 2017).

Scholars have carried out a lot of research on the issue of equity incentive effect. Jensen (1986) proposed the hypothesis of equity incentive, believing that with the rise of management ownership, the cost of deviation from value maximization will decrease. In other words, management ownership helps to reduce agency costs, thus improving corporate performance. Larcker (1983) After an empirical study on high-tech enterprises that implement equity incentive, we found that the implementation of equity incentive for management can restrain their short-term behavior and play a long-term incentive role for the behavior of senior executives. Fama & Jensen (1983) noted that implementing equity incentive for senior executives can offset the company's management costs.

Equity incentive can affect stock price, but long-term and short-term effects; equity incentive can bring positive impact on financial and non-financial performance of enterprises; equity incentive has also benefits. Equity incentive can improve the profitability of enterprises, and improve the operation capacity and growth capacity of enterprises. The release of restricted stock incentive plans for listed companies in China will have a positive impact on their share prices and have a positive impact on the financial market (Wang, 2015). The management effect of human resources and the creativity level of employees have also been improved (Wei, 2019).

2.2.3 Operational Performance

Operational performance refers to the economic benefits created by the company for the enterprise through production and operation activities during a certain period of operation. The Measures for the Performance Evaluation of Financial Enterprises was promulgated in June 2016, which defines the operational performance of enterprises as the financial performance and management performance during a certain operation period, mainly reflecting the various management measures taken by enterprise managers during a certain operation period and their results.

Su (2003) pointed out that the operating performance actually refers to the performance achieved in the development of the enterprise, which can fully reflect the operation effect and profitability of the company; Huang & Hu (2019) believed that the operating performance can reasonably allocate the company resources to maximize the value and role of the development of the company; Li & Zhang (2017) pointed out that the operating performance of the company is actually the overall effect obtained by the company in the actual operation and development process.

Robert, who proposed the balanced scorecard. Kaplan points out that executive ownership has a positive effect on operational performance. After the company's executive financing acquisition, the company's performance has significantly improved. (McConnell & Servaes, 1990) An empirical study of the US manufacturing data from 1979 to 1980 found that the shareholding ratio of corporate managers was significantly positively correlated with the company's performance. Morgan & Poulsen (2001) conducted an empirical study on equity incentive of 500 companies in the United States for 4 years, and the results showed that the value of companies that implemented equity incentive increased significantly, with similar conclusions from Kedia et al.

Chen (2009) took the companies listed before 2005 as the research object, and found that equity incentive was positively correlated with enterprise performance through empirical research, although they were affected by many factors, such as concentration, company size, and the position of senior executives. Shen & Wang (2015) compared the companies that implemented equity incentive after 2006 with the companies that did not implement equity incentive, and found that the companies that implemented equity incentive had better performance than those that did not implement equity incentive. Chen (2016) in 2007-2013, 1893 capital market companies 12852 observation analysis found that equity incentive through two paths, it may motivate managers to work hard, optimize the allocation of resources, so as to improve the company's performance, is also likely to encourage managers to gain earnings through earnings management raise performance.

2.2.4 Management Behavior

2.3 Introduction to Tsingtao Brewery Company

Tsingtao Brewery Co., Ltd., originally a joint venture between German businessmen and British businessmen in Qingdao in August 1903, is a beer production enterprise with a long history in China. The current brand value of the company is 163.772 billion yuan, ranking first in the beer industry in China for 17 consecutive years, and occupying a place in the world's top 500 enterprises. On July 15, 1993, Tsingtao Brewery shares (HK0168) was listed in Hong Kong, becoming the first overseas listed company of Chinese mainland. On August 27 of that year, Tsingtao Brewery was listed on the Shanghai Stock Exchange, the first company in China to list in both places simultaneously.

The company is mainly engaged in beer production, sales and beer-related business. Tsingtao Brewery Company has 58 beer production enterprises in 20 provinces, cities and districts, and the scale and market share of the company are in the leading position in the domestic beer industry. The products are mainly exported to the United States, Germany, The United Kingdom, Canada, France, Italy, Denmark, Australia, Japan, South Korea, Russia and other more than 100 countries, is one of the world's largest beer producers. At present, the brand value is about 198.566 billion yuan, ranking first in China's beer industry for 18 consecutive years, and ranking among the world's top 500 companies. Company adhere to the "Qingdao beer main brand and laoshan beer second brand" development strategy, and according to the trend of domestic beer consumption upgrade, the diversification of diversification, the continuous improvement of the company's product system, continuous optimization of the company's product structure, accelerate to the high-end, high-end development.

2.4 Conceptual Framework

The influence of equity incentive on operational performance is to affect operational performance by affecting the change of management behavior. According to the principal-agent theory, incentive theory and human capital theory, the influence of equity incentive on the operational performance is taken as the research object. Among them, the equity incentive is the independent variable, the operational performance is the dependent variable, and the management behavior is the mediating variable. The model is constructed based on the analysis and the relationship between the variables. The model framework is shown in the following figure:

Principal-Agent Theory Incentive Theory Human Capital Theory

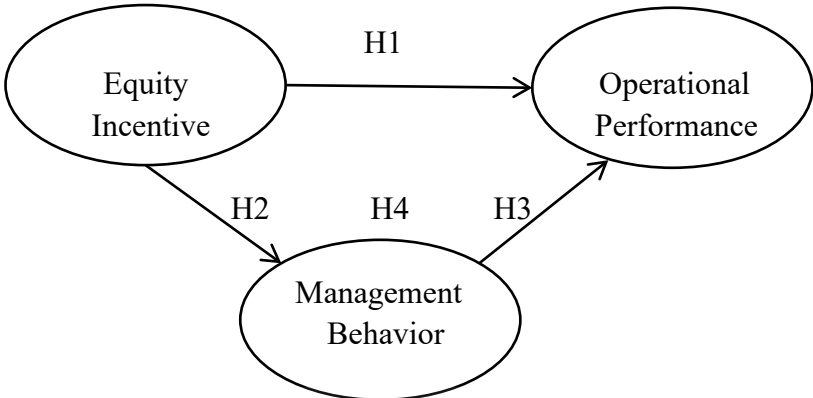
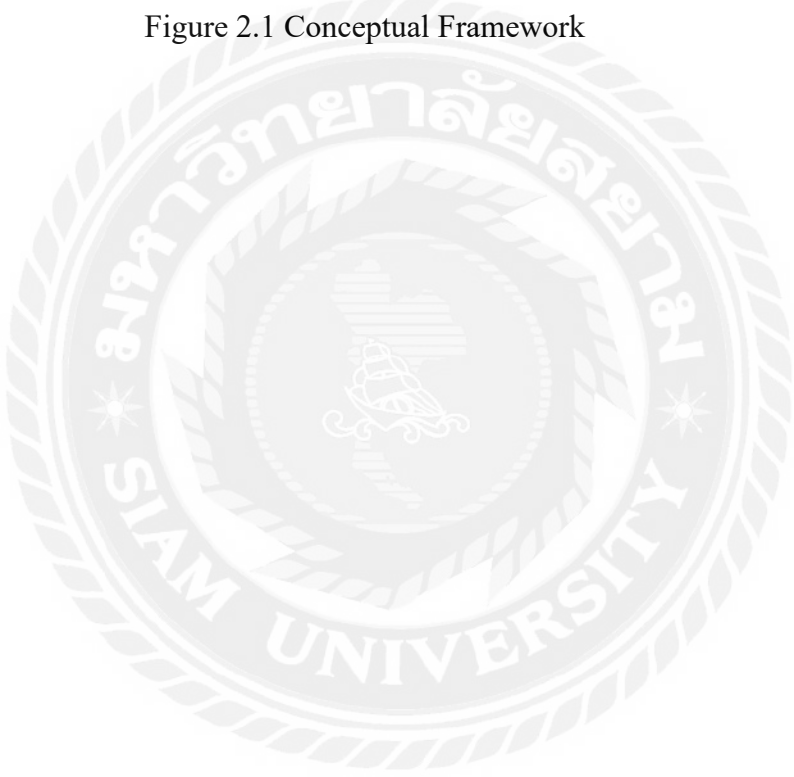


Figure 2.1 Conceptual Framework



Chapter3 Research Methodology

3.1 Research Design

This study utilized the quantitative research approach. It focused on the impact of equity incentive on operational performance. Based on the principal-agent theory, the incentive theory, and the human capital theory, the independent variable in the research model is identified as equity incentive and management behavior as mediating variable, and the dependent variable is operational performance. A questionnaire was designed based on Richter's five-point measure and hypotheses were formulated based on the relationship between the variables. The reliability and validity of the questionnaire scales were systematically analyzed to ensure the accuracy and consistency of the data analysis, laying the foundation for the following empirical analysis.

Based on the relevant studies and theories, measurement items were designed for each variable, using a Richter five-point measurement method. By using the SPSS, a quantitative analysis of the collected data was performed to determine the relationship between equity incentive, management behavior, and operational performance.

Equity incentive includes equity incentive plans, fairness, incentive effectiveness, and sustainability, as shown in Table 3.1.

Table 3.1 Equity Incentive Measurement Items

Variable	Measurement Item	NO.
Equity Incentive	7. You know more about the equity incentive plan provided by the company	Q7
	8. You think the company's equity incentive plan is fairly distributed among employees	Q8
	9. You think the equity incentive plan has a positive impact on your work enthusiasm	Q9
	10. You think the equity incentive plan has significantly increased your loyalty to the company	Q10
	11. The equity incentive plan enhances your confidence in the long-term development of the company	Q11
	12. You think the equity incentive plan encourages management to focus more on the long-term development of the company rather than the short-term interests	Q12
	13. Since the implementation of the Equity Incentive Plan, you have noticed significant improvements in our financial performance, market share, or customer satisfaction	Q13

Management behavior includes work attitude, helping behavior, organizational

loyalty, and organizational adherence, as shown in Table 3.2.

Table 3.2 Management Behavior Measurement Items

Variable	Measurement Item	NO.
Management behavior	14. You can complete the responsibilities in the job description with both quality and quantity guaranteed	Q14
	15. During working hours, you are willing to work on those colleagues who ask for leave due to business	Q15
	16. You are willing to assist your colleagues in their work during working hours	Q16
	17. You are willing to listen to your colleagues' questions and concerns during your working hours	Q17
	18. You always handle corporate affairs within the scope of your authority and authority	Q18
	19. In the event of a conflict with the interests of the organization, you can abandon your personal interests and safeguard the interests of the organization	Q19
	20. You can still abide by the rules, regulations and procedures of the organization without any supervision	Q20

Operational performance includes financial performance, customer performance, employee performance, and internal operational performance, as shown in Table 3.3.

Table 3.3 Operational Performance Measurement Items

Variable	Measurement Item	NO.
Operational performance	21. You think the current employees of the company are more satisfied with the company	Q21
	22. According to the customer feedback you know, customers are highly satisfied with the company's products or services	Q22
	23. Compared with your competitors, you think the company's market share has increased significantly in the past year	Q23
	24. You think the company's financial performance (such as revenue, profit, etc.) in the past year is very good	Q24
	25. You think the company performs well in terms of innovation in new products or services	Q25
	26. You think the company's operational efficiency has improved significantly over the past year	Q26
	27. You believe that the company exceeds its expectations in achieving its long-term strategic goals	Q27

All the initial scales involved in this study are from relevant literature at home and abroad, which are reasonably adjusted in the context of this study. After the questionnaire design was completed, the questionnaire was distributed as required. By screening the data and eliminating the invalid questionnaires, the valid questionnaires were obtained, which lays a foundation for data analysis.

3.2 Hypothesis

The independent variable in this study is equity incentive, the dependent variable is operational performance, management behavior is the mediating variable, and the model is constructed based on the analysis and the relationship between the variables. The influence of equity incentive on operational performance is affected by the change of management behavior. Therefore, the following assumptions are made:

H1: Equity incentive has a positive effect on operational performance.

H2: Equity incentive has a positive effect on management behavior.

H3: Management behavior has a positive effect on operational performance.

H4: Management behavior mediates the relationship between equity incentive and operational performance.

3.3 Population and Sample Size

In order to conduct an empirical research on the effect of equity incentive, management behavior and operational performance, Tsingtao Brewery Company was selected for this research. Therefore, this study distributed questionnaires to 240 management personnel of Tsingtao Brewery.

3.4 Data Collection

This study distributed questionnaires through the online survey platform and management personnel from Tsingtao Beer were invited to participate. In this study, 240 questionnaires were officially investigated, 228 questionnaires were recovered, 25 invalid questionnaires were eliminated, and 203 valid questionnaires were obtained, with a recovery rate of 95%. The resulting sample is fully representative of the company's management, resulting in more representative and reliable findings.

3.5 Data Analysis

3.5.1 Reliability analysis

In order to determine whether the data of the questionnaire is reliable, a reliability analysis is necessary before the analysis of the questionnaire. Confidence is a measure of the reliability, stability and consistency of the measured object. The reliability test is a prerequisite for the applicability of the scale, so the scale must be tested for further study. The reliability test refers to the reliability, stability, and consistency of the questionnaire results, i. e., whether the measured results can reflect the true characteristics of the consistency and stability of the survey participants. The larger the reliability coefficient indicates that the questionnaire results can better reflect the true characteristics of the consistency and stability of the participants. Cronbach Coefficient is one of the most commonly used reliability coefficient, evaluating the consistency of the questionnaire scores, it is an internal consistency reliability coefficient, can accurately reflect the internal unity of the measurement item and the internal structure of the measurement item. The larger the Cronbach' α value, the better the internal consistency and internal structure, which is the result of the high reliability of the scale.

In this study, the reliability test of Cronbach ' α value standard was used for the study of variables and items, that is, the Cronbach' α value was greater than 0.7, and SPSS uses the reliability and validity test of variables and items. According to the data analysis, the Cronbach's α coefficient of the total questionnaire table was 0.923>0.7, indicating that the questionnaire has good consistency and stability, and the topic design and structure of the questionnaire are scientific and reasonable, which can be used for further analysis. See table 3.4.

Table 3.4 Total Reliability Test

Latent variables	Number of measurable variables	Cronbach' s alpha Coefficient
Equity incentive	7	0.907
Management behavior	7	0.814
Operational performance	7	0.876
Overall	21	0.923

According to the data analysis, the reliability coefficient of equity incentive is 0.907, which is greater than 0.9, thus indicating that the reliability quality of the research data is very high. For the " α coefficient that has been deleted", the reliability coefficient will not increase significantly after any item is deleted, so it means that the item should not be deleted. For "CITC value", the CITC value of analysis items is greater than 0.4, which indicates a good correlation between analysis items and a good reliability level. In conclusion, the reliability coefficient value of the research data is

higher than 0.9, which comprehensively indicates that the data reliability quality is high and can be used for further analysis. See table 3.5.

Table 3.5 Equity Incentive Reliability Test

	Items	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
Equity incentive	7.You know more about the equity incentive plan provided by the company	0.698	0.895	0.907
	8.You think the company's equity incentive plan is fairly distributed among employees	0.764	0.888	
	9.You think the equity incentive plan has a positive impact on your work enthusiasm	0.689	0.896	
	10.You think the equity incentive plan has significantly increased your loyalty to the company	0.686	0.896	
	11.The equity incentive plan enhances your confidence in the long-term development of the company	0.759	0.888	
	12.You think the equity incentive plan encourages management to focus more on the long-term development of the company rather than the short-term interests	0.748	0.890	
	13. Since the implementation of the Equity Incentive Plan, you have noticed significant improvements in our financial performance, market share, or customer satisfaction	0.700	0.895	
	Note: Standardized Cronbach α coefficient = 0.906			

According to the data analysis, the reliability coefficient value of the management behavior is 0.814, which is greater than 0.8, thus indicating that the reliability quality of the research data is high. For the " α coefficient that has been deleted", the reliability coefficient will not increase significantly after any item is deleted, so it means that the item should not be deleted. For "CITC value", the CITC value of analysis items is greater than 0.4, which indicates a good correlation between analysis items and a good reliability level. In conclusion, the reliability coefficient value of the research data is higher than 0.8, which comprehensively indicates that the data reliability quality is high

and can be used for further analysis. See table 3.6.

Table 3.6 Management Behavior Reliability Test

	Items	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
Management behavior	14. You can complete the responsibilities in the job description with both quality and quantity guaranteed	0.605	0.780	0.814
	15. During working hours, you are willing to work on those colleagues who ask for leave due to business	0.526	0.794	
	16. You are willing to assist your colleagues in their work during working hours	0.540	0.791	
	17. You are willing to listen to your colleagues' questions and concerns during your working hours	0.560	0.788	
	18. You always handle corporate affairs within the scope of your authority and authority	0.524	0.794	
	19. In the event of a conflict with the interests of the organization, you can abandon your personal interests and safeguard the interests of the organization	0.544	0.791	
	20. You can still abide by the rules, regulations and procedures of the organization without any supervision	0.562	0.788	
Note: Standardized Cronbach α coefficient = 0.814				

According to the data analysis, the reliability coefficient of operational performance is 0.876, greater than 0.8, thus indicating the high reliability quality of the research data. For the " α coefficient that has been deleted", the reliability coefficient will not increase significantly after any item is deleted, so it means that the item should not be deleted. For the "CITC value", the CITC value of the analysis items is greater than 0.4, which indicates a good correlation between the analysis items and a good reliability level. In conclusion, the reliability coefficient value of the research data is higher than 0.8, which comprehensively indicates that the data reliability quality is high and can be used for further analysis. See table 3.7.

Table 3.7 Operational Performance Reliability Test

	Items	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted	Cronbach's Alpha
Operational performance	21.You think the current employees of the company are more satisfied with the company	0.626	0.861	0.876
	22.According to the customer feedback you know, customers are highly satisfied with the company's products or services	0.634	0.860	
	23.Compared with your competitors, you think the company's market share has increased significantly in the past year	0.633	0.860	
	24.You think the company's financial performance (such as revenue, profit, etc.) in the past year is very good	0.640	0.860	
	25. You think the company performs well in terms of innovation in new products or services	0.597	0.864	
	26.You think the company's operational efficiency has improved significantly over the past year	0.579	0.866	
	27.You believe that the company exceeds its expectations in achieving its long-term strategic goals	0.683	0.855	
	28.You believe that the company's brand image and reputation have improved significantly over the past year	0.688	0.855	
	Note: Standardized Cronbach α coefficient = 0.876			

3.5.2 Validity analysis

A questionnaire with reliability may not have validity. Reliability analysis is used to evaluate the consistency and stability of the evaluation tool and whether the measurement tool can truly measure the research object. Validity refers to the consistency of the measurement, the higher the validity; otherwise, the lower the validity. The validity test needs to look at the significance of KMO coefficient and Bartlett sphere test. If the KMO coefficient ranges from 0 to 1, the closer to 1, the closer the structural validity of the questionnaire is better. If the significance of Bartlett sphere

test is less than 0.05, we can also think that the questionnaire has good structure validity.

The validity study is used to analyze whether the study item is reasonable and meaningful. The data analysis method of factor analysis is KMO value, common degree, variance interpretation rate value, factor load coefficient value and other indicators, to verify the validity level of the data. KMO value is used to judge the suitability degree of information extraction. KMO statistical value is between 0 and 1, the closer the KMO value is to 1, the stronger the correlation between variables, the more suitable for factor analysis; the closer the KMO value is to 0, the weaker the correlation between variables, and the less suitable the variables are for factor analysis. Common degree values are used to exclude unreasonable study items, variance interpretation rate values are used to explain the level of information extraction, and factor load coefficient is used to measure the factor (dimension) and the item correspondence.

Validity analysis was verified using KMO and Bartlett test. It can be seen from the table, KMO value is 0.929 and KMO value is greater than 0.8. The study data is perfect for extracting information (reaction validity from the side is good). See table 3.8.

Table 3.8 KMO and Bartlett's Test

KMO value		0.929
Bartlett Sphelicity test	Approximate chi-square	2037.360
	df	231
	P-value	0.000

According to the data analysis, the common degree value of all the research items is higher than 0.4, indicating that the study item information can be effectively extracted. In addition, the KMO value is 0.929, greater than 0.6, the data can be effectively extracted. In addition, the variance interpretation rate values of the three factors are 20.379%, 19.056%, and 16.021%, respectively, and the cumulative variance interpretation rate after rotation is 55.455% > 50%. It means that the information content of the research item can be effectively extracted. Finally, by combining the factor load coefficient to confirm the correspondence between the factor (dimension) and the study item, whether it is consistent with the expected. If it is consistent, it will indicate the validity; otherwise, it needs to be adjusted again. When the absolute value of the factor load coefficient is greater than 0.4, it means that the option and the factor correspond to each other. See table 3.9.

Table 3.9 Validity Analysis Results

Items	Factor load coefficient			common factor variance
	Factor 1	Factor 2	Factor 3	
7. You know more about the equity incentive plan provided by the company	0.767	0.143	0.139	0.628
8. You think the company's equity incentive plan is fairly distributed among employees	0.761	0.287	0.181	0.694
9. You think the equity incentive plan has a positive impact on your work enthusiasm	0.700	0.273	0.169	0.594
10. You think the equity incentive plan has significantly increased your loyalty to the company	0.719	0.223	0.171	0.596
11. The equity incentive plan enhances your confidence in the long-term development of the company	0.768	0.233	0.225	0.695
12. You think the equity incentive plan encourages management to focus more on the long-term development of the company rather than the short-term interests	0.753	0.234	0.233	0.676
13. Since the implementation of the Equity Incentive Plan, you have noticed significant improvements in our financial performance, market share, or customer satisfaction	0.744	0.221	0.121	0.617
14. You can complete the responsibilities in the job description with both quality and quantity guaranteed	0.276	0.106	0.693	0.567
15. During working hours, you are willing to work on those colleagues who ask for leave due to business	0.077	0.250	0.608	0.438
16. You are willing to assist your colleagues in their work during working hours	0.156	0.040	0.697	0.512
17. You are willing to listen to your colleagues' questions and concerns during your working hours	0.153	0.183	0.645	0.473
18. You always handle corporate affairs within the scope of your authority and authority	0.112	0.265	0.592	0.433
19. In the event of a conflict with the interests of the organization, you can abandon your personal interests and safeguard the interests of the organization	0.131	0.248	0.608	0.448
20. You can still abide by the rules, regulations and procedures of the organization without any supervision	0.152	0.136	0.670	0.491
21. You think the current employees of the company are more satisfied with the company	0.211	0.632	0.243	0.503
22. According to the customer feedback you know, customers are highly satisfied with the company's products or services	0.242	0.690	0.139	0.553

Items	Factor load coefficient			common factor variance
	Factor 1	Factor 2	Factor 3	
23. Compared with your competitors, you think the company's market share has increased significantly in the past year	0.263	0.597	0.301	0.516
24. You think the company's financial performance (such as revenue, profit, etc.) in the past year is very good	0.187	0.741	0.068	0.588
25. You think the company performs well in terms of innovation in new products or services	0.179	0.624	0.252	0.485
26. You think the company's operational efficiency has improved significantly over the past year	0.134	0.685	0.124	0.503
27. You believe that the company exceeds its expectations in achieving its long-term strategic goals	0.293	0.645	0.291	0.586
28. You believe that the company's brand image and reputation have improved significantly over the past year	0.269	0.703	0.190	0.603
Characteristic root value (before rotation)	8.550	1.969	1.681	-
Variance interpretation rate (before rotation)	38.865 %	8.949%	7.642%	-
cumulative variance interpretation (before rotation)	38.865 %	47.813 %	55.455 %	-
Characteristic root value (after rotation)	4.483	4.192	3.525	-
Variance interpretation rate (after rotation)	20.379 %	19.056 %	16.021 %	-
cumulative variance interpretation (after rotation)	20.379 %	39.435 %	55.455 %	-
KMO value	0.929			-
Bart spheroid value Admidia	2037.360			-
df	231			-
P-value	0.000			-

Chapter 4 Findings

4.1 Introduction

In this chapter, the obtained data were analysed by using correlation analysis and regression analysis to determine whether the hypotheses are valid.

4.2 Descriptive Statistical Analysis

A total of 203 valid questionnaires were collected. According to the survey results, there were 112 men, accounting for 55.17%, and 91 women, accounting for 44.83%. This survey investigated the basic age of each person, in which 56 and above was 8.3%, 46-55 age 29%, 36-45 age 34.9%, 26-35 age 23.1%, and 18-25 age 4.4%. In this survey, the number of doctors accounted for 4.4%, master accounted for 29.5%, undergraduate and below accounted for 66.1%. Secondly, a survey was conducted on their positions in the company, and the questionnaires were distributed. The survey results were as follows: 6.4% of the positions were senior managers, 11.82% were middle managers, and grassroots managers were 81.78%. See table 4.1.

Table 4.1 Distribution of Demographic Characteristics of Samples (N=203)

Item	Index	Sample number	Percentage
Gender	Male	112	55.17%
	Female	91	44.83%
Age	18-25age	9	4.4%
	26-35age	47	23.1%
	36-45 age	71	34.9%
	46-55 age	59	29%
	56 and above	17	8.3%
Education	Bachelor degree and below	134	66.1%
	Master	60	29.5%
	Doctor	9	4.4%
Position	Senior managers	13	6.4%
	Middle managers	24	11.82%
	Grassroots managers	166	81.78%

4.3 Correlation Analysis

In this paper, Pearson correlation analysis is used to investigate the significance and direction of the degree of linear correlation between variables. When using Pearson correlation analysis, we generally use the correlation coefficient r to describe the correlation coefficient $r < 0$, the correlation between two variables is negative, while if the correlation coefficient $r > 0$, it is positive, if the correlation coefficient $r = 0$, there is no correlation between two variables.

The correlation analysis is used to study the correlation relationship between operational performance, equity incentive and management behavior, and the Pearson correlation coefficient is used to indicate the strength of the correlation relationship. Specific analysis shows that the correlation coefficient between operational performance and equity incentive is 0.603, and it shows the significance of 0.01 level, thus indicating that there is a significant positive correlation between operational performance and equity incentive. The correlation coefficient value between operational performance and management behavior is 0.550, and the significant level is 0.01, thus indicating that there is a significant positive correlation between operational performance and management behavior. The value of correlation coefficient between equity incentive and management behavior is 0.489 and shows significance at 0.01 level, thus indicating that there is a significant positive relationship between equity incentive and management behavior. See table 4.2.

Table 4.2 Correlation Between Variables (Pearson Correlation Matrix)

	Average value	Standard deviation	Operational performance	Equity incentive	Management behavior
Operational performance	3.542	0.958	1		
Equity incentive	3.633	1.013	0.603**	1	
Management behavior	3.521	0.921	0.550**	0.489**	1

* $p < 0.05$ ** $p < 0.01$

4.4 Regression Analysis

In the linear regression analysis of equity incentive and management behavior as independent variables and operational performance as the dependent variable, it can be seen that the model formula is: operational performance = $0.805 + 0.415 * \text{equity incentive} + 0.349 * \text{management behavior}$, model R square value is 0.449, which means that equity incentive, management behavior can explain 44.9% of the change in operational performance. When F tested the model, it was found that the model passed

the F test ($F=81.441$, $p=0.000 < 0.05$), that is, indicating that at least one of equity incentive and management behavior has an impact on operational performance.

In addition, checking the multicollinearity of the model shows that all VIF values in the model are less than 5, which means there is no collinearity problem, and the D-W value is near the number 2, which indicates that there is no autocorrelation between the sample data, and the model is good. The final specific analysis shows that:

1. The regression coefficient value of equity incentive is 0.415 ($t=7.298$, $p=0.000 < 0.01$), which means that equity incentive has a significant positive impact on operational performance.

2. The regression coefficient value of management behavior is 0.349 ($t=5.570$, $p=0.000 < 0.01$), which means that management behavior will have a significant positive impact on operational performance. According, the equity incentive and management behavior has a significant positive impact on operational performance. See table 4.3.

Table 4.3 Results of Linear Regression Analysis (N=203)

	Non-standardized coefficients		Standardization coefficient	t	p	Collinearity diagnostics	
	B	standard error	Beta			VIF	Tolerance
Constant	0.805	0.222	-	3.625	0.000**	-	-
Equity incentive	0.415	0.057	0.439	7.298	0.000**	1.314	0.761
Management behavior	0.349	0.063	0.335	5.570	0.000**	1.314	0.761
R2	0.449						
Adjust the R2	0.443						
F	F (2,200)=81.441,p=0.000						
D-W value	1.971						
Note: dependent variable =operational performance							
* $p < 0.05$ ** $p < 0.01$							

4.5 Mediation Effect Test

This section analyzes whether management behavior mediates the relationship between equity incentives and operational performance. The mediation effect model is divided into three regression models; first, Class 1 regression model builds independent variable X and dependent variable Y; second, Class 2 regression model constructs independent variable X and intermediary variable M; third, Class 3 regression model builds independent variable X and intermediary variable M together with the dependent variable Y.

The mediation effect analysis involves three models, which are as follows: operational performance =1.471+0.570* equity incentive; management behavior =1.907+0.444* equity incentive; operational performance =0.805+0.415* equity incentive + 0.349* management behavior, see table 4.4.

Table 4.4 Results of Mediation Analysis (N=203)

	Operational performance					Management behavior					Operational performance				
	B	Standar derror	t	p	β	B	Standar derror	t	p	β	B	Standar derror	t	p	β
Constant	1.471*	0.201	7.324	0.000	-	1.907**	0.211	9.041	0.000	-	0.805**	0.222	3.625	0.000	-
Equity incentive	0.570*	0.053	10.711	0.000	0.603	0.444**	0.056	7.938	0.000	0.489	0.415**	0.057	7.298	0.000	0.439
Management behavior											0.349**	0.063	5.570	0.000	0.335
R2	0.363					0.239					0.449				
Adjust the R2	0.360					0.235					0.443				
F-value	F (1,201)=114.718,p=0.000					F (1,201)=63.014,p=0.000					F (2,200)=81.441,p=0.000				

* $p < 0.05$ ** $p < 0.01$

The summary table of mediation effect involves three variables: equity incentive (independent variable X), management behavior (intermediary variable M), and operational performance (dependent variable Y). The relationship between these variables, especially the proportion of influence of mediating effects, is calculated and interpreted from the given data.

According to the data in the title, the total effect is $c = 0.570$, the mediation effect is $ab = 0.155$, and the effect ratio is 0.27161 . See table 4.5 and 4.6.

Table 4.5 Summary of Mediation Test Results

Term	c Ensemble	a	b	a*b Intermediary effect value	a*b (Boot SE)	a*b (z- value)	a*b (p-value)	a*b (95% BootC I)	c' direct effect	Inspect the conclusio n
Equity incentive => Management behavior => Operational performance	0.570 **	0.44 4**	0.349 **	0.155	0.046	3.358	0.001	0.083 ~ 0.264	0.415 **	Part of the intermediary
* $p < 0.05$ ** $p < 0.01$										
bootstrap Type = percentile bootstrap method										

Table 4.6 Summary of Mediation Effect Size Results

Term	Inspect the conclusion	c Ensemble	a*b Mesomeric effect	c' Direct effect	Formula of effect ratio	Effect ratio
Equity incentive => Management behavior => Operational performance	Part of the intermediary	0.570	0.155	0.415	$a * b / c$	27.161%

To sum up, the mediation effect accounts for 27.161%, which means that the indirect impact of equity incentive on operational performance through management behavior accounts for about a quarter of the total impact. Thus, management behavior mediates the relationship between equity incentive and operational performance.

Chapter 5 Conclusion and Recommendation

This chapter is based on relevant data analysis to obtain the corresponding results and to explain whether it supports the purpose of the study. At the same time, the future development direction of the enterprise is suggested.

5.1 Conclusion

This study analyzes the questionnaire survey data of Tsingtao Beer Company, and determines the influence of equity incentive with management behavior as the mediating variable on operational performance. In this study, data were collected by distributing 240 questionnaires and 228 questionnaires were recovered, yielding 203 valid questionnaires with a recovery rate of 95%. The analysis shows that there is a positive correlation between equity incentive, management behavior and operational performance. This shows that in the process of equity incentive affecting the operational performance of an enterprise, the management behavior plays a mediating role, making the management show positive behavior in line with the expectations of the company after the implementation of equity incentive, so as to improve the management of the enterprise to achieve the purpose of promoting the operational performance of the enterprise.

5.1.1 Equity incentive has a positive effect on operational performance

Correlation analysis yields the correlation between the variables. Through the study of Pearson's correlation coefficient, the correlation between equity incentive and operational performance can be obtained. As can be seen from the Pearson correlation, the correlation coefficient between operational performance and equity incentive is 0.603, and the level of 0.01 is significant, thus indicating that equity incentive has a positive effect on operational performance.

5.1.2 Equity incentive has a positive effect on management behavior

Correlation analysis yields the correlation between the variables. Through the study of Pearson's correlation coefficient, the correlation between equity incentive and management behavior can be obtained. As can be seen from the Pearson correlation, the correlation coefficient between operational performance and equity incentive is 0.489, and the level of 0.01 is significant, thus indicating that equity incentive has a positive effect on management behavior.

5.1.3 Management behavior has a positive effect on operational performance

Correlation analysis yields the correlation between the variables. Pearson can be studied on the correlation coefficient. The correlation coefficient value between management behavior and management performance is 0.550, and the level of 0.01 is significant, thus indicating that management behavior has a positive effect on operational performance.

5.1.4 Management behavior mediates the relationship between equity incentive and operational performance

It is generally believed that the proportion of the mediation effect reaches or exceeds 20% -30%, and the mediation variable plays a significant mediation role in the relationship between the independent variable and the dependent variable. In this study, the effect proportion of mediation effect was 27.161%. Therefore, management behavior mediates the relationship between equity incentive and operational performance.

5.1.5 Summary

Taking the management behavior as the mediator, the influence of equity incentive on the operational performance of the enterprise is verified. The research results show that all the hypotheses of this study are confirmed, and the test results of the research hypotheses in this study are shown in Table 5.1.

Table 5.1 Hypothesis Test Results

NO.	Hypothesis	Result
H1	Equity incentive has a positive effect on operational performance.	Established
H2	Equity incentive has a positive effect on management behavior.	Established
H3	Management behavior has a positive effect on operational performance.	Established
H4	Management behavior mediates the relationship between equity incentive and operational performance.	Established

5.2 Recommendation

In the process of research, this paper found that equity incentive is an effective incentive means, which is one of the effective means to solve the agency problem, but it needs to combine various factors to play a positive role. In the process of implementing equity incentive, the following problems include:

First, the equity incentive should pay attention to the behavior of the incentive object. Through the questionnaire survey, it is found that the behavior of the incentive object is greatly affected by the equity incentive. The results of equity incentive and management behavior show that there is a significant positive correlation between the two, and equity incentive has a positive impact on management behavior. Can promote the management to present more in line with the requirements of the company behavior. In the process of implementing equity incentive, the company should pay attention to the degree of incentive. Only the incentive that can cause the behavior change of the stimulated object can be effective, and the degree of behavior change of the stimulated object should be improved.

Second, the equity incentive should pay attention to the market conditions. When formulating the equity incentive plan, the enterprise considers the incentive purpose and the actual situation of the enterprise most, but when designing the specific rules and plans of the equity incentive, it needs to be combined with the actual situation of the market. If the market competition is very fierce, it is obviously not appropriate to formulate too high exercise conditions, otherwise lost the significance of equity incentive. If the company needs to rely on a high degree of management and research and development, then the object and exercise conditions of equity incentive, as well as the degree of incentive should conform to the objective situation, otherwise the significance of incentive will be lost.

The case of Tsingtao Brewery Company shows that the implementation of equity incentive has had a positive impact on the operational performance of the enterprise, but it still needs to continue to pay attention to its subsequent operational performance to determine whether the company can continue to bring positive benefits to the operational performance of the enterprise under the equity incentive. Therefore, enterprises can consider the implementation of equity incentive according to the specific situation to improve the operational performance of enterprises.

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Appendix Questionnaire

Dear Mr. / Madam,

Hello! The study aims to study the impact of equity incentive on operational performance. This questionnaire is an anonymous survey, and the data obtained from the survey are only used for academic research. Please fill in according to your actual situation. Thank you sincerely for your support!

I. Basic information

1. Your gender:

- A. Male
- B. Female

2. Your age:

- A. 18-25
- B. 26-35
- C. 36-45
- D. 46-55
- E. 56 and above

3. Your education level:

- A. Bachelor degree and below
- B. Master
- C. Doctor

4. Your position

- A. Senior managers
- B. Middle managers
- C. Grassroots managers

5. You are in your company:

- A. Have equity incentive
- B. Do not have an equity incentive

6. What do you think the company's corporate culture mainly emphasizes (multiple choice):

- A. Innovation
- B. Teamwork
- C. Customer oriented
- D. Efficiency first
- E. Other

II. Specific questionnaire

Please tick the box that you think is most appropriate, strongly disagree, disagree, neutral, agree, strongly agree.

Measuring item	Strongly disagree	Disagree	Neutral	Agree	Strongly agree
7.You know more about the equity incentive plan provided by the company					
8.You think the company's equity incentive plan is fairly distributed among employees					
9.You think the equity incentive plan has a positive impact on your work enthusiasm					
10.You think the equity incentive plan has significantly increased your loyalty to the company					
11.The equity incentive plan enhances your confidence in the long-term development of the company					
12.You think the equity incentive plan encourages management to focus more on the long-term development of the company rather than the short-term interests					
13.Since the implementation of the Equity Incentive Plan, you have noticed significant improvements in our financial performance, market share, or customer satisfaction					
14.You can complete the responsibilities in the job description with both quality and quantity guaranteed					
15.During working hours, you are willing to work on those					

colleagues who ask for leave due to business					
16.You are willing to assist your colleagues in their work during working hours					
17.You are willing to listen to your colleagues' questions and concerns during your working hours					
18. You always handle corporate affairs within the scope of your authority and authority					
19.In the event of a conflict with the interests of the organization, you can abandon your personal interests and safeguard the interests of the organization					
20.You can still abide by the rules, regulations and procedures of the organization without any supervision					
21.You think the current employees of the company are more satisfied with the company					
22.According to the customer feedback you know, customers are highly satisfied with the company's products or services					
23.Compared with your competitors, you think the company's market share has increased significantly in the past year					
24.You think the company's financial performance (such as revenue, profit, etc.) in the past year is very good					
25.You think the company performs well in terms of innovation in new products or services					
26.You think the company's operational efficiency has					

improved significantly over the past year					
27. You believe that the company exceeds its expectations in achieving its long-term strategic goals					

