

A Review of the Background of Executives and Companies' Performance

Yi Jin

School of Business, Sichuan University, Chengdu 610000, China

Abstract

This paper comprehensively introduces the background of the companies' executives and the companies' performance. Firstly, it systematically expounds the historical sources and theoretical basis of the research. Then, it comprehensively summarizes the content of the research and the controversial points, and reviews the transmission mechanism. Finally, this paper describes the application and theoretical extensions and discusses the significance of the research at the practical and theoretical levels.

Keywords

Executives' Background; companies' Performance.

1. Introduction

Economics is a social science that studies the production, distribution, and consumption of products and services. (Krugman, Paul, 2012) As an organization that provides products and services, the company's business behavior and business performance have a profound impact on economic development and play an important role in the overall economy. What factors are related to the company's business behavior and business performance? What is the correlation between these factors and the company's business behavior and business performance? Since the establishment of this organizational form of the company, economists have been exploring these issues in various ways. According to the theory of human capital, people is a kind of capital, from which they studied the company's operations. On the basis of this theory, scholars have expanded from the initial research on the education and vocational training of producers to the study of the manager's own ability, knowledge and company management. This has promoted a group of scholars to study the background of the company's executives and the company's operations based on the demographic characteristics of the managers.

China is in the stage of economic transformation and upgrading. Studying the background of senior management and the operation of the company is of great significance to the company's business practice and economic development. At the same time, China's economy has been transferred to the special historical background of the socialist market economy, providing data materials for relevant theoretical research and promoting the improvement of relevant research.

Therefore, this paper reviews and comments on the company's executive background and company management literature. The article is mainly combed through the following three parts: firstly, the relevant research results are introduced according to different categories; secondly, the theory and index construction derived from this research are sorted out, and the application of this research is discussed. value. Finally, the above content presents the gaps in research and the direction of research.

2. literature review

2.1 Theoretical construction

In the research of corporate finance, senior management, as the core team of the company, plays an important role and profoundly affects the company's business behavior and business performance. In the study of traditional economics, it is assumed that managers are homogeneous "completely rational people" and always make rational decisions. However, in reality, because of the different backgrounds of managers, their perceptions often differ, and decisions are not "completely rational".

In 1984, Hambrick and Mason proposed the "high-level echelon theory" of the high-level echelon, arguing that the cognitive structure and values of business managers will influence the strategic choices that affect managers, and thus affect the business operations. Based on this theory, relevant scholars study the psychological structure and business management of managers from multiple dimensions. Some scholars believe that differences in understanding and experience between management team members will have an impact on the company's operations, and conduct business management research based on the internal heterogeneity of the manager team. Another part of the scholars cut through demographics and believe that specific demographic characteristics determine the manager's concept, leading to managers to generate specific organizational models and behavioral patterns that affect business operations. (Gao Jingmei & Guo Jinguang, 2006) In the team of manager, senior managers often play a decisive role in the core business philosophy of the company. Therefore, relevant scholars have carried out researches from the backgrounds of gender, age, and military experience and researched on the relationship between the background of executives and business performance.

Different types of executive backgrounds have different effects on senior manager, and different backgrounds lead to different business operations. What is the impact of the background of senior manager on the company's operations? In the existing research, scholars mainly proceed from the perspectives of social characteristics and natural characteristics, through executive education, overseas experience, military experience, government experience, gender, age and other aspects of executives' background and company performance. But for different kinds of backgrounds of executives, the views of different scholars are controversial.

2.2 The social characteristics of executives and their business operations and business performance

The executive's experience effects company's business behavior and business performance. In the study of military experience and corporate managers, psychologists have discovered that early human experiences affect their perception and decision making (Main et al, 1985; Kendler et al., 2002). As a part of the growth of young people in China, the military has shaped the social cognition of young people. Related studies have found that people with military experience are often more aggressive (Wansink, 2008), more confident in their ability to withstand stress, and more radical and risk-taking in decision making (Griesedieck, Wardell, 2006). Different scholars have reached different conclusions for the research on the military experience of the executives and the company's business behavior and business performance. One view is that the core executives who participate in the military experience can increase the level of risk-taking of enterprises and promote the business performance. Executives who experience military experience prefer more robust investment behaviors and have better M&A performance. Another view is that military experience leads executives to be more radical in decision-making, preferring risk (Lie Li, Gong Yalin, Ma Yongqiang, 2016), and may reduce innovation in business operations due to lack of professional knowledge and corruption. The degree (Shao Jianbing, Wu Shan, 2018) has a negative impact on business performance.

The education experience of the company's executives may effect the company's operations. Relevant research suggests that the higher the level of education of senior management teams, the more comprehensive their cognition, the stronger their ability to process information and the more scientific decision making (Tihanyi, 2000). The degree of education can effectively improve the manager's cognitive ability and adaptability. Based on the educational experience of executives and the company's business behavior and business performance, relevant scholars have conducted research. Some scholars believe that the educational experience of the company's executives is positively related to the company's business performance. The higher level of the executives' education background, the better the company's business performance (Yu Guoxin, Cheng Jing, Zhang Jianhong). Another part of scholars' research proves that there is a negative correlation between the educational background of executives and corporate performance (Daily, Johnson, 1997). Further,

Yang Hao, Chen Yu and Wang Han (2015) have refined the research on the educational background from the perspective of senior management. The research shows that the educational background of the chairman of the entrepreneurial enterprise has no correlation with the performance of the enterprise, while the entrepreneurial enterprise executive team. There is a significant positive correlation between educational background and corporate performance. The relationship between the educational background of the company's executives and the performance of the company is related to the environment in which the company is located, the type of business, and the structure of the educational background of the executive. In terms of educational background, Lin Yong and Zhou Yuqiao conducted research on the overseas study experience of the executive team in 2011 and found that the overseas study experience of the executive team has a significant positive impact on the company's performance.

Executives' government background may effect company operations. Many studies believe that the government background of corporate executives is an important trait of the company and will have an impact on the company's operations. On the one hand, the government background of company executives can bring special political and business resources to enterprises (Fishman, 2001), which has a certain degree of influence on the investment and financing of enterprises and the use of policies. On the other hand, the political experience will have an impact on managers' perceptions and decisions, which in turn will affect the company's business behavior and business performance. In the study of executives' government background and company management, relevant scholars have found that the government background of executives can bring positive effects to the growth of enterprises. Where government intervention is strong, the local government background of executives is for companies. Value plays a positive role, and this effect increases with the expansion of government intervention (Wu Wenfeng, 2005). Further, scholars have conducted research based on different government backgrounds. The study found that the background of local government and the government background of the NPC deputies have a positive impact on the company's value, while the influence of the executive's government background on the company's value is due to industry competition. Intense and showing certain negative effects.

2.3 The natural characteristics of the executives and the company's business behavior and business performance

The gender of the company's executives effect company's business behavior and business performance. According to relevant statistics, most of the listed companies in China are male. In the statistical sample, more than 90% of the executives are male (Li Sihai, 2015), so most of the previous research focused on the overall characteristics of the executive group. However, with the continuous development of female executives in recent years, the proportion of women in senior management is getting higher and higher, and how will the increase of female managers affect the company's business behavior? What kind of business performance will these effects bring? Related research suggests that women have certain advantages in terms of communication, sensitivity, and conservation. The study found that the more women in the executive team, the lower the company's investment volatility, the less likely the company is to over-invest. Another view is that female executives have a negative impact on business operations. According to sociological studies, women are considered to be more emotional and more dependent (Jiang Lai, 2009). At the same time, due to the large proportion of males in existing executives, the role of female executives cannot be substantially realized. Lin Changquan and other research found that the quality of information disclosure of enterprises reduced by women's secretaries will affect the operation of enterprises to a certain extent.

The age of executives may effect the company's business behavior and business performance. Age is an important part of natural features, and it has a certain relationship with power and prestige (Li Sihai, 2015). Older executives have greater prestige and are more convincing in business decisions. At the same time, older executives will have more social experience and networking resources to help the company's development. Relevant research shows that older executives have stronger bargaining power, and the age of executives has a positive impact on the control of negotiations in the business

process. The study also found that there is no significant positive correlation between the age of the company's executives and the business performance of the company.

2.4 Construction of transmission mechanism

In the research, it is found that the background of the company's top management has different degrees of influence on the company's business behavior and business performance. What kind of transmission mechanism is the impact of these effects? How to influence business performance and business performance? After synthesizing the relevant literature, we found that the influence of the company's top management on the company's business behavior and business performance is mainly achieved through two transmission mechanisms.

The first is a resource-based transmission mechanism based on human capital theory. Human capital theory holds that people are a capital of a company. The background of executives is the company's important human capital, which has an important impact on the company's operations. The transmission mechanism is: the background of the executives affects the knowledge, ability, and resources of the executives. These factors are the human capital of the company's production and operation, which affects the business performance and business performance of the company. This conduction path emphasizes the background of corporate executives and the expansion of corporate resources.

The second is the decision-based transmission mechanism based on the high-level echelon theory. The high-level echelon theory emphasizes the company's executives as the key individuals in the strategic decision-making, and the guiding role of the company in the business process. The transmission mechanism is: the background of the executives affects their decision-making preferences, which affects the company's strategy and affects the company's business behavior and business performance. This transmission route emphasizes the direct impact of the company's executive background on people and further indirect impact on the company's operations.

2.5 Future research trends

From the content level, the research on the company's senior management background and the company's business behavior and business performance is expanding in both depth and breadth. Some scholars have explored the original research dimension, broke through the original resource-like dominant variables and personal trait variables, and introduced new variable types and influence paths. In 2018, researchers such as Li Jianbiao and Song Yinan introduced the "face aspect ratio", which can be introduced into the relevant research by factors that influence market evaluation and other people's perceptions on business performance and business performance. Malcolm Gera American scholars such as Dewell studied the CEO "height" and found its external influence path. Another part of the scholars conducts deep excavation based on the existing research dimensions, further quantitatively identifies the different backgrounds of executives, and further improves the influencing factors and their internal mechanisms.

From an abstract perspective, the research on the background of corporate executives and the company's business behavior and business performance is developing in a multidisciplinary direction. From the analysis of strong linkage factors from the perspective of intuitive management to the analysis of weaker factors in indirect perspectives, the research on corporate executive background and corporate management behavior and business performance combines more theoretical research such as psychology and demography to promote the company.

3. Conclusion

As a frontier direction in economics research, the relationship between the background of corporate executives and corporate management provides theoretical basis and empirical analysis for further research and research in other disciplines, and is of great importance to the company, the economy, and society. The meaning. Its research gives us the following inspiration:

First, the background of executives will have an impact on the company's operations. The impact can be divided into two dimensions: social characteristics and natural characteristics. The effects of different characteristics on the company's business behavior and business performance are different in effect and degree. There are two kinds of conduction paths for the influence of the background of the executives on the company's operation. The specific path of resources and the conduction path in the form of decision-making have a common impact on the business behavior and business performance of the company.

Secondly, the background of executives and the research of company management not only have an impact on the company's business behavior and business performance research, but also exist in other different fields such as the establishment of executive competency model and the establishment of human resource management incentive system. Promote.

Finally, in the existing research results and development path research, we found that the research on the company's executive background and the company's business behavior and business performance is developing in two aspects: the breadth and content of the impact path. The intersection of different strengths and weaknesses and multidisciplinary research is the future research direction.

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