

The Impact of Equity-based Incentives on Company Achievements of Enterprises in Sci-Tech Innovation Board: Analysis Based on CanSinoBIO and Hotgen Biotech

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Abstract. This article takes CanSinoBIO and Hotgen Biotech as an example, comparing and analyzing the company data of the first quarter of 2021 to the first quarter of 2022 of the two enterprises. Apart from that, the study illustrates the influence of equity incentive on the financial performance and non-financial performance of Sci-Tech innovation board company, and further gives suggestions for the incentive plans of the two companies. The results show that the time, object and scale of investment of equity incentive have obvious influence on company achievements. Among them, the incentive for senior executives and independent directors will improve the management efficiency of the company.

Keywords: equity-based incentives; Sci-Tech innovation board; company achievements.

1. Introduction

Nowadays, the performance of biopharmaceutical enterprise stands out. At the present stage, with the continuous progress and development of social economy, biopharmaceutical enterprises are gradually raising their attention to the problem of financial performance analysis, and put the work center in the analysis of financial indicators and annual reports, with the help of scientific Financial Performance Management means, to improve the understanding of the problems existing in the process of enterprise development. Financial performance is helpful to realize the optimal allocation of resources, the implementation of enterprise evaluation management policies and help managers to recognize the current situation of enterprise development. However, at present, biopharmaceutical enterprises have two problems: high competition pressure and limitations of independent research and development level. On the whole, the development time of biopharmaceutical enterprises in China is not long and the level of economic strength is not high. Therefore, the scale of many biopharmaceutical enterprises cannot be compared with that of foreign enterprises that have already developed mature, great difference in strength. In addition, foreign pharmaceutical enterprises have excellent equipment and advanced technology as support. Under the socialist market economy system in our country, China's local pharmaceutical enterprises have achieved rapid development, bringing considerable pressure. At the same time, China's biopharmaceutical technology focuses its research on the development of low-end drugs, which is not conducive to the development of China's biopharmaceutical enterprises. Therefore, biopharmaceutical enterprises need to realize internal control, and relevant management personnel also need to improve their understanding of the direction of Enterprise Financial performance management, so as to ensure the level of financial performance management, further promote the transformation of bio-pharmaceutical enterprises to a more commercialized direction. Enterprises can improve the level of financial performance management by setting perfect financing structure, formulating effective financial budget plan, formulating reasonable dynamic adjustment plan, combining policies, integrating digital management concept, perfect the performance evaluation mechanism, optimize the special fund investment system and strengthen the supervision of budget performance evaluation to perfect the management and

supervision of financial performance. At the same time, enterprises pay more and more attention to the influence of equity incentive on financial performance of scientific and creative board enterprises. The equity incentive system originated in the United States. In the 1940s, the number of joint-stock enterprises in the United States gradually increased, but the individual income tax was high, and the working enthusiasm of employees in key positions with high salary level was not high, so the equity incentive system came into being. At the beginning of the reform and opening up, more and more enterprises in our country introduced this system. After that, relevant regulations and laws gradually improved, and the application of equity incentive became more and more common. Equity incentive plays a very important role in the development of enterprises, which can make the objects of equity incentive obtain a sense of belonging, To link their interests with the development of the enterprise, so as to promote the employees who are encouraged by equity to participate in the decision-making of the enterprise, share the risks of the enterprise and improve the enthusiasm of the employees to participate in the work. Studying this field can improve the incentive level of the enterprise, thus giving employees the endogenous motivation to work and promoting the continuous development of the enterprise. In the aspect of incentive effect, previous researches on equity incentive expressed affirmation on the research of enterprise development. Equity incentive can alleviate the agency problem caused by information asymmetry, and compared with enterprises that have not implemented equity incentive, enterprises that have implemented equity incentive have better performance. However, there may be some problems such as insufficient investment which makes the effect of equity incentive fail to meet expectations and excessive investment which makes the funds tight and the use efficiency low. At the same time, in the aspect of scientific and creative board enterprises, the existing research has analyzed the financial performance effect of equity incentive of commercial competitive enterprises, however, there are few detailed researches on the equity incentive of the high-tech industry and the strategic emerging industry enterprises in the new independent sector of science and technology innovation board. Therefore, although equity incentive has been applied by most enterprises in the market, different enterprises adapt to different incentive methods, and the research on equity incentive of scientific and creative board enterprises is relatively blank, it needs to be combined with previous researches on the influence of equity incentive on financial performance and the uniqueness of science and technology innovation board enterprises themselves.

The paper can be organized as follows. Section 2 discusses the literature review. Section 3 analyzes the overall analysis. Section 4 discusses the comparative analysis of financial performance. Section 5 discusses the non-financial performance comparison. Section 6 and section 7 give the suggestions and summary.

2. Literature Review

Qianqian Zhang and Mingshan Zhou pointed out that high R & D investment has a promoting effect on the performance of listed companies' share prices.[1]R & D investment is the main driving force of technological innovation, so science and technology innovation board enterprises will take R & D investment as the key factor affecting the Company's performance.[2] Liu Wei et al. pointed out that patent information plays an important role in the innovation and development of enterprises.[3]At the moment when the scientific innovation board is launched, a large number of new shares of the scientific innovation board will be listed in a centralized manner, which will play a role in the financing function of the primary market, at the same time, it will also have a linkage with the secondary market, and then affect the resource allocation efficiency of the capital market.[4]Du Huixia said that the design of the equity incentive plan should conform to the company's competitive strategy.[5] Among them, at present, most companies do not have a cost-leading strategy, the equity incentive reward is low, and the incentive effect is not significant. If using the strategy of 'cost reduction and efficiency improvement' [6], it can also make managers and technicians pay attention to the process, reasonably control the level of equity incentive to avoid overhead. But at the same time, the company performance and equity incentive are not a simple linear relationship.[7]

Holmstrom [8] firstly put forward the information principle to illustrate that non-financial performance indicators are used to determine whether a message contains information connotation and whether it is worth being included in the key role of the salary contract. Milgrom and Roberts [9] put forward four best principles of designing incentive contract, and its information principle is that any information related to performance should be included in the salary contract. Van der Stede et al. [10] A questionnaire survey was conducted on 128 manufacturing managers to understand the degree of enterprises adopting financial, non-financial and subjective performance indicators. The results showed that, compared with financial indicators, non-financial performance indicators can more encourage managers to be willing to take risks and innovation, and effectively inhibit short-sighted and speculative behaviors. Chenhall and Langfield – Smith [11] stressed that strategy should be appropriately combined with management technology and practical management system to improve enterprise performance. Giving management a certain equity can alleviate the conflicts of interest between management and shareholders and reduce the agency cost.[12]

3. Overall Analysis of the Current Situation of Equity Incentive

3.1 Overall Status Quo

Equity incentive means that the Company's operators grant the equity to the management and professional talents in various forms, so as to link the interests of the licensee with the company, share risks and benefits together, and then urge the licensee to work hard to create more achievements. For knowledge-intensive and technology-intensive science and technology-intensive enterprises, equity incentive has become an essential measure to retain talents. In 2020, 65 enterprises have announced their incentive plans, and many of them have the intention to issue equity incentive plans. Equity incentive has become a trend of employee incentive in scientific and creative board enterprises, mainly because equity incentive can greatly stimulate employees' working enthusiasm, thus improving employees' performance and retaining scarce talents in related fields, at the same time, it will also affect the cognition and views of external investors on enterprises. At present, the equity incentive schemes used by most enterprises also have many disadvantages. Due to the differences of personnel's psychological factors, some people who are included in the stock incentive list have the psychology of "free riding" and the fluke psychology of others being motivated to work hard and enjoy their success, or the pessimistic mentality that one's efforts are useless to the long-term development of the enterprise; Due to different work contents, there may be conflicts. When many motivated objects work for the enterprise, conflicts may inevitably occur due to different positions and experience angles. However, for enterprises, the implementation of equity incentive has more advantages than disadvantages.

3.2 Current situation of salary incentive

Salary is the remuneration that employees get for Enterprise Labor or Labor, which includes specific forms such as salary, bonus, welfare, allowance and shares. The perfect salary incentive system can stimulate the staff's initiative and sense of belonging, so that the staff can realize their own value. In scientific and creative board enterprises, the key objects of salary incentive are different from other types of enterprises. The key incentive object of scientific innovation board enterprise is core technical personnel, whose technical force is one of the most important factors to promote the healthy development of the enterprise, so it is necessary to further stimulate the creativity and sense of belonging of core technical personnel. With the arrival of knowledge economy and the gradual development of various technologies, Chinese enterprises are paying more and more attention to the important position of salary. Salary management has been gradually refined and a complete system has been built. However, there are still some problems in our country, such as unclear orientation, scattered structure and single means of traditional salary incentive system, which lead to insufficient incentive effect.

3.3 Equity incentive plans of the two companies

Table 1. Two Scheme Comparing

Name of the company	CanSinoBIO	Hotgen Biotech
Time	2021	2020
Form	The second category of restricted stock	Complete Implementation Plan of equity incentive
Object	Excluding Independent Director, supervisors, shareholders or actual controllers	Senior management and core technical personnel
Policy	Grant price (including reserved Grant) 209.71 yuan per share, the incentive plan about the capital of the company for 247 per cent of total 449,899 of the unit 0.4446%	The profit distribution and share capital conversion this time is based on 62,196,341 shares of the company's total share capital before the implementation of the plan, and 5 yuan (tax included) of cash dividend is distributed per share, the capital accumulation fund is used to transfer 0.48 shares to all shareholders per share, and a total cash dividend of 310,981,705 yuan is distributed, with 29,854,244 shares transferred.

4. Comparative Analysis of Financial Performance

4.1 Comparative Analysis of Profitability:

Net profit margin refers to the percentage of net profit from operating income to net sales, or the percentage of capital input, which can comprehensively reflect the operating efficiency of an enterprise or an industry. Profits vary across periods, industries and businesses. In companies with higher profits, workers can get higher wages and bonuses. From the level of profit, we can predict the development trend of the economy. When profit increases, the number of employment and income will generally increase, while when profit decreases, the number of employment and income will also decrease. Profits encourage people to invest their savings in profitable businesses or industries. At the same time, profits provide the largest source of funding for economic growth. While profits may reach new levels every year in absolute terms, margins do not necessarily follow. Net profit rate reflects the ability of an enterprise to obtain after-tax profits by selling products. The higher the value of net profit rate on sales, the stronger the profitability of the enterprise. If the enterprise can keep the continuous growth of net profit rate on sales, it indicates that the enterprise has a good financial situation and strong profitability. As can be seen from Figure 1, the net profit margin of Cansino increased from -3.37% to 22.89% from the first quarter of 2021 to the first quarter of 2022. For Hotgen Biotech, the debt-to-asset ratio decreased from 48.99% to 45.11% in the period from Q1 2021 to Q1 2022. As can be seen from line Figure 1, the overall fluctuation of net profit margin of Hotgen Biotech was relatively small during the period from Q1 2021 to Q1 2022. While the overall volatility of Cansino is relatively large, the first quarter of 2021 is the lowest point, net profit margin of -3.37%, from the first quarter of 2021 to the second quarter of the biggest change, growth rate of 43.95%, the second quarter to the fourth quarter of the fourth quarter of 2021 volatility is less, 41.02%, By the first quarter of 2022, it had fallen to 22.89%. Finally, in the first quarter of 2022, the net profit margin of Cansino was 22.89%, while the net profit margin of Hotgen Biotech was 45.11%, which was

greater than that of Cansino. There are two possible factors influencing this result: first, the total profit and second, the income tax rate.

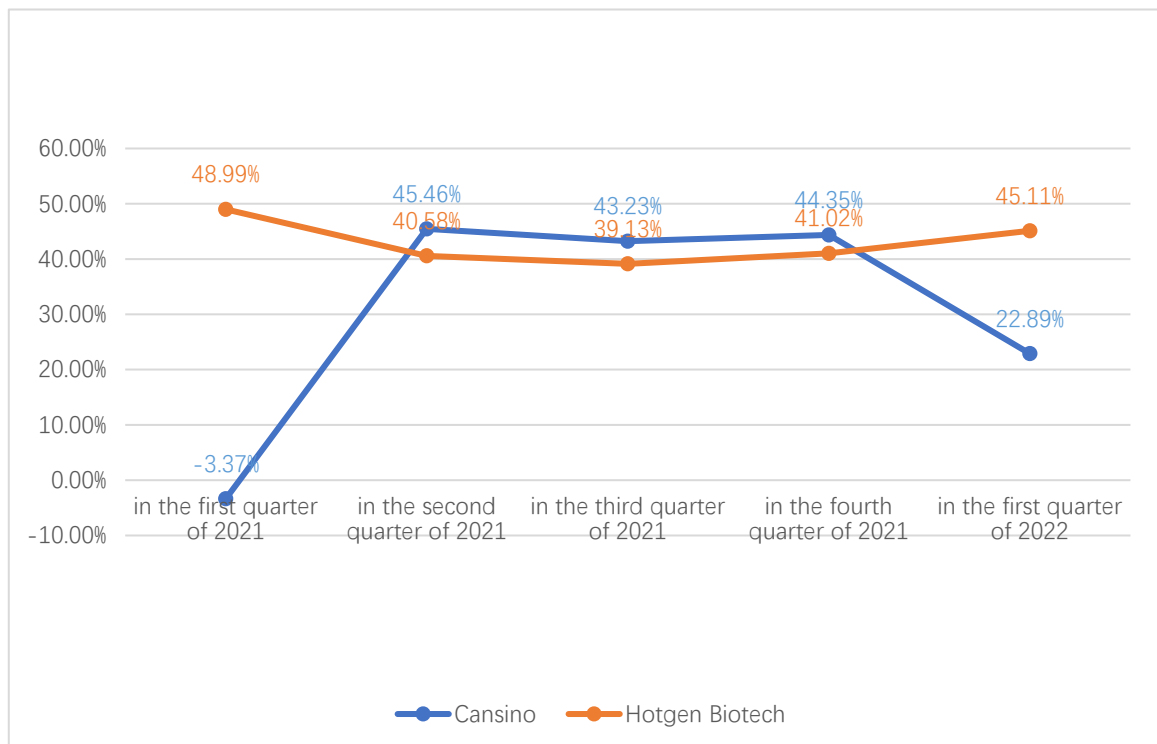


Fig.1 Net Profit Margin

Gross profit margin on sales is the percentage of gross profit and sales revenue. Its significance lies in that it can reflect whether an enterprise presents a good development trend. As can be seen from Figure 2, from the first quarter of 2021 to the first quarter of 2022, the gross profit margin of Cansino is higher than that of Hotgen Biotech from the second quarter of 2021 to the fourth quarter of 2022, indicating that Cansino has low procurement cost, high added value, relatively advanced products and high market demand, further indicating that the company has a large price space. At the same time, high gross margin can not only provide space for enterprise management costs, but also can better digest financing costs, and can be used to do comparative analysis of sales revenue and cost levels. There are six factors that may affect this result: 1. Changes in sales quantity; 2. Changes in sales unit price; 3. Changes in unit cost of sales 4. Changes in market supply and demand 5. Cost management level 6. Product composition and its uniqueness.

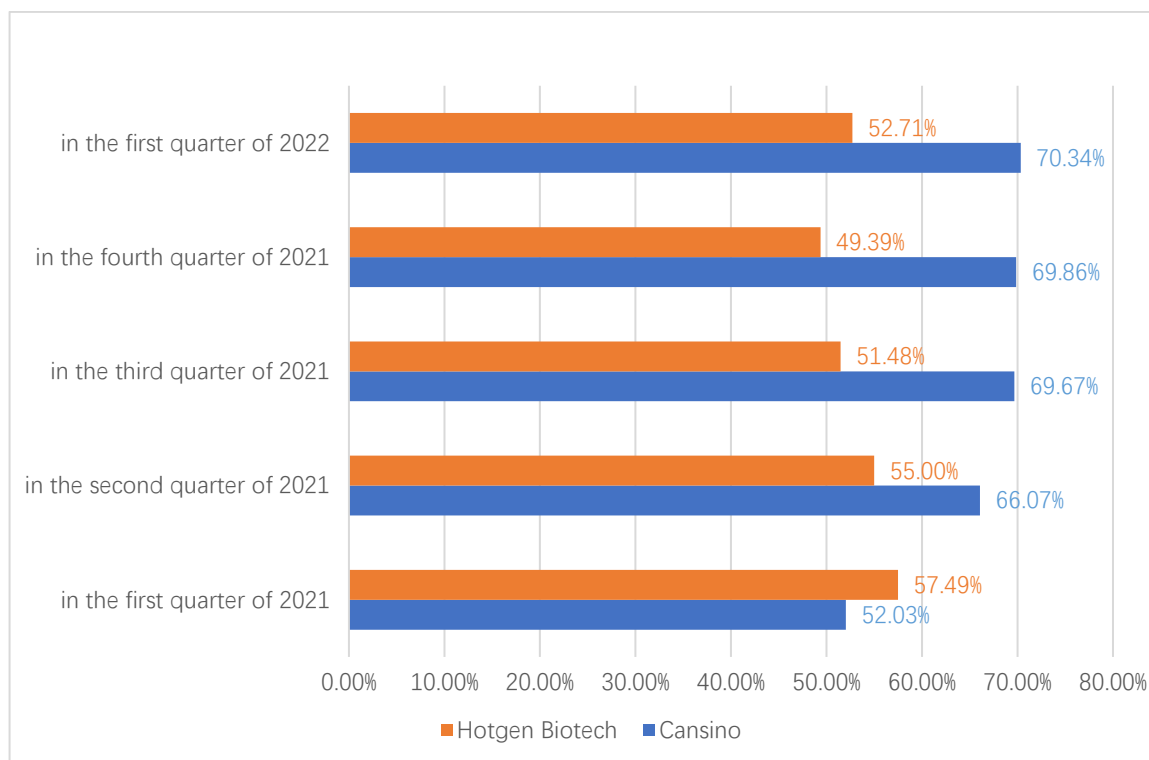


Fig.2 Gross Profit Margin on Sales

Return on equity (ROE) refers to the ratio of the amount of profit to the average shareholders' equity, which is an important index to measure the profitability of listed companies. The higher the index is, the higher the income from investment is. The lower the return on equity is, the weaker the profitability of the owner's equity is. This index reflects the ability of own capital to obtain net income. According to Table 3 and Figure 3, for Cansino, the return on equity (ROE) increased from -0.26% to 1.42% from the first quarter of 2021 to the first quarter of 2022. For Thermoscen, in the period from the first quarter of 2021 to the first quarter of 2022, the debt-to-equity ratio showed a decreasing state, from 57.37% to 19.33%. As can be seen from line Figure 3, the return on equity of Thermal Bio is higher than that of Cansino on the whole. Meanwhile, it can be observed from the figure that Cansino and Hotgen Biotech are on the rise from the first quarter of 2021 to the fourth quarter of 2021, and on the decline from the fourth quarter of 2021 to the first quarter of 2022. Finally, in the first quarter of 2022, the return on equity of Cansino was 1.42%, and the return on equity of Hotgen Biotech was 19.33%. The return on equity of Hotgen Biotech was much higher than that of Cansino, indicating that the higher the income brought by investment. There may be three factors affecting this result: 1. Return on total assets; 2. Interest rate on liabilities; 3. Corporate capital structure 4. Income tax rate.

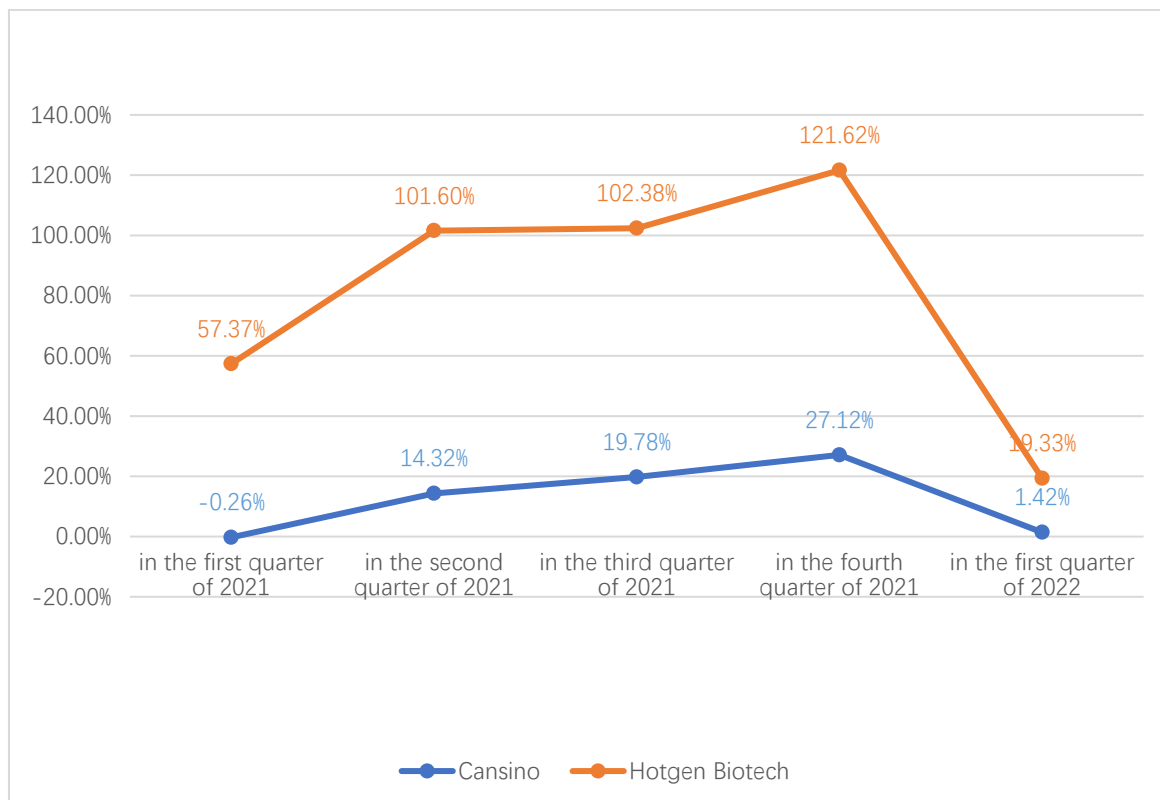


Fig.3 Return on Equity

Return on Assets (ROA) refers to the ratio of net profit after tax to total assets, which is used to measure the net profit created by each unit of assets. The higher the ROA is, the better the asset utilization effect of the enterprise, indicating that the enterprise has achieved good results in increasing income and saving the use of funds, otherwise the opposite is true. As can be seen from Table 4 and Figure 4, for Cansino, the net profit margin increased from -0.22% to 0.96% from the first quarter of 2021 to the first quarter of 2022. For Hotgen Biotech, the debt-to-asset ratio decreased from 36.78% to 16.25% in the period from Q1 2021 to Q1 2022. As can be seen from line Figure 3, the return on assets of thermal Life is higher than that of Cansino on the whole. Meanwhile, it can be observed from the figure that Cansino and Hotgen Biotech life showed an overall increase from the first quarter of 2021 to the fourth quarter of 2021 and an overall decline from the fourth quarter of 2021 to the first quarter of 2022. Finally, in the first quarter of 2022, the ROA of Cansino was 0.96%, while the ROA of Thermal Bio was 16.25%. The ROA of Hotgen Biotech was much higher than that of Cansino, indicating that the asset utilization effect was better. There may be three factors that affect this result: 1. Net profit 2. Interest rate of debt 3. Income tax rate.

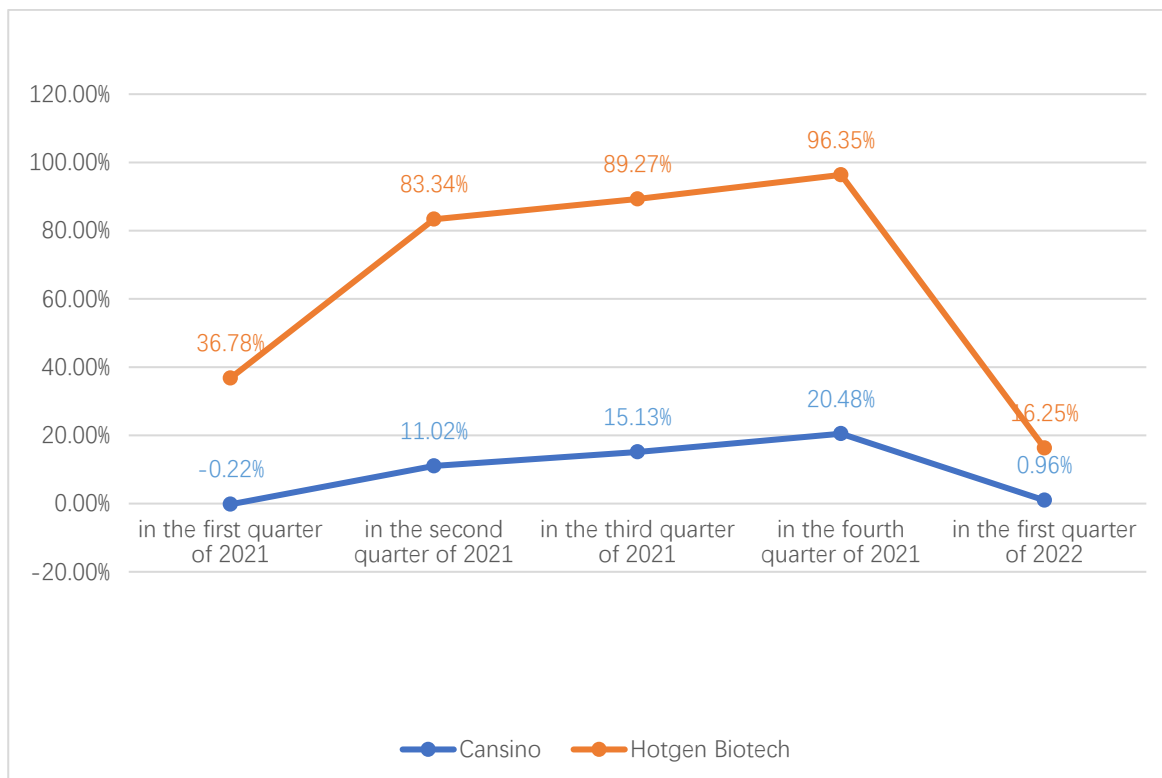


Fig.4 Return on Cansino and Hotgen Biotech Assets

To sum up, under the implementation of equity incentive policy in 2021, the profitability of Hotgen Biotech is better than that of Cansino, which may be affected by the following factors: total profit, income tax rate, return on total assets, debt ratio and interest ratio, enterprise capital structure, average total assets and other factors.

4.2 Comparative Analysis of Solvency:

Asset-liability ratio is the percentage of total liabilities divided by total assets, that is, the ratio of total liabilities to total assets. Asset-liability ratio is a lever used by enterprises to adjust financial management. There is a ratio between borrowing and shareholder investment. As creditors, what they care most about is whether the loan to the enterprise can recover the principal and interest on time. The higher the asset-liability ratio, the more borrowed assets, the worse the debt repayment ability. Creditors hope that the lower the debt ratio, the better the debt repayment guarantee. As can be seen from Figure 5, for Cansino, the asset-liability ratio increased from 18.72% to 28.10% from the first quarter of 2021 to the first quarter of 2022. For Hotgen Biotech, the debt-to-asset ratio decreased from 42.44% to 11.01% during the period from Q1 2021 to Q1 2022. In the fourth quarter of 2021, Cansino's debt-to-asset ratio was 28.01%, while Hotgen Biotech's debt-to-asset ratio was 21.15%, reducing the difference between the two. Finally, in the first quarter of 2022, the debt-to-asset ratio of Chino was 28.01%, and the debt-to-asset ratio of thermal life was 11.01%. The debt-to-asset ratio of thermal life was smaller than that of Cansino.

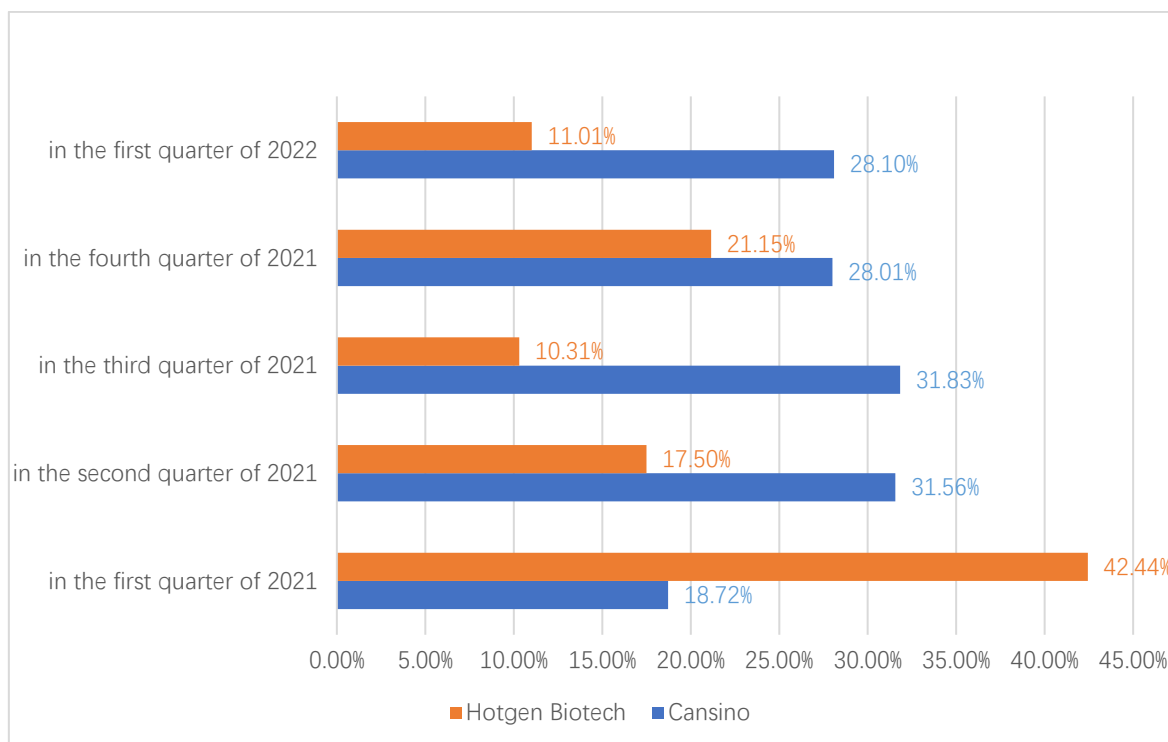


Fig.5 Debt-to-asset Ratio

To sum up, under the implementation of equity incentive policy in 2021, the debt paying ability of Hotgen Biotech is better than that of Cansino. The influencing factors may include debt structure, asset-liability ratio and other factors.

5. Non financial Performance Comparison

Compared with the quantitative indicators used for financial performance evaluation, non-financial performance indicators include some indicators which are not so qualitative rather than quantitative indicators. They can be used to measure the performance of some positions that cannot be compared with figures due to special reasons. The combination of comparative analysis of non-financial performance and comparative analysis of financial performance can more comprehensively reflect the development status of an enterprise. To a certain extent, non-financial performance indicators can provide information about managers' behavior. Through these indicators, we can learn the focus of managers, and we can analyze and obtain additional information about business activities conducive to the long-term development of enterprises. (2016)

5.1 Comparison of R&D Funds

R&D funds refer to the funds used by enterprises for basic research, applied research and practical development. For science and technology innovation board enterprises such as Casino and Hotgen Biotech, the research and development work of the enterprise is crucial. The R&D activities of enterprises will help enterprises acquire core technologies, which is related to the strength of the core competitiveness of enterprises, and even have an impact on the main business focus of enterprises. Although R&D activities can not only produce new knowledge but also bring new technology and form new products. Moreover, they can also improve the business model of enterprises, the impact on enterprises is not completely positive. [14] Scientific research is an expensive activity. Generally, enterprises with independent R&D activities have incurred high costs in this activity, but it will not have an equal return of value if there is a cost. The lag in the acquisition of benefits caused by the transformation of R&D results, the economic burden of high costs and the quality of R&D personnel will constantly change the utilization efficiency of R&D funds. During the special epidemic period at this time, the utilization efficiency of R&D funds is of great importance to biological type

enterprises such as Casino and Hotgen Biotech. Sufficient R&D funds are an important economic basis for promoting the rapid development of enterprises during the epidemic period.

Table 2. Comparative Analysis of R & D Funds

Corporate Name	Time	R&D funds	Proportion in operating income	Year on year growth
Casino	2021	9.05 billion	21%	111.14%
	The first quarter of 2022	1.594 billion	31%	-41%
Hotgen Biotech	2021	1.32 billion	2.46%	177.07%
	The first quarter of 2022	4599 million	3.37%	161%

5.1.1 R&D Cost Information of Casino

Casino has invested a huge amount of money in R&D projects, and accounted for 21% and 31% of the operating revenue respectively in the two-year information comparison. Indicating that Casino has a good understanding of its position of high-tech enterprises, it attaches great importance to R&D. However, compared with the first quarter of 2022, the proportion of operating revenue increased in 2021, but the year-on-year growth decreased, indicating that Casino's operating revenue decreased. However, it was still willing to invest in R&D expenses, which could reflect the operators' adherence to the concept of high-tech as a competitive advantage, so that they still firmly invested a considerable part of operating revenue in R&D in the case of conservative performance.

5.1.2 R&D Cost Information of Hotgen Biotech

The R&D expenses of Hotgen Biotech are relatively small in the industry, which only account for a small part of the operating income. This does not mean that the operators do not pay attention to R&D, but it can be seen that the operators have a more conservative R&D strategy. The year-on-year growth rate of R&D expenses of Hotgen Biotech shows in a way of presenting high number. It can be seen that Hotgen Biotech is in good business condition, and it pays more attention to R&D investment than before, and the proportion of R&D expenses in operating income has increased slightly. It can be seen that although Hotgen Biotech is a high-tech enterprise, it does not focus most of its resources on research and development, but adopts a more conservative strategy to operate.

5.2 Comparison of Patent Quantity

Patents are generally considered to be the performance of enterprise innovation, and the number of patents represents the strength of enterprise innovation ability. For high-tech enterprises Casino and Hotgen Biotech, the number of patents not only represents the innovation ability of enterprises, but also a signboard to help enterprises obtain financing income [5]. Patents are a special asset of enterprises, but their number does not directly affect the development of enterprises.

Table 3. Comparative Analysis of the Number of Patents.

Type of patent	Newly Increased(this year)		Cumulative Quantity	
	Number of Applications	Acquired Number	Number of Applications	Acquired Number

Casino	Invention Patent	7	5	40	26
	Utility model	3	0	3	0
	Appearance Design	1	1	1	1
	Total	11	6	44	27
Hotgen Biotech	Invention Patent	3	7	32	20
	Utility model	2	0	29	27
	Appearance Design	3	0	12	9
	Software Copyright	0	2	14	14
	Others	22	2	58	38
	Total	30	11	145	108

5.2.1 Information on The Number of Casino Patents

The patents applied for by Casino involve three types of patents: invention patents, utility models and design. Among them, invention patents are the most, and the number of patents obtained also accounts for the vast majority. It can be seen that Casino attaches importance to the research and development of new technologies, and most of the R&D resources are concentrated in this aspect. Although it also involves other aspects, it has few patents, indicating that it has little resource investment and little research experience in other fields. Like general biological type high-tech enterprises, Casino focuses most of its R&D resources on the research of new technologies to obtain core competitiveness.

5.2.2 Quantity Information of Hotgen Biotech Patents

The patent applications of Hotgen Biotech involve invention patents, utility models, designs, software copyrights and many other types, and other patents are the most. It can be seen that Hotgen Biotech prefers to disperse R&D resources and conduct research in as many fields as possible, so that the products after the conversion of patent results are distributed in various fields and reduce business risks. There are a large number of patents and strong scientific research ability of Hotgen Biotech.

6. Countermeasures and Suggestions

6.1 Equity Incentive Schemes Should Learn the Advantages of Other Enterprise Schemes on the Basis of Meeting Their Own Conditions

The incentive plan of Casino was launched in 2021. Its launch and implementation time is too short, and it has not yet formed a mature and complete equity incentive system. At the same time, the science and innovation board has not been established for a long time, and the understanding and implementation of equity incentives by enterprises in the board are still green. Moreover, the equity incentive plans of other enterprises are also missing. However, the equity incentive plan of Casino draws lessons from other inadequate plans, and does not fully integrate its own conditions. Casino should analyze the past incentive schemes, extract effective indicators, and classify those employees whose work performance is closely related to the company's performance into the category of equity

incentive objects according to the business situation of the enterprise. At the same time, it should encourage the middle and upper management to a certain extent, and analyze the equity incentive schemes of enterprises similar to its own situation and enterprises completely different from its own situation, Analyze its performance after implementation, extract advantages, and try to motivate some objects. If it is effective, it will be extended to all incentive objects, and if it is invalid, it will be cancelled.

The company has not linked the tax income of equity incentives with incentives, and the arrangement of income tax payment is improper, which is easy to affect the enthusiasm of employees who are highly motivated. According to the existing income tax law, the more personal income, the higher the tax paid. Therefore, employees who are highly motivated may pay higher taxes, which may affect their enthusiasm. Casino needs to divide into equal levels according to the number of incentives, and each equal level is divided into equal levels of performance. Tax subsidies are given according to different categories of equity incentives and different performance, so as to improve the enthusiasm of employees.

6.2 Divide a Wider Range of Incentive Objects and Enhance Incentives

Casino should appropriately expand the scope of incentive objects. The equity incentive plan issued by Casino in 2021 does not include senior executives and independent directors, but senior executives and independent directors are an important part of the company. While paying attention to technology research and development, they should also appropriately stimulate the enthusiasm of senior management, so as to facilitate more efficient and reasonable management of the company and promote the efficiency and performance of the company internally. Casino attaches importance to the core competitiveness brought by the research and development of high-tech, so it can separate the executive independent directors from the core technical personnel, form two sets of equity incentive schemes, and invest more resources in the equity incentive of core personnel. In the equity incentive plan, the performance of the executive independent directors and the core technical personnel will be linked, so that they can become a community of interests, promote each other to improve performance, and make the effect of equity incentive better.

6.3 After the Implementation of Equity Incentives, Pay Attention to Internal Incentives and Consider External influences

The equity incentive plan of Hotgen Biotech provides tax relief, so the internal staff relief policy is significantly better than that of external staff. Although this behavior can effectively improve the interests of internal shareholders and enhance their enthusiasm, it will also cause external staff dissatisfaction with the incentive plan and reduce the confidence of external investors. Therefore, Hotgen Biotech needs to appropriately adjust the treatment of external shareholding to make the incentive effective and fair. On the one hand, maintain the tax deduction strategy of internal personnel, and do not increase or slightly increase the amount of tax deduction. On the other hand, conditional tax deduction for external personnel needs to be carried out by the enterprise after holding shares for a period of time, and the amount should not be higher than or too close to the tax deduction amount of equity incentives. Although it may reduce the profits of enterprises, equity incentives are effective internally and release positive signals externally, which is beneficial in the long run.

6.4 Strive to Run the Enterprise Well and Increase the Value Per Share

Compared with large companies of the same type, although the scale of Hotgen Biotech is not much different, Hotgen Biotech has less capital per share and insufficient incentives. Based on the current good business conditions of the company, we can adopt a combination of risk preference and conservative, in which risk preference is more investment decision-making, strive to develop the enterprise, increase the stock value, attract more investors to invest in the enterprise, make the stocks in the hands of equity incentive objects increase in value, increase the incentive strength, and develop the enterprise itself.

7. Conclusion

By comparing the financial performance and non-financial performance of Casino and Hotgen Biotech in 2021 and the first quarter of 2022, it can be seen that the equity incentive schemes implemented by the two enterprises have a positive effect on enterprise performance, but the equity incentive effect of Casino is worse, and the effect of Hotgen Biotech is better. Both enterprises need to constantly adjust the equity incentive schemes suitable for their own enterprise conditions with the passage of time and changes in the market environment. At the same time, this paper expands the scope of equity incentive objects, so that more employees can get incentives and the enterprise can get better development.

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