Economics & Business Management
ISSN Print: 3079-5214
ISSN Online: 3079-5222
https://doi.org/10.63313/EBM.2026

A Study on the Implementation Effect of Equity Incentives in Gaoweida Company

Wanting Lu
School of Economics and Management, Southwest Petroleum University, Chendu 610000, China
Email: 1309152469@qq.com

How to cite this paper: Lu, W. T. (2026). A Study on the Implementation Effect of Equity Incentives in Gaoweida Company. *Economics & Business Management*, 4(2), 82-101. ISSN Print: 3079-5214; ISSN Online: 3079-5222.
https://doi.org/10.63313/EBM.2026
Published: 2026-01-19

Abstract

Against the backdrop of growing global economic integration and intensifying competition, equity incentives effectively alleviate principal-agent conflicts, stabilize core talents, and drive strategic synergy by linking employee benefits to the long-term value of enterprises. Rational design of exercise cycles and grant conditions can stimulate innovation vitality, yet risks of short-term performance manipulation need to be guarded against. Adopting literature research, case study, and comparative analysis methods, this paper takes Gaoweida Company as the research object, combines theories such as principal-agent theory, and analyzes the implementation effect and success factors of its equity incentives by vertically comparing the financial and non-financial data before and after the implementation of equity incentives, and horizontally contrasting the relevant effects with Xianjinshutong Company. Finally, optimization suggestions are put forward to provide reference for the formulation and implementation of equity incentives for domestic enterprises.

Keywords

Equity Incentives; Gaoweida Company; Implementation Effect

1. Introduction

1.1. Research Background and Significance

1.1.1. Research Background

Originating in the West, equity incentives gained global popularity in the 1990s. Although the development of equity incentives in China has been tortuous, it has gradually become standardized. The Shanxi merchants' "body-share system" served as an early embryonic form, while modern equity incentives in China started with the reform of state-owned enterprises in the 1980s. The revision and improvement of relevant laws and regulations after 2005 provided clear legal basis for listed companies to implement equity incentives.

At present, the digital transformation of the financial industry is accelerating. In 2022, China's banking IT investment exceeded 150 billion yuan, leading to a surge in demand for core technical talents. As a core enterprise in the financial technology sector, Gaoweida Company has more than 70% of its employees engaged in R&D. The traditional compensation system is difficult to meet the demand for talent retention. Therefore, the company launched equity incentives to bind the interests of core personnel and boost its sustainable development, which justifies the practical necessity of taking it as a case study.

1.1.2. Research Significance

(1) Theoretical Significance: This study supplements empirical research in the field of equity incentives, verifies the applicability of theories such as principal-agent theory and human capital theory, expands the research dimension of equity incentives from the perspective of micro-enterprises, and provides new case support for academic research.
(2) Practical Significance: It offers precise reference for enterprises in formulating equity incentive schemes, helps optimize corporate governance structure, build a community of interests, stimulate employee vitality and enterprise competitiveness, and provides a basis for enterprises to formulate long-term strategies.

1.2. Literature Review

1.2.1. Foreign Literature Review

Foreign research on equity incentives started early. Jensen and Meckling (1976) proposed that managerial ownership can alleviate the interest conflicts between shareholders and managers, laying a theoretical foundation for subsequent studies. Murphy (2003) confirmed that equity incentives can promote risk-taking and innovation development in enterprises with high innovation demand. Cheng and Warfield (2005) warned that an excessively high proportion of equity compensation is prone to induce earnings management risks. Christoph Kaserer et al. (2008) verified the positive effect of equity incentives on stock prices and corporate operations.

1.2.2. Domestic Literature Review

Domestic research conclusions on equity incentives are mixed. Zhou Jianbo et al. (2003) and He Fan (2011) found that equity incentives have a positive impact on corporate performance and governance level when applied in growth-oriented enterprises or combined with other governance measures. Gu Bin et al. (2007) and Tang Yuhong et al. (2017) pointed out that the effect of equity incentives was not significant in the early stage or under certain scenarios. Su Dongwei et al. (2010) and Chen Xun (2022) mentioned that equity incentives may lead to earnings management and limited long-term financial improvement. Liao Yilu (2023) and Huang Yifan (2024) emphasized the importance of rational scheme design as well as the phased value and potential deficiencies of equity incentives.

1.2.3. Literature Commentary

Domestic and foreign studies focus on the impact of equity incentives on corporate performance, governance, and market reactions, including both verification of positive effects and attention to potential risks such as earnings management, covering various enterprise types and scheme design dimensions. Combining the actual situation of Gaoweida Company and the market background, this paper supplements the analysis of specific enterprise cases, improves the understanding of the application of equity incentives in different scenarios, and provides practical reference for enterprises.

1.3. Research Content and Methods

1.3.1. Research Content

Focusing on the equity incentives of Gaoweida Company and comparing with the relevant effects of Xianjinshutong Company, this paper explores the impact of equity incentives on corporate operations, which is divided into six chapters: Chapter 1 elaborates on the research background, significance, literature review, and research methods; Chapter 2 defines the concept of equity incentives and expounds the theoretical basis; Chapter 3 introduces the general situation of Gaoweida Company and its equity incentive schemes; Chapter 4 analyzes the implementation effect from financial and non-financial indicators and conducts a peer comparison; Chapter 5 summarizes the enlightenment from the case; Chapter 6 draws research conclusions.

1.3.2. Research Methods

(1) Literature Research Method: By sorting out domestic and foreign literature on equity incentives, this paper clarifies the theoretical basis, evaluation methods, as well as the advantages and disadvantages of existing research.
(2) Case Study Method: Taking Gaoweida Company as the research object, this paper analyzes the implementation process and data of its equity incentives to evaluate the implementation effect.
(3) Comparative Analysis Method: Vertical comparison is made on the performance of Gaoweida Company before and after the implementation of equity incentives, and horizontal comparison is conducted with Xianjinshutong Company to enhance the objectivity of the research conclusions.
(4) Financial Indicator Method: Financial data are extracted to analyze the profitability, operational capacity and other aspects of the enterprise, and combined with non-financial indicators to multi-dimensionally present changes in business operations.

2. Related Concepts and Theoretical Basis

2.1. Related Concepts

2.1.1. Definition of Equity Incentives

Based on the definition of the China Securities Regulatory Commission, equity incentives are a long-term incentive mechanism that links core personnel with corporate performance. By granting stocks or stock options, a community of interests is formed to resolve interest divergences and promote the long-term development of enterprises.

2.1.2. Main Implementation Methods

Including stock options, restricted stocks, phantom stocks, employee stock ownership plans, etc., which are suitable for the development stages and needs of different enterprises. The core differences lie in the attribute of rights, risk-bearing capacity and applicable scenarios.

2.1.3. Core Functions

Focusing on four dimensions: talent attraction and retention, employee motivation stimulation, governance structure optimization, and cash flow pressure balance, helping enterprises stabilize core resources and improve operational efficiency.

2.2. Theoretical Basis

2.2.1. Principal-Agent Theory

By linking the interests of employees with those of the enterprise through equity incentives, opportunistic behaviors are reduced. Agents are constrained by performance-linked conditions, but the risk of excessive incentives needs to be prevented.

2.2.2. Two-Factor Theory

Equity incentives have both health-care attributes (stable material security) and incentive attributes (endowing the identity of owners), which not only reduce talent loss, but also stimulate the pursuit of long-term value.

2.2.3. Human Capital Theory

Recognizing the property value of the knowledge and skills of core talents, equity incentives are used to stimulate the effectiveness of human capital and consolidate the talent foundation for enterprise development.

2.2.4. Expectancy Theory

With equity income as the value expectation and clear assessment standards as the realization of expectation, employees' work enthusiasm and creativity are stimulated.

3. Introduction to the Equity Incentive Case of Gaoweida Company

3.1. Company Overview of Gaoweida

3.1.1. General Company Profile

Founded in 1998 and listed on the Shenzhen Stock Exchange, Gaoweida Company is headquartered in Beijing. It focuses on the financial technology field and provides comprehensive IT services, with more than 3,900 employees, among whom over 90% are technical personnel. The company has complete qualifications and industry honors.

3.1.2. Ownership Structure

The total share capital is about 444 million shares, with a decentralized and stable equity structure. The largest shareholder holds 22.96% of the shares, including natural persons and institutional investors. The diversified structure helps optimize decision-making.

3.1.3. Personnel Structure

Centering on technical talents, more than 30% of employees hold professional certificates. The senior management team has profound experience and the organizational structure is sound, which matches the service needs of financial technology business.

3.2. Motivation for Equity Incentives

3.2.1. Internal Motivation

The core is to retain technical talents, stimulate employees' innovation vitality, optimize the governance structure, reduce agency costs, and ensure the implementation of long-term strategic goals.

3.2.2. External Motivation

To cope with the pressure of industry competition and technological iteration, alleviate the impact of stock price fluctuations, enhance market image and investor confidence, and adapt to changes in the external market environment.

3.3. Equity Incentive Schemes of Gaoweida Company

Since its listing in 2015, Gaoweida Company has implemented a total of four equity incentive plans, and the specific process is detailed in Table 3-1.

Table 3-1. Equity Incentive Schemes of Gaoweida Company

Phase	Implementation Time	Implementation Reasons	Implementation Measures
1st	Oct. 2015	Retain talents and improve performance	Restricted Stock

2nd	Mar. 2016	Align interests and drive development	Restricted Stock
3rd	Nov. 2020	Share interests, strengthen governance and boost development	Employee Stock Ownership Plan
4th	Jan. 2023	Share interests, strengthen governance and boost development	Employee Stock Ownership Plan

3.3.1. 2015 Restricted Stock Incentive Plan

The 2015 Restricted Stock Incentive Plan was examined and approved by the board of directors in October 2015, and the grant was completed in January 2016. A total of 1.6 million restricted shares were granted to 100 core personnel at a grant price of 20.89 yuan per share, accounting for 1.2% of the total share capital. The stocks are unlocked in three phases (12/24/36 months, with an unlocking ratio of 30%/30%/40%), and the unlocking conditions are the achievement of the company's performance growth targets and the passing of employee performance assessment. After the semi-annual profit distribution in 2016, the repurchase and cancellation price was adjusted to 6.528125 yuan per share. In 2019, the conditions for the third phase of unlocking were met, and 58 incentive objects unlocked 1.2544 million shares. This plan bound the interests of employees with those of the company, enhanced cohesion and enthusiasm, helped the company achieve a 12% year-on-year growth in non-net profit in 2016, optimized the governance structure and strengthened investor confidence.

3.3.2. 2016 Restricted Stock Incentive Plan

Launched in March 2016, the 2016 Restricted Stock Incentive Plan intended to grant no more than 1 million shares to 59 core personnel at a grant price of 24.51 yuan per share, accounting for 0.74% of the total share capital. The unlocking conditions were that the net profit growth rate in 2016-2018 should not be less than 12%, 25% and 45% respectively, with the same unlocking ratio as the 2015 plan. After the capital reserve conversion into share capital in 2016, the number of granted shares was adjusted to 3.2 million, and the grant price was reduced to 7.66 yuan per share. Due to the resignation of some objects and their abandonment of subscription, 2.784 million shares were finally granted to 48 people. The strict performance assessment promoted the company's net profit to grow by 68.79% in 2018, far exceeding the target, strengthened employees' sense of belonging, optimized the governance structure and enhanced investor confidence.

3.3.3. 2020 First Phase Employee Stock Ownership Plan

Launched in November 2020, the 2020 First Phase Employee Stock Ownership Plan intended to grant no more than 72 million yuan worth of shares to no more than 23 core personnel. Through the trust plan financing, the leverage ratio did not exceed 1:1, with a total upper limit of 144 million yuan. In February 2021, 8.4835 million shares were purchased in the secondary market through the trust plan, with an average transaction price of about 8.77 yuan per share. The lock-up period was 12 months, and all shares were sold in March 2022. This plan did not significantly improve financial indicators in the short term, and the related costs accounted for a low proportion, having no substantial impact on the financial structure, but accumulated experience for the company to optimize the incentive system.

3.3.4. 2023 First Phase Employee Stock Ownership Plan

The draft of the 2023 First Phase Employee Stock Ownership Plan was disclosed in January 2023, which intended to grant no more than 52 million yuan worth of shares to no more than 44 core personnel. The fund source was employees' salaries and self-raised funds, and the leverage ratio of trust financing did not exceed 1:1, with a total upper limit of 144 million yuan. According to the stock price at that time, about 6.4 million shares could be purchased, accounting for 1.43% of the total share capital. Due to the 27.59% increase in the stock price after the disclosure of the draft, which raised the shareholding cost, the company announced the termination of the plan in March. The plan was not implemented, having limited impact on the company, but the preparation process played a positive role in the governance structure and laid the foundation for the subsequent incentive mechanism.

4. Analysis Framework of Equity Incentive Implementation Effect

To comprehensively evaluate the incentive effect, a comprehensive assessment is conducted from three dimensions: financial performance, market effect and innovation capability.

Financial Performance: Four types of indicators, including profitability, solvency, growth capacity and operational capacity, are selected to measure the impact of the incentive plan on corporate financial performance by comparing the changes in indicators before and after the implementation of incentives, providing data support for scheme optimization.

Market Effect: With stock price performance as the core, combined with market share, industry status and other indicators for comprehensive analysis. However, due to data missing, the focus is on the analysis of stock price changes before and after incentives.

Innovation Capability: Considering the attribute of high-tech enterprises, indicators such as R&D investment and the proportion of R&D personnel are selected to evaluate the impact of incentive plans on R&D capability and talent training.

Xianjinshutong Company, which is in the same industry and has highly similar business, is selected as the comparison object. Both companies focus on bank IT solutions with similar customer groups, and the incentive impact paths are comparable. Gaoweida Company adopts two types of incentive models to bind core talents, while Xianjinshutong Company reverses the performance decline through a single type of equity incentive. Data from 2015/2016 to 2023 are selected to evaluate the multiple values of equity incentives on the performance improvement, risk resistance and long-term growth of financial technology enterprises by comparing the differences in financial and non-financial indicators between the two companies, providing reference for differentiated incentive schemes in the industry.

4.1. Financial Indicator Analysis

4.1.1. Profitability Analysis

Profitability reflects the efficiency of enterprise assets in generating profits, and is a key indicator to measure enterprise competitiveness and value. This paper selects three indicators: return on net assets, return on total assets and net profit margin on sales, to analyze the implementation effect of equity incentives of Gaoweida Company and the comparison company.

Table 4-2. Profitability Comparison (2015-2022)

Indicators	Company	2015	2016	2017	2018	2019	2020	2021	2022	2023
Return on Net Assets (%)	Highidea	10.43	3.06	3.30	9.25	10.71	-73.82	19.62	-11.44	4.54
	Xianjinshutong	19.37	13.19	5.87	6.71	8.81	15.05	14.56	8.86	11.41
Return on Total Assets (%)	Highidea	6.58	1.85	2.84	6.38	7.25	-29.01	8.77	-3.55	3.48
	Xianjinshutong	10.64	9.02	5.26	5.87	6.39	9.89	9.15	5.99	7.04
Net Profit Margin on Sales (%)	Highidea	4.39	2.38	2.58	6.94	8.02	-34.92	5.59	-5.22	2.03
	Xianjinshutong	5.44	6.07	4.24	3.68	3.95	3.07	3.98	3.80	5.77

Gaoweida Company launched its first equity incentive in 2015, and then implemented three more times (due to the lack of 2024 data, this section focuses on the impact of the three incentives after 2015 on the company's performance). The changes in the three indicators of return on net assets, return on total assets and net profit margin on sales are consistent, and the profitability of the company fluctuated from 2015 to 2023. As the initial year of the restricted stock incentive, the company implemented incentives for 100 core backbones in 2015, driving the growth of sales revenue beyond the industry average, and its competitiveness and development potential were significantly enhanced. In 2018, benefiting from the improvement of demand in the financial technology industry, the growth of orders, as well as the company's mechanism adjustment and the strengthening of operation and control, the profitability was further improved. In 2020, affected by the Sino-US trade war, the COVID-19 pandemic and the macro economy, coupled with the company's huge goodwill impairment of 778 million yuan accrued for the asset groups of multiple subsidiaries, the net profit suffered a huge loss, and the three indicators fell to negative values, but recovered rapidly in the following period, which confirms that equity incentives have improved the company's internal asset management and resource allocation efficiency, helping it effectively respond to external challenges.

The return on net assets and return on total assets of Xianjinshutong Company declined significantly from 2015 to 2017, due to the decrease in revenue from IT infrastructure construction business, the compression of gross profit margin of related businesses by market competition and the increase in costs and expenses, the low efficiency of asset operation, the substantial increase in net assets after listing which diluted shareholders' equity, and the adjustment of debt structure which affected the financial leverage. After the implementation of the restricted stock incentive in 2018, the two indicators have rebounded since 2019, peaked in 2021 and then slightly declined, but still remained higher than the level before 2018, while the net profit margin on sales remained relatively stable. On the whole, the profitability of Xianjinshutong Company improved slightly after equity incentives, but the indicators declined in the later period, which is related to the incentive scheme, market environment, industry competition and other factors.

In comparison, Gaoweida Company had realized full ownership of senior management and launched the incentive plan before listing. The performance from 2015 to 2023 confirms that incentives have a promoting effect on the company's performance; the profit growth of Xianjinshutong Company after incentives is not as good as that of Gaoweida Company, and the indicators have small fluctuations and no obvious growth trend, while Gaoweida Company was relatively stable except for two significant fluctuations, which shows that the impact of equity incentives implemented by listed companies in the same industry on financial indicators is different.

4.1.2. Solvency Analysis

This paper selects current ratio, quick ratio and asset-liability ratio as the core analysis indicators of solvency. Among them, the current ratio and quick ratio in the moderate range mean that the enterprise has strong short-term solvency and flexible operation; the moderate asset-liability ratio indicates that the long-term solvency risk is controllable. The comprehensive analysis of the three indicators can fully evaluate the overall solvency and risk level of the enterprise.

Table 4-3. Solvency Comparison (2015-2023)

Indicators	Company	2015	2016	2017	2018	2019	2020	2021	2022	2023
Current Ratio	Highidea	5.89	2.02	1.70	1.48	1.53	1.30	1.69	1.68	1.77
	Xianjinshutong	1.89	2.91	1.93	2.05	1.61	1.61	1.67	1.82	2.43
Quick Ratio	Highidea	5.72	1.90	1.53	1.33	1.37	0.96	1.12	0.93	1.06
	Xianjinshutong	1.50	2.46	1.54	1.43	0.85	0.89	0.90	1.21	1.64
Asset-Liability Ratio (%)	Highidea	14.03	38.58	51.12	49.11	43.84	70.01	52.90	54.13	51.47
	Xianjinshutong	52.27	33.96	44.61	41.17	54.23	53.73	51.00	49.91	36.79

The current ratio is a key indicator to measure the short-term solvency of an enterprise. It is not only related to whether the working capital can cover liabilities while generating benefits, but also has an important impact on the growth capacity of the enterprise. Therefore, the analysis of this indicator is of great significance for evaluating operating efficiency.

After Gaoweida Company implemented the restricted stock incentive in 2015, the current ratio tended to be stable. Although the value declined in the following years, the indicator increased significantly after the implementation of the employee stock ownership plan in 2020, and was better than the industry average in most periods.

The current ratio of Xianjinshutong Company fluctuated from 2015 to 2023, and was generally in a healthy range. The indicator peaked in 2016 and then declined, due to the increase in short-term borrowings which pushed up current liabilities, the use of current assets for the purchase of non-current assets or the repayment of non-current liabilities, the impact of the decline in revenue from IT infrastructure construction business on cash flow and asset structure, as well as the impact of intensified industry competition and changes in customer demand. The equity incentive in 2018 had a weak impact on the current ratio. After the implementation of incentives again in 2020, the current ratio rose from 1.61 to 2.43 in 2023, which shows the positive role of equity incentives in its short-term solvency and capital utilization efficiency.

The change trend of the quick ratio of Gaoweida Company is consistent with that of the current ratio. When the current ratio and quick ratio are in the range of 1-2, the short-term liabilities of the enterprise are reasonable and the solvency is strong. After the implementation of equity incentives in 2015, the two indicators of Gaoweida Company have been maintained at 1.3-2.1, showing its strong short-term solvency and asset management capability, which confirms the effectiveness of equity incentives. The change trend of the quick ratio of Xianjinshutong Company is also consistent with its current ratio.

The asset-liability ratio is a core indicator reflecting the long-term solvency and risk control capability of an enterprise, which can assist enterprises in evaluating the level of risk bearing and avoiding decision-making risks. The asset-liability ratio of Gaoweida Company has shown an upward trend since 2015, reflecting its limited risk-bearing capacity; except for 2020, the indicator was in the reasonable range of 40%-60%. After the implementation of the employee stock ownership plan in 2020, the company received multi-party support, and the scale of liabilities gradually decreased; although the overall liability scale was still higher than the industry standard, the asset-liability ratio tended to be stable, showing its stable control over long-term solvency. The asset-liability ratio of Xianjinshutong Company was generally stable and showed a downward trend from 2015 to 2023, dropping to 36.79% in 2023, which shows that the optimization effect of equity incentives on its capital structure has a lag.

The equity incentive plans of both companies have a positive effect on solvency: the current ratio, quick ratio and asset-liability ratio of Xianjinshutong Company all showed an improving trend; after the equity incentive of Gaoweida Company in 2020, the current ratio and quick ratio also increased, but the asset-liability ratio was relatively high, the financial risk was relatively large, and the overall improvement effect of solvency was slightly inferior to that of Xianjinshutong Company, still having much room for improvement.

4.1.3. Growth Capacity Analysis

Growth capacity analysis is used to evaluate the future development trend and speed of an enterprise, with the core of assessing its business expansion capacity. This paper selects indicators such as operating revenue growth rate and net profit growth rate to judge the growth potential and sustainable development capacity of the enterprise, providing a scientific basis for decision-makers to formulate strategies and realize the long-term stable growth of the enterprise.

Table 4-4. Comparison of Growth Capability(2015-2023)

Indicator		2015	2016	2017	2018	2019	2020	2021	2022	2023
Operating Revenue Growth Rate (%)	Gaoweida	-5.75	3.63	35.70	20.61	10.45	7.70	20.35	-36.79	-2.52
	Xianjinshutong	-1.55	-12.56	3.18	37.42	28.93	151.00	-12.90	-28.32	-2.41
Net Profit Growth Rate (%)	Gaoweida	-37.61	-43.95	47.49	224.27	27.63	-568.77	-119.25	-159.10	-137.94
	Xianjinshutong	12.87	-2.38	-27.86	19.24	38.45	94.93	12.77	-31.58	48.15

The operating revenue growth rates of Gaoweida Company in 2015 and 2016 were -5.75% and 3.63% respectively, with stable but insufficient growth momentum. In 2017, the indicator jumped to 35.70%, benefiting from the equity incentive plan which stimulated employees' enthusiasm and innovation, promoting the company's business to expand significantly. In the following years, although the revenue growth rate fluctuated, it remained positive on the whole, until 2022, affected by the increase in the proportion of direct procurement of system integration by major customers and other factors, the orders for system integration business dropped sharply, and the growth rate fell to -36.79%. In 2023, after the announcement of the draft of the fourth employee stock ownership plan, the revenue growth rate rebounded to -2.52%, the decline narrowed significantly, and the business showed a stabilizing and recovering trend.

After Xianjinshutong Company implemented equity incentives in 2018, its operating revenue growth rate increased significantly from 3.18% in 2017 to 37.42% in 2018, and further increased to 28.93% in 2019. This is mainly due to three aspects: first, equity incentives promoted the company's layout of IT infrastructure construction business for large Internet enterprises, bringing a large amount of revenue; second, the related IT construction and operation and maintenance business of large state-owned commercial banks achieved restorative growth; third, the software solution business developed steadily, and the promotion of cloud architecture distributed business and big data applications contributed to incremental revenue.

The net profit growth rate measures the growth rate of the current net profit of the company, and the higher the value, the more favorable it is for development. The indicator of Gaoweida Company fluctuated significantly. The net profit growth rates in 2015 and 2016 (before equity incentives) were -37.61% and -43.95% respectively, showing a significant decline in profitability. After the implementation of equity incentives, the company's net profit growth rate increased significantly, reaching 224.27% in 2018, which is directly related to the performance growth brought by incentives. However, the indicator declined again in the following period. Affected by the epidemic, the huge goodwill impairment accrued for acquired asset groups and other factors from 2020 to 2021, the net profit growth rate dropped to -568.77% and -119.25%, resulting in huge losses. After the implementation of the employee stock ownership plan in 2023, the net profit growth rate rebounded to -137.94%, the decline narrowed, and the growth capacity showed a recovery trend.

The trend of net profit growth rate of Xianjinshutong Company is basically consistent with that of Gaoweida Company, which confirms that equity incentives, business layout, market environment and other factors have jointly promoted its business expansion, revenue growth and profitability improvement. After the implementation of equity incentives in 2020, the company's operating revenue growth rate soared to 151.00%, and the net profit growth rate reached 94.93%, with a significant improvement in profitability, showing the role of incentive plans in promoting the expansion of new businesses and new markets.

On the whole, the two equity incentives of Xianjinshutong Company in 2018 and 2020 have a significant short-term promoting effect on the growth of revenue and net profit, forcing the management to focus on business expansion, cost control and efficiency improvement. Although the overall performance fluctuation of Gaoweida Company is greater than that of Xianjinshutong Company, after each equity incentive, the growth rates of revenue and net profit have increased significantly, but the sustainability of the incentive effect is insufficient, and there is still room for improvement in the role of growth capacity.

4.1.4. Operational Capacity Analysis

Operational capacity analysis focuses on the efficiency of enterprise asset operation, and the core is measured by various turnover rate indicators. High operational capacity means that enterprise assets are fully utilized, the speed of income conversion is fast, and the profitability is enhanced accordingly. This paper selects core indicators such as inventory turnover rate and accounts receivable turnover rate to comprehensively evaluate the operational status of the enterprise.

Table 4-5. Comparison of Operating Capability(2015-2023)

Indicator		2015	2016	2017	2018	2019	2020	2021	2022	2023
Accounts Receivable Turnover	Gaoweida	3.48	2.92	2.81	2.94	3.13	3.98	6.03	4.06	4.25
	Xianjinshutong	3.90	2.58	2.09	2.81	3.44	7.57	6.95	4.31	3.23
Total Asset Turnover	Gaoweida	1.21	0.76	0.67	0.69	0.73	0.87	1.32	1.00	1.03
	Xianjinshutong	1.46	1.09	0.84	1.05	1.13	2.24	1.74	1.15	1.07

Current Asset Turnover	Gaoweida	1.41	1.24	1.40	1.40	1.36	1.26	1.53	1.14	1.16
	Xianjinshutong	1.49	1.11	0.92	1.23	1.31	2.62	2.09	1.34	1.20
Inventory Turnover	Gaoweida	16.07	21.03	13.17	10.72	10.41	5.34	4.29	2.37	2.24
	Xianjinshutong	3.88	5.05	4.23	4.16	2.76	5.27	4.12	2.86	2.97
Accounts Payable Turnover	Gaoweida	36.25	33.21	40.70	55.31	63.47	56.33	40.01	23.20	20.73
	Xianjinshutong	4.49	5.34	5.94	9.04	10.68	23.06	20.88	10.40	11.06

The accounts receivable turnover rate is a core indicator to measure the efficiency of enterprise accounts receivable management, and the higher the value, the better. The overall trend of the indicator of Gaoweida Company is first decreasing and then increasing: the turnover rate decreased from 2015 to 2017, reflecting the slowdown of capital recovery and the weakening of liquidity; it rebounded after 2018, which is directly related to the two equity incentives in 2015 and 2016 that improved the team's enthusiasm for collection. After the implementation of the employee stock ownership plan in 2020, the turnover rate peaked in 2021, and the slight decline in the past two years is a normal fluctuation.

After Xianjinshutong Company implemented equity incentives in 2018, its accounts receivable turnover rate increased from 2.09 in 2017 to 2.81 in 2018, and further increased to 3.44 in 2019, reflecting the role of incentives in promoting accounts receivable management. After the implementation of equity incentives in 2020, the indicator soared to 7.57, with a significant improvement in management efficiency, but the effect lasted for a short time and decreased year by year in the following period, mainly due to the expansion of credit sales leading to an increase in accounts receivable, the delay in customer payment and the insufficient internal collection and control. The trends of its other operational indicators are consistent, but more stable.

The total asset turnover rate is an important indicator to measure the overall operating efficiency of an enterprise.The indicator of Gaoweida Company had small fluctuations but was generally low from 2015 to 2020, indicating insufficient asset utilization efficiency; it increased significantly in 2021, which is related to the employee stock ownership plan in 2020 that optimized the asset structure and improved operational efficiency. It decreased slightly in the following two years but still remained at a historical high, confirming the positive role of equity incentives. The trend of total asset turnover rate of Xianjinshutong Company is basically consistent with that of accounts receivable turnover rate.

The current asset turnover rate reflects the operating efficiency of the company.The indicator of Gaoweida Company has always been higher than 1, and the trend is similar to that of the total asset turnover rate: it fluctuated gently from 2015 to 2020, and increased significantly in 2021 driven by the equity incentive in 2020, accelerating capital turnover; it decreased slightly in the past two years but the impact was limited, and there is still room for improvement in the structure and management efficiency of current assets. The trend of current asset turnover rate of

Xianjinshutong Company is basically consistent with that of accounts receivable turnover rate.

The inventory turnover rate of Gaoweida Company showed an overall downward trend, especially after 2019, mainly due to the increase in work-in-progress at the end of the period; the low inventory turnover rate will increase the cost of capital occupation and weaken the operational capacity, which shows that the effect of equity incentives on improving its inventory management is limited. The inventory turnover rate of Xianjinshutong Company decreased from 4.23 in 2017 to 4.16 in 2018, and further to 2.76 in 2019, which also reflects that the role of equity incentives in improving inventory management efficiency is weak.

The accounts payable turnover rate of Gaoweida Company showed a trend of first increasing and then decreasing: it continued to increase from 2015 to 2019, especially after the equity incentive in 2016, indicating the improvement of operational capacity and the efficiency of using supplier credit; in 2022, due to the delay in the delivery and acceptance of software projects, the increase in personnel costs, the imbalance between the growth rate of revenue and costs, the turnover rate dropped significantly, and the insufficient capital liquidity led to financial risks. The trends of accounts payable turnover rate and accounts receivable turnover rate of Xianjinshutong Company are consistent, and equity incentives have improved its asset utilization and accounts payable management efficiency simultaneously.

On the whole, the operational capacity of both companies showed a positive trend after equity incentives, but the impact cycle was short. Among them, the improvement of indicators of Gaoweida Company is more significant and the development is more stable, confirming the promoting effect of equity incentives.

4.2. Non-Financial Indicator Analysis

4.2.1. Market Effect Analysis

The market effect of equity incentives is mainly reflected by the stock price, which reflects the market position and competitiveness of the enterprise. This section takes Gaoweida Company as the core, combined with the peer company Xianjinshutong Company, to analyze the stock price changes and driving factors before and after equity incentives from 2015 to 2023 (although their core businesses are different, there is competition in the software R&D field and the intersection is increasing).

(1) Correlation between Market Share and Stock Price

The market share of Gaoweida Company in the financial information service field directly affects the stock price: the increase in market share can drive the growth of revenue and net profit, enhance investor confidence, and promote the rise of stock price; if the response to technological iteration or customer demand is lagging behind, the market share is likely to be seized by IBM, TCS and other competitors, leading to a decline in profitability and suppressing the stock price.

(2) The Role of Industry Status in Stock Price

As a financial informatization service provider, Gaoweida Company has formed strong bargaining power and customer stickiness by virtue of its high market share and popularity, supporting stable performance (such as the net profit turning from loss to profit while the revenue decreased in 2023). In addition, the company has enhanced its value by expanding new businesses such as digital currency, helping the stock price rise. However, intensified industry competition, performance fluctuations and high valuation pressure may all lead to stock price correction.

In terms of specific stock price performance, the stock price of Gaoweida Company rose in the short term after the announcement of the equity incentive draft in 2015; the release of performance after the incentive authorization promoted the stock price to rise in the medium and long term. During the lock-up period of the employee stock ownership plan in 2021, the stock price rose from 8.77 yuan per share to nearly 15 yuan per share; after the announcement of the draft of the fourth incentive plan in January 2023, the stock price rose by 26.6% (from 8.41 yuan to 10.44 yuan). Later, due to market fluctuations, the plan was terminated, but the company stated that it would continue to promote equity incentives, and the market was still optimistic about its long-term development.

The market effect of the two equity incentives of Xianjinshutong Company from 2015 to 2023 fluctuated greatly: after the announcement of the draft in 2018, the stock price fell from 7.84 yuan per share to 5.74 yuan per share, and the market was skeptical about its long-term potential. Although market value management measures were taken, the stock price still fluctuated. In the same period, Gaoweida Company, which did not implement equity incentives, had better stock price and performance stability as well as trading volume, highlighting its advantages in fundamentals and market recognition.

4.2.2. Innovation Capability Analysis

Innovation capability is the core goal of the software development industry and the implementation of equity incentives by Gaoweida Company. This paper will compare and analyze the innovation capabilities of Gaoweida Company and Xianjinshutong Company from two dimensions: R&D investment and the proportion of R&D personnel, and then expound the implementation effect of equity incentives.

Table 4-6. Comparison of R&D Personnel Ratio and R&D Investment

Indicator		2015	2016	2017	2018	2019	2020	2021	2022	2023
R&D Investment (10,000 yuan)	Gaoweida	4764.95	7863.29	6505.31	4811.02	5250.33	6313.36	7605.08	10700.93	6536.97
	Xianjinshutong	-	3500.29	4037.69	5383.74	6911.93	7584.98	10001.22	10054.01	10839.5
R&D Personnel Ratio (%)	Gaoweida	6.09	8.71	9.37	8.13	8.12	8.23	8.35	9.09	6.17
	Xianjinshutong	-	7.61	7.20	7.67	7.68	6.71	7.34	7.38	7.37

The R&D investment of Gaoweida Company showed an overall growth trend but with fluctuations from 2015 to 2023: after the implementation of equity incentives in 2015, the R&D investment increased significantly, showing the role of equity incentives in promoting innovation investment; in the following period, due to the gradual delivery of R&D products, the scale of investment and capitalization rate decreased, and the early exploration investment such as the pre-research of cutting-edge technologies was not capitalized. After the implementation of the employee stock ownership plan in 2020, the R&D investment rebounded again, and remained at a high level in 2022, reflecting the company's emphasis on innovation. In 2023, to compete for orders, the company transferred technical backbones to project implementation, and strengthened cost control to increase profits, resulting in a decrease in R&D investment. In the same period, the total R&D investment of Xianjinshutong Company increased gradually, and the investment proportion also showed a fluctuating upward trend, highlighting its emphasis on R&D capability and investment proportion.

The proportion of R&D personnel is an important indicator to measure the innovation capability of an enterprise. The proportion of R&D personnel of Gaoweida Company showed an overall upward trend from 2015 to 2023, and increased significantly after the completion of equity incentives in 2018, confirming the role of equity incentives in attracting R&D talents; the subsequent proportion fluctuated synchronously with R&D investment, which may be related to personnel flow and company structural adjustment. In 2023, due to the backlog of orders, the company transferred technical personnel to project implementation, controlled the scale of R&D projects, and coupled with the adjustment of the main business structure, the proportion of R&D personnel decreased accordingly. During the implementation of equity incentives from 2016 to 2023, the proportion of R&D and technical personnel of Xianjinshutong Company remained stable in the range of 6.6%-7.8%, and both phases of equity incentives promoted a slight increase in the proportion; with the increase in the total number of employees of the company, the scale of R&D personnel expanded synchronously. In recent years, the company has expanded the financial Internet market, increasing the demand for technical personnel, which has laid a talent foundation for technological innovation.

Comparing the two companies, it can be seen that equity incentives have significantly promoted the growth of R&D investment and R&D personnel scale, helping enterprises transform innovation capability into innovation achievements.

4.3. Analysis of the Success Factors of Equity Incentive Implementation in Gaoweida Company

By comparing the financial and non-financial indicators of Gaoweida Company before and after the implementation of equity incentives, this paper finds that this system has effectively improved the company's financial performance, market performance and innovation capability, and played a positive role in long-term development. The success factors can be analyzed from three aspects.

4.3.1. Analysis Based on Theoretical Basis

(1) Two-Factor Theory

In terms of incentive factors, through the restricted stock incentive plan, the company provides core personnel with the opportunity to hold shares, and links incentives with performance to stimulate employees' enthusiasm; in terms of health-care factors, the company maintains policy stability, optimizes the working environment, improves the whole-process management system of equity incentives, and ensures the fairness and transparency of the plan.

(2) Human Capital Theory

The company accurately selects core management, business and technical personnel as incentive objects, grants restricted shares at preferential prices, sets three-phase unlocking and net profit growth rate assessment conditions, binds core talents with the long-term interests of the company, effectively attracts and retains talents, and promotes performance growth.

(3) Expectancy Theory

The company sets clear and achievable performance assessment goals. The consideration of equity incentives is higher than fixed salaries, and the incentive value is significant; at the same time, through communication and feedback, training support and fair assessment, it ensures that rewards are linked to performance, enhances the trust and participation of incentive objects, and the net profit growth rate has met the standards continuously after the implementation of the plan.

4.3.2. Analysis Based on Implementation Mode

(1) Restricted Stocks

The incentive objects focus on core personnel, with clear grant and unlocking conditions. The stock source and pricing balance incentive and fairness. The phased unlocking arrangement balances pressure and motivation, promoting incentive objects to form a community of interests with the company.

(2) Employee Stock Ownership Plan

The scope of participation covers employees at multiple levels, following the principle of voluntariness, entrusted to professional institutions for management, with clear lock-up period and termination clauses, improving employees' sense of belonging and cohesion, and ensuring the stable implementation of the plan.

5. Enlightenment from Equity Incentives of Gaoweida Company

The practice of Gaoweida Company provides valuable experience for other enterprises. First, give play to the role of long-term incentives, bind the interests of employees with those of the company, reduce agency costs, and stimulate employees' enthusiasm. Second, accurately incentivize core talents to improve the competitiveness and innovation capability of enterprises. Third, set performance-oriented unlocking conditions to guide employees to focus on the company's development goals. Fourth, strengthen communication, improve the transparency of the plan, and enhance the trust of incentive objects. Fifth, ensure the compliance of the plan and accept supervision, reduce legal risks, and support long-term development.

6. Research Conclusions

Based on the financial data of Gaoweida Company from 2015 to 2023, this paper analyzes the impact of equity incentives from the dimensions of profitability, solvency and other aspects, and draws the following conclusions:

(1) Equity incentives have significantly promoted the improvement of enterprise performance. After the implementation of equity incentives in Gaoweida Company, various financial indicators have been improved, the stock price and market value have risen, and at the same time, it has attracted and retained outstanding talents, reduced the turnover rate of core personnel, and built a community of interests.

(2) Equity incentives play an important role in promoting the R&D of financial technology enterprises, which is confirmed by the cases of both Gaoweida Company and Xianjinshutong Company. Among them, although the cost of restricted stock incentives is high, the long-term benefits are significant.

(3) Appropriately expanding the scope of equity incentives can optimize the incentive effect. Gaoweida Company included middle management and core backbones in the incentive scope, avoiding the "free-rider" phenomenon, stimulating employees' enthusiasm, and providing impetus for performance growth, which is worthy of reference for other enterprises.

References

[1] Liu Shuangshuang. A Brief Analysis of the Application of Equity Incentives in Enterprises[J]. Enterprise Reform and Management, 2019(04):16-17.

[2] Rong Zhenjia. A Study on the Equity Incentive Effect of Listed Companies in China[D]. Shanghai University of Finance and Economics, 2020.

[3] Yan Gaojian, Liu Xiaowen, Mao Minzhen. An Empirical Analysis of the Implementation Effect of Equity Incentives in A-Share Listed Companies[J]. Theory Circle, 2015(02):39-44.

[4] Lan Tao, Xie Xiaoxin. The Application of Incentive Mechanism in Enterprise Human Resource Management[J]. Market Weekly, 2024,37(17):187-190.

[5] Jiang Haiwang. Sugon: The Digital Transformation of Finance Enters a Critical Period, and Technological Innovation Drives the High-Quality Development of Finance[J]. China Financial Computer, 2021(S1):92-93.

[6] Ren Lili, Zhang Ruijun. A Study on the Relationship between Equity Incentives and Corporate Diversification Strategy——An Empirical Analysis Based on Propensity Score Matching Method[J]. Financial Research, 2018(01):76-85.

[7] Song Xinyi. A Study on the Implementation Effect of Equity Incentives in Huawei[D]. Anhui Agricultural University, 2022.

[8] Luo Xiaohui. On the Cultivation and Strengthening of Core Competitiveness of Enterprises[J]. Chemical Enterprise Management, 2013(07):101-103.

[9] Jensen, Meckling. Theory of the Firm: Managerial Behavior, Agency Costs and

Ownership Structure[J]. Journal of Financial Economics, 1976,3(4).

[10] Murphy. The Trouble with Stock Options[C]. Journal of Economic Perspectives, 2003:49-70.

[11] Cheng, Warfield. Equity Incentives and Earnings Management[J]. The Accounting Review, 2005,80(2).

[12] Christoph Kaserer, Benjiamin Moldeenhauer. Insider Ownership and Corporate Performance: Evidence from Germany[J]. Review of Managerial Science, 2008(2):1-35.

[13] Zhou Jianbo, Sun Jusheng. A Study on the Governance Effect of Managers' Equity Incentives——Empirical Evidence from Listed Companies in China[J]. Economic Research Journal, 2003(05):74-82.

[14] Gu Bin, Zhou Liye. A Study on the Implementation Effect of Equity Incentives in Listed Companies in China[J]. Accounting Research, 2007(02):79-84.

[15] He Fan. Equity Incentive System and the Degree of Earnings Management——Empirical Evidence from Listed Companies in China[J]. Journal of Zhongnan University of Economics and Law, 2010(02):135-140.

[16] Su Dongwei, Lin Dapang. Equity Incentives, Earnings Management and Corporate Governance[J]. Economic Research Journal, 2010,45(11):88-100.

[17] Zhang Caiyu. A Cost Analysis of Three Major Equity Incentive Models in China[J]. Soft Science, 2004(05):44-46.

[18] Li Wei'an, Li Hanjun. Ownership Structure, Executive Stock Ownership and Corporate Performance——Evidence from Private Listed Companies[J]. Nankai Business Review, 2006(05):4-10.

[19] Tang Yuhong, Zhou Rong, Yang Xiaoyu, Yang Yukun. A Study on the Implementation Effect of Equity Incentives in Listed Companies in China[J]. Theory and Practice of Finance and Economics, 2017,38(04):57-61.

[20] Chen Xun. A Study on the Implementation Effect of Equity Incentives in SF Holding Co., Ltd[J]. Logistics Technology, 2022,45(08):33-36.

[21] Liao Yilu. An Analysis of the Implementation Effect of Equity Incentives in STAR Market Enterprises——A Case Study of AMEC[D]. Jiangxi University of Finance and Economics, 2023.

[22] Huang Yifan. A Study on the Implementation Effect of Equity Incentives in Enterprises——A Case Study of G-bits[D]. Guangzhou University, 2024.

[23] Chen Linjia. A Study on the Impact of Mixed Ownership Reform on Enterprise Innovation Efficiency——A Case Study of Northeast Pharmaceutical and Yunnan Baiyao[D]. Southwestern University of Finance and Economics, 2024.

[24] Ding Cheng. An Empirical Study on the Relationship between Employee Stock Ownership Plans of Listed Companies and Enterprise Innovation Performance——Based on the Differences in Property Rights and Industrial Properties[J]. Forecasting, 2021,44(05):33-36.

[25] Li Zhengyan. A Study on the Financial Performance of Equity Incentives in Zhengbang Technology[D]. Heilongjiang University, 2023.

[26] Gao Xiumei. The Impact and Mechanism of Equity Incentive Policies on Enterprise Innovation Capability[J]. China Circulation Economy, 2024(04):77-80.

[27] He Wanrong, Geng Xiaoyuan. A Study on the Current Situation and Optimization Strategies of Equity Incentives Implemented by Electronic Manufacturing Enterprises under the Background of Digital Transformation[J]. Modern Business, 2024(15):164-167.

[28] Wang Xiaoyu, Liu Xihua. Institutional Investor Holdings: Promoter or Obstacle of M&A Premium? [J]. Financial Development Research, 2023(08):61-70.

[29] Yuan Xinhua. A Study on the Differences in Environmental Attitudes and Behaviors of Ecotourists and Their Green Marketing Management[D]. Central South University of

Forestry and Technology, 2005.

[30] Zhang Chunhong, Li Meiqi, Cao Hongying. An Analysis of the Implementation Effect of Equity Incentive Scheme in Tigermed[J]. Aviation Finance and Accounting, 2024(03):100-108.