

## Can "985" CEOs Improve Corporate Performance? Empirical Evidence from Chinese A-share Market

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### Abstract

Based on the sample of Shanghai and Shenzhen A-share listed companies from 2008-2016, we analyze whether "985" CEOs can improve corporate performance. The results show that "985" has a significantly negative effect on corporate performance, which may be due to the continuous expansion of universities in recent years, leading to the mismatch of talent training and demand. In addition, we also consider the impact of CEO personal characteristics such as education, functional background, overseas background and academic background on corporate performance. The results show that the single factor of CEO characteristics does not have a significant promotion effect on corporate performance, but the comprehensive multiple factors, that is, the interaction of "985" with other personal characteristics can significantly improve short-term and long-term performance of companies. Based on the above results, this paper puts forward corresponding policy recommendations from two perspectives of schools and enterprises.

**Keywords:** "985"; CEO; corporate performance; education; functional background; overseas background

### I. Introduction

The "985" project was formally launched in 1999 with the aim of building first-rate universities with advanced world standards. The "985" project universities often boast excellent faculty, rich funding, advanced facilities, and the best students. Therefore, in recruitment markets, employers often prefer graduates of "985" project universities. Employees who have received elite education in "985" project universities are often hailed as excellent talents and thought highly of by the whole society. Even in some companies, only the resumes of "985" graduates can be selected by the employers, who regard "985" as one of the important signals for judging the ability of graduates to learn and work, and believe that "985" graduates have the competences and qualities that other graduates lack. This recruitment standard for junior staff set by the human resources department will also be applied to the board of directors to hire the CEO. Since "985" is used as a threshold for hiring talents, the board of directors will strictly screen the candidate's academic qualifications in the internal staff promotion or external CEO recruitment. Under the same conditions, "985" candidates are more likely to outshine others by virtue of the reputation and prestige of the "985" project universities.

According to the senior executive information of listed companies announced in 2016, the CEOs of 60% A-share listed companies are graduates of the "985" project universities. From this, it can be seen that interviewers who select CEOs prefer candidates with prestigious university background. So, is it true that "985" CEOs can meet the expectations of the board of directors? In other words, whether "985" CEOs have strong learning and working ability to

lead the executive management team to conduct the internal manufacturing operations and reasonable resource allocation? Whether "985" CEOs exert positive influence on the company's strategic decisions and operating performance?

## **II. Literature Review**

Since Hambrick and Mason proposed the High-Level Gradient Theory in 1984, the executive management team, as one of the important human resources of the company, has drawn extensive attention from the academic community. Scholars mainly dive into demographic characteristics such as gender, age, term, education, and professional background of senior management teams<sup>[1, 2, 3]</sup>, and analyze the influence of these characteristics on executives' psychology and behavior choices. However, in these studies, scholars often view CEOs and other executives as individuals without distinction and fail to distinguish CEOs from other senior executives when exploring the impact of the characteristics of executive teams on corporate performance. In reality, CEOs not only have the power to select, evaluate and reward other senior managers, but also shoulder the responsibility to command overall situations, coordinate various departments, and promote information exchange. Therefore, at the top of the organization, CEOs tend to exert more influence on the operating performance and strategic decisions in companies. Furthermore, under the strong bureaucratic environment in China, corporate leaders are more inclined to authoritarianism, and CEOs have more significant influence on enterprise development than that of other senior management personnel. Therefore, the study of the relationship between CEO personal characteristics and business performance will have more direct reference significance for the development of enterprises.

As a core leader in business production and operation, the CEO can improve the internal governance structure and then contribute to the performance improvement by promoting the integration of heterogeneous behaviors of senior management teams, such as mediating differences, preventing unhealthy competition, and organizing exchange of opinions among parties<sup>[8]</sup>. Chua (2008) proposes that the CEO plays an important role in promoting communications among senior management teams and preventing potential disagreements<sup>[9]</sup>. Cannella (2005) believes that the CEO is not only responsible for selecting and hiring other senior executives, but also features prominently in strengthening the coordination and cooperation between the senior management team and production sectors<sup>[10]</sup>. Besides, CEO's executive ability, management experience, knowledge structure and the relationship between the CEO and various interest groups inside and outside the company are all regarded as direct factors for enterprises to gain competitive advantages and improve business performance<sup>[11]</sup>. Nevertheless, studies at the enterprise level are far from enough<sup>[12]</sup>.

Based on the above research situations and against the backdrop of employers frequently setting academic qualification limits, this paper examines whether the "985" CEO can really have strong learning and working ability to exert a positive impact on business performance as originally expected, from the perspective of the CEO's personal characteristics and the enterprise level. Besides, this paper also works on analysis of the influence of the "985"

CEO's education level, job background, overseas background, and academic background on corporate performance, and focuses on discussion that the positive impact of CEO personal characteristics on corporate performance is attributed to the prestigious school effect or the combination of multiple factors. Research of such a topic has not only enriched and expanded the literature on CEO personal traits and corporate performance, but also deepened the cross-development of related disciplines such as corporate management, human resources, and higher education.

### **III. Theoretical Analysis and Research Hypotheses**

Dong Zefang and Tao Nengxiang (2010) believe that universities play an important role in the competitive selection and talent diversion <sup>[13]</sup>. Graduates who have received elite education in the "985" project universities are often hailed as excellent talents and thought highly of by the whole society, because those universities can be easily accessible to rich educational funds, attractive to excellent teachers from home and abroad, and appealing to outstanding students. These superior and diversified educational resources can not only help improve students' comprehensive quality, but also promote excellent people to gather in groups and open up their horizons and thinking mutually, all of which can exert a positive effect on the CEO's management and operation in the future.

From the perspective of the network, the CEO's salary, reputation, and status all have a close relationship with the company's performance. Hence, compared with other employees, the CEO is more willing to develop and use the social network resources to provide external support for the company. Outstanding employees are often more likely to be favored by excellent companies in the labor market. Therefore, graduates of elite universities often have richer and better alumni resources in the community. The CEO can obtain informal institutional support from the social network <sup>[15]</sup> to reduce the systematic risks brought by the external market and reinforce the company's ability to stabilize profitability. The "985" CEO can also obtain important resources and information from the social network of non-market mechanism to help enterprises establish multi-level channels for resource acquisition and then form a competitive and integrated business system <sup>[16]</sup>. Besides, the higher the quality of the information is, the more able it is to promote the reduction of decision-making risks and the improvement of decision quality <sup>[17]</sup>, and then enhance the business performance. Based on this, we propose hypothesis 1:

Hypothesis 1: The "985" CEO is positively related to corporate performance.

Miller (2015) believes that CEO's educational background is one of the reasons leading to differences in corporate performance <sup>[18]</sup>. For graduates who have obtained the master's degrees in the "985" project universities, on the one hand, the resources of prestigious universities have broadened their horizons, strengthened comprehensive qualities, and expanded social capitals; on the other hand, academic qualifications can also consolidate professional knowledge <sup>[14]</sup>, thus new things and creative ideas can be accepted more easily <sup>[19]</sup>, and the ability to recognize complex environment and process information is relatively stronger <sup>[20]</sup>.

Highly educated CEOs are more receptive to new ideas and concepts, have stronger sense of innovation and awareness of change <sup>[21]</sup>, and are more active in embracing innovation of organizational management model and renewal of knowledge technology <sup>[22]</sup>. They are capable of timely changing strategies according to the market demand to seize pivotal development opportunities and making great contributions to organizational innovation, thereby promoting the improvement of corporate performance. CEOs with rich and solid professional knowledge are able to capture relevant information at a faster speed, and have stronger cognitive ability to identify signals in complex environments <sup>[23]</sup>. They can quickly respond to changing the market conditions, grasp market trends rapidly and formulate strategic plans that are in line with the company's development for the sake of sustainable development of the company. Based on this, we propose hypothesis 2:

Hypothesis 2: The educational level of the “985” CEO is positively related to corporate performance.

CEOs with multi-functional backgrounds have working experience in different departments, which helps them not only broaden their horizons and learn richer professional knowledge and skills, but also understand the operation of different functional departments and production processes. In the actual management process, CEOs can accurately analyze the status of different departments according to the scope of authority and business characteristics of different departments and positions <sup>[6]</sup>, and formulate strategic positioning and development goals in a targeted manner. In this way, CEOs are able to promote the convergence of various production and circulation links, and coordinate the collaboration of different departments to complete the work and improve operational efficiency.

In addition, the social network that the CEO has built during his tenure in multiple functional departments is also regarded as a kind of strategic resources for corporate development. CEOs with multi-functional backgrounds are not easily affected by stereotypes formed by backgrounds and experiences <sup>[24]</sup>, and the education of elite universities also enables them to develop open and inclusive values and thinking models, both of which help to build good interpersonal relationships with other members of the organization and avoid conflicts. Multi-functional backgrounds are conducive for CEOs to communicate more smoothly with other members and encourage the sharing of information and resources <sup>[25]</sup>.

The resources that the "985" CEO has accumulated both at university and during tenure come to establish a diversified and multi-layered social network. The social network, also namely "the third method of resource allocation" is used to obtain information or knowledge resources, which can be spread and shared through efficient interactions between CEOs and various departments, to improve the overall decision-making efficiency and quality of the company, and then promote the improvement of business performance. Based on this, we propose hypothesis 3:

Hypothesis 3: The functional background of the “985” CEO is positively related to corporate performance.

Currently, China is witnessing great economic transition. The market mechanism, rules and regulations are still not perfect. Compared with developed countries, there is still a big gap that needed to be filled in terms of enterprise management, technological innovation, and personnel training. CEOs with overseas backgrounds often excel in advanced management experience, cutting-edge science and technology, and the competence to attract and cultivate talents in virtue of the world's vision. In the short term, the “985” CEO with overseas backgrounds are able to not only circulate and transfer professional knowledge and technology through efficient interaction with the members, but also promote the establishment and deepening of the company's internal knowledge network <sup>[26]</sup>.

In the long term, these CEOs can capture market information and identify, and integrate it with their broad international vision and thinking. They adjust their business development strategies according to market trends and use what they learn abroad. From a network perspective, overseas talents graduated from the “985” project universities have dual social networks both at home and abroad <sup>[27]</sup>. Compared with other enterprises, they have more advantages in information and resources. The CEO can use its unique network of international relations to help companies expand their overseas business, disperse non-systematic risks that are concentrated in the same geographical area due to production and circulation or market business, enhance their ability to operate stably, and therefore promote sustainable development of the company. Based on this, we propose hypothesis 4:

Hypothesis 4: The overseas background of the “985” CEO is positively related to corporate performance.

The academic background refers to the CEO's position in colleges and universities or institutions for scientific research. There is a bit of overlap between the academic background and the educational level, but the former is not exactly equivalent with the latter. In terms of breadth, the informal social network established by the CEO in colleges and universities or institutions for scientific research is called the “Invisible College”, which may include authoritative experts in the field, executives working in other companies, and politicians and celebrities, with broader coverage and greater influence. The “Invisible College”, essentially referring to the CEO's social capital stock, facilitates the exchange of ideas among scholars, cooperation of scientific research, and resource sharing <sup>[28]</sup>. CEOs closely connected with companies are usually willing to establish effective connections between companies and the “Invisible College”. They use external academic capital to signal and direct the internal R&D activities of enterprises, and provide a huge knowledge reserve for the company's production and R&D <sup>[29]</sup>.

In terms of depth, CEOs serve in colleges and universities or institutions for scientific research have the opportunity to apply their knowledge to scientific research. They have a deeper understanding of professional knowledge, which helps them to flexibly rely on good theoretical foundation and scientific methods to deal with problems that cannot be solved by experience or intuition alone in a complex business environment <sup>[30]</sup>. Furthermore, working experiences in colleges and universities or institutions for scientific research have developed their meticulous scientific attitude and rational academic spirit. When encountered with the

uncertain environment outside the enterprise, they can pay more attention to using professional knowledge to make judgments and analysis, and carry out more rigorous and robust strategies rather than simply rely on experience or intuition, for the sake of improving the accuracy of decisions and the stability of profits. Based on this, we propose hypothesis 5: Hypothesis 5: The academic background of the “985” CEO is positively related to corporate performance.

#### IV. Index Selection and Model Design

To test the hypotheses presented above, we construct the following regression model:

$$\begin{aligned}
 Perf_{i,t} = & \beta_0 + \beta_1 \times 985_{i,t} + \beta_2 \times Degree_{i,t} + \beta_3 \times 985_{i,t} \times Degree_{i,t} + \beta_4 \times Exer_{i,t} \\
 & + \beta_5 \times 985_{i,t} \times Exper_{i,t} + \beta_6 \times Ovesea_{i,t} + \beta_7 \times 985_{i,t} \times Ovesea_{i,t} + \beta_8 \times Acad_{i,t} \\
 & + \beta_9 \times 985_{i,t} \times Acad_{i,t} + \beta_{10} \times Acad_{i,t} + \beta_{10} \times Cont_{i,t} + \sum Indus + \sum Year + \varepsilon_{i,t} \quad (1)
 \end{aligned}$$

In the regression model, the dependent variable  $Perf_{i,t}$  is corporate performance. Currently, the main methods for measuring corporate performance include ROA, ROE, Tobin Q, and other indicators. ROA and ROE can reflect the short-term performance of the company<sup>[31, 32]</sup>, while Bin Q measures the company's vertical value growth ability, mainly reflecting the long-term performance<sup>[33]</sup>. Therefore, this paper adopts Tobin Q as an indicator of corporate performance in the empirical research, and uses ROA to measure the short-term performance of the company in the robustness test.

$985_{i,t}$  is a virtual variable. If CEOs graduated from the “985” project universities, the virtual variable will take 1; otherwise it will take zero.  $Degree_{i,t}$  is the educational level of the “985” CEOs.  $Exper_{i,t}$  is the functional background.  $Ovesea_{i,t}$  is the overseas background.  $Acad_{i,t}$  is the academic background.  $Cont_{i,t}$ ,  $Indus$ ,  $Year$ , and  $\varepsilon_{i,t}$  respectively represent the control variable, industry effect, annual effect and random disturbance. The main variables and definitions are shown in Table 1.

Since data of CEO personal characteristics is available after 2008, the data from 2008 to 2016 for Shanghai and Shenzhen A-share listed companies is selected as the research samples. After eliminating the missing data samples, 1068 valid samples are finally obtained. The data comes mainly from the CSMAR database.

Table 1 Main variables and definitions

Variable	Name	Symbol	Definition
Explained variable	corporate performance	Tobin Q	The ratio of market capitalization to total assets
		ROA	The ratio of net profit to total assets
Explanatory variable	“985” CEOs	985	If the CEO graduated from the “985” project universities, the variable will take 1; otherwise it will take 0.

	Educational level	<i>Degree</i>	1=technical degree and below, 2=college's degree, 3=bachelor's degree, 4=master's degree, 5=doctor's degree
	Functional background	<i>Exper</i>	Number of functional departments that CEOs have served
	Overseas background	<i>Ovesea</i>	If the CEO has experiences of overseas assignment or studying, the variable will take 1; otherwise it will take 0.
	Academic background	<i>Acad</i>	If the CEO holds a position in colleges or research institutes, the variable will take 1; otherwise, it will take 0.
Control variable	CEO duality	<i>Dual</i>	If the CEO is the chairperson and concurrently general manager in a company, the variable will take 1; otherwise it will take 0.
	Asset-liability ratio	<i>Lev</i>	The ratio of corporate liabilities to total assets
	Executive shareholdings	<i>Hold</i>	The ratio of executive shareholdings
	Shareholding concentration	<i>Share</i>	The shareholding ratio of the largest shareholder
	Independent director ratio	<i>Indep</i>	The proportion of independent directors in all directors
	Industry effect	<i>Indus</i>	Industry virtual variable
	Year effects	<i>Year</i>	Annual virtual variable

## V. Empirical Analysis

### V.1 Descriptive Statistics

Table 1 lists the descriptive statistics of the main variables. It can be found that the maximum value of Tobin Q is 121 and the minimum value is 0.01. The maximum value of ROA is 20.79, and the minimum value is -0.86. These show that there is a big gap in the performance of A-share listed companies. Besides, the average value of 985 is 0.56, meaning that more than half of the CEOs of listed companies have graduated from the "985" project universities. It shows that most companies have a certain degree of academic discrimination from employee recruitment to CEO selection.

The average value of Degree is 3.91, and the standard deviation is only 0.72. It shows that the CEO of a listed company generally has a bachelor's or master's degree. However, its minimum value is 1, meaning that the CEO of certain companies has much lower academic qualification. The average value of Exper is 2.02, showing that CEOs have generally held positions in more than two functional departments. The average value of Ovesea is only 0.09,

that is, CEOs without overseas experiences account for 99%, indicating that Chinese companies still face greater challenges in the layout of overseas talents. The average value of Acad is 0.11, meaning that 11% of listed company CEOs work in universities or research institutes.

Table 2 Variable descriptive statistics

Variable	Obs	Mean	Std.Dev.	Min	Max
Tobin Q	1068	2.36	6.90	0.01	121
ROA	1068	0.06	0.71	-0.86	20.79
985	1068	0.56	0.50	0	1
Degree	1068	3.91	0.72	1	5
Exper	1068	2.02	0.89	1	5
Ovesea	1068	0.09	0.28	0	1
Acad	1068	0.11	0.32	0	1
Dual	1068	0.13	0.34	0	1
Lev	1068	0.65	1.42	0.05	41.94
Hold	1068	0.01	0.04	0	0.40
Share	1068	35.88	16.36	5.31	89.99
Indep	1068	0.38	0.06	0.17	0.71

## V.2 Correlation Analysis

This paper conducts Pearson correlation tests on major variables in order to test whether the correlation between variables is within a reasonable range. The results are shown in Table 3. It can be found that the correlation coefficients between the explanatory variable and the control variable are all less than 0.5, from which it can be judged that there is no problem of multicollinearity in the model.

Table 3 Pearson correlation coefficient matrix

	Tobin Q	ROA	985	Degree	Exper	Ovesea	Acad	Dual	Lev	Hold	Share	Indep
Tobin Q	1											
ROA	0.12*	1										
985	-0.08*	-0.05	1									
Degree	-0.11*	-0.05	0.14*	1								
Exper	-0.05	-0.03	0.09*	0.11*	1							
Ovesea	0.15*	-0.01	0.04	0.09*	-0.01	1						
Acad	-0.04	-0.01	0.05	0.22*	0.15*	0.09*	1					
Dual	0.17*	0.07*	0.04	-0.08*	-0.08*	0.06	0.06*	1				
Lev	0.22*	0.02	-0.03	0.01	-0.02	-0.01	-0.01	0.05	1			
Hold	0.03	0.001	0.03	-0.01	-0.03	-0.04	-0.03	0.05	-0.02	1		
Share	-0.13*	-0.04	-0.06	0.08*	0.04	0.01	-0.05	-0.17*	0.02	-0.18*	1	
Indep	0.04	0.01	-0.04	-0.05	0.02	-0.06	-0.05	0.04	0.03	-0.08*	0.07*	1

注：\*表示在5%的水平下显著

Note: \* indicates significant at 5% level.

## V.3 Regression Analysis

Table 4 shows the empirical results. It can be seen from the regression results in the equation (1) to (5) that the explanatory variable 985 is significantly negatively related to corporate performance. Moreover, the coefficients of the explanatory variables Degree, Exper, Ovesea, and Acad are all negative, which seems to be inconsistent with the above research hypotheses.



However, in the equations (1), (3), (4), and (5), the coefficients of the intersection terms 985\*Degree, 985\*Exper, and 985\*Ovesea are significantly positive, showing that the “985” CEO with higher education, more functional background, or overseas background has a significantly positive effect on corporate performance. Neither a “985” graduate nor an employee with high education, functional or overseas background can exert a significantly positive effect on corporate performance. Only when the both factors complement each other can they promote the steady improvement of corporate performance.

The regression results show that the single factor of CEO personal characteristics is likely to have an adverse effect on corporate performance. It may be due to the continuous expansion of colleges and universities in recent years and the increase of student resources redundancy, making the "985" graduates are no longer equivalent with top talents. This phenomenon is also accompanied by mismatches between labor supply and social demands or industrial structure.

However, comprehensive multi-factors can significantly improve the company's short-term and long-term performance, because the educational resources and superior environment of the "985" project universities not only enhance the individual's learning ability, but also strengthen the overall quality. Personal ability, vision, habits, ways of thinking and values have all been affected subconsciously. This has laid a solid foundation for the further improvement of professional knowledge and the further expansion of social resources, exerting a positive and far-reaching impact on one’s future development.

In the equation (1) to (5), the explanatory variable Acad and its interaction term 985\*Acad did not pass the significance test. It may be because, although the scientific research spirit of a CEO with academic background can improve the quality of corporate decisions, overly conservative strategies may cause companies to abandon investment projects with good prospects and high profits but high risks. Therefore, the CEO’s academic capital has no significant effect on the improvement of corporate performance.

Table 4 Regression results

Variable	( 1 )	( 2 )	( 3 )	( 4 )	( 5 )
985	-6.62*** (2.31)	-5.47** (2.40)	-5.04** (2.22)	-3.09*** (1.01)	-6.85*** (2.35)
Degree	-1.19*** (0.41)	-0.84** (0.42)	-1.13*** (0.41)		-1.12*** (0.41)
985*Degree	0.95* (0.56)	0.69 (0.58)	1.08* (0.57)		1.01* (0.57)
Exper	-0.73** (0.35)	-0.47 (0.36)		-0.68* (0.35)	-0.68* (0.35)
985*Exper	1.07** (0.45)	0.76 (0.47)		1.06** (0.46)	1.06** (0.46)
Ovesea			-7.62***	-7.52***	-7.83***

	(1.15)		(1.15)	(1.15)	(1.15)
985*Ovesea	5.66***		5.44***	5.23***	5.54***
	(1.46)		(1.46)	(1.46)	(1.46)
Acad		-1.28	-1.49	-1.58	-1.22
		(1.05)	(1.02)	(1.02)	(1.03)
985*Acad		0.57	0.58	0.45	0.18
		(1.34)	(1.31)	(1.29)	(1.32)
Dual	2.00***	2.27***	2.12***	2.13***	2.07***
	(0.60)	(0.61)	(0.60)	(0.60)	(0.60)
Lev	1.10***	1.09***	1.11***	1.10***	1.10***
	(0.14)	(0.14)	(0.14)	(0.14)	(0.14)
Hold	-1.30	-4.02	-1.87	-2.134	-1.59
	(5.81)	(5.93)	(5.82)	(5.82)	(5.81)
Share	-0.06***	-0.06***	-0.06***	-0.06***	-0.06***
	(0.01)	(0.01)	(0.01)	(0.01)	(0.01)
Indep	4.90	2.65	4.25	4.40	4.72
	(3.60)	(3.68)	(3.60)	(3.61)	(3.60)
Year	Control	Control	Control	Control	Control
Indus	Control	Control	Control	Control	Control
Cons	10.22	9.61	9.45	6.82	10.02
	(6.63)	(6.79)	(6.64)	(6.55)	(6.63)
N	1,068	1,068	1,068	1,068	1,068
R-sq	0.19	0.16	0.19	0.19	0.20

#### V.4 Robustness Test

This paper uses ROA, a short-term performance measure, to test the robustness of the regression model and finds that the explanatory variables are consistent with the regression results in terms of coefficient signs and significance. This shows that the "985" CEO's educational level, functional background, and overseas background have the same effect on the short-term and long-term performance of the company. Hypotheses 1 to 5 have been verified.

Table 5 Robustness test

Variable	( 6 )	( 7 )	( 8 )	( 9 )	( 10 )
985	-0.54**	-0.55**	-0.45*	-0.18*	-0.54**
	(0.26)	(0.27)	(0.25)	(0.11)	(0.27)
Degree	-0.09*	-0.09*	-0.089*		-0.09*
	(0.05)	(0.05)	(0.05)		(0.05)
985*Degree	0.09*	0.10*	0.10*		0.10*
	(0.06)	(0.06)	(0.06)		(0.06)
Exper	-0.07*	-0.06		-0.07*	-0.07*
	(0.04)	(0.04)		(0.04)	(0.04)
985*Exper	0.09*	0.08*		0.09*	0.09*

	(0.05)	(0.05)		(0.05)	(0.05)
Ovesea	-0.33***		-0.34***	-0.35***	-0.33***
	(0.13)		(0.13)	(0.13)	(0.13)
985*Ovesea	0.32**		0.33**	0.35**	0.32*
	(0.17)		(0.16)	(0.17)	(0.17)
Acad		-0.01	-0.03	-0.04	-0.01
		(0.12)	(0.12)	(0.12)	(0.12)
985*Acad		-0.01	0.01	0.02	-0.01
		(0.15)	(0.15)	(0.15)	(0.15)
Dual	0.12*	0.12*	0.13*	0.13*	0.12*
	(0.07)	(0.07)	(0.07)	(0.07)	(0.07)
Lev	0.11***	0.10***	0.12***	0.11***	0.11***
	(0.02)	(0.02)	(0.02)	(0.02)	(0.02)
Hold	-0.03	-0.02	-0.05	-0.07	-0.03
	(0.66)	(0.66)	(0.66)	(0.66)	(0.66)
Share	-0.01***	-0.01***	-0.01***	-0.01***	-0.01***
	(0.002)	(0.002)	(0.002)	(0.002)	(0.002)
Indep	0.14	0.15	0.10	0.11	0.14
	(0.41)	(0.41)	(0.41)	(0.41)	(0.41)
Year	0.15	0.14	0.13	0.06	0.15
Indus	(0.79)	(0.79)	(0.79)	(0.79)	(0.79)
Cons	Control	Control	Control	Control	Control
	Control	Control	Control	Control	Control
N	1,068	1,068	1,068	1,068	1,068
R-sq	0.02	0.02	0.02	0.02	0.02

## VI. Conclusion

This paper selects the data of Shanghai and Shenzhen A-share listed companies from 2008 to 2016 as the research object, and analyzes whether the “985” CEOs can enhance corporate performance.

The regression results show that the single factor of CEO personal characteristics is likely to have an adverse effect on corporate performance. It may be due to the continuous expansion of colleges and universities in recent years and the increase of student resources redundancy, making the "985" graduates are no longer equivalent with top talents. This phenomenon is also accompanied by mismatches between labor supply and social demands or industrial structure.

However, comprehensive multi-factors can significantly improve the company's short-term and long-term performance, because the educational resources and superior environment of the "985" project universities not only enhance the individual's learning ability, but also strengthen the overall quality. Personal ability, vision, habits, ways of thinking and values have all been affected subconsciously. This has laid a solid foundation for the further improvement of professional knowledge and the further expansion of social resources, exerting a positive and far-reaching impact on one's future development.

From what has been mentioned above, this paper proposes the following suggestions. Universities should be student-oriented, combine the characteristics of its subjects with that of students, and design targeted talent development programs, so that the students' knowledge, abilities, and qualities can be fully enhanced. In the meanwhile, universities should also strengthen the integrated reform of theoretical teaching and practical application, pay attention to the cultivation of high-end and interdisciplinary talents who are in line with social demands and industrial structure, in order to cultivate a great number of such talents for the society.

In addition, enterprises should establish the concept of “valuing and appointing talents on their merit”. The diploma of the “985” project universities can affect an individual's comprehensive quality to a certain extent, but it does not play a decisive role. Therefore, the company does not rely solely on the “985” diploma as a threshold for recruitment, but should give the “985” and “non-985” graduates equal treatment. A comprehensive evaluation of the overall quality of a candidate's qualification, experience, and ability is required to select talents for the company.

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