

RESEARCH ON THE RELATIONSHIP BETWEEN MANAGEMENT RESTRICTED STOCK PLAN AND LOYALTY: FROM THE PERSPECTIVE OF CORPORATE GOVERNANCE*

Junchun Yang, Shuchen Yang

International Chinese College, Master of Business Administration,
Rangsit University, Thailand
E-mail: 735910448@qq.com

Abstract

The current economic situation in China is becoming increasingly severe, and many companies in the midst of it have a strong tendency for their management to leave, intending to find a more stable development platform at a time of declining corporate efficiency. For these companies, their stable employment relationships are under serious threat. How to enhance management loyalty through restricted stock plans is of practical theoretical value for companies at this time. In this paper, we analyze the effectiveness of the management restricted stock plan in enhancing management loyalty from the perspective of corporate governance, and explore effective ways to improve corporate competitiveness and the theoretical basis for improving the management restricted stock plan in China, taking Company A as an example.

The main conclusions based on this study are as follows: firstly, restricted stock plans play a mediating role in enhancing management loyalty in the corporate governance process; secondly, there are three main factors that influence management loyalty in the process of implementing restricted stock plans, namely: the grant amount factor, the restriction period factor, and the corporate institutional mechanism factor; finally, the implementation of restricted stock plans is appropriate in companies facing the dual pressure of economic downturn and high management turnover situation.

Keywords: Management; Restricted stock plans; Loyalty; Corporate governance

Introduction

At present, the domestic economic situation is increasingly severe, by the joint impact of pressure from many parties, the development of enterprises once stagnant state. Especially for some new generation companies, their own lack of long-term anti-risk capacity, the company was seriously affected during the epidemic. Many of these companies had a strong tendency for their management to leave, intending to find a more stable development platform at a time of declining business efficiency. For these companies, the stability of their employment relationships was seriously threatened. Management loyalty is particularly important at this time, not only to maintain the important relationship between shareholders and management within the company, but also to give stability to the workforce when the company is facing a negative situation.

* Received: December 9, 2022; Revised: May 11, 2023; Accepted: June 30, 2023

Research Methodology

Based on emotional contagion theory, job requirement - resource model theory, ethical license theory, expectation theory, and principal-agent theory, this paper mainly uses AHP hierarchical analysis, questionnaire survey method, factor analysis, and linear regression analysis to investigate whether the loyalty of company management can be improved by implementing restricted stock plans.

Research Content

This paper constructs a research model based on corporate governance, restricted stock plan and management loyalty, and uses a questionnaire survey combined with regression analysis to investigate whether management loyalty can be enhanced through the implementation of restricted stock plan in the context of corporate governance. On this basis, we used AHP hierarchical analysis to construct a factor index system, and combined factor analysis and linear regression analysis to investigate whether five key factors, namely, the amount of restricted stock plan grant, restricted stock plan restriction period, restricted stock plan performance evaluation, corporate institutional mechanism and corporate governance structure, and corporate culture, play a key role in enhancing management loyalty through restricted stock. The effect of restricted stock on management loyalty

Research significance

1) Theoretical significance.

By analyzing the reasons related to the decline of management loyalty and differentiating it from the previous analysis on employee loyalty, this paper adds more theoretical basis for the practical activities of corporate governance and has theoretical significance.

2) Practical significance.

This paper analyzes the actual situation of corporate governance and management personnel of Company A, and summarizes and analyzes the corresponding quantitative indexes, draws out the specific operational functions of the restricted stock plan in corporate governance, and proposes a series of specific countermeasures and suggestions for the use of the restricted stock plan, such as the design of specific mechanisms and the improvement of the company's internal mechanisms, so as to It is of practical reference significance to enhance management loyalty and stabilize the company's talent team.

Research Objectives

1) To analyze the effectiveness of the management restricted stock plan in enhancing management loyalty from the perspective of corporate governance and

2) To explore effective ways to improve corporate competitiveness and the theoretical basis for improving the management-restricted stock plan in China.

Overview of Company A and analysis of the current situation of management loyalty

Company Profile

Company A, incorporated in 2000, is one of the world's leading IC foundries, with its wafer foundry capacity in the top four in the world, and is also the largest and most

technologically advanced IC manufacturing company in Mainland China, listed on both the Hong Kong Stock Exchange and the SSE. The business scope of Company A includes: IC wafer foundry and related design services, IP support, photomask module manufacturing, bump processing and testing, and other related services, with global manufacturing and R&D facilities. The company has chip manufacturing plants in Shanghai, Tianjin and Shenzhen, and a packaging base in Chengdu, as well as offices in the United States, European Union countries and Japan, and a representative office in Hong Kong.

Current state of company management loyalty

1) High tendency to leave

The general turnover rate in China's chip industry is 14.3%, of which the chip manufacturing industry has the most prominent turnover rate, reaching 17.1%. Nonetheless, the actual employee turnover rate at Company A is still alarming, as the company's employee turnover rate for 2018 was as high as 22%, with the company's turnover rate at its Shanghai plant reaching 52.2%, according to data disclosed by Company A. If you narrow the data to the company's top managers, the situation is still not optimistic. On July 4, 2021, the company's vice president of technology development resigned; on September 3, 2021, the company's chairman and chairman of the nomination committee resigned; on November 11, 2021, the company's independent non-executive directors and members of the remuneration committee resigned; on November 11, 2021, the company's non-executive directors and members of the remuneration committee resigned; on November 11, 2021, the company's non-executive directors resigned. On November 11, 2021, the non-executive director, member of the remuneration committee of the board of directors and member of the audit committee of the board of directors resigned; on November 11, 2021, the executive director of the company resigned; on November 11, 2021, the vice chairman, executive director and member of the strategy committee of the board of directors of the company resigned. Since the establishment of Company A, there have been six replacements of the chairman of the board of directors, except for one who died unexpectedly due to health reasons. Except for one who died unexpectedly during his term of office due to health reasons, all the others resigned during their terms of office for various reasons.

2) Lack of identification with the company

Company A's main factories are mostly located in first-tier cities in mainland China. In the context of high housing prices nowadays, even if the annual salary reaches 367,000 RMB, it is still a drop in the bucket and it is difficult to retain technical talents, while the subsidies promised by the company, such as housing benefits for employees and education allowances for employees' children, have almost become a moot point after the massive expansion of the company. Therefore, the lack of sufficient salary incentives makes it difficult to give employees a good experience and form a sense of identification with the company.

3) Low level of job satisfaction

Company A's senior management has long lacked a tacit agreement and often failed to reach a consensus on the company's business strategy, and even senior management's compensation and rewards at the same level vary greatly, resulting in a lack of recognition of management members' abilities and job satisfaction. Ironically, the majority of executives who left Company A quickly found new employers, and Company A has become a "gold-plated" means and a career "springboard" in the industry, and it has become a common practice for executives in Company A to leave and jump ship to other companies. A company has become a "gold plating" means and career "springboard" in the industry.

Research Question Hypothesis

The core question of this paper is: Can the loyalty of company management be improved through the implementation of restricted stock plans?

The following hypotheses were formulated in this study:

Hypothesis 1: The grant amount of the restricted stock plan will have a significant positive impact on management loyalty?

Hypothesis 1b: The restricted stock plan's restriction period will have a significant positive impact on management loyalty?

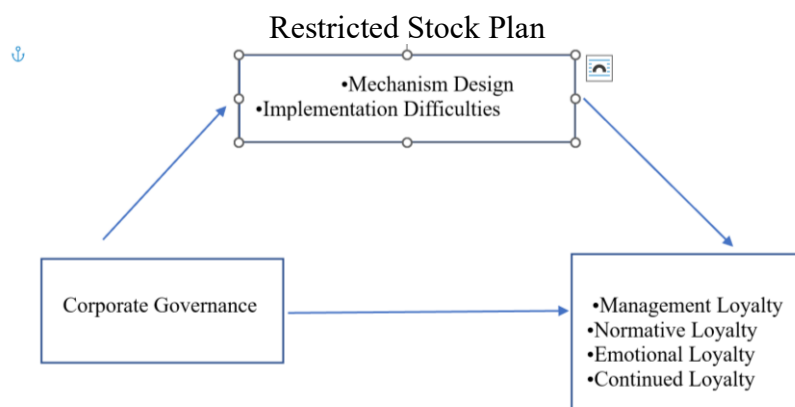
Hypothesis 1c: Restricted stock plan performance evaluation will have a significant positive impact on management loyalty?

Hypothesis 2: There is a significant positive effect of the rigor of the institutional mechanism and corporate governance structure of the company in the process of implementing restricted stock on management loyalty?

Hypothesis 2b: How clear the establishment of corporate culture in the process of implementing restricted shares has a significant positive impact on management loyalty?

Model Construction

Combining the current corporate governance situation of Company A and the reality of high turnover rate within the company, based on the above analysis, the model constructed in this study is as follows, and the specific relationship between the restricted stock plan and management loyalty is investigated by taking the relevant issues under the perspective of corporate governance as the starting point.



Model architecture of this study

Constructing an influence factor index system using AHP method

Based on the principles of scientificity, comprehensibility and inclusiveness, an influence factor model based on the possible variable factors in the process of influencing management loyalty by restricted stock plans is developed. The factor model is constructed in three levels: the upper level is the general objective; the middle level is the standard order, also called the primary indicator, which is the general classification of the influencing factors for the general objective of the upper level, and the lower level is the specific factor split for the general objective, reflecting the specific scenario of the measurement decision, called the secondary objective.

General Objectives	Secondary indicators	Tertiary indicators
A1: Factors influencing management loyalty under restricted stock plans	B1: Factors for award amount	C1: Salary and Compensation C2: Fairness C3: Non-compete C4: Job Resources C5: Length of employment
	B2: Factors of the restricted period	C6: Age C7: Gender C8: Marital status C9: Work attitude C10: Work ability
	B3: Factors for performance appraisal requirements	C11: Work adaptability C12: Company development status C13: Job performance
	B4: Factors of corporate institutional mechanism and corporate governance structure	C14: Education C15: The degree of strict company system C16: Degree of perfection of the company's system C17: Degree of job fit C18: Penalty measures C19: Belonging culture
	B5: Factors of internal company culture	C20: Helping culture C21: Unity Culture C22: Culture of Respect C23: Guilt Mindset

Influencing factor index system construction

AHP is used to evaluate the above index system in matrix form so as to analyze the influence factor weights. For each indicator in the influence factor index system the relative importance is calculated and tested by the judgment matrix. The largest eigenvalue is found first, and then the weighting factors are found. The common methods used to calculate the weighting factors are sum-product method and square root method.

The study uses a subjective assignment method to rank each factor indicator on a scale to establish a judgment matrix based on the importance principle and the actual situation that may have an impact on management loyalty in the implementation of the restricted stock plan.

Factors affecting management loyalty in the implementation of restricted stock	B1	B2	B3	B4	B5	Wi
B1	1	1/2	3	2	2	0.2446
B2	2	1	4	3	3	0.4021
B3	1/3	1/4	1	1/2	1/2	0.0788
B4	1/2	1/3	2	1	1	0.1372
B5	1/2	1/3	2	1	1	0.1372

Consistency indicators:CI=0.0083; Consistency ratio:CR=0.0074<0.1; Weighting of the overall objective:1; λ_{\max} =5.0330

Evaluation judgment matrix of the overall objective

Factors for award amount	C1	C2	C3	C4	Wi
C1	1	1/3	1/8	1/5	0.0516
C2	3	1	1/5	1/2	0.1264
C3	8	5	1	4	0.6073
C4	5	2	1/4	1	0.2147

Consistency indicators:CI=0.0314; Consistency ratio:CR=0.0356<0.1; Weighting of the overall objective:0.2446; λ_{\max} =4.0942

Evaluation judgment matrix for the factors of grant amount

Factors of the restricted period	C5	C6	C7	C8	C9	Wi
C5	1	2	4	4	1/2	0.2707
C6	1/2	1	3	3	1/3	0.1686
C7	1/4	1/3	1	1	1/5	0.0686
C8	1/4	1/3	1	1	1/5	0.0686
C9	2	3	5	5	1	0.4236

Consistency indicators:CI=0.0155; Consistency ratio:CR=0.0138<0.1; Weighting of the overall objective: 0.4021; λ_{\max} =5.0620

Evaluation judgment matrix of the factors of the restricted period

Factors for performance appraisal requirements	C10	C11	C12	C13	Wi
C10	1	5	2	5	0.5182
C11	1/5	1	1/3	1	0.0990
C12	1/2	3	1	3	0.2838
C13	1/5	1	1/3	1	0.0990

Consistency indicators:CI=0.0014; Consistency ratio:CR=0.0016<0.1; Weighting of the overall objective: 0.0788; λ_{\max} =4.0042

Evaluation judgment matrix of the factors required for performance appraisal

Factors of corporate institutional mechanism and corporate governance structure	C14	C15	C16	C17	C18	Wi
C14	1	1/6	1/6	1/2	1/4	0.0489
C15	6	1	1	5	2	0.3442
C16	6	1	1	5	2	0.3442
C17	2	1/5	1/5	1	1/3	0.0735
C18	4	1/2	1/2	3	1	0.1891
Consistency indicators:CI=0.0092; Consistency ratio:CR=0.0083 < 0.1; Weighting of the overall objective: 0.1372; λ_{\max} =5.0370						

Judgment matrix for evaluating the factors of corporate institutional mechanism and corporate governance structure

Factors of internal company culture	C19	C20	C21	C22	C23	Wi
C19	1	2	1/2	1	3	0.2090
C20	1/2	1	1/4	1/2	2	0.1107
C21	2	4	1	2	5	0.4031
C22	1	2	1/2	1	3	0.2090
C23	1/3	1/2	1/5	1/3	1	0.0682
Consistency indicators:CI=0.0046; Consistency ratio :CR=0.0041 < 0.1; Weighting of the overall objective : 0.1372; λ_{\max} =5.0182						

Judgment matrix for evaluating the factors of the company's internal culture

Empirical analysis based on questionnaire survey

The subjects of this study were mainly the senior management members of the company, and other people engaged in the management activities of the company were also interviewed. A total of 367 questionnaires were distributed, excluding 6 questionnaires with short response time that were obviously not serious, 361 questionnaires were valid, and the actual effective rate of the questionnaire was 98.34%. The reliability of this questionnaire was measured by Cronbach alpha coefficient, when the measured value is higher than 0.8, it means the questionnaire has high reliability, when the measured value is 0.7-0.8, the reliability is acceptable when the measured value is 0.6-0.7, and the reliability is unreliable when the measured value is less than 0.6. By bringing the collected results into SPSS software for reliability analysis, a Cronbach alpha coefficient of 0.928 was obtained, and after standardization the Cronbach alpha coefficient was 0.921. This indicates that the questionnaire has a high degree of consistency and credible reliability.

The validity of this questionnaire was measured using KMO coefficient, if the measured value is higher than 0.8 it means that the questionnaire has high validity, when the measured value is 0.7-0.8 it means that the validity is high, when the measured value is 0.6-0.7 the validity is acceptable, and below 0.6 it means that the validity cannot be satisfied. By bringing the collected results into SPSS software for validity analysis yielded a KMO validity coefficient

of 0.981, a Bart spherical value of 10526.574, a df value of 780, and a p value of 0. This indicates that the questionnaire has high validity and reliable data.

Target Dimension	Sample size	Minimum value	Maximum value	Average value	Median	Standard deviation
C1	361	1	5	3.5734	3	1.177
C2	361	1	5	3.6251	3	0.997
C3	361	1	5	3.6759	3	1.089
C4	361	1	5	3.5762	3	1.229
C5	361	1.34	5	3.6602	3.17	0.794
C6	361	1	5	3.8587	3	1.093
C7	361	4	5	4.4848	4.5	0.5
C8	361	4	5	4.5540	4.5	0.498
C9	361	1	5	3.6011	3	1.23
C10	361	1	5	3.6496	3	1.007
C11	361	1	5	3.7064	3	1.136
C12	361	1	5	3.5152	3	1.183
C13	361	1	5	3.6759	3	0.97
C14	361	2	5	3.4709	3.5	0.937
C15	361	1	5	3.8033	3	1.156
C16	361	1	5	3.7590	3	1.03
C17	361	1	5	3.5817	3	1.063
C18	361	1	5	3.5798	3	1.028
C19	361	1	5	3.6828	3	0.953
C20	361	1	5	3.6925	3	1.17
C21	361	1	5	3.6773	3	1.031
C22	361	1	5	3.7466	3	1.034
C23	361	1	5	3.4709	3	1.193

Descriptive analysis of target dimensional variables

Combining the above research results and analyzed data, a preliminary judgment can be made that restricted stock plans and corporate governance will have a certain impact on management loyalty, but the exact correlation and degree of utility are still unclear, so a linear regression analysis will be conducted based on the data analysis results.

	B	Model 1 Standard error	t	p	B	Model 2 Standard error	t	p
Constants	0.25	0.056	4.482	0.000**	0.167	0.052	3.223	0.001**
Corporate Governance	0.92	0.022	41.18	0.000**	0.463	0.056	8.201	0.000**
Restricted Stock Plan					0.483	0.056	8.689	0.000**
R ²		0.825				0.856		
Adjustment R ²		0.825				0.855		
F Value		F(1,359)=1695.818,p=0.000				F(2,358)=1061.594,p=0.000		
D-W Value		1.988				1.927		
Dependent variable: management loyalty								

Regression analysis of restricted stock plans affecting management loyalty

The overall linear regression analysis was first conducted with corporate governance plan as the independent variable and management loyalty as the dependent variable, and in order to enhance the credibility, the linear regression of corporate governance was tested through a two-model split test, and then the restricted stock plan factor was added to verify the specific impact utility to ensure the validity of the model in order to explore the relationship between restricted stock plan on enhancing management loyalty. The F-test of the model found that both models could pass the F-test, indicating that the model construction is meaningful.

The results show that the addition of the variable "restricted stock plan" to model 1 shows a significant change in the F-value ($p < 0.05$), which means that the addition of restricted stock plan explains the model, and the D-W value is around the number 2, thus indicating that the model is not autocorrelated and there is no correlation between the sample data. There is no correlation between the sample data and the model is better. In addition, the R-squared value increases from 0.825 to 0.856, implying that the restricted stock plan can generate 3.1% of explanatory strength in the process of corporate governance's influence on management loyalty, while the model R-squared value is 0.856 at this time, implying that corporate governance and restricted stock plan can explain 85.6% of the reasons for changes in management loyalty, which is significantly correlated. Specifically, the value of the regression coefficient of the restricted stock plan is 0.483 and shows significance ($t = 8.689$, $p = 0.000 < 0.01$), implying that the restricted stock plan can have a significant effect on management loyalty.

Analysis of linear regression results of factors influencing the AHP model

Firstly, the C1-C23 influencing factors contained in the model of the AHP established by the study were extracted from the common factors. For the reverse question in the title, since the condition of factor loading coefficients less than 0 may occur, and actually negative numbers do not affect the results of exploratory factor analysis, the factor loading coefficients in which this condition occurs are interpreted with absolute values as criteria.

Table of Cumulative Explanation of Variance of Extracted Common Factors for Management Loyalty Influences

Principal Components	Feature Root			Explanation of variance after rotation		
	Feature Root	Explanation of variance %	Accumulation %	Feature Root	Explanation of variance %	Accumulation %
1	13.572	59.009	59.009	13.559	58.95	58.95
2	1.376	5.981	64.99	1.082	4.706	63.656
3	1.071	4.658	69.649	1.074	4.669	68.325
4	0.985	4.284	73.933	1.036	4.504	72.829
5	0.781	3.394	77.326	1.034	4.497	77.326
6	0.651	2.83	80.156			
7	0.551	2.396	82.552			
8	0.469	2.039	84.591			
9	0.438	1.903	86.494			
10	0.392	1.703	88.197			
11	0.378	1.643	89.84			
12	0.342	1.487	91.327			
13	0.332	1.443	92.77			
14	0.27	1.174	93.944			
15	0.249	1.084	95.028			
16	0.232	1.011	96.039			
17	0.217	0.942	96.98			
18	0.171	0.744	97.725			
19	0.133	0.58	98.305			
20	0.116	0.503	98.808			
21	0.105	0.456	99.264			
22	0.086	0.375	99.639			
23	0.083	0.361	100			

From the above table, it can be seen that 5 common factors can be extracted from the 23 influencing factors, and their cumulative variance contribution is 77.326%.

Factor Rotation Load Table

Influencing Factors	Factor loading factor				
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
C23	0.766	0.141	0.121	0.077	0.058
C22	0.87	0.016	0.073	0.032	0.047
C21	0.875	0.019	0.054	0.002	0.041
C20	0.786	0.017	0.079	0.00	0.089
C19	0.923	0.057	0.055	0.01	0.009
C18	0.887	0.035	0.07	0.033	0.042
C17	0.879	0.051	0.065	0.095	0.005
C16	0.908	0.143	0.088	0.029	0.005
C15	0.779	0.186	0.125	0.013	0.021
C14	0.006	0.023	0.97	0.03	0.002
C13	0.905	0.001	0.118	0.062	0.018
C12	0.741	0.032	0.202	0.163	0.088
C11	0.786	0.087	0.032	0.021	0.086
C10	0.923	0.068	0.032	0.014	0.009
C9	0.812	0.092	0.076	0.059	0.001

Influencing Factors	Factor loading factor				
	Factor 1	Factor 2	Factor 3	Factor 4	Factor 5
C8	0.059	0.954	0.022	0.126	0.047
C7	0.014	0.046	0.003	0.02	0.991
C6	0.008	0.128	0.03	0.979	0.02
C5	0.811	0.127	0.042	0.079	0.004
C4	0.764	0.15	0.002	0.027	0.09
C3	0.877	0.007	0.036	0.031	0.015
C2	0.912	0.074	0.022	0.006	0.025
C1	0.802	0.061	0.004	0.021	0.09

Analyzing the above table, the results of the factor rotational loadings can be divided into factors 1-5. Factor 2 is related to the rotational loadings of working years and marital status, and is named as "factor of limited sales period"; Factor 3 is mainly related to education, and is named as "factor of performance evaluation requirements"; Factor 4 is named as "factor of company institutional mechanism and corporate governance structure"; Factor 5 is named as "factor of corporate governance structure". Factor 4 is named as "factor of company institutional mechanism and corporate governance structure"; Factor 5 is named as "factor of company internal culture".

In order to empirically study the relationship between the factors included in the AHP model and management loyalty, a linear regression analysis was conducted on the factors included in the AHP by establishing a regression model. Based on the results of the above factor analysis, a regression model of employee loyalty and corporate factors was established.

Regression of impact factors included in AHP

Dependent Variables	Linear regression analysis results
Grant amount factor	0.907** (66.476)
Restriction Period Factor	0.083** (6.098)
Performance assessment factors	-0.009 (-0.656)
Corporate Institutional Factors	-0.031* (-2.301)
Internal culture factor	-0.013 (-0.948)
R ²	0.926
After adjustment R ²	0.925
D-W Value	1.891
F	F =892.580,p=0.000

From the above table, we can see that the model formula is: management loyalty = 2.385 + 0.907*grant factor + 0.083*restricted period factor - 0.009* performance appraisal factor - 0.031* company institutional mechanism factor - 0.013* company internal culture factor.

The R² of the model = 0.926, which means that the grant amount factor, the restriction period factor, the performance appraisal factor, the institutional mechanism factor, and the internal culture factor can explain 92.6% of the variation in management loyalty. The model passed the F-test (F=892.580, p=0.000<0.05), which means that there are factors that have a significant impact on management loyalty in the grant amount factor, the restriction period factor, the performance evaluation factor, the institutional mechanism factor, and the internal culture factor. The model D-W result is 1.891, according to which the model assumptions are reasonable and there is no autocorrelation in the selected data. The results of linear regression

analysis showed that the grant amount factor, the restriction period factor and the company institutional mechanism factor showed significant significance ($p < 0.01$ and $p < 0.05$). The performance assessment factor and the internal company culture factor did not show any significant occurrence ($p > 0.05$). To summarize the analysis, it can be seen that: the grant amount factor, the restricted period factor have a significant positive effect on management loyalty. The institutional mechanism factor has a significant negative effect on management loyalty. However, the performance evaluation factor and the internal culture factor do not have an influence on management loyalty. The order of the factors can be clarified by the final results: grant amount factor > selling period factor > institutional mechanism factor > internal culture factor > performance evaluation factor. At this point, it is possible to verify the previous hypothesis of the study.

Hypothesis testing results

Assumptions	Test results
1	Established
1b	Established
1c	Not Established
2	Established after amendment
2b	Not Established

Conclusion analysis

1) Analysis of the impact of grant amount factors on management loyalty

The results of both descriptive and regression analyses are in good agreement with the hypotheses of the AHP model for the grant amount factor, which is an important and necessary component of the restricted stock plan, and the amount exhibited is a manifestation of the loyalty contract, so it is possible to show that by adjusting the amount of restricted stock granted can have a significant positive effect on the loyalty of the target, i.e., the senior management of the company. The effect of the amount of restricted shares granted is an expression of loyalty contract. The mechanism of the effect of the grant is reflected in the non-compete kernel, i.e., the management who serves the company and remains loyal to the shareholders can enjoy the rewards of the matching quota, and if they lose their loyalty option, they will be subject to strict restrictions and limitations, which is a reliable tool in management practice. The award of a quota is a recognition of the company's management, whose loyalty can only be sustained if the company maintains trust in it, and the combination of rewards and penalties within the framework of the program is the most powerful corrective tool for loyalty.

2) Analysis of the impact of the restriction period factor on management loyalty

The results of the restricted stock period factor in the regression analysis are consistent with the hypothesized results of the AHP model for the grant amount factor. As a necessary structure of the restricted stock plan, the restricted period factor has a direct binding effect on management's loyalty through the constraining effect of the time dimension, in other words, the adjustment of the restricted period can have a significant positive impact on management's loyalty. The duration of the restriction period affects the length of time and attitude of the management in terms of specific indicators, because generally the restriction period is measured in years, and a restricted stock plan, if implemented in its entirety, must experience

a long time span, which gives the management a predictable number of years of future employment and affects its attitude. Management must adapt to the changes in job content and scope of work that come with the long-term plan, as well as the increased job content and responsibilities. In order to enjoy the ultimate rewards of the restricted stock, management is bound by the restriction period, which serves as a positive guide to their loyalty.

3) Analysis of the influence of the company's institutional mechanism factors on management loyalty

The results of the regression analysis showed a significant negative correlation, indicating that the institutional factors of the company have a direct impact on management loyalty in the path of implementing restricted shares, and by correcting the hypothesis item numbered 2 in the previous study, it was established that the institutional factors of the company have a significant negative impact on management loyalty. Institutions are synonymous with constraints, but they cannot interpret all psychological behaviors. The role of corporate institutional mechanisms and corporate governance structure is convergent and can form constraints on the surface of the company's organizational structure, but not on the psychological behavior of management, because even a low level of loyalty does not directly bring any legal risk, on the contrary, the perfection and strictness of corporate institutional mechanisms will form a tight psychological oppression on the subject of constraints, but will accelerate the decline of their loyalty, prompting them to In this context, the will of the company's shareholders is not effectively implemented, and its decisions are difficult to be supported. In the long run, a sense of security and belonging is an endogenous motivation for management to devote themselves to the company, which affects their loyalty.

4) Analysis of the factors influencing the failure to pass the test

According to the results of the regression analysis, it can be seen that the performance appraisal factor and the internal culture factor do not have a significant influence on management loyalty, which is actually very close to the expected conclusion of the AHP model, and the weights obtained after the AHP analysis of both factors are low, especially the AHP analysis of the performance appraisal factor has the lowest weight among the secondary indicators, and also indicates that the aforementioned The hypotheses 1c and 2b of the study are not valid. The descriptive analysis of the target dimension already shows that the influence of salary and compensation on management loyalty is the lowest, while salary and compensation is the result of performance appraisal. This is consistent with the reality that in real situations, the standard moderation of performance appraisal has a huge two-sided impact and it is impossible to simply determine whether it has a positive or negative impact on management loyalty in the company. Although certain performance pressure will motivate the management to follow its diligence obligations, and although the company level hopes to enhance the loyalty of the management to the company by raising the performance appraisal requirements, there are often cases where the performance appraisal conditions are set excessively, and the management will blindly invest too much for the pursuit of short-term interests and encroach on shareholders' rights and interests, which violates the loyalty obligations of the management. As a vague indicator of psychological influence, the impact of internal culture on management loyalty cannot be accurately quantified. Although internal culture will theoretically improve management loyalty, the vagueness of the measure itself makes it impossible to accurately measure and analyze it, so it is impossible to conclude that internal culture has a direct impact on management loyalty. Of course, this does not mean that the company can give up the control of performance evaluation factors and internal culture

factors, but on the contrary, shareholders need to put more effort in the process of corporate governance to make the internal culture of the company reach the right atmosphere and the performance evaluation of the management to the right extent.

Suggestions for countermeasures related to enhancing management loyalty

1) Increase in the amount of restricted stock grants

In order to balance the loyalty of management, the company may consider applying a higher percentage of equity grants to management to promote their loyalty. After the quota grant criteria are established, the planned number of grants should be strictly adhered to for the management who meet the grant criteria, and the consistency principle should be followed for the management with the same ability or at the same position level, so as to ensure the reasonable allocation of company resources and improve the loyalty of the management.

2) Extension of Restricted Stock Restriction Period

The effect of restricted stock on management loyalty shows that a sufficiently long restriction period can have a significant effect on management loyalty, most directly by adjusting the various exercise points of the restricted stock plan. For a restricted stock option, the execution point is divided into grant date, feasible date, exercise date, sale date, and expiration date; generally speaking, the restriction period is not less than 2 to 3 years, and the acceleration condition is not involved in the plan, if you want to meet the purpose of long-term constraints on management loyalty and maintain the stability of a certain work team in the long term, you can delay the feasible date, or extend the exercise period to delay the sale date. These are scientifically sound and effective means of regulating the selling period, which can significantly increase management loyalty.

Discussion of results

After the research analysis, it was concluded that the management of Company A had a serious tendency to leave, lacked identification with the company, and had low job satisfaction, and it was also proved that the restricted stock plan would play a mediating role in enhancing management loyalty in the process of corporate governance. Through the AHP model and related analysis, it is demonstrated that the main factors that have an impact on management loyalty in the process of implementing the restricted stock plan are: the grant amount factor, which has the greatest influence weight, the second is the restriction period factor, and the third is the company institutional mechanism factor. Among them, the institutional factor has a negative impact on management loyalty directly related to the company's institutional mechanism. Is it appropriate to implement a restricted stock plan in a company that is facing the double pressure of economic downturn and high management turnover? The answer is yes. The results of the study show that the design features of the restricted stock plan are highly compatible with the current needs of this type of companies, making the combination of the two fully feasible. At the same time, we also need to consider how the relevant specific initiatives will be carried out from the perspective of plan implementation? For example, if we want to use the implementation of restricted stock plans to enhance management loyalty, we must design a reasonable and appropriate operating mechanism before selecting a management stock plan, balance the interests of all owners, and provide prerequisites for the effective operation of the plan; while implementing the plan, we must control the design of the company's institutional mechanism to clear internal obstacles

and create a good At the same time, it is necessary to consider the possible opportunistic behavior of the management to ensure that the plan can achieve the expected target effect.

References

- Apergis N, Georgellis Y. (2017). Regional unemployment and employee loyalty : evidence from 12 UK regions. *Regional Studies* :1-11.
- Bin Guoqiang; Shu Yuan. (2003). Equity division, corporate performance and investor protection. *Management World*.
- Caiado J, Couto E, Felicio J A. (2014). Human capital, social capital and organizational performance, *Management Decision*, 52 (2): 350-362.
- Che Wenjia. (2016). Introduction of stock option incentive plan and its impact on company performance. *Finance and accounting study*. (08):243-248.
- Claessens, Stijn, Simeon Djankov, and Larry H.P. Lang. (2000). Expropriation of Minority Share holders in East Asia. *Journal of Financial Economics*, 58, 1-112.
- FAMA E F, JENSEN M C. (1983). Agency problems and residual claims. *Journal of Law & Economics*. 26 (2):327-349.
- Fredrik Reichheld. (2001). The value of loyalty. Huaxia Publishing House.
- Li Lirong, Gao Ning. (2018). The application of incentive theory in corporate management. *China Market*, (36): 87-91.
- Liu JJ. (2010). Identity: How to make employees move from identification to loyalty. China Economic Press.
- Lu Cheng cheng. (2017). Research on methods to effectively improve employee loyalty in enterprises[J]. *Science and technology information*. (36).
- Ning Lei. (2021). Application of restricted stock incentives in the incentive mechanism of state-owned enterprises. *Shanghai Enterprise*: 85-90.
- Pei Min. (2017). A brief discussion of the factors influencing employee loyalty in enterprises. *Hebei Enterprise*. (6):52-58.
- Peng F. (2019). Research on the incentive effect of employee share ownership plan from the perspective of psychological ownership. Chongqing University of Posts and Telecommunications.
- Peng Fei. (2019). Research on the incentive effect of employee share ownership plan from the perspective of psychological ownership, [D], Chongqing University of Posts and Telecommunications.
- Qiu Haiting. (2016). Research on the conflict path between major shareholders and management. Northeast University of Finance and Economics.
- Qiu Qingjian. (2012). Loyalty is better than competence. Shanghai, Oriental Publishing House.
- Song Changming. (2020). Analysis of the causes and countermeasures of collective job-hopping among managers of K12 private education and training franchise chains. Central University for Nationalities.
- Sun Jian. (2003). Cultivating employee loyalty. Beijing, Enterprise Management Publishing House.
- Sun, Wangjun Zhang, Yi Zhou. (2017). Research on the motivation of employee share ownership plan and its effect. *Contemporary Finance and Economics*. (09): 45-58.
- Tang Xiaogui. (2018). A comparative study of stock options and restricted stock equity

- incentive methods. China International Finance and Economics (in English and Chinese). 263-264.
- Tax Meng. (2019). Impact of Restricted Stock Incentive Plan on Corporate Performance of Listed Companies-Han Wang Technology as an Example. Journal of Economic Research, (23):131-132.
- Velten L, Lashley C. (2018). The meaning of cultural diversity among staff as it pertains to employee motivation[J]. Research in Hospitality Management.7(2): 105-113.
- Wang Hairui. (2021). Oriental Fortune's first restricted stock incentive plan. Daily Economic News.
- Wang Tianhua. (2015). Analysis of the investigation and exploration methods of employee loyalty in enterprises. Talent. (32):271.
- Xu Yang. (2020). An analysis of equity incentive of restricted stock. Enterprise Technology and Development:133-134.
- Yuan Yixing. (2021). Research on the human resource management practice of Group H to enhance employee loyalty. Zhejiang University of Technology and Industry.
- Zhang Xiang. (2021). A comparative study of Huawei and Alibaba's equity incentive systems. Mall Modernization :119-121.
- Zhao Yuqing. (2020). Analysis of the impact of enterprise employee loyalty on enterprise economic benefits. Shanxi Agricultural Economics.
- Zhou Yayue and Yu Haishan. (2003). Analysis of three-dimensional factors of employee loyalty.
- Zhu Xinli; Ren Mengyuan; Zhang Jinhui; Guo Zhiyong. (2018). Executive "bonus" under the whitewash of equity incentive: A study of restricted stock incentive in Shenzhen Huicheng, Journal of Economic Research: 144-145.