

Summer 6-30-2018

# The Impact of Board Capital on Performance of China's Listed Tourism Companies Based on the Moderating Effect of Leadership Structure

Muchun Li

*School of Economics and Commerce, South China University of Technology, Guangzhou, 510006, China*

Tianqi Xu

*School of Economics and Commerce, South China University of Technology, Guangzhou, 510006, China*

Tingting Liu

*School of Economics and Commerce, South China University of Technology, Guangzhou, 510006, China*

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## Recommended Citation

Li, Muchun; Xu, Tianqi; and Liu, Tingting, "The Impact of Board Capital on Performance of China's Listed Tourism Companies Based on the Moderating Effect of Leadership Structure" (2018). *WHICEB 2018 Proceedings*. 46.  
<http://aisel.aisnet.org/whiceb2018/46>

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# The Impact of Board Capital on Performance of China's Listed Tourism Companies Based on the Moderating Effect of Leadership Structure<sup>①</sup>

*Li Muchun, Xu Tianqi, Liu Tingting*

School of Economics and Commerce, South China University of Technology,  
Guangzhou, 510006, China

**Abstract:** Board capital shape how directors govern and offer advice to the firm and affect the ideas and resources that they provide. Based on data analyzed over a six-year period with a sample of 24 listed tourism companies in China, this paper examines the board capital and the moderating effect of leadership structure on firm performance. The results indicate that: Directors' educational level has a negative effect on firm performance, and board' leadership structure negatively moderates this effect; However, board's leadership structure positively moderate the correlation between the board's political resources and firm performance. The enlightenment of this article is that board capital in China's listed tourism companies has not been fully utilized, and leadership structure positively moderates the correlation between board's political resources and firm performance.

Keywords: Listed Tourism Companies, Board Capital, Leadership Structure, Firm Performance

## 1. INTRODUCTION

Since the Reform and Opening, China's tourism industry has witnessed rapid development with the continuous expansion of its industrial scale and the gradual improvement of its industrial system. It has become a major tourist country in the world and is moving toward tourist powerhouse. In the "13th Five-Year Plan for the Development of Tourism" issued by the State Council in 2016, the total size of the tourism market will reach 6.7 billion by 2020, the total investment in tourism will reach 2 trillion yuan, and the total tourism revenue will reach 7 trillion yuan, tourism industry's comprehensive contribution to the national economy reached more than 12%. In addition, the "Planning" also made an important strategic plan for the development of the tourism industry, which injected a great impetus into the development of the industry. As of the end of 2016, there were 46 listed tourism companies in China (including A shares, Hong Kong stocks and US stocks).

Qin et al.<sup>[1]</sup> pointed out that corporate governance is the basic strategy to promote the development of the tertiary industry and is also one of the motivating mechanisms to promote the development of the entire tertiary industry in the market competitiveness. Corporate governance, in turn, can be seen as the board's assurance of management's long-term value through sustainable management. Lu<sup>[2]</sup> also pointed out that the first principle of modern corporate governance is that the company's business and affairs are managed under the guidance of the board of directors. The key factor that a corporation can surpass natural persons as a legal person lies in the board of directors.

At present, the domestic research on the board of directors of tourism enterprises is mainly based on two aspects: one is the corporate governance level, the other is to study the governance of the board of directors as an independent research object. However, no matter from the level of corporate governance or board governance, most scholars neglect the important role of board capital, one of the important features in the governance of the

<sup>①</sup> **Corresponding author:** Muchun Li, associate professor of South China University of Technology  
E-mail: limch@scut.edu.cn

board of directors in the research process. In fact, under the framework of modern enterprise system, in addition to its board structure, behavioral characteristics and motivational characteristics, the effectiveness and role of the board must be based on characteristics such as the functional background and political resources. Zhou and Li<sup>[3]</sup> also pointed out that the two companies may have different value performance due to different board skills and social networks, even if the size of the board of directors is the same as the proportion of independent directors and implementing similar incentive mechanisms.

At present, China is in the stage of economic transition. Listed companies face the intense pressure of market competition and their thirst for resources is getting stronger and stronger. And the human capital and social capital owned by the directors who are the company's decision makers have become a channel for enterprises to obtain resources. Therefore, based on the data of China's listed tourism companies from 2011 to 2016, this paper comprehensively examines the impact of board capital on the performance of China's listed tourism companies from the human resources and social capital of the board, and further explores whether the leadership structure of the board has a moderating effect.

## 2. LITERATURE REVIEW AND RESEARCH HYPOTHESIS

The board of directors, as a "passerby" of the company, plays an important governance and decision-making role in the company's response to the rapidly changing market competition<sup>[4]</sup>. Before the concept of the board capital was proposed, scholars mainly studied the surface properties of the board of directors, that is, the influence of board size, composition, incentive mechanism and independence on firm performance. These studies did not break through the structural problems of corporate governance and were difficult to answer the questions such as how to influence the creation of enterprise value. From the external characteristics of the past to the internal substance, this paper examines the human resources provided by the board of directors and the resources provided by social capital for the company, which helps to uncover the "black box" of the board of directors.

The board capital is primarily used to measure the board's ability to provide resources to the company, including board human capital and board social capital<sup>[5]</sup>. Among them, the board of directors' human capital includes the directors' age, educational level, occupational background, tenure as well as the heterogeneity of human capital, which is the collective ability of directors and individuals to provide the board with resources such as knowledge and skills<sup>[6]</sup>, including the internal and external networks owned by the directors and the various real or potential resources brought by these networks<sup>[7]</sup>. Board capital can enhance the board's influence and independence, also the oversight of managers and control over the formulation and execution of corporate strategies<sup>[8]</sup>, bringing ideas, perceptions, experiences, business knowledge and diversified decision-making, which is conducive to the board of directors to make a clearer judgment on the complicated external environment and the formation of innovative thinking<sup>[3]</sup>, the board capital can also strengthen the connection between the enterprise and the external environment and help enterprises to develop their skills, business contracts, reputation and legitimacy and other key resources, and create a relatively superior institutional environment for the enterprise<sup>[9]</sup>. Therefore, the board capital is conducive to improving the governance efficiency of the board and the improvement of firm performance.

### 2.1 Board of directors' capital and business performance

#### 2.1.1 Educational level

Educational level refers to the knowledge base, cognitive ability, the sense of worth and the influencing effect on their behavior<sup>[3]</sup>. Studies by Datta and Rajagopalan<sup>[10]</sup> show that there is a positive correlation between educational level and knowledge, skills, resilience, creativity, and information processing abilities. The higher

educational level of the board of directors, the more comprehensive the knowledge structure of the board will get. Based on the Resource Dependence Theory, Chen Yue et al.<sup>[11]</sup> explored the impact of board capital on firm performance from the perspectives of social capital and human capital. The results show that the educational level of the board of directors is positively correlated with the company ROA. Based on this, this paper proposes the following hypothesis:

**H1:** There is a positive correlation between educational level of the board and firm performance in China's listed tourism companies.

### 2.1.2 Occupational background heterogeneity

Hillman et al.<sup>[5]</sup> argue that directors of different occupations play different roles in the board of directors and provide different resources to the company. Studies by Haynes and Hillman<sup>[12]</sup> confirm that the larger occupational heterogeneity of the board, the more likely the company's strategy will be creative. According to the Resource Dependence Theory, Feng Ruixue et al.<sup>[13]</sup> tested the relationship between board capital and corporate value based on the data of listed companies in Shanghai Stock Exchange from 2007 to 2011. The results show that the heterogeneity of the board of directors can significantly enhance the corporate value, and pointed out that in the economic situation tends to be complex, the diversification of human capital and experience of directors will help companies to avoid risks in various decision-making, and in the specific circumstances to use their rich experience and specific knowledge structure to help companies make the right choice, so as to promote the improvement of enterprise value. At present, China is in the period of economic transition, the pressure in the international market and the complexity in the capital market require that the directors of the enterprises should deal with the rapid changes through their rich experience besides being familiar with the business in this industry, to ensure that the board is capable of playing the role of the highest decision-making body in the crucial period of the company. Based on this, this paper proposes the following hypothesis:

**H2:** There is a positive correlation between occupational heterogeneity and firm performance in China's listed tourism companies.

### 2.1.3 Interlocking directorates

Interlocking directorates refers to the phenomenon that a director holds the position in two or more companies simultaneously<sup>[14]</sup>. The network of interlocking directorates arising from the board's personal presence on the boards of two or more enterprises not only facilitates the exercise of the supervisory function of the board, but also the board's resource provisioning function and thus improves the efficiency of board governance. At present, China is in the period of economic transition and the capital market is still in the development stage<sup>[13]</sup>. If under the conditions of a mature market economy, the relationship between enterprises is only an addition to the formal system, but under the condition of transition economy, the network relations among enterprises are not just an alternative to the formal system and play a leading role<sup>[15]</sup>. Through empirical analysis, Chen et al.<sup>[11]</sup> concluded that the proportion of interlocking directorates in listed companies in China is positively correlated with firm performance. That is, the more chain directors, the more resources the enterprise will obtain. Therefore, this paper proposes the following hypothesis:

**H3:** There is a positive correlation between interlocking directorates and firm performance in China's listed tourism companies.

### 2.1.4 Political resources

The political resources among board members not only reduces the uncertainty and complexity of the business environment in the external market of the enterprise, but also helps the enterprise to obtain extra scarce resources so as to help the enterprise to establish and maintain its competitive advantage and position<sup>[11]</sup>. Agrawal and Knoeber<sup>[16]</sup> demonstrated that politically-backed directors can advise companies how to deal with

the government. When new members with political ties join the board, the stock of the company will yield extraordinary rate of return. At present, the capital market of China is still in the stage of development. The special stage of its economic development determines that the connection with the government has become an important "resource" for ensuring the smooth conduct of business activities. Directors with political resources will play an important role in the enterprise. The communication with the government can help companies get government support and thus more resources<sup>[13]</sup>, thus contributing to the improvement of business performance. Based on this, this paper proposes the following hypothesis:

**H4:** There is a positive correlation between political resources of the board and firm performance in the China's listed tourism companies.

## 2.2 The moderating effect of leadership structure

Board leadership structure refers to whether the CEO should simultaneously serve as the chairman of the board. There is much controversy about the separation between the two roles of chairman and CEO. The hypothesis of "the Separation of the Roles of Chairman and CEO" based on the Principal-agent Theory holds that the selfishness and bounded rationality of the human being make it naturally lazy and opportunistic. The duality of leadership structure enables the board of directors to be controlled by the managers, which will have bad impact on the interests of the company, while the separation of two roles helps to strike a balance between rights, enhance accountability and improve board independence<sup>[2]</sup>. Brickley et al. (1997) also pointed out that the cost of transferring a large amount of knowledge and experience owned by managers to the chairman of the board is enormous and the combination of two positions avoids such costs and thus helps improve company performance. It's contradictory to the hypothesis of "Separation of two Positions" of Principal-agent Theory. How the current leadership structure has an impact on the company's business performance depending on the relative intensity of the two positions in the company.

At present, China is in an economic transition period with a high environmental uncertainty. The leadership structure with one post helps to enhance the freedom of decision-making of the general manager, fully and effectively promotes and enhances its decision-making ability, and effectively promotes organizational learning ability. In addition, the leadership structure of one board with two posts has increased the rights of the board of directors. At the same time, it has also promoted the opportunities for shareholders and affiliates to provide sufficient external resources and information for the listed companies, thereby enhancing the organizational learning ability and the company innovation<sup>[17]</sup>. During the period of institutional transformation, China is more suitable for the leadership structure of the board of directors with one post. First, the CEO as the chairman of the board can well overcome top management conflict, to ensure the consistency of decision-making orders; second, the combination of two positions gives the CEO greater rights and sense of responsibility, making investors increasingly believe that enterprises have clear leadership and development goals; third, the two positions in one can promote the exchange of information between the top management team and the board then make better decisions. Therefore, when the leadership structure of the board is a combination of the two posts of the chairman and CEO, it is conducive to strengthen the leadership of the board, thereby enhancing the cooperation effect and further stimulate the board's potential to create value. Based on this, this paper proposes the following hypothesis:

**H5:** Board leadership structure has a positive moderating effect between educational level and firm performance.

**H6:** Board leadership structure has a positive moderating effect between occupational heterogeneity and firm performance.

**H7:** Board leadership structure has a positive moderating effect between interlocking directorates and firm performance.

**H8:** Board leadership structure has a positive moderating effect between political resources and firm performance.

### 3. RESEARCH DESIGN

#### 3.1 Sample selection and data source

This paper takes China's listed tourism companies as the research object and chooses China's listed tourism companies in Shanghai and Shenzhen Stock Exchange from 2011 to 2016 as samples, excluding ST, PT, B shares and other listed companies whose main businesses have changed. Finally, there are 24 listed companies that meet the requirements, for a total of 144 observations. All the financial data and capital related to the board required in this paper are mainly from the annual reports of listed tourism companies. The other data are from the websites of Shanghai and Shenzhen Stock Exchange, Juchao Website and Sina Finance Network. All the data are processed and calculated by EXCEL and SPSS18.0.

#### 3.2 Variable selection and definition

##### (1) Dependent variables

This paper analyzes the profitability (earnings per share, total assets profit rate, net profit margin on sales, ROE), solvency(current ratio, quick ratio, cash ratio, property ratio), growth ability(main business revenue growth rate, total assets growth rate), operating ability(fixed asset turnover, total asset turnover, current assets turnover) and cashing ability (return on operating cash flow of assets, operating cash flow to debt ratio, operating cash flow ratio) through the Principal Component Analysis to a full measure of China's listed tourism companies operating performance.

First, the KMO and Bartlett tests should be performed on original variables. Among them, KMO is used to test the correlation between the original variables. In general, the closer the KMO value is to 1, the stronger the correlation between the original variables. In this paper, KMO = 0.750, indicating that the correlation between the original variables is strong and suitable for the Principal Component Analysis; Bartlett spherical test for the test of the original variables are independent, the spherical test approximate chi-square value of 2665.630, and the significance level of less than 1%, indicating that the original variable composition matrix is not an identity matrix. Therefore, the null hypothesis of spherical test can be rejected, and it is considered that the Principal Component Analysis is suitable for the original variable. Then, using the Principal Component Analysis of these 16 indicators of factor analysis, the interpretation of the total variance shown in Table 2. According to the principle that the eigenvalue is greater than 1, a total of five factors are extracted, and the contribution rates of the first to the fifth factors are 25.618%, 18.671%, 17.464%, 13.276% and 10.472% respectively. The total variance explained rate reached 85.501%, indicating that these five common factors contain most of the information reflected by the 16 original variables. Finally, the score of each common factor is calculated separately, and the total performance of each company is calculated by taking the weight of each public factor's contribution to the cumulative variance as the weight. The formula of comprehensive performance index is as follows:  $P = (25.618 \times \text{fact}_1 + 18.671 \times \text{fact}_2 + 17.464 \times \text{fact}_3 + 13.276 \times \text{fact}_4 + 10.472 \times \text{fact}_5) / 85.501$ .

##### (2) Independent variables

**Educational level:** The educational level of the board is measured by the average number of board members with the highest educational level. Assignment of variables are: 4 for doctor's degree, 3 for master's degree, 2 for bachelor's degree and 1 for junior college degree and others.

**Occupational heterogeneity:** using the Herfindahl Index which is:

$$H=1-\sum_{i=E}^n P_i^2 \quad (1)$$

In this formula, E refers to the professional background of the directors, including business experts, support specialists and social influencers;  $P_i$  refers to the proportion of directors with the  $i$  background in the board of directors; H represents the team differences and the qualitative level is between 0 and 1, and the greater the H value, the higher the heterogeneity will be.

Interlocking directorates: This variable is measured by the ratio of the number of directors serving in two or more companies to the size of the board.

Political resources: the proportion of directors who are in the work of the central government, the local government, National People's Congress and the CPPCC(the Chinese People's Political Consultative Conference), etc, as a percentage of the size of the board.

### (3) Control variables

The control variables in this article include company size, debt asset ratio and board size. Table 1 shows the definition of all variables and their calculation.

**Table 1 Research Variables and Definitions**

Variable	Symbol	Variable Definitions
Performance Index	P	Based on Principal Component Analysis
Educational Level	X1	Average of the highest educational level of board members
Occupational Background Heterogeneity	X2	H Index
Interlocking Directorates	X3	Number of interlocking directorates / Total number of board members
Political Resources	X4	Directors who have political background/Total number of board members
Leadership Structure	X5	If chairman and CEO are in one positions, the value is 1;if not, the value is 0
Company Size	X6	Natural logarithm of total assets
Assets Liabilities Ratio	X7	Total liabilities /Assets
Board Size	X8	The total number of board directors

### 3.3 Model design

Based on the above analysis, this paper builds a data model of the influence of board capital and leadership structure on firm performance, examining the research hypothesis in this paper, and the basic form of the equation is as follows:

$$P = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5 + \beta_6X_1 \times X_5 + \beta_7X_2 \times X_5 + \beta_8X_3 \times X_5 + \beta_9X_4 \times X_5 + \beta_{10}X_6 + \beta_{11}X_7 + \beta_{12}X_8 + \xi$$

In this equation,  $\beta_0$  is the intercept,  $\beta_1 \sim \beta_{12}$  is the coefficient,  $X_1 \times X_5 \sim X_4 \times X_5$  is the interaction term, and  $\xi$  is the residual.

## 4. EMPIRICAL ANALYSIS

### 4.1 Descriptive statistical analysis of variables

Through the descriptive statistical analysis of the board capital and operating performance, the results are shown in Table 2. As can be seen from Table 2, the minimum performance index of the company is -1.07, the maximum is 2.15 and the average is 0, indicating that most of China's listed tourism companies do not add value to the company's performance. The average educational level of the board of is 2.59. The standard deviation is 0.42, indicating that the educational level of the board members is relatively high and the average level is above the undergraduate level. This may be because most independent directors in the board of China's listed tourism companies have well-educated college teachers who generally hold Ph.D., which to some extent raised the average educational level of directors; average occupational heterogeneity of the board is 0.53; the interlocking

directorates ratio of board is 0.52, which means that half of the people in the company have two positions. There is a huge network relationship between directors and enterprises; the minimum political resources owned by the board is 0, the maximum is 0.88, and the mean is 0.15, indicating that the average board political resources possessed in the research sample are low.

**Table 2 Descriptive Statistics of Variables**

Variable	Sample Size	Minimum	Maximum	Mean	Standard Deviation
Performance Index P	144	-1.07	2.15	0.00	0.47
Educational Level	144	1.56	3.44	2.59	0.42
Occupational Background Heterogeneity	144	0.00	0.67	0.53	0.12
Interlocking Directorates	144	0.00	0.93	0.52	0.25
Political Resources	144	0.00	0.88	0.15	0.18
Leadership Structure	144	0.00	1.00	0.12	0.32
Company Size	144	10.71	16.50	12.46	1.20
Assets	144	0.02	0.80	0.36	0.18
Liabilities Ratio	144	5.00	15.00	9.38	1.63

#### 4.2 Empirical results and analysis

In order to avoid multicollinearity problems among the variables in the regression analysis, correlation analysis was conducted among the variables, and the analysis results are shown in Table 3. The data show that the correlation between the variables is small, there is no serious multicollinearity problems, and multivariable regression can be carried out.

**Table 3 Pearson Correlation Coefficient Matrix**

Variable	P	1	2	3	4	5	6	7	8
Performance Index P	1.000								
1Educational Level	-.336**	1.000							
2Occupational Background Heterogeneity	.016	.030	1.000						
3Interlocking Directorates	.041	-.022	.122	1.000					
4Political Resources	-.023	-.263**	-.189*	.007	1.000				
5Leadership Structure	-.012	.132	-.156	-.065	.079	1.000			
6Company Size	-.118	.220**	-.298**	-.087	.237**	.171*	1.000		
7Assets	-.637**	.375**	-.191*	-.113	.229**	.006	.470**	1.000	
8Board Size	-.321**	-.135	-.087	.360**	.146	-.086	.044	-.136	1.000

Note: \*\*. The correlation is significant at a confidence interval (dual) of 0.01; \*. The correlation is significant at a confidence interval (dual) of 0.05

Hierarchical Regression (Least-squares Method) is used to test the hypothesis. Prior to regression, all interaction terms are centrally processed. The regression results are shown in Table 4. Table 4 shows that the



VIF values of Model 1 to Model 3 are all less than 4, much lower than the threshold of VIF = 10, indicating that the models all pass the multiple collinearity test. In addition, with the gradual increase of the effect, the adjustment of Model 3 reached 56.8%, indicating that the model constructed in this paper has a good explanation.

**Table 4 Multiple Regression Results**

Variable	Model 1	Model 2	Model 3
Constant Term	.266 (0.734)	1.013** (2.195)	1.470*** (3.226)
Educational Level		-.165** (-2.101)	-.323*** (-3.774)
Occupational Background Heterogeneity		-.289 (-1.205)	-.533** (-2.190)
Interlocking Directorates		.183 (1.494)	.224 (1.370)
Political Resources		.184 (1.042)	.592*** (2.820)
Leadership Structure		.019 (0.213)	-.306** (-2.114)
Educational Level × Leadership Structure			-1.309*** (-3.151)
Occupational Heterogeneity × Leadership Structure			-.242 (-.242)
Interlocking Directorates × Leadership Structure			.571 (.541)
Political Resources × Leadership Structure			4.710*** (4.116)
Company Size	.079*** (2.944)	.068** (2.441)	.057** (2.161)
Assets Liabilities Ratio	-1.838*** (-10.140)	-1.681*** (-8.391)	-1.627*** (-8.421)
Board Size	-.062*** (-3.541)	-.085*** (-4.420)	-.073*** (-3.908)
F Value	45.376***	19.435***	16.664***
Adjusted R <sup>2</sup>	0.482	0.508	0.568
VIF value	<2	<2	<4
Observations	144	144	144

Note: \*, \*\*, and \*\*\* represent significance levels of 10%, 5%, and 1% respectively; numbers in brackets are t value.

Model 1 examines the effect of control variables on dependent variables without adding independent variables. The regression results showed that all three control variables were related to the dependent variable at a significant level of 1% with an F value of 45.376, indicating that the selection of the control variables in this paper is valid. Among them, there is a significant positive correlation between company size and business performance, mainly because large companies have economies of scale and are easier to obtain external funds to improve their performance). Assets liabilities ratio is significantly and negatively related to business performance. The more debt, the less business performance improvement. This finding is in line with the conclusion of the research by Ma and Jin<sup>[18]</sup>. The board size and operating performance are significant. The main reason for this result may be that the large-scale board make the decision-making relatively slow and their response to market information lags behind. Therefore, the size of the board in China's listed tourism companies may not be as large as possible.

Model 2 adds four board capital variable and the moderating variable on the base of model 1. From Model 2, we can see that among the board capital of China's listed tourism companies, only educational level of the

board and operating performance have passed a significant correlation test, with a significance level of 5% and a regression coefficient of -0.323, that is, the higher the average educational level of the board, the worse the operating performance will be, rejected the original hypothesis H1, the reason may be: on the one hand, there are a large number of independent directors of college teachers, they generally have a doctor's degree, which to some extent raising the overall education level; on the other hand, managers with higher education tend to adopt complex management methods. Therefore, the higher the education level, the greater the possibility that the team will have conflict. However, the heterogeneity of the professional background of the board of directors, the interlocking directorates and the political resources owned by the board of directors all failed to pass the test of significance. Chen and Fan<sup>[19]</sup> give reasons: Currently, the board of Chinese companies tries to provide special information and knowledge by introducing directors of different backgrounds into the board, such as former government officials, university professors, industry association members, etc.

Model 3 adds four interaction terms between board capital and leadership structure. As can be seen from Model 3, the interaction term of the educational level and the leadership structure of the board and the interaction term between the political resources and the leadership structure have passed the test of significance. Among them, the educational level and the leadership structure of the interaction term is negative, indicating that the leadership structure negatively moderate the correlation between educational level and firm performance, rejected the hypothesis H5; political resources and leadership structure interaction term is 4.710, indicating that the leadership structure significantly enhances the influence of the political resources on the firm performance, and in the two-in-one leadership structure, the political resources owned by the board promote the performance of enterprises, H8 has been strongly supported. The interaction term between occupational heterogeneity and leadership structure, as well as the interaction term between interlocking directorates and leadership structure neither passed the test of significance level, indicating that the leadership structure has no moderating effect on both the correlation between occupational heterogeneity and firm performance, and the correlation between the interlocking directorates and firm performance.

In China, due to the special history of social development and the political and economic system, the government directly or indirectly controls a considerable number of enterprises through the administrative departments, which plays a decisive role in the operation and management of enterprises. At the same time, the comprehensiveness of tourism products is extremely strong, including six elements of food, lodging, transportation, travelling, shopping and recreation. These elements are closely linked to each other and form a complete tourism industry value chain. Tourism enterprises with political resources often have information superiority than those with no political resources, it is more accurate to grasp the macroscopic information and then improve the business performance of enterprises. The board of directors with two positions (CEO and chairman) will not only help reduce the internal management costs and decision costs, ensure the uniformity and timeliness of orders, but also help to establish a rapid response mechanism between the enterprise and the external environment, taking full advantages of market opportunities and avoid threats. Therefore, the leadership structure of two positions is more conducive to the positive impact of the political resources of the board in China's tourism listed companies on firm performance.

## 5. CONCLUSIONS AND RECOMMENDATIONS

This paper takes 24 listed companies in Shanghai and Shenzhen Stock Exchanges during the period of 2011-2016 as the research object and takes the leadership structure of the board as the moderating variable to make an empirical study on the impact of board capital (human capital and social capital) on firm performance. The results show that the current human capital of China's listed tourism companies does not play a positive role in promoting firm performance, while the social capital of the board, to some extent, has a slight positive effect

on firm performance. The leadership structure with two positions in China's listed tourism companies can better adapt to the uncertainty of the environment.

At present, China is in the stage of economic transition. Listed companies are facing intense market competition pressure, and the thirst for resources is more and more fierce. The human capital and social capital owned by the decision makers have become one of the resource obtain channels<sup>[13]</sup>. Although the company hopes to capitalize on its board capital as much as possible to enhance its growth potential, it does not mean that the board of directors of some type will have as many capital as possible. Instead, it should pay attention to the portfolio effect because the combination of different human capital and social capital attributes can provide the company both the advantages and disadvantages<sup>[6]</sup>, a board with good combination of directors can become an important intangible asset for the company.

The shortcomings of this paper lies in the following aspects: First, only a few indicators are selected for the measurement of capital variables, which are not meticulous and perfect; second, whether more moderating variables can be used in the research are not considered in detail.

#### ACKNOWLEDGEMENT

This research was supported by Key Research Project of Philosophy and Social Sciences of Ministry of Education under Grant 17JZD020; Higher Education Reform Project of South China University of Technology under Grant gj2015003; Key Project of Guangdong Provincial Degree and Graduate Education Reform in 2017 under Grant 2017JGXM-ZD03

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