

CEO Local Origin and Corporate Value Creation Efficiency

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Abstract: Corporate value creation efficiency is not only a core element for enterprises to achieve sustainable development but also a key force driving high-quality economic growth at the national level. Based on data from Chinese A-share listed companies on the Shanghai and Shenzhen stock exchanges from 2007 to 2022, this study empirically examines the impact of CEOs' hometown identity on corporate value creation efficiency and its underlying mechanisms. The results show that local CEOs significantly enhance corporate value creation efficiency. External resources acquired through social capital and stable executive teams are the primary channels through which local CEOs improve efficiency. The positive effect of local CEOs is more pronounced in non-state-owned enterprises, smaller firms, and companies where the CEO also serves as the board chair. This research enriches the literature on factors influencing value creation efficiency from a comprehensive corporate social value perspective, while also expanding the study of how local CEO characteristics affect corporate behavior through the lens of value creation efficiency.

1. Introduction

Against the macro backdrop of China's deep economic transformation and increasingly fierce global competition, China is vigorously pursuing the strategic policy of "implementing more proactive policies, focusing on high-quality development, and promoting high-level scientific and technological self-reliance and self-improvement" in order to maintain the momentum of economic and social development. Enterprises, as the key market players in realizing value creation [6], are of great significance in optimizing the allocation of resources, promoting the sustainable growth of China's economy and realizing high-quality development. Efficient value creation helps enterprises to cope with market competition, enhance their global industrial chain position, and create multiple values for themselves, shareholders, employees, and society [2].

Based on the higher-order ladder theory, management's decision-making is influenced by personal experience, cognition, emotion and other characteristics [15], and as a non-negligible element of personal background, the CEO's hometown status also influences his/her behavioral pattern subconsciously. In terms of principal-agent theory, CEO's decision-making is also influenced by information asymmetry and conflict of interest with shareholders [11]. Social identity

theory also points out that hometown identity may motivate CEOs to support their hometowns, but it may also lead to overconcentration of resources and affect firm performance[3]. However, academics have not yet reached a consensus on how CEO local tenure specifically affects the efficiency of corporate value creation, and differences in research perspectives, methodologies, and sample selection have led to inconsistent conclusions, which provide a broad space for in-depth exploration of the relationship between the two.

This paper argues that local CEOs may have the following two effects on the efficiency of corporate value creation: on the one hand, the rich social capital of local CEOs is conducive to their access to policy, finance, and economy-related information and resources, such as government grants and credit loans. On the other hand, local CEOs local executives are familiar with the local dialect, environment and culture, which enables them to build more social networks at relatively low cost and helps them to form an executive team with stable ties.

In view of this, this paper empirically tests the above theoretical expectations using data from China's Shanghai and Shenzhen A-share listed companies from 2007-2022. The paper finds that local CEOs significantly improve the value creation efficiency of firms, and the accuracy of the conclusions is further demonstrated by the stability test. The mechanism study finds that external resources acquired by CEOs through social capital and a stable executive team led by CEOs are the main channels through which local CEOs enhance firms' value creation efficiency. This paper further explores the variability in the impact of heterogeneity in firm and CEO personal traits on the relationship between local CEOs and corporate value creation efficiency. It is found that the contribution of local CEOs to corporate value creation efficiency is more significant in non-state-owned, smaller firms, and in firms where the CEO is also the chairman of the board.

The contribution of this paper is mainly reflected in the following two aspects: first, this paper focuses on the key topic of corporate value creation efficiency, and conducts an in-depth discussion from the macro perspective of corporate social value, aiming at further enriching the research content of the factors influencing value creation efficiency. Based on the accounting macro-value index framework, this paper adopts corporate value creation efficiency indicators that comprehensively consider the interests of shareholders, government, employees and creditors, and in-depth analysis of the impact of the CEO's local tenure on the corporate value creation efficiency, thus expanding the scope of the research on the driving factors of value creation efficiency. Second, this paper expands the impact of local CEO characteristics on corporate behavior from the perspective of corporate value creation efficiency. Existing research focuses on the discussion of local CEO tenure and corporate philanthropic giving, investment decisions, corporate innovation, and financing behaviors, and less from the perspective of local CEOs and executive team cohesion. This paper examines the mechanisms of executive team stability and further extends the research related to local CEOs.

2. Literature Review and Hypothesis Development

2.1 Literature Review

2.1.1 CEO Local Origin

In the field of enterprise strategic management and corporate governance, local CEOs have received extensive attention. From the perspectives of social identity theory and social capital theory, local CEOs are familiar with the local market and culture, and thus can efficiently acquire resources and identify opportunities to enhance the efficiency of corporate value creation, as well as promote corporate charitable donations based on hometown identity, indirectly contribute to corporate value creation by improving the relationship with the community, and pay more attention

to the environmental governance [1,8,12]. However, according to principal-agent theory, local CEOs may deviate from the goal of maximizing corporate value in decision-making due to special emotions or interest associations with their hometowns, e.g., Hu found that local CEOs' corporate voluntary information disclosure is low and concealment of bad news is high [16]. And Yonker pointed out that their prioritization of local employees affects human resource management decision-making and the efficiency of corporate resource allocation [19].

2.1.2 Value Creation Efficiency

In established studies, corporate performance evaluation is mainly based on two types of methods: financial performance (e.g., net profit, return on assets, etc.) and market performance (e.g., stock price, Tobin's Q), which reflect the current profitability of the firm and the market's expectation of its future, respectively [4,18]. However, these methods mostly focus on the micro level of shareholder value and have a single perspective. Liu, Xinghe et al. supplemented corporate performance evaluation from the perspective of labor investment efficiency, but still did not cover the macro level[5]. In order to measure corporate value creation more comprehensively, the value contribution of the enterprise to shareholders, employees and other stakeholders needs to be considered comprehensively. Zhu Weidong et al. constructed a symbiotic evolutionary system of shareholders and employees and explored the impact of different allocation methods on corporate performance; Li Haitong et al. also pointed out that the efficiency of corporate value creation should cover the contributions of multiple stakeholders[2,13].

2.2 Theoretical Analysis and Hypotheses

In the current dual context of China's deep economic transformation and increasingly fierce global competition, the efficiency of corporate value creation is key, and the impact of CEO's local tenure on corporations is under scrutiny. The theory of executive echelon and social identity suggests that CEO hometown affiliation affects decision-making preferences and resource allocation efficiency. It is found that executive local tenure drives corporate value growth through hometown identification, especially under specific conditions. Local CEOs can optimize resource integration and reduce market entry costs and information asymmetry, but they may also lead to the drawbacks of "relational governance". While there are gaps in existing research on specific paths, this paper argues that CEO decision-making is influenced by credit resources, government subsidies, and team stability.

Credit resources are the key element, and the social capital advantage of local CEOs can alleviate the financing constraints. Based on the social network theory, local CEOs can reduce the information asymmetry between banks and enterprises through geo-relationship networks, improve credit availability and financing convenience, obtain low-cost credit, and optimize the capital structure. Local CEOs actively fulfill their social responsibilities and enhance their corporate reputation, forming a virtuous circle and alleviating "difficult and expensive financing".

Government subsidies are closely related to corporate political affiliation and geographical suitability. The geographic proximity of local CEOs makes it easier for them to understand the policy intent, accurately grasp the direction of the application, and increase the probability and amount of subsidies [1]. Firms led by local CEOs may prioritize the layout of green technology R&D and obtain environmental protection subsidies. There is a synergistic effect between local tenure behavior driven by hometown identity and government subsidies, enhancing firms' R&D investment and innovation output.

The stability of the executive team is the organizational foundation of corporate strategy execution, and local CEOs strengthen team cohesion, reduce core talent turnover by favoring

hometown employees, and form a stable human capital reserve [5]. This “local stickiness” reduces decision-making interruptions and coordination costs, enhances transparency in resource allocation, and optimizes internal governance efficiency. The improvement of team stability reduces organizational internal consumption, enhances the dynamic ability of the enterprise, and provides continuous kinetic energy for value creation. We thus propose:

H1: Local CEOs improve corporate value creation efficiency.

3. Empirical Design

3.1 Sample Selection and Data Sources

In order to examine the impact of CEO local tenure on the efficiency of corporate value creation, this paper takes the A-share listed companies in Shanghai and Shenzhen from 2007 to 2022 as the initial sample, and obtains a total of 40,978 initial samples, which are further processed as follows: 11,628 samples of ST enterprises, *ST enterprises, and samples of the financial industry, as well as 18,722 samples of the missing data, are removed, and 7,762 samples are finally obtained. In order to reduce the impact of extreme values on the empirical results, this paper has carried out the shrinking of the continuous variables with the upper and lower 1%. All data in this paper are from CSMAR database

3.2 Model Specification

To examine CEO local origin’s impact on value creation efficiency, we control for potential omitted variables and employ a fixed-effects model to capture unobserved industry/year effects:

$$Amv_{i,t} = \alpha_0 + \alpha_1 Local_{i,t} + \sum Controls + \sum YEAR + \sum IND + \varepsilon_{i,t} \quad (1)$$

Here, i denotes the firm, t denotes the year, $Amv_{i,t}$ denotes the value creation efficiency of firm i in year t , $Local_{i,t}$ denotes the CEO’s local tenure in that year, $Controls$ denotes the set of each control variable, and $YEAR$ and IND denote the year and industry fixed effects, respectively. α_0 is the constant term, $\varepsilon_{i,t}$ is the random error term, and the intercept term α_1 is the regression coefficient that is the main focus of this paper.

3.3 Variable Definitions

3.3.1 Value creation efficiency

The core explanatory variable of this paper is corporate value creation efficiency. Based on the methodology explained in the Research Report on China Accounting Index [7], this paper constructs a brand-new measure - Total Asset Value Creation Efficiency (Amv). This indicator measures corporate value creation efficiency by calculating the ratio of total value creation to total corporate assets at the end of the year.

3.3.2 CEO local tenure

This paper takes the chief executive officer (CEO) of an enterprise to refer to the research method proposed by [17] people, and adopts whether the CEO’s place of birth is the same as the company’s registered address to measure whether the executives belong to the category of ‘local’ or not: if the two are the same, the indicator is assigned the value of 1; on the contrary, it is set to 0.

3.3.3 Control Variables

In this paper, we refer to related studies and control the effects of factors such as firm operations, corporate governance and executive characteristics. The control variables of company operation include company size (Size), gearing ratio (Leverage), net interest rate on total assets (Roa), corporate loss (Loss), cash flow (Cashflow), and asset turnover (Turnover), and the control variables of corporate governance include shareholding concentration (Top1), percentage of independent directors (Independent), Dual (Dual), and Firm Nature (State). Executive characteristics include executive tenure (Tenure), executive gender (Gender). In addition, this paper controls for the effects of Industry (IND) and Year (YEAR). The main variables are defined as shown in Table 1.

Table 1: Variable Definitions

Variable	Definition
Amv	Total value creation efficiency (Value creation amount / Total assets)
Local	=1 if CEO's birthplace = firm registration city
Size	Ln(Total assets)
Leverage	Total liabilities / Total assets
Roa	Net profit / Total assets
Top1	Proportion of Largest shareholder's ownership
Independent	Proportion of independent directors
Dual	=1 if CEO is also board chair
Gender	=1 if CEO is male
State	=1 for state-owned enterprises
Loss	=1 if net loss incurred
Tenure	CEO tenure (years)
Cashflow	Operating cash flow / Current liabilities
Turnover	Revenue / Total assets

4. Empirical Results and Analysis

4.1 Descriptive Statistics and Correlation Analysis

Table 2 demonstrates the descriptive statistics of the main variables. From the table, it can be seen that the mean value of corporate value creation efficiency (Amv) is 0.122 and the standard deviation is 0.080, which indicates that there are some differences in corporate value creation efficiency among firms. The mean value of CEO local tenure (Local) is 0.629, which indicates that 62.9% of the CEOs in the sample are locally tenured. The mean value of firm size (Size) is 22.357, the mean value of gearing ratio (Leverage) is 0.449, the mean value of net rate of return on total assets (ROA) is 0.040, the mean value of shareholding concentration (Top1) is 34.978, and the descriptive statistics of the rest of the control variables are within reasonable limits.

Table 2: Descriptive Statistics

Variable	N	Mean	SD	Min	p25	p50	p75	Max
Amv	7,762	0.122	0.080	-0.111	0.073	0.110	0.162	0.378
Local	7,762	0.629	0.483	0.000	0.000	1.000	1.000	1.000
Size	7,762	22.357	1.411	19.838	21.328	22.160	23.143	26.472
Leverage	7,762	0.449	0.204	0.056	0.293	0.452	0.604	0.878
Roa	7,762	0.040	0.057	-0.197	0.014	0.037	0.068	0.212
Top1	7,762	34.978	15.144	8.831	23.118	32.905	45.666	73.648
Independent	7,762	0.376	0.056	0.308	0.333	0.357	0.429	0.571
Dual	7,762	0.424	0.494	0.000	0.000	0.000	1.000	1.000
Gender	7,762	0.951	0.217	0.000	1.000	1.000	1.000	1.000
State	7,762	0.416	0.493	0.000	0.000	0.000	1.000	1.000
Loss	7,762	0.097	0.295	0.000	0.000	0.000	0.000	1.000
Cashflow	7,762	0.218	0.361	-0.556	0.022	0.141	0.327	1.842
Salary	7,762	13.317	0.897	10.859	12.794	13.312	13.819	15.656
Turnover	7,762	0.646	0.456	0.075	0.348	0.536	0.793	2.631
Tenure	7,762	3.714	0.998	0.693	3.178	3.912	4.443	5.242

The correlation coefficients in Table 3 show the results of the correlation analysis between the main variables. There is a significant positive correlation between the CEO local tenure (Local) and the efficiency of corporate value creation (Amv) with a correlation coefficient of 0.031 ($p < 0.01$), which provides preliminary evidence for hypothesis H1. In addition, there is a significant negative correlation between firm size (Size) and gearing ratio (Leverage) and corporate value creation efficiency (Amv), and a significant positive correlation between total net asset margin (Roa) and corporate value creation efficiency (Amv). These results indicate that the control variables have some explanatory power in the model.

Table 3: Correlation Matrix

	Amv	Local	Size	Leverage	Roa	Top1	Independent	Dual	Gender	State	Loss	Cashflow	Salary	Turnover	Tenure
Amv	1.000														
Local	0.031***	1.000													
Size	-0.040***	-0.125***	1.000												
Leverage	-0.235***	-0.053***	0.498***	1.000											
Roa	0.784***	0.025**	0.030***	-0.346***	1.000										
Top1	0.111***	-0.024**	0.197***	0.039***	0.134***	1.000									
Independent	-0.011	-0.033***	0.074***	0.019*	-0.014	0.039***	1.000								
Dual	0.040***	0.053***	-0.182***	-0.207***	0.052***	-0.126***	0.121***	1.000							
Gender	0.003	-0.021*	0.004	-0.003	-0.013	-0.006	-0.057***	0.055***	1.000						
State	-0.028**	-0.052***	0.274***	0.254***	-0.065***	0.200***	-0.079***	-0.462***	0.019*	1.000					
Loss	-0.444***	-0.026**	-0.082***	0.146***	-0.630***	-0.099***	-0.005	-0.009	0.010	0.003	1.000				
Cashflow	0.356***	0.002	-0.093***	-0.436***	0.430***	0.055***	-0.034***	0.023**	0.000	-0.054***	-0.163***	1.000			
Salary	0.192***	-0.097***	0.438***	0.084***	0.194***	-0.084***	0.051***	0.096***	-0.019	-0.106***	-0.118***	0.059***	1.000		
Turnover	0.289***	-0.007	0.069***	0.204***	0.127***	0.114***	0.000	-0.080***	0.005	0.110***	-0.080***	-0.037***	0.083***	1.000	
Tenure	0.077***	0.090***	-0.012	-0.089***	0.081***	-0.133***	0.015	0.181***	-0.037***	-0.180***	-0.060***	0.052***	0.239***	-0.021*	1.000

4.2 Benchmark regression test

For research hypothesis H1, the results of the benchmark regression analysis of this paper are shown in Table 4. According to the results of the univariate test in column (1), the regression

coefficient of Local on Amv is significantly positive, implying that firms with CEOs' local tenure have higher corporate value creation efficiency in the average sense. The results in column (2) show that the regression coefficient of Local is 0.004 with a significance level of 1%, which is a significantly higher level of significance after adding the fixed effects of year and industry as well as the control variables. The above findings support Hypothesis H1 of this paper, which states that CEO local tenure contributes to corporate value creation efficiency.

Table 4: Benchmark regression test

VARIABLES	(1)	(2)
	Amv	Amv
Local	0.004** (0.025)	0.004*** (0.000)
Size		-0.011*** (0.000)
Leverage		0.047*** (0.000)
Roa		1.136*** (0.000)
Top1		0.000*** (0.000)
Independent		-0.006 (0.475)
Dual		0.001 (0.387)
Gender		0.003 (0.154)
State		0.011*** (0.000)
Loss		0.018*** (0.000)
Cashflow		0.010*** (0.000)
Salary		0.008*** (0.000)
Turnover		0.031*** (0.000)
Tenure		0.000 (0.739)
Constant	0.108*** (0.000)	0.138*** (0.000)
Observations	7,762	7,762
IND&YEAR FE	YES	YES
Adjusted R ²	0.075	0.714

4.3 Robustness Tests

This study adopts alternative methods to reconstruct and replace the enterprise value creation efficiency metrics. First, the dependent variable Adj_Amv is derived by standardizing Amv through subtracting its respective industry annual mean. Second, to reflect the efficiency of value creation in business operations, the dependent variable Amve is constructed as the ratio of value creation amount to owners' equity. In columns (1) to (2) of Table 5, the regression coefficient of Local on the replaced enterprise value creation efficiency indicators remains significantly positive, consistent with the previous empirical results, thereby verifying the robustness of this study's core conclusions.

Table 5: Robustness Tests

VARIABLES	(1)	(2)
	Adj_Amv	Amve
Local	0.007*** (0.000)	0.007*** (0.003)
Size	-0.009*** (0.000)	-0.018*** (0.000)
Leverage	0.049*** (0.000)	0.496*** (0.000)
Roa	1.162*** (0.000)	1.959*** (0.000)
Top1	0.000** (0.035)	0.000*** (0.002)
Independent	-0.020 (0.145)	0.016 (0.470)
Dual	-0.000 (0.909)	0.001 (0.601)
Gender	0.001 (0.813)	0.009* (0.066)
State	0.012*** (0.000)	0.020*** (0.000)
Loss	0.018*** (0.000)	-0.021*** (0.001)
Cashflow	0.008*** (0.008)	0.018*** (0.000)
Salary	0.008*** (0.000)	0.013*** (0.000)
Turnover	0.029*** (0.000)	0.066*** (0.000)
Tenure	-0.000 (0.577)	-0.000 (0.746)
Constant	-0.023 (0.218)	0.045 (0.143)
Observations	7,762	7,762
IND&YEAR FE	YES	YES
Adjusted R ²	0.498	0.644

4.4 Mechanism Analysis

Based on social capital theory, interpersonal relationships can be viewed as channel networks through which resources and information flow. Existing studies indicate that CEOs' social capital helps them access policy-related, financial, and economic information and resources, such as government subsidies and bank loans. Thus, when a CEO serves in their hometown, their social capital can bring diverse scarce resources to the enterprise, which may be a key driver of corporate value growth. Drawing on relevant literature [14], this study examines whether hometown-based CEOs secure more credit resources (Loan) for firms. As shown in Column (1) of Table 6, the coefficient of Local is significantly positive at the 1% level, indicating that local CEOs possess distinct advantages in leveraging social capital to obtain financial resources for operations.

Investigating the government subsidy mechanism through which local CEOs affect enterprise value creation efficiency is critical. Value creation efficiency is vital to corporate survival and

development. As core decision-makers, CEOs' local backgrounds may influence operations by securing government subsidies. Analyzing this mechanism clarifies: (1) the relationship between local CEOs and government subsidies, and (2) how subsidies impact value creation efficiency. This provides theoretical and practical insights for corporate governance and policy design, helping firms enhance value creation through government resources while informing subsidy policy optimization. Column (2) of Table 6 shows the coefficient of Local is significantly positive at the 1% level, confirming local CEOs' advantage in leveraging social capital to acquire political resources.

Table 6: Mechanism Analysis

VARIABLES	(1) Loan	(2) Subsidy	(3) Team
Local	0.021*** (0.000)	0.411*** (0.000)	0.015*** (0.002)
Size	-0.007*** (0.006)	0.830*** (0.000)	-0.000 (0.840)
Leverage	0.400*** (0.000)	-2.649*** (0.000)	-0.024 (0.163)
Roa	-0.437*** (0.000)	-4.164*** (0.004)	-0.021 (0.741)
Top1	-0.000 (0.603)	-0.001 (0.696)	0.000* (0.065)
Independent	0.026 (0.529)	-0.113 (0.903)	-0.042 (0.287)
Dual	0.005 (0.332)	0.065 (0.597)	0.004 (0.483)
Gender	0.034*** (0.002)	-0.246 (0.330)	0.010 (0.311)
State	-0.029*** (0.000)	0.835*** (0.000)	0.011* (0.051)
Loss	-0.044*** (0.000)	-1.107*** (0.000)	-0.017* (0.079)
Cashflow	-0.086*** (0.000)	-0.252 (0.162)	-0.005 (0.498)
Salary	-0.013*** (0.000)	0.536*** (0.000)	0.001 (0.683)
Turnover	-0.058*** (0.000)	1.677*** (0.000)	-0.005 (0.388)
Tenure	0.002 (0.496)	-0.000 (0.997)	0.060*** (0.000)
Constant	0.728*** (0.000)	-15.046*** (0.000)	0.676*** (0.000)
Observations	6,435	7,762	7,608
IND&YEAR FE	YES	YES	YES
Adjusted R ²	0.295	0.242	0.129

Senior management teams (SMTs) are responsible for strategic decisions, and their stability is crucial for corporate development. Frequent SMT turnover may hinder long-term growth. In complex markets, a cohesive leadership team is essential for sustained success. Research shows that SMT stability is influenced by factors such as the proportion of shareholding executives, former executives' tenure, and compensation disparities. Superficially, stability reflects unchanged team composition; fundamentally, it embodies internal synergy, trust, and collaboration—a manifestation of team cohesion. Column (3) of Table 6 reveals the coefficient of Local is significantly positive at the 1% level, demonstrating that local CEOs facilitate building and maintaining stable, cohesive

SMTs.

4.5 Heterogeneity Analysis

Table 7: Heterogeneity Analysis

	(1)	(2)	(3)	(4)	(5)	(6)
	non-SOEs	SOEs	Large	Small	Dual	Non-dual
VARIABLES	Amv	Amv	Amv	Amv	Amv	Amv
Local	0.002* (0.078)	0.002 (0.216)	0.001 (0.442)	0.006*** (0.000)	0.005*** (0.000)	0.002 (0.227)
Size	-0.011*** (0.000)	-0.011*** (0.000)	-0.012*** (0.000)	-0.011*** (0.000)	-0.010*** (0.000)	-0.011*** (0.000)
Leverage	0.054*** (0.000)	0.040*** (0.000)	0.040*** (0.000)	0.050*** (0.000)	0.046*** (0.000)	0.049*** (0.000)
Roa	1.123*** (0.000)	1.143*** (0.000)	1.166*** (0.000)	1.097*** (0.000)	1.160*** (0.000)	1.094*** (0.000)
Top1	-0.000 (0.211)	0.000*** (0.000)	0.000 (0.134)	0.000*** (0.000)	0.000*** (0.004)	0.000** (0.024)
Independent	0.022* (0.073)	-0.042*** (0.001)	0.034*** (0.008)	-0.060*** (0.000)	-0.033*** (0.004)	0.011 (0.398)
Dual	0.002* (0.065)	-0.005** (0.015)	-0.003* (0.060)	0.004** (0.013)	-	-
Gender	0.001 (0.766)	0.005 (0.104)	0.003 (0.195)	0.004 (0.242)	0.002 (0.363)	0.002 (0.496)
State			0.008*** (0.000)	0.011*** (0.000)	0.014*** (0.000)	0.004* (0.069)
Loss	0.017*** (0.000)	0.015*** (0.000)	0.019*** (0.000)	0.014*** (0.000)	0.019*** (0.000)	0.015*** (0.000)
Cashflow	0.008*** (0.000)	0.013*** (0.000)	0.011*** (0.000)	0.010*** (0.000)	0.012*** (0.000)	0.008*** (0.000)
Salary	0.009*** (0.000)	0.005*** (0.000)	0.008*** (0.000)	0.007*** (0.000)	0.006*** (0.000)	0.011*** (0.000)
Turnover	0.036*** (0.000)	0.027*** (0.000)	0.028*** (0.000)	0.036*** (0.000)	0.028*** (0.000)	0.035*** (0.000)
Tenure	0.001 (0.462)	-0.001 (0.133)	-0.000 (0.911)	0.001 (0.298)	-0.000 (0.867)	0.000 (0.625)
Constant	0.107*** (0.000)	0.217*** (0.000)	0.165*** (0.000)	0.168*** (0.000)	0.159*** (0.000)	0.113*** (0.000)
Observations	4,531	3,231	3,804	3,958	4,470	3,292
IND&YEAR FE	YES	YES	YES	YES	YES	YES
Adjusted R ²	0.735	0.724	0.739	0.703	0.720	0.722

Ownership type significantly influences the operational objectives and related decisions of Chinese enterprises, potentially affecting the relationship between local CEOs and enterprise value creation efficiency. From a corporate goals perspective, state-owned enterprises (SOEs) bear responsibilities for job provision and market stability, while non-SOEs prioritize shareholder value creation, emphasizing improvements in production efficiency and value creation efficiency [10]. Thus, this study hypothesizes that the impact of local CEOs on value creation efficiency is more pronounced in non-SOEs. To examine ownership heterogeneity, baseline regression tests were repeated separately for SOE and non-SOE subsamples. Columns (1) and (2) of Table 7 show that the coefficient of Local is significantly positive in non-SOEs but insignificant (though positive) in SOEs, indicating that local CEOs enhance value creation efficiency more substantially in

non-SOEs.

Small enterprises, with simpler organizational structures and shorter decision-making chains, enable local CEOs to swiftly grasp market demands and industry dynamics, facilitating rapid strategic adjustments[9]. In contrast, large enterprises face bureaucratic complexities, hierarchical delays, and information distortion, constraining decision efficiency even with local CEOs. Consequently, local CEOs are expected to boost value creation efficiency more significantly in smaller firms. Using median firm size as the threshold, enterprises were divided into two groups for baseline regression tests. Columns (3) and (4) of Table 7 reveal that Local is significantly positive at the 1% level for smaller firms but insignificant for larger ones, confirming stronger effects in smaller enterprises.

Based on agency theory, the dual-role structure (CEO-chairman duality) weakens supervisory mechanisms, increasing agency costs as power concentration may lead management to deviate from shareholder interests. However, CEO localization mitigates this risk: locally embedded CEOs face high social capital costs from reputational damage, creating implicit constraints that prompt self-discipline. Under duality, they actively enhance corporate performance to protect reputation capital. Thus, localized CEOs serving dual roles exert stronger effects on value creation efficiency. Regression tests were conducted for subsamples with and without CEO duality. Columns (5) and (6) of Table 7 demonstrate that Local is significantly positive at the 1% level under duality but insignificant otherwise, validating that dual-role local CEOs more substantially improve efficiency.

5. Conclusion

This study rigorously and systematically examines the relationship between CEO localization and enterprise value creation efficiency using a sample of Chinese listed companies, delving into its underlying mechanisms and heterogeneous effects across different firm types. The results demonstrate that CEO localization significantly enhances enterprise value creation efficiency. Mechanism analysis reveals that credit resource acquisition, government subsidies, and senior management team stability serve as critical mediating channels through which localized CEOs influence value creation efficiency.

Further heterogeneity analysis indicates that the positive effect of CEO localization is more pronounced in non-state-owned enterprises (non-SOEs), smaller firms, and firms with CEO-chairman duality, compared to state-owned enterprises (SOEs) and larger firms.

The findings provide theoretical foundations for corporate governance, highlighting the importance of considering CEOs' regional backgrounds—particularly for resource acquisition and management stability. Non-SOEs and small firms should leverage localized CEOs' advantages to boost value creation efficiency and competitiveness, aligning corporate strategies with CEOs' regional networks to achieve sustainable development through local resources and policies.

Despite these contributions, limitations exist, such as constrained data sources and insufficient analytical dimensions. Future research should expand sample coverage and delve deeper into potential mechanisms like social networks and cultural factors to comprehensively understand the impact of localized CEOs on corporate value creation.

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