
The Impact of CFO's Professional Ethics Ability on the Corporate Performance Volatility

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Abstract:

This article selects the data of A-share listed companies in Shanghai and Shenzhen Stock Exchanges from 2010 to 2018, based on the perspective of professional morality compliance and career concerns, study that CFO's professional ethics ability affect the corporate performance volatility. The results showed that CFO's professional ethics ability is negatively related to the performance volatility, namely the CFO's professional ethics ability stronger, the lower the corporate performance volatility. Further study found that CEO's authority to CFO's professional ethics ability and the correlation between corporate performance volatility weaken effect; Compared with non-state-owned enterprises, the influence of CFO's professional ethics ability on the corporate performance volatility will be significantly higher than that of non-state-owned. Studies have shown that CFO's professional ethics ability is the important factors that affect the corporate performance volatility. The research conclusions can enrich and improve the corporate governance structure, accelerate the reform of China's CFO system, build the basic framework of the CFO system, and effectively exert the corporate governance effect.

Keywords: *CFO's professional ethics ability, Corporate performance volatility, CEO's authority, Property right, Professional morality compliance, Career concern.*

I. INTRODUCTION

As one of the social ideologies, accounting professional ethics has a long history in the development history of Chinese nation for thousands of years, and its thoughts are scattered in various historical materials. "Shuo Wen Jie Zi" cloud: "plan, will also, calculate also, from the speech, from the", and interpretation of "speech", "speak bluntly yue Yan", is to require the truth without hidden meaning. In Mencius, The second chapter of Wanzhang, Confucius said, "As a party official, he was just an accountant". "When" is to require clear accounting records or accurate and fair weighing and counting. The "Guan Youguan Chart" emphasizes the

"number of examinations", which also aims to prevent favoritism and irregularities. "Qin Law" in the cloud: "do not be wrong", that is, the requirements of correct records, do the accounting reality consistent, if there is a discrepancy, to be investigated for responsibility, and timely adjustment in accounting books. Mr. Pan Xulun, the father of modern accounting, advocated throughout his life: "To be determined by faith, to keep one's self, to deal with the world, to treat people by faith, do not forget 'lixin', when you will have success". It is intended to demonstrate that accountants should truthfully reflect accounting information in order to ensure the decision-making usefulness of stakeholders. "Lixin" is an important principle to be a person, and it is also the professional ethics of accounting, which is also the accounting spirit strongly advocated today.

The theory of high ladder team holds that the personality characteristics of senior executives will influence their choice of strategies and influence the strategic decisions of enterprises [1]. The system of Chief Finance Officer (CFO) originated in the United States in the 1970s. It is an institutional arrangement designed to curb agency problems such as "insider control", emphasize its checks and balances at the level of corporate governance, and solve the principal-agent problem existing in the company in reality. CFO has become the most important and valuable top management position in modern companies. It has mastered the nervous system (financial information) and blood system (cash resources) of the enterprise. Its role has been from financial officer to data officer, and it plays an important role in cash flow, strategic decision-making and risk control. CFO is an indispensable role between capital market and value management. They stand between shareholders and managers and are one of the important strategic decision makers and executors of a company. IFAC (International Federation of Accountants) believes that the core value of CFO is mainly its professional ethics. The Competence Framework of Chief Accountant (CFO) in China (2019) classifies CFO competence into four categories, and points out that moral compliance competence is the foundation and fundamental competence of CFO competence. There is no doubt that good professional ethics is the most important factor for CFO, and the improvement of CFO professional ethics ability is conducive to better performing its financial supervision function and improving corporate governance efficiency. Therefore, IT is required that CFO should always establish the professional values of accounting ethics, be the guardian of the company's financial security and the defender of the professional ethics of accounting ethics, and be responsible to the enterprise, shareholders and investors.

The evaluation of corporate business performance includes two dimensions: performance level and performance volatility [2-3], corporate performance fluctuation is an important aspect to measure corporate performance, which reflects the stability of a company in the face of environmental changes and is an important reflection of corporate governance. The fluctuation of corporate performance reflects the instability of corporate performance, which represents the operational risk of corporate development [4-7]. The validity of corporate governance mechanism is not only reflected in the improvement of corporate performance level, but also the

risk factor is one of the important indicators to evaluate the business performance and investment performance of enterprises. The performance of enterprises needs the sustained and stable growth of corporate performance to reflect the performance of enterprises. The growth of corporate performance describes the increase or decrease of investors' wealth accumulation, while the fluctuation of corporate performance reflects the smoothness or risk intensity of investors' wealth change, which is an important assessment factor for the growth and development of enterprises [8-9]. Two of the most famous phrases in the risk warning industry are "everyone in the economy is exposed to risk all the time" and "risk can happen when the wind blows". It has been proven that companies that expand rapidly despite the risks of their companies tend to disappear most quickly. Therefore, scientific decision-making and risk control, so as to achieve stable and sustainable development of the company's performance is as important as paying attention to the company's performance.

As an important part of corporate governance mechanism, CFO's operation will have an impact on corporate governance performance. So, can the CFO influence the volatility of company performance? What are the mechanisms and pathways of influence? To solve above problems, this article from the CFO's professional ethics ability, based on the perspective of ethics to follow and career focus, through depicting the reasonable measure, empirically CFO professional ethics ability and the relationship between the volatility of the company's performance, and the inspection of CEO's authority, the nature of the property, the CFO's professional ethics ability and the influence of the volatility of the company's performance.

In this paper, the potential contribution mainly include the following: first, this article will CFO's professional ethics ability in relation to the volatility of the company's performance, the measure of CFO's professional ethics ability, enrich the document of the factors that affect the volatility of the company's performance, also for CFO's professional ethics ability how to influence financial decisions to develop a new perspective, expand the cognition of the determinants of the volatility of the company's performance theory; Secondly, this paper goes deep into the dimension of CEO's authority, and finds that CEO's authority weakens the relationship between CFO's professional ethics and company performance volatility, which further expands relevant research literature from the perspective of CEO's authority. Thirdly, based on the special property rights background in China, this paper analyzes the relationship between CFO's professional ethics ability and the volatility of company performance, and expands the research on the influencing factors of the volatility of company performance from the perspective of institutional background.

II. LITERATURE REVIEW

2.1 Factors influencing the Volatility of the Company's Performance

What are the determinants of company performance fluctuations? Why are some companies' performance volatile, while others are relatively smooth? Adams et al. (2005) believed that the performance of a company largely depended on the ability of the person in charge, which in

turn would bring great fluctuations to the performance of the company and the market value of the enterprise. [8] The study of Xie Jun and Zhai Jialai (2017) found that the companies run by CEOs with high career focus have high performance volatility [10]. Lu Chen et al. (2012) found that executive ownership was positively correlated with the volatility of corporate performance. Liu Meiyu et al. (2015); Kini and Williams (2012) pointed out in their study that the executive compensation gap was significantly positively correlated with the volatility of corporate performance. [11-12] Zhang Rui et al. (2018) found in their study that the larger the pay gap between subordinate executives and CEO in key positions, the better the company's performance will be, but at the same time, the greater the performance volatility will be. [13] Cheng (2008) pointed out that collective decision-making can reduce the volatility of company performance. [14] When the POWER of CEO expands, his/her personal decisions are likely to deviate from the interests of the company's shareholders. At this time, the focus of corporate governance is to supervise managers to obtain private interests by taking advantage of their positions [15]. Quan Xiaofeng and Wu Shinong (2010) pointed out that the more balanced the CEO's power is, the less likely there will be extreme values in enterprise operation, [5] because the CEO with balanced power needs to discuss with other senior executives to make collective decisions, and the lower the volatility of company performance will be. Adams et al. (2005) believed that the greater the power of senior executives, [8] the greater the possibility of extreme values of corporate performance. In other words, companies with extreme performance (excellent or poor) are more likely to appear in the organizations with high power of senior executives. In addition, Yang Jidong and Liu Cheng (2013) believe that the organizational power of CEO is significantly positively correlated with the volatility of company performance. [9] The ownership power, prestige power and expert power of CEO are negatively correlated with the volatility of company performance. Zhao Xibu et al. (2019) hold that the participation of foreign investors can stabilize corporate performance, [7] that is, the introduction of foreign investors has the governance effect of reducing the volatility of corporate performance.

2.2 The Economic Consequences of CFO's Professional Ethics Ability

CFO's professional ethics ability refers to the ability of CFO to comply with business ethics and accounting codes of conduct in professional activities and restrain the unethical behavior of the company. Zhang Yuming and Chen Qianqian (2015) believed that good accounting ethics urged enterprises to comply with accounting standards, [16] so that accounting statements could truly reflect enterprise risks and returns, and enterprises could adjust their development strategies according to the problems reflected in the statements, so as to achieve further development and growth. As CFO is a responsible group in today's economic life, it directly determines the choice and adjustment of accounting strategies (Mian, 2001). CFO performance evaluation is based on the company's financial policies, which makes The CFO pay special attention to financial policies [17]. CFO has an independent influence on corporate earnings management (Geiger and North, 2006; Graham et al., 2005; MAO Hongtao and Shen Peng, 2009), Jiang Fuxiu et al. (2013) found that CFO can restrict and supervise CEO, [18-20] and

earnings management level can be reduced when the tenure of CFO is staggered. The CFO's appointment to the board of directors can reduce the discretionary accruals and the probability of financial restatement [21]. According to a new survey by the ACCA, good professional conduct by CFOs is crucial to effective corporate governance, and more and more boards are aware of the need to have the right ethical culture. As one of the main figures of corporate senior managers, CFO's professional ethics ability undoubtedly has an important impact on corporate information disclosure, establishment and implementation of internal control system, risk control and even long-term development.

2.3 Review of the Research

In the existing literature, there are few studies on the CFO's professional ethics ability, and the economic consequences of the professional ethics of CFO are even less. As an important part of corporate governance structure, CFO effectively implements "external control" on corporate financial activities. On behalf of the board of directors, CFO can carry out "external" financial supervision on enterprise management, so as to standardize and restrain managers' management behaviors, protect investors' interests to the maximum extent, and prevent managers' financial decision-making behaviors at the expense of investors' interests. The key functions of the CFO are risk management and internal control. How does the CFO professional ethics ability affect the volatility of the company's performance? How to realize the reasonable measurement of CFO professional ethics ability has incremental contribution to its development in the field of corporate governance, and also provides important theoretical support and empirical evidence to explain CFO's decision-making behavior. Because of this, CFO professional ethics ability has gradually become a research topic that cannot be ignored in the field of corporate governance.

III. THEORETICAL ANALYSIS AND RESEARCH HYPOTHESIS

3.1 CFO's Professional Ethics Ability and Company Performance Volatility

In modern enterprises, CEO and CFO are the two core figures that determine the operation and performance of a company. In July 2002, President Bush signed and promulgated the Sarbanes-Oxley Act, which requires CFO and CEO to be jointly responsible for the authenticity of financial reporting and accounting information quality. Risk management, especially financial risk management, is the main focus and primary responsibility of the CFO. In the process of performing duties, the CFO reflects the principles of prudence and conservatism, adheres to moral values, and is responsible for the interests of the company's shareholders and other stakeholders. CFO has become the actual promoter of enterprise internal control construction and risk management controller. By implementing risk warning, identification and response, it tries to make enterprise risks knowable, measurable and controllable. Standing between shareholders and managers, CFO assumes both fiduciary responsibility and operational responsibility [22]. Therefore, the nature of CFO as a professional manager and its position and role in corporate governance structure and internal organizational structure determine the

special connotation of CFO's professional ethics. The CFO's moral values are as important as technical competence, and the CFO is given great financial power and legal responsibilities.

The CFO needs to strike a balance between work ethic and realistic pressure, between sticking to principles and being flexible. Good professional ethics requires the CFO should be independent, objective and impartial standpoint and outstanding professional competence, as investors and managers, shareholders and employees, a bridge between the CFO must strengthen information disclosure of the timeliness and reliability, in order to improve the investor to the company's trust, rather than the pursuit of material interest related or meet some kind of psychological needs, providing false information, cover a possible loopholes. CFO assumes the responsibility of operation and financial supervision, [22-23] performing the functions of financial supervision and strategic support, give full play to the role of "checkpoint", focusing on restricting the business behaviors of directors, CEOs and other executives of the company.[18] The research of Quan Xiaofeng and Wu Shinong (2010) shows that the strong external supervision mechanism can reduce information asymmetry, timely track the irrational decision-making behaviors of CEO, reduce the decision-making risks of the company, and thus reduce the volatility of the company's performance [5].

Fama (1980) was the first to put forward career concern, believing that as a kind of implicit incentive, it could replace part of explicit incentive so as to solve the problem of moral hazard [24]. Holmstrom (1999) further emphasized this implicit incentive. Based on the principal-agent framework of incomplete information market, he pointed out that career focus could motivate managers to work hard in order to achieve business performance and maintain their good reputation. [25] In the opinion of Xie Jun and Zhai Jiali (2017), career focus, as an important hidden personal trait of senior executives, has an important influence on corporate decision-making, and thus affects the performance of the whole enterprise. [10] According to career focus on theory, the CFO in the decision making process will take into account the career prospects for the future of their actions, they have a strong incentive to influence the enterprise the management decision-making behavior, the manager market of CFO reputation evaluation will affect their future career development, the CFO in the managers' market reputation as well as physical assets, financial resources, need to invest in and maintain. Having a good reputation will allow CFOs to increase their bargaining power and perhaps even become "star executives" in the future. Therefore, career focus forms a hidden incentive for CFO, making CFO "tie" personal interests and corporate performance together, hoping to improve corporate performance through current reasonable decisions and hard operation, so as to lay a foundation for future high salary and the whole career. Jiang Dequan et al. (2018) pointed out that CFO with higher status might be more risk-averse. [26] Based on prospect theory, in order to avoid risk, out of respect for his career and maintain their own interests, the CFO for the sake of his reputation, promotion to a higher position, get more equity, and pay, will be more effective performance of the financial supervision and strategic support function, reveal the real accounting information, can effectively avoid risk, have an incentive to avoid the occurrence of

extreme events. Since The CFO is not at the top of the corporate hierarchy, collusion with the CEO to violate the code of professional ethics may have a potential negative impact on the CFO's career. [27] Therefore, based on the reputation incentive theory, The CFO's decision-making is influenced by the implicit incentive of reputation effect, thus forming an effective binding force. The awareness and motivation of management defense will also be enhanced. The CFO has the ability of professional ethics to provide financial information support for decision-making, make appropriate professional judgment and choice, undertake the "double balance" between legal responsibility and operational responsibility, maintain its professional reputation, and pursue more abundant material resources and social relations resources. CFO professional ethics ability helps to better fulfill its financial supervision function, reduce the management level of earnings management, prevent corporate fraud, reduce the degree of information asymmetry between the board of directors and management, restricting the interests of the CEO and other senior management personnel to grab behavior, inhibit the occurrence of extreme management decision-making, improve corporate governance efficiency, reduce business risk, so as to reduce the risk of fluctuations in company performance. Based on the above analysis, this paper proposes the following hypotheses:

H1: CFO's professional ethics ability is negatively correlated with company performance fluctuations. In other words, the stronger CFO's professional ethics ability will significantly inhibit the fluctuations of corporate performance caused by the extreme decision-making behaviors of company executives.

3.2 Influence of CEO's Authority on CFO's Professional Ethics Ability

As the core executives in the company's management team, CFO and CEO are more of a strategic partnership. However, due to the existence of agency conflicts, CFO's financial decision-making behavior is often subject to the bad intervention of CEO. CEO can use his power to control the information content submitted to the board of directors to avoid harmful information and interfere with the information advantage effect through influence. [28] The study found that CEOs with higher status would affect the performance of CFO's functions and even lead to CFO's resignation (Qu Xu et al., 2012). [29] Feng et al. (2011) pointed out that The CFO should be at the core of corporate governance, but in the context of information asymmetry and incomplete contracts, it is often put in an awkward position. [30] The CEO often forces the CFO to manipulate financial reports or exaggerate the performance of the company with the goal of increasing the interests of shareholders. Bishop et al. (2017) found in his study that compliance pressure and compliance pressure from CEO caused some CFOs to make false statements, affecting CFOs' financial reporting decisions. The CEO who is at the top of the decision-making power of the enterprise, the more decision-making power he has, the easier it is to form extreme decisions and generate performance fluctuations. [5,9,31] When the CEO has more power, he may exert pressure on the CFO to influence the accounting decisions of the company, so the CFO may be influenced by the CEO's authority to a certain extent. Especially after the expansion of CEO's personal decision-making authority, the authority can

not be effectively restrained and balanced, which is more likely to lead to the company's blind decision-making changes, and then bring the ups and downs of corporate performance. According to Wang Fusheng and Cheng Fu (2014), Yang Jidong and Liu Cheng (2013), the decision-making authority of CEO affects the performance fluctuation of a company. [31-32] In a company with large financial constraints, the influence of CEO on the performance fluctuation is weakened, which affects the possibility of CEO making extreme decisions. Therefore, the performance of CFO's professional ethics ability is to some extent affected by CEO's authority. When CEO's authority is relatively high, CFO's role of professional ethics ability may be hindered to some extent. Based on the above analysis, this paper proposes the following hypotheses:

H2: To limit other conditions, CEO's authority, to a certain extent, weakens the negative relationship between the CFO's professional ethics ability and the volatility of corporate performance.

3.3 The Influence of the Nature of Corporate Property Right on CFO's Professional Ethics Ability

The differences in the nature of enterprise property rights may have a certain impact on the behavior of micro enterprises, which are mainly reflected in the following aspects: first, due to the absence of owners, the supervision on the extreme decision-making behaviors of senior executives in state-owned enterprises cannot be as clear as that in non-state-owned enterprises. In theory, the companies with private property rights can solve the problem of agency between owners and operators, and can maintain the effective supervision of operators. Second, compared with non-state-owned enterprises, the management of state-owned enterprises has a relatively rich set of operating goals. In addition to economic goals, they may also consider political, social and other non-economic goals, which makes the management somewhat dispersed in the business operations of enterprises and increases the uncertainty and operational risks of enterprises. In addition, non-state-owned enterprises rationed enterprise resources mainly through differentiated authorities associated with origin and status (Li Xinchun, 2001). State-owned enterprises and non-state-owned enterprises also had different selection channels for CFO and CEO.

Therefore, the nature of enterprise property right may have different effects on enterprise risk. On the one hand, the state-owned enterprises in the face "owner absence" and "insider control" problem of large state-owned enterprises, market awareness and media attention is higher, more attractive to institutional investors and analysts tracking [7], have more power and CFO provides high quality of the company's performance, to maintain stability of the company's performance; On the other hand, agency problems are likely to occur between state-owned enterprises and management, [20-21] therefore, it is necessary for companies to strengthen the construction of effective internal governance mechanism, and more extensive internal and external supervision should be introduced. The stronger the CFO's professional ethics ability, the better it can give full play to its financial supervision function. In other words, the

performance stability of state-owned enterprises requires the performance of CFO's professional ethics. Based on the above analysis, this paper proposes the following hypotheses:

H3: Other things being equal, the influence of CFO's professional ethics ability in state-owned enterprises on the corporate performance volatility is significantly higher than that of non-state-owned enterprises.

IV. STUDY DESIGN

4.1 Samples and Data Sources

The data in this paper are mainly from CSMAR database, WIND database and related financial and economic websites, and they are collected and sorted manually to form a unique data set. The data of 2010-2018 of a-share listed companies in Shanghai and Shenzhen stock exchanges were selected as research samples, and the samples were screened as follows according to research needs :(1) the listed companies in finance and insurance industry were excluded. Financial and insurance listed companies have obvious differences from other industries, and their indexes are not comparable, so they are excluded. (2) The listed companies of ST, *ST and PT are excluded. The financial condition of such companies has been in loss for two consecutive years or the financial condition of the company is abnormal, so such companies are excluded. (3) Remove listed companies with missing data. In addition, in order to eliminate the influence of extreme values, all variables except discrete variables were reduced by 1% or more. After screening, the final research sample was 7,620 companies -- annual observations.

4.2 Definition of Variables

a. Explained Variable: Volatility of Company Performance

Based on the studies of Adams et al. (2007), Cheng (2008), Quan Xiaofeng and Wu Shimong (2010), Faccio et al. (2011) and Liu Cheng (2017), [4,5,9,14] the volatility of corporate performance is mainly reflected in two aspects. One is the horizontal dispersion of corporate performance, which is the extreme value of corporate performance. It mainly reflects the range of the current company's performance deviating from the normal performance, and the performance dispersion is mainly used to measure the volatility among different companies. The second is the vertical volatility of corporate performance, which reflects the volatility of the performance of the same company in different annual intervals, that is, to measure the stability and sustainability of corporate performance in time series. Company performance transverse discrete degree, through the accounting performance index return on total assets (Roa) and return on equity (Roe), respectively, and the effect of each variable of performance indicators panel data regression, forecasting performance levels for residual (u), with the absolute value of residual (u) $|u|$ said the performance of horizontal divergence, performance said performance deviates from the normal performance levels of the discrete, so the $|u|$, the greater the dispersion degree is bigger. At $|u_{Roa}|$ and $|u_{Roe}|$ represents the horizontal performance

dispersion index, and respectively represents the dispersion index of accounting performance index Roa and Roe measure. Macroeconomic factors of each year in order to eliminate the volatility and the volatility of the differences between different industries, longitudinal the volatility of the company's performance, the use of company accounting performance indicators Roa and Roe minus the industry average of accounting performance indicators Roa and Roe, then moving average of the standard deviation for 3 years, and then respectively using the standard deviation divided by the absolute value of Roa and Roe, to measure the volatility of the company's performance as a proxy variable of earnings fluctuations. Std_Roa and Std_Roe are used to represent the vertical volatility of corporate performance.

In period of $\tau=0$, the standard deviation of the time change of corporate performance indicators γ is $\sigma_{\gamma} = \left[\frac{1}{3} \sum_{t=1}^3 (\gamma_{t-\tau} - \bar{\gamma})^2 \right]^{1/2}$, where, $\bar{\gamma}$ stands for γ the mean value within 3 years (Comin and Philippon, 2005), where, γ is Roa and Roe.

b. Explanatory Variables

(1) CFO's professional ethics ability (PEA). Reference Zhang Ruijun and Li Xiaorong (2012), Yu-ming Chang and Chen (2015) before, with the CFO whether violations of their annual company (if not an illegal value is 1, otherwise 0) and reference Xie Jun ZhaiJiaLi (2017), rhyme and NingXin jiang (2020), career focus to CFO age as proxy variable of career focus, the older the CFO accumulated a certain reputation, and thus more concerned about their future career development prospects, pay attention to ethics, sheer financial clout. When the CFO is no less than 47 years old, it is 1, representing the older CFO, or 0, representing the younger CFO, to measure the CFO's professional ethics ability.

(2) CEO's authority (Power) .Based on the practice of Adams et al. (2005), Yang Jidong and Liu Cheng (2013), this paper measures by the average value of prestige authority, position authority, owner authority and authority with stable status. The details are as follows: Prestige authority: whether the CEO is a member of the company's founding team or legal person, the value is 1; otherwise, it is 0; Position authority: whether the CEO and chairman of the board are in one, whether the value is 1, or 0; Owner authority: whether the CEO owns shares or not, the value is 1, or 0; Authority: Whether the CEO has been with the company for more than 5 years is 1, or 0.

c. Control Variables

According to Adams et al. (2007), Cheng (2008), Zhang Ruijun and Li Xiaorong (2012), [14,31,33] the following variables were selected as the control variables: The company's performance (Roa), company Size (Size), company Growth (Growth), asset-liability ratio (Lev), the nature of the property (Soe), and other company characteristic variables, and the board Size (Boardsize), board independence (Indep), the proportion of the first largest share-holder (Share), the joining together of two position (Dual), equity balance degree (Inp), and other corporate governance variables. Finally, in order to control the impact of time factors and Industry differences, dummy variables of Year and Industry were added into the model. In order to

eliminate the influence of outliers, all continuous variables were reduced by 1% or more. The specific definitions of the main variables are shown in TABLE I.

TABLE I. Main variable definition table

The variable name	Variable meaning	Calculation method
u_Roa	Horizontal performance dispersion	Represents the dispersion index measured by the accounting indicator Roa
u_Roe	Horizontal performance dispersion	Represents the dispersion index measured by the accounting indicator Roe
Std_Roa	Vertical performance volatility	The standard deviation of the accounting performance Roa of the sample enterprise within 3 years
Std_Roe	Vertical performance volatility	The standard deviation of the accounting performance Roe of the sample enterprise within 3 years
PEA	CFO's professional ethics ability	Career concerns, whether the year is a violation of two variables to measure
Power	CEO's authority	Take the equal-weight average of prestige authority, position authority, owner authority and position stable authority
Soe	Enterprise nature	If the listed company is a state-owned enterprise, the value is 1; otherwise, it is 0
Roa	Return on total assets	Net profit/total assets
Size	The company size	The natural log of the ending assets
Dual	The joining together of two job	Whether the chairman of the board and the general manager hold a concurrent post or not, the concurrent post should be 1, or 0
Growth	Company growth	Current main business revenue growth rate
Lev	Asset-liability ratio	Total liabilities/total assets
Boardsize	Board size	The natural log of the number of directors
Indep	Board independence	Number of independent directors/total directors of the company
Share	Ownership concentration	Shareholding ratio of the largest shareholder
Inp	Degree of equity balance	Shareholding ratio of the 2nd to 10th largest shareholder/shareholding ratio of the first largest shareholder
Industry	Industry control variable	Virtual variables were set according to the industry classification of CSRC in 2012
Year	Annual control variable	Set the dummy variable by year

4.3 Model Setting

Based on the research design of Adams et al. (2007), Cheng (2008), Quan Xiaofeng, Wu Shinong (2010), Li Lin (2009) and other scholars, [5,14,31,34] the empirical model constructed in this paper is as follows:

$$std_Roa \text{ or } std_Roe = \beta_0 + \beta_1 PEA + \sum \beta_i Control + \varepsilon \quad (1)$$

$$|u_Roa| \text{ or } |u_Roe| = \beta_0 + \beta_1 PEA + \sum \beta_i Control + \varepsilon \quad (2)$$

$$std_Roa \text{ or } std_Roe = \beta_0 + \beta_1 PEA + \beta_2 Power + \beta_3 PEA \times Power + \sum \beta_i Control + \varepsilon \quad (3)$$

$$|u_Roa| \text{ or } |u_Roe| = \beta_0 + \beta_1 PEA + \beta_2 Power + \beta_3 PEA \times Power + \sum \beta_i Control + \varepsilon \quad (4)$$

$$std_Roa \text{ or } std_Roe = \beta_0 + \beta_1 PEA + \beta_2 Soe + \beta_3 PEA \times Soe + \sum \beta_i Control + \varepsilon \quad (5)$$

$$|u_Roa| \text{ or } |u_Roe| = \beta_0 + \beta_1 PEA + \beta_2 Soe + \beta_3 PEA \times Soe + \sum \beta_i Control + \varepsilon \quad (6)$$

Among them, model (1) and (2) are used to test hypothesis 1. The index of CFO's professional ethics ability is negatively correlated with performance volatility, and the index of CFO professional ethics ability in this model is negative. Model (3) and model (4) are used to test the influence of CEO's authority on CFO's professional ethics ability and the volatility of company performance. The coefficient of the cross product between CFO professional ethics ability and CEO's authority in the model is examined, and the expectation is positive. Model (5) and model (6) are used to test the influence of hypothesis 3 property right. The coefficient of the cross multiplication of CFO's professional ethics ability and property right (Soe) in the model is expected to be negative.

V. EMPIRICAL RESULTS AND ANALYSIS

5.1 Descriptive statistics

TABLE II reports the descriptive statistical results of the main explained variables, explanatory variables and control variables in this paper. During the samples reflect the accounting performance indicators Std_Roa earnings volatility and Std_Roe mean value was 0.030 and 0.067, respectively, the median 0.017 and 0.031, respectively, the maximum value was 0.899 and 13.29, respectively, the standard deviation was 0.042 and 0.221, respectively, show differences in earnings volatility of different sample companies, accounting earnings volatility index Std_Roe whether the mean, median, or maximum Std_Roa than accounting earnings volatility index. In terms of two indicators measuring occupational ethics ability, the mean value of corporate Violation was 0.835, standard deviation was 0.371, and the mean value of Career focus was 0.592, standard deviation was 0.492. From the statistical characteristics of other control variables, most of the indicators have relatively large degree of variation, which

will not be repeated.

TABLE II. Descriptive statistics of research variables

variable	N	mean	sd	min	p25	p50	p75	max
Std_Roa	7620	0.030	0.042	0	0.008	0.017	0.035	0.899
Std_Roe	7620	0.067	0.221	0	0.015	0.031	0.065	13.29
Violation	7620	0.835	0.371	0	1	1	1	1
Career	7620	0.592	0.492	0	0	1	1	1
Dual	7620	0.251	0.434	0	0	0	1	1
Soe	7620	0.346	0.476	0	0	0	1	1
Roa	7620	0.039	0.066	-0.975	0.013	0.035	0.067	0.669
Size	7620	21.78	1.188	17.57	20.98	21.65	22.44	28.25
Growth	7620	2.221	44.01	-10.16	-0.037	0.142	0.484	2355
Lev	7620	0.362	0.215	0	0.187	0.344	0.517	0.998
Boardsize	7620	2.134	0.197	1.386	1.946	2.197	2.197	2.890
Indep	7620	0.375	0.055	0.200	0.333	0.333	0.429	0.667
Share	7620	34.13	15.05	2.197	22.46	31.87	44.18	89.99
Inp	7620	22.22	12.81	0	11.86	20.80	31.23	66.26

5.2 Correlation Analysis

TABLE III lists Pearson correlation coefficients, the major variables set by the model. It can be seen from this that the two indexes Std_Roa and Std_Roe of performance volatility are negatively correlated with cheesecake Factory Violation and Career focus. It can preliminarily show that the stronger the CFO's professional ethics ability is, the lower the performance volatility will be. This is a preliminary confirmation of the hypothesis proposed in this paper. In terms of control variables, most variables are significantly correlated at the 1% level. It should be noted that the conclusion drawn from the test of the relationship between two variables may not be very accurate, and the rigorous proof needs to be verified by multiple regression analysis after controlling the influence of other factors. At the same time, the correlation coefficient between all the main variables in the model did not exceed 0.5, which was generally small. Moreover, by the test of variance inflation factor (VIF), the mean value was 1.26 and Tolerance was less than 1, which meant that there was no serious multicollinearity between the independent variables and the control variables, and the regression model was reliable.

TABLE III. Correlation analysis of single variables

variable	Std_Roa	Std_Roe	Violation	Career	Dual	Soe	Roa	Size	Growth	Lev	Boardsize	Indep	Share	Inp
Std_Roa	1													
Std_Roe		1												
Violation			1											
Career				1										
Dual					1									
Soe						1								
Roa							1							
Size								1						
Growth									1					
Lev										1				
Boardsize											1			
Indep												1		
Share													1	
Inp														1

Std_Roa	1													
Std_Roe	0.44 6** *	1												
Viol ation	- 0.06 3** *	- 0.07 3** *	1											
Care er	- 0.07 4** *	- 0.05 6** *	0.58 1****	1										
Dual	0.00 1	- 0.01 1	- 0.00 3	- 0.05 9** *	1									
Soe	- 0.04 4** *	0.01 6	0.04 8****	0.15 3** *	- 0.27 1** *	1								
Roa	- 0.18 4** *	- 0.20 8** *	0.10 9****	0.08 6** *	0.01 8	- 0.08 9** *	1							
Size	- 0.14 1** *	- 0.05 2** *	0.04 1****	0.11 0** *	- 0.11 7** *	0.29 2** *	0.08 0** *	1						
Gro wth	0.03 5** *	0.01 9	0.00 2	- 0.00 7	- 0.01 5	- 0.00 3	0.00 6	- 0.03 3** *	1					
Lev	- 0.03 9** *	0.13 6** *	- 0.08 3****	- 0.02 0*	- 0.08 9** *	0.23 6** *	- 0.28 9** *	0.33 3** *	0.00 4	1				
Boar dsize	- 0.02 6**	- 0.01 6	- 0.00 3	0.08 1** *	- 0.18 1** *	0.24 2** *	0.01 3	0.22 7** *	- 0.03 7** *	0.12 4** *	1			
Inde	0.02	0.04	-	-	0.11	-	-	0.01	0.02	-	-	1		

p	3**	3** *	0.00 8	0.04 8** *	4** *	0.05 8** *	0.02 4**	4	8**	0.00 5	0.51 6***			
Share	- 0.03 4** *	- 0.03 4** *	0.07 8***	0.10 0** *	- 0.04 4** *	0.20 3** *	0.09 8** *	0.22 9** *	0	0.03 5** *	0.02 7**	0.03 1** *	1	
Inp	- 0.02 0*	- 0.03 3** *	0.06 0***	- 0.01 2	0.08 0** *	- 0.25 9** *	0.14 1** *	- 0.00 7	- 0.01 8	- 0.19 7** *	0	0.00 9	- 0.37 4** *	1

Note: ** means significant at the statistical level of 10%, * means significant at the statistical level of 5%, and *** means significant at the statistical level of 1%.

5.3 Mean Difference Test between Groups

In order to more comprehensively explore the relationship between CFO's professional ethics ability and the volatility of corporate performance, the t-test of univariate mean difference was conducted, and sample companies were grouped and compared according to the nature of property rights. The specific results are shown in Table IV. Among the 7,620 sample observations, state-owned enterprises accounted for 65.4%. The T-values of the mean difference test between the two indexes of occupational ethics ability were -4.211 and -13.397 respectively, both of which were significantly negatively correlated at the 1% level. The mean difference test of most univariate variables was significantly correlated at the 1% level. Without considering other factors, the above conclusions preliminarily support hypothesis 1 proposed in this paper.

TABLE IV. Test results of differences between groups

Group	State-owned Enterprise		non-state-owned enterprise		Differences between groups	
	N	mean	N	mean	Differences	t
Std_Roa	4982	0.031	2638	0.027	0.004***	3.804
Std_Roe	4982	0.064	2638	0.072	-0.008	-1.390
Violation	4982	0.822	2638	0.860	-0.038***	-4.211
Career	4982	0.537	2638	0.694	-0.157***	-13.397
Dual	4982	0.337	2638	0.090	0.247***	24.561
Roa	4982	0.043	2638	0.031	0.012***	7.773
Size	4982	21.53	2638	22.26	-0.729***	-26.659
Growth	4982	2.316	2638	2.042	0.274	0.258
Lev	4982	0.325	2638	0.432	-0.107***	-21.207

Boardsize	4982	2.099	2638	2.199	-0.100***	-21.798
Indep	4982	0.377	2638	0.370	0.007***	5.078
Share	4982	31.91	2638	38.32	-6.415***	-18.082
Inp	4982	24.64	2638	17.66	6.976***	23.406

5.4 Multiple Regression Analysis

a. Multiple Regression Results of Company Performance

In order to test the influence of CFO's professional ethics ability on corporate performance, multiple regression analysis was conducted. TABLE V shows the regression analysis results of CFO's professional ethics ability and corporate performance. The results showed that the regression coefficient between Roa and cheesecake and Career focus was 0.0110 and 0.0057 respectively, with a significant positive correlation within 1%. The regression coefficient between the performance index (Roe) and Violation and Career focus were 0.0378 and 0.0177 respectively, with a significant positive correlation at 5%, indicating that the stronger the CFO's professional ethics ability, the better the performance of the company. CFO is the value engineer of the company, shouldering the task of supervising investment, financial management, internal control and accounting information quality on behalf of shareholders, and also fulfilling the responsibility of standardizing corporate governance and restraining the control of insiders in management. One of its core functions is performance management, and the fulfillment of functions is conducive to the improvement of enterprise value.

TABLE V. Test results of CFO's professional ethics ability and corporate performance

Variable	(1)	(2)	(3)	(4)
	Roa	Roa	Roe	Roe
Violation	0.0110***		0.0378**	
	(3.72)		(2.33)	
Career		0.0057***		0.0177**
		(3.13)		(2.00)
Dual	-0.0007	-0.0005	-0.0115	-0.0110
	(-0.29)	(-0.22)	(-1.12)	(-1.08)
Soe	-0.0110***	-0.0113***	-0.0198**	-0.0207**
	(-4.29)	(-4.46)	(-2.29)	(-2.46)
Size	0.0123***	0.0123***	0.0338***	0.0336***
	(9.40)	(9.42)	(6.22)	(6.26)
Growth	0.0002	0.0002	0.0008	0.0009
	(1.50)	(1.50)	(1.49)	(1.50)

Lev	-0.103***	-0.104***	-0.246***	-0.248***
	(-16.47)	(-16.52)	(-4.13)	(-4.12)
Boardsize	-0.0023	-0.0033	-0.0187	-0.0220
	(-0.33)	(-0.47)	(-0.83)	(-0.98)
Indep	-0.0412*	-0.0410*	-0.306	-0.306
	(-1.79)	(-1.78)	(-1.47)	(-1.47)
Share	0.0005***	0.0005***	0.0009**	0.0009**
	(5.68)	(5.80)	(2.36)	(2.43)
Inp	0.0005***	0.0005***	0.0006*	0.0007**
	(5.66)	(5.86)	(1.92)	(2.11)
Industry	control	control	control	control
Year	control	control	control	control
_cons	-0.207***	-0.203***	-0.504***	-0.487***
	(-6.34)	(-6.21)	(-6.11)	(-6.10)
R ²	0.186	0.185	0.040	0.039
Adj-R ²	0.179	0.178	0.032	0.031
N	7620	7620	7620	7620

Note: *, **, and *** respectively mean significant at the statistical level of 10%, 5%, and 1%, and Cluster corrected T-value statistics are in brackets. The following table is the same.

b. The Test of Longitudinal Fluctuation of Company Performance

In order to test the impact of CFO's professional ethics ability on the vertical volatility of corporate performance, multiple regression analysis was conducted. TABLE VI shows the regression analysis results of CFO's professional ethics ability and the vertical volatility of corporate performance. Results show that under all models, the professional ethics ability competence index (Violation and Career) and longitudinal volatility has significant negative correlation relationship, the performance of a company that CFO's professional ethics ability stronger, longitudinal volatility can inhibit the company's performance, reduce the company's business performance risk, company performance in extreme value (extremely good or poor) the less likely the. From the professional ethics ability to interact with CEO's authority and the regression coefficient, are at 10% level is significantly related to the show with the augmentation of the authority of the CEO, weakened the ability of professional ethics ability influence on firm performance longitudinal volatility, the chief executive authority to a certain extent, weaken the professional ethics ability with a negative relationship between the volatility of the company's performance. From the regression coefficient of the interaction term sum between CFO's professional ethics ability and property right nature, the coefficients of all regression models are significantly negative, indicating that in terms of the vertical volatility of corporate performance, the professional ethics ability of state-owned enterprises has a stronger

inhibitory effect on the vertical volatility of corporate performance than that of non-state-owned enterprises. In state-owned enterprises, the corporate governance mechanism is relatively sound. As a mechanism to supervise the management, CFO's professional ethics ability can better give full play to its financial supervision and strategic support functions. The decision-making process of the management is more cautious, and the decision-making risk will be reduced, thus inhibiting the risk of the company's business performance. The above conclusions are consistent with the three hypotheses proposed in this paper and have been well verified.

TABLE VI. Test results of CFO's professional ethics ability and vertical volatility of company performance.

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	std_Roa	std_Roa	std_Roa	std_Roa	std_Ro e	std_Ro e	std_Ro e	std_Ro e
Violation	- 0.0053** *		- 0.0079** *		- 0.0223* *		- 0.0309* *	
	(-3.59)		(-4.55)		(-2.52)		(-2.31)	
Career		- 0.0039** *		- 0.0045** *		- 0.0071* *		- 0.0143* *
		(-3.88)		(-4.49)		(-1.83)		(-1.82)
Violation_Power	0.0057* (1.68)				0.0362* (1.84)			
Career_Power		0.0046* (1.87)				0.0262* *(1.99)		
Violation_Soe			-0.0137* (-1.92)				- 0.0520* (-1.68)	
Career_Soe				- 0.0049** (-2.26)				- 0.0473* *(-2.11)
Industry	control	control	control	control	control	control	control	control
Year	control	control	control	control	control	control	control	control
_cons	0.140***	0.138***	0.142***	0.139***	0.419** *	0.406** *	0.423** *	0.409** *

	(9.40)	(9.31)	(9.46)	(9.36)	(6.26)	(6.12)	(6.40)	(6.09)
Adj-R ²	0.0656	0.0655	0.0653	0.0654	0.0603	0.0592	0.0596	0.0583
N	7620	7620	7620	7620	7620	7620	7620	7620

c. The Test of Lateral Volatility of Company Performance

TABLE VII shows the regression analysis results of CFO's professional ethics ability and horizontal volatility of company performance. Results show that under all models, the CFO's professional ethics ability index (Violation and Career) and lateral volatility has significant negative correlation relationship, the performance of a company that CFO's professional ethics ability stronger, transverse volatility can inhibit the company's performance, reduce the company's business performance risk, the less likely performance of extreme value (extremely good or poor). From the CFO's professional ethics ability to interact with the CEO's authority and the regression coefficient of both was significantly positively related to illustrate with the augmentation of the chief executive authority, the reduced ability of CFO's professional ethics ability influence on company performance transverse volatility, the chief executive authority to a certain extent, weaken the CFO's professional ethics ability with a negative relationship between the volatility of the company's performance. From the CFO's professional ethics ability to interact with the nature of property rights and the regression coefficient of all the coefficient of regression model symbol is negative, basic has significant negative correlation, that in terms of company performance transverse volatility, compared to the non-state enterprises, state-owned enterprises CFO's professional ethics ability of stronger inhibition transverse fluctuation of company's performance. In state-owned enterprises, professional ethics ability can better give full play to its financial supervision and corporate governance functions, restrain the extreme decision-making behavior of the company's management, reduce the risk of the company's business performance, and maintain the stability of the company's performance.

TABLE VII. Test results of CFO's professional ethics ability and horizontal volatility of company performance.

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	u_Roa	u_Roa	u_Roa	u_Roa	u_Roe	u_Roe	u_Roe	u_Roe
Violation	- 0.0066* **		- 0.0076* **		- 0.0267* *		-0.0370*	
	(-3.56)		(-3.33)		(-2.11)		(-1.75)	
Career		-0.0019*		- 0.0035* *		- 0.0027* *		-0.0154*
		(-1.69)		(-2.51)		(-2.03)		(-1.84)

Violation_Power	0.0072**				0.0523*			
	(2.58)				(1.74)			
Career_Power		0.0031*				0.0432*		
		(2.32)				(1.69)		
Violation_Soe			-0.0094*				0.0502	
			(-1.91)				(0.25)	
Career_Soe				-0.0066*				-0.0165*
				(-2.30)				(-1.77)
Industry	control	control	control	control	control	control	control	control
Year	control	control	control	control	control	control	control	control
_cons	0.0726**	0.0688**	0.0732**	0.0709**	0.1628**	0.1437**	0.1668**	0.1521**
	(4.93)	(4.71)	(4.95)	(4.82)	(3.30)	(3.25)	(3.69)	(3.48)
Adj-R ²	0.0353	0.0328	0.0354	0.0332	0.0200	0.0183	0.0200	0.0183
N	7620	7620	7620	7620	7620	7620	7620	7620

5.5 Robustness Test

a. Omit the Endogeneity of Explanatory Variables

The above proves that CFO's professional ethics ability can affect the volatility of corporate performance, but it may also be that enterprises with high performance volatility tend to hire the CFO with strong professional ethics, that is, there may be a reverse causal endogeneity problem. In order to solve this endogenous problem, this paper re-examined the instrumental variables within one period of time using L_Violation and L_Career as instrumental variables. Test results are shown in TABLE VIII and TABLE IX, can be seen from the regression results, the CFO's professional ethics ability regardless of the longitudinal volatility and firm performance, or the company's performance transverse volatility, the regression coefficients were significantly negative correlation, that control the endogenous problem, CFO's professional ethics ability and the volatility of the company's performance still has significant negative effects. Other variables are not repeated, and the results are basically consistent with those before, which confirm that the results of this paper are basically robust.

TABLE VIII. Explanatory variables lag the endogeneity test of the first period -- The vertical volatility of CFO's professional ethics ability and corporate performance

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
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	std_Roa	std_Roa	std_Roa	std_Roa	std_Roe	std_Roe	std_Roe	std_Roe
L_Violation	- 0.0064* **		- 0.0080* **		- 0.0272* **		-0.0331*	
	(-3.41)		(-4.34)		(-2.99)		(-1.87)	
L_Career		- 0.0041* **		- 0.0044* **		- 0.0082* *		-0.0153
		(-4.19)		(-4.22)		(-2.29)		(-1.55)
Violation_Power	0.0078*				0.0411*			
	(1.72)				(1.80)			
Career_Power		0.0086* *				-0.0333		
		(2.18)				(-1.04)		
Violation_Soe			-0.0127*				-0.0121	
			(-1.80)				(-0.36)	
Career_Soe				- 0.0103* *				-0.0031
				(-2.16)				(-0.22)
Industry	control	control	control	control	control	control	control	control
Year	control	control	control	control	control	control	control	control
_cons	0.1353* **	0.1335* **	0.1367* **	0.1333* **	0.3537* **	0.3410* **	0.3548* **	0.3398* **
	(9.60)	(9.60)	(9.60)	(9.40)	(6.64)	(6.76)	(7.06)	(6.80)
Adj-R ²	0.0601	0.0598	0.0599	0.0597	0.0483	0.0473	0.0475	0.0457
F	9.18	9.33	9.19	9.28	4.44	5.02	5.04	4.91
N	5797	5797	5797	5797	5797	5797	5797	5797

TABLE IX. Explanatory variables lag one endogeneity test -- the horizontal volatility of CFO professional ethics ability and corporate performance

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	u_Roa	u_Roa	u_Roa	u_Roa	u_Roe	u_Roe	u_Roe	u_Roe
L_Violation	- 0.0063* **		- 0.0072* *		- 0.0226* *		-0.0306	
	(-2.70)		(-2.47)		(-1.98)		(-1.07)	

L_Career		-0.0015		-0.0033*		-0.0017		-0.0155
		(-1.20)		(-1.95)		(-0.36)		(-0.95)
Violation_Power	0.0131**				0.0710*			
	(2.46)				(1.85)			
Career_Power		0.0043*				0.0532*		
		(1.77)				(1.90)		
Violation_Soe			-0.0107*				-0.0588	
			(-2.15)				(-0.52)	
Career_Soe				-0.0126*				0.0135
				(-1.81)				(0.15)
Industry	control	control	control	control	control	control	control	control
Year	control	control	control	control	control	control	control	control
_cons	0.0755**	0.0721**	0.0762**	0.0746**	0.1720**	0.1591**	0.1712**	0.1646**
	(5.03)	(4.89)	(5.06)	(4.97)	(2.97)	(3.00)	(3.47)	(3.32)
Adj-R ²	0.0307	0.0292	0.0306	0.0288	0.0224	0.0218	0.0214	0.0200
F	7.08	6.78	7.12	6.77	2.77	2.75	2.84	2.67
N	5797	5797	5797	5797	5797	5797	5797	5797

b. Endogeneity due to Sample Self-Selection Bias

In this paper, whether the company under CFO has violated the rules in the year (1 if not, 0 if not) is taken as the proxy variable of CFO's professional ethics ability. Since the company that has violated the rules may be characterized by high performance volatility, the sample may have a self-selection problem. In order to eliminate the sample self-selection problem caused by such potential influence and reduce the influence of endogeneity problem on the research conclusion, this paper further adopted the Heckman two-stage model for testing. Table 10 reported Heckman two-stage inspection results, including the first column (1) and (2) is the result of the first stage Heckman, the first (3), (4), (5) and (6) column is the result of the second stage of the Heckman, we can found that the variables to control the selection bias Mills Lambda, Lambda coefficient significantly, indicating a sample selection bias, At the same time, the regression coefficients of CFO's professional ethics ability index (Violation and Career) and performance volatility (std_Roa and u_Roa) were still significantly negative, indicating that the main conclusion of this paper is valid after controlling the self-selection of samples.

TABLE X. Heckman two-stage regression results

Variable	Stage1		Stage2			
	(1)	(2)	(3)	(4)	(5)	(6)
	Violation_dum	Career_dum	std_Roa	u_Roa	std_Roa	u_Roa
Lambda			-0.0176**	-	-0.0176**	-
			(-2.27)	(-2.88)	(-2.26)	(-2.87)
Violation			-0.0165**	-		
			(-2.13)	(-3.21)		
Career					-0.0166**	-
					(-2.14)	(-3.03)
ControlVariable	control	control	control	control	control	control
Industry/Year	control	control	control	control	control	control
_cons	0.4880***	0.4315***	0.2004*	0.2751**	0.2332*	0.2592**
	(3.43)	(3.29)	(1.74)	(2.06)	(1.85)	(1.99)
Pseudo-R ²	0.0513	0.0502	0.0426	0.0345	0.0472	0.0326
N	7231	7231	7231	7231	7231	7231

c. Quantile Regression was used for Estimation

The above models are all mean regression models, focusing on the impact of the explanatory variable CFO's professional ethics ability (FEA) on the expected performance Volatility of the explained variable. However, if the independent variable CFO's professional ethics ability (FEA) is not distributed symmetrically or has a large variation, it is difficult for conditional expectations to reflect the whole conditional distribution. In addition, classical OLS regression is susceptible to the influence of extreme values because it minimizes the residual sum of squares of the objective function. In order to overcome the weakness that OLS regression is susceptible to the influence of extreme values, for this reason, the "quantile regression" estimation proposed by Koenker and Bassett (1978) was used for reference and the quantile regression method was used for robustness test. The test results are shown in TABLE XI and TABLE XII. It can be seen from the test results that the regression coefficient of CFO's professional ethics ability and corporate performance volatility is still significantly negative, and the main research conclusions of this paper are still valid. The research conclusions of other variables are basically consistent with the previous results, indicating that the research conclusions of this paper are still robust.

TABLE XI. Robustness test based on quantile regression method --CFO's professional ethics ability and vertical volatility of company performance

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	std_Roa	std_Roa	std_Roa	std_Roa	std_Roe	std_Roe	std_Roe	std_Roe
Violation	- 0.0042* **		- 0.0048* **		- 0.0111* **		- 0.0086* **	
	(-5.13)		(-5.80)		(-7.19)		(-5.38)	
Career		- 0.0021* **		- 0.0019* **		- 0.0039* **		- 0.0031* **
		(-4.07)		(-3.56)		(-4.07)		(-3.16)
Violation_Power	0.0063* *				0.0138* *			
	(2.20)				(2.25)			
Career_Power		0.0054				0.0067* *		
		(1.40)				(1.66)		
Violation_Soe			-0.0215* *				-0.0141* *	
			(-1.80)				(-1.91)	
Career_Soe				-0.0003 *				-0.0224* *
				(-0.27)				(-1.83)
Industry	control	control	control	control	control	control	control	control
Year	control	control	control	control	control	control	control	control
_cons	0.0940* **	0.0919* **	0.0935* **	0.0916* **	0.1211* **	0.1117* **	0.1193* **	0.1105* **
	(13.95)	(13.69)	(14.06)	(13.47)	(9.51)	(8.88)	(9.34)	(8.67)
Adj-R ²	0.0351	0.0339	0.0352	0.0339	0.0249	0.0233	0.0249	0.0234
N	7620	7620	7620	7620	7620	7620	7620	7620

TABLE XII. Robustness test based on quantile regression method -- Horizontal volatility of CFO's professional ethics ability and company performance

Variable	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	u_Roa	u_Roa	u_Roa	u_Roa	u_Roe	u_Roe	u_Roe	u_Roe
Violation	- 0.0020* *		-0.0011		- 0.0111** *		- 0.0124** *	
	(-2.00)		(-1.11)		(-10.14)		(-10.98)	
Career		0.0001		-0.0004		- 0.0031**		- 0.0040**

						*		*
		(0.12)		(-0.60)		(-4.50)		(-5.61)
Violation_Power	0.0046				0.0208*			
	(0.33)				(1.68)			
Career_Power		0.0022*				0.0000		
		(2.14)				(0.00)		
Violation_Soe			-				-	
			0.0024*				0.0241**	
			(-1.71)				(-1.99)	
Career_Soe				0.0012				-
				(1.03)				0.0126**
								(-2.06)
Industry	control	control	control	control	control	control	control	control
Year	control	control	control	control	control	control	control	control
_cons	0.0181*	0.0180*	0.0172*	0.0166*	0.0058	0.0005	0.0101	0.0030
	*	*	*	*				
	(2.25)	(2.24)	(2.15)	(2.08)	(0.64)	(0.06)	(1.12)	(0.33)
Adj-R ²	0.0276	0.0272	0.0278	0.0274	0.0412	0.0352	0.0415	0.0354
N	7620	7620	7620	7620	7620	7620	7620	7620

VI. CONCLUSION AND IMPLICATIONS

The evaluation of corporate performance should include performance level and performance volatility. The efficiency of corporate governance mechanism should pay more attention to its role in stabilizing corporate performance risk. In this paper, data of A-share listed companies on Shanghai and Shenzhen stock exchanges from 2010 to 2018 are selected as samples. Based on the perspective of professional ethics compliance and career concerns, the influence of CFO's professional ethics ability on the volatility of company performance is investigated. The results show that CFO's professional ethics ability is negatively correlated with the volatility of corporate performance, that is, the stronger CFO professional ethics ability, the lower the volatility of corporate performance. Further research shows that CEO's authority can weaken the correlation between CFO's professional ethics ability and the volatility of company performance. Compared with non-state-owned enterprises, the stronger the CFO's professional ethics ability in state-owned enterprises is, the lower the volatility of corporate performance will be. The research shows that CFO's professional ethics ability is an important factor affecting the volatility of corporate performance. The research conclusion is of great significance to enrich and improve the corporate governance structure, accelerate the reform of CFO system in China,

set up the basic framework of CFO system, and effectively exert the effect of corporate governance.

In this paper, the potential contribution mainly include the following: first, this article will CFO's professional ethics ability in relation to the volatility of the company's performance, the measure of CFO's professional ethics ability, enrich the document of the factors that affect the volatility of the company's performance, also for CFO's professional ethics ability how to influence financial decisions to develop a new perspective, expand the cognition of the determinants of the volatility of the company's performance theory; Secondly, this paper goes deep into the dimension of CEO's authority, and finds that CEO's authority weakens the relationship between CFO's professional ethics and company performance volatility, which further expands relevant research literature from the perspective of CEO's authority. Thirdly, based on the special property rights background in China, this paper analyzes the relationship between CFO's professional ethics ability and the volatility of company performance, and expands the research on the influencing factors of the volatility of company performance from the perspective of institutional background.

The above conclusions bring us the following inspirations: first, the volatility of corporate performance reflects the degree of risk faced by the company. The evaluation of corporate governance performance should combine the two dimensions of improving corporate performance and stabilizing corporate performance risk to form a set of scientific and effective evaluation criteria. Second, the performance of CFO's professional ethics ability is to some extent influenced by CEO's authority and the nature of property right. On the one hand, it reflects that in the internal structure of a company, CFO and CEO are a cooperative and reciprocal institutional arrangement, rising and falling. On the other hand, it reflects that to give full play to CFO's governance function, a certain institutional environment needs to be relied on, and the ranking and status of CFO must be improved to enhance its participation in decision-making. Three is that CFO increasingly in the position in corporate governance and corporate management, play the function of the financial supervision and strategic support, in the arrangement of corporate governance, should give full consideration to the CFO executives as a core management function and management function, ensure the CFO equal to the CEO and CFO of independent decision-making power supervision, inhibit the occurrence of extreme management decision-making, so as to reduce the risk of company performance.

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