

Strategic Consensus and Execution Continuity: An Empirical Study on the Digital Path of How Executive Team Stability Affects Corporate Sustainability Performance

Qiqi Lu^{1,*}

¹School of Economics and Management, Jiamusi University, Jiamusi 154007, Heilongjiang, China

Corresponding author: Qiqi Lu (e-mail: 23033140113@stu.jmsu.edu.cn).

ABSTRACT Against the growing global attention to sustainable development, the stability of the executive team—a core component of corporate sustainability governance—has become a key factor in examining corporate sustainability performance. Chinese A-share listed companies over the period 2011–2024 are selected as the research sample in this study, aiming to investigate how stability within the top management team affects corporate sustainability performance. Empirical results demonstrate that TMT stability is significantly and positively associated with corporate sustainability performance. Mechanism tests indicate that digital transformation is a key factor in this relationship. Further heterogeneity analysis demonstrates that, among smaller firms and those with lower institutional ownership, the positive effect of TMT stability on sustainability performance is more pronounced. This paper makes three key contributions: Firstly, it extends the relevant literature by focusing on the stability of the entire management team. Secondly, it explores the heterogeneous impact of TMT stability on corporate sustainability performance by incorporating firm size and institutional investor ownership. Thirdly, in the analysis of the influence mechanism, it innovatively incorporates research on corporate digital transformation as a key mechanism in the mechanism chain, providing a new explanatory approach and theoretical link for understanding the micro sources of enterprises' long-term sustainable competitiveness in the digital age. It not only further fills gaps in the existing literature but also provides practical insights for enterprises to realise their long-term development goals. These findings provide meaningful implications for improving executive governance, promoting digital transformation, and enhancing the sustainability capacity of enterprises.

INDEX TERMS Executive team stability, Corporate sustainability performance, Digital transformation, Mechanism analysis

I. INTRODUCTION

In the contemporary context, where sustainable development is gradually becoming a global consensus and taking deep root in corporate strategies, how to effectively integrate the respective goals of the economy, the environment, and society to achieve long-term value creation is emerging as a core issue for enterprises. Corporate sustainability is not only related to the survival and growth of enterprises themselves, but also serves as a bridge to promote social progress. The Opinions of the Central Committee of the Communist Party of China and the State Council on Accelerating the Comprehensive Green Transformation of Economic and Social Development have put forward clear requirements. It is stipulated that by 2035, China will have basically established a green, low-carbon, and

circular economic system. Furthermore, green production and consumption patterns will be widely adopted across society(2024)".

Corporate executive teams are the core driving force for fulfilling social responsibilities and guiding the entire economic and social transition towards a green and inclusive direction. As the most important strategic decision-making unit and human resource of an enterprise, the perception, decision-making, and execution capabilities of corporate executive teams directly influence the enterprise's direction, making them the central force driving it towards sustainable development. Yet in recent years, collective abnormal turnover among the executive teams of listed companies in China's capital market has become increasingly common. There is no doubt that the stability of these executive

teams serves as a crucial micro-governance indicator for evaluating whether an enterprise is capable of achieving sustainable, high-quality development [1]. Naturally, we should also adopt a dialectical perspective when examining the value of such stability; an excessively rigid and unchanging executive team might hinder the introduction of new viewpoints and the development of disruptive innovation capabilities. On the contrary, a reliable executive team can ensure the consistency of a company's development strategy, avoiding interruptions in research and development or the suspension of strategic implementation that may result from changes in management personnel. Nevertheless, excessive stability could lead to a deficiency in innovative capacity. Therefore, identifying the critical threshold of executive team stability can help improve enterprises' sustainable development performance, with considerable theoretical and practical significance for their long-term trajectory.

Previous research has demonstrated that stability within the top management team significantly affects a variety of corporate outcomes, including R&D investment, new-quality productivity, financialisation, green innovation, leverage manipulation, and other dimensions [2]–[6]. Meanwhile, insufficient attention has been paid to corporate sustainable development performance in the existing literature, which leaves considerable room for further exploration in this study. As a long-cycle return, corporate sustainable development performance requires a stable, long-term internal environment. Under such circumstances, does the stability within the top management team facilitate improvements in corporate sustainable development performance? If it can enhance corporate sustainable development performance, what are the specific transmission paths? Does the stability of the executive team exert different influences on corporate sustainability performance under different conditions across companies of varying sizes and with different institutional investor holdings? [7]. Many scholars have already studied factors that shape corporate sustainability performance. When it comes to external determinants, policies including green industrial policies, central environmental inspections, and green credit policies can all enhance sustainable development performance [8]–[10]. With respect to internal corporate factors, aspects including corporate expansion, equity incentives, and CEO cognitive complexity [11], [12] have also been confirmed to positively affect corporate sustainable development performance [14]. However, in the existing literature, there is little in-depth exploration of the direct link between top management team stability and the comprehensive level of corporate sustainable development performance—a gap that provides a clear entry point for this research. Meanwhile, the cultivation of corporate sustainable development performance is characterised by long cycles, substantial investment, and delayed returns.

Thus, a core question emerges: Can the degree of stability of the executive team represent a source of sustainable competitive advantage for a firm, and if so, in what way? As an essential core entity for corporate sustainable development,

can the executive team serve as the primary driving force? If it can, what is the underlying mechanism? If it cannot, what factors lead to the divergent effects? This issue deserves an in-depth investigation [3]. This paper aims to address this research gap. In light of the aforementioned issues, this study is conducted against the unique institutional background of China's economy, using Chinese A-share listed companies during 2011–2024 as the empirical evidence. The primary objective is to examine how stability within the top management team affects corporate sustainable development performance. By establishing relevant econometric models, this paper employs panel data analysis, the instrumental variable approach, and other empirical techniques to address two core issues: whether TMT stability affects corporate sustainable development performance and what underlying mechanisms drive this effect. The potential marginal contributions of this paper are summarised below. First, with regard to research focus, unlike existing studies that largely centre on the economic consequences of turnover among key individual executives, such as the chairperson or CEO, this study extends the analysis to the stability of the entire senior management team. By treating the TMT as an integrated organisational structure, this paper enriches the application of upper echelons theory in the domain of corporate sustainable development. Second, this research examines how firm size and institutional ownership moderate the impact of top management team stability on enterprise sustainable development performance. This approach offers micro-enterprises concrete implications for enhancing their sustainability outcomes, aligned with their actual operational contexts. Last, when unpacking the underlying influence mechanisms, this research incorporates corporate digital transformation as a critical mediating variable. It then empirically tests the specific pathway through which executive team stability affects corporate sustainability performance. The discussion of this mechanism chain provides a new explanatory path and theoretical connection for understanding the micro-foundations of a company's long-term sustainable competitiveness in the digital era. It further fills gaps in the existing literature and offers some enlightening insights into how companies can achieve long-term development.

II. THEORETICAL ANALYSIS AND RESEARCH HYPOTHESIS

A. EXECUTIVE TEAM STABILITY AND CORPORATE SUSTAINABILITY PERFORMANCE

According to the upper echelons theory, executives' age, educational background, life experiences, and career experiences all influence their decision-making styles, which, in turn, may affect a company's strategic development. Research by Devarakonda and others shows that the stability of executive teams can better drive corporate development, strengthen relationships with partners, and efficiently formulate and implement strategic decisions, thereby boosting the company's competitiveness [15]. Georgakakis conducted a study on how internal disagreements within executive teams

influence corporate performance. The findings indicate that stable executive teams can mitigate the negative effects of such disagreements and promote consistency in strategic decision-making [16]. Based on social identity theory, executives who have worked at the same company for a long time develop a sense of reliance on the organisation. Thanks to the executive team's stability, they can formulate long-term strategies tailored to the company's development rather than focusing solely on short-term gains, which is more beneficial for sustained growth. Based on the theory of specialised human capital, executives can build relationships with clients and government departments by engaging in a company's core business operations over a long period. In this process, they will gradually develop their own specialised human capital. Greater stability within the top management team tends to foster the accumulation of more specialised human capital. By effectively allocating and utilising internal and external resources, accumulated human capital can further strengthen enterprises' sustainable development performance. Consistent with the rational economic man hypothesis, executive compensation is generally tied to corporate financial performance. Accordingly, executives have strong incentives to focus on the long-term growth of the corporation rather than sacrificing long-term value for short-term profits. Such behaviour ultimately contributes positively to the sustainable advancement of the company. To summarise, a stable top management team is conducive to raising sustainable performance in enterprises.

Hypothesis H1: The stability of the executive team has a positive impact on the company's sustainability performance.

B. THE ROLE OF EXECUTIVE TEAM STABILITY IN CORPORATE SUSTAINABILITY PERFORMANCE

Agarwal and colleagues have demonstrated that a degree of steadiness of the executive team fosters a strong foundation of mutual trust among its members. This particular attribute enables a firm to reach collective decisions more easily when navigating strategic shifts or resolving divergent viewpoints [17]. Digital transformation is a long-term corporate strategy that demands ongoing commitment and execution. During this transformative phase, a stable executive team can swiftly formulate and implement strategies aligned with the firm's best interests, thereby mitigating the disruptive effects that frequent leadership turnover would otherwise have on the digital transformation process. From the standpoint of the rational economic man hypothesis, a stable executive team perceives digital transformation as a critical source of the firm's competitive edge. Consequently, such a team is inclined to dedicate more time and resources to this initiative, which, in turn, drives comprehensive improvements in operational efficiency and enhances the enterprise's overall sustainable development performance.

Cao Xing's research indicates that, in the advance of digital transformation, enterprises that have realised digitised management of their entire production and operational

processes are capable of cutting costs, boosting revenue, and improving their financial performance [14]. The openness and shareability inherent in digital technologies can improve the efficiency of communication between enterprises and external entities. Meanwhile, various social stakeholders will monitor enterprises' behaviour, thereby raising the cost of actions harmful to the environment [18]. As people's environmental awareness continues to grow, consumers are increasingly willing to buy environmentally friendly products. This trend drives companies to implement green production and optimise their environmental performance [19], thereby further enhancing the sustainable development performance of enterprises. Thus, stability within the top management team can indirectly boost corporate sustainable development performance via the channel of digital transformation.

Hypothesis H2: Stability of the top management team improves corporate sustainable development performance by raising the level of digital transformation.

C. HETEROGENEITY ANALYSIS OF EXECUTIVE TEAM STABILITY AND CORPORATE SUSTAINABILITY PERFORMANCE

From an internal perspective, enterprises of varying sizes exhibit significant disparities in resources, governance practices, and related areas. Small-sized enterprises usually feature simple organisational structures and more efficient decision-making processes, accompanied by stable executive teams that can make decisions promptly. Compared with large enterprises, small businesses face greater financial pressure, which can prompt them to pursue proactive green innovation initiatives. Such initiatives not only help these enterprises obtain more green credit support but also might alleviate the constraints imposed by environmental regulations [5]. Furthermore, small enterprises have limited resource reserves and rely heavily on their executive teams. In most cases, their human, financial, and knowledge resources are subject to certain restrictions, and the executive team often acts as the core force in both the formulation and implementation of corporate strategies. In some instances, executives may even take direct part in frontline operations. If there are frequent changes in the executive team, the absence of sufficient "buffer layers" or backup mechanisms will create gaps in professional knowledge and practical experience, which, in turn, will affect the continuity of decision-making and the efficiency of execution. For this reason, the promotion of sustainable development performance may be more distinct in smaller enterprises. From the perspective of external stakeholders, institutional holdings have a measurable impact on corporate decision-making. According to the economic man hypothesis, when the volume of such holdings is minimal, executives operate without strict external constraints and can therefore focus on the long-run strategic progress of the company. Empirical data presented by Sun (2024) [20] shows that enterprises with a low level of institutional ownership generally attract fewer efforts in external data collection, as external investors

do not implement effective oversight mechanisms.

As a result, under weak institutional oversight, the ability of ESG ratings to mitigate corporate carbon emissions will decline. Ultimately, the sustainability of such enterprises becomes increasingly dependent on the internal governance mechanisms implemented by the executive team. Thus, when the proportion of institutional investor holdings remains low, the stability of the entire executive team becomes a relatively more important factor in determining the effectiveness of sustainable development.

Hypothesis H3: In small-scale enterprises and in companies with lower institutional investor ownership, the stability has a more significant positive effect on the Corporate sustainability performance

III. RESEARCH DESIGN

A. SAMPLE SELECTION AND DATA SOURCES

This article selects Chinese A-share companies over the period 2011–2024 as its research specimen, and the data are screened according to the following criteria:

- (1) firms designated as ST or *ST are excluded;
- (2) firms operating in the financial sector are omitted;
- (3) observations with missing key variables are eliminated.

Following the above screening procedures, a final sample consisting of 40,756 firm-year observations is obtained. To prevent outliers from affecting outcomes, the ongoing variables are truncated at the 1% and 99% levels. The enterprise-level data used throughout this paper are derived exclusively from the CSMAR database.

B. DESCRIPTION OF VARIABLES

1) INDEPENDENT VARIABLE

Executive Team Stability (STAB): This paper draws on the practice of Pei Xuanyu (2025) [21] and establishes the following model to calculate the steadiness of the executive team based on changes in the individual and the size of the executive team. Here, STAB stands for the executive team's stability, which ranges from 0 to 1. A value closer to 1 suggests a higher level of stability within the executive team. MT represents the total number of executives in the company's t th year; $\#(ST/ST-1)$ indicates the number of executives who were newly appointed in year $t+1$ but were not part of the team in year t .

$$STMT_{t,t+1} = \frac{M_t - \#(S_t/S_{t-1})}{M_t} * \frac{M_{t+1}}{M_t + M_{t+1}} + \frac{M_{t+1} - \#(S_{t+1}/S_t)}{M_{t+1}} * \frac{M_t}{M_t + M_{t+1}}. \quad (1)$$

2) DEPENDENT VARIABLE

Corporate sustainability performance(TDP): The Financial performance is measured by return on assets (ROA), while the Huazheng ESG Index captures ecological and social performance. Both measures are standardised using the

equation $m^* = (m - \min)/(\max - \min)$, which scales the two variables to a range of 0 to 1. Following the method proposed by Xue Xuemei and Zhu Qiwei (2021) [22], this paper constructs a corporate sustainable development performance indicator based on standardised financial, environmental, and social responsibility measures. The specific equation is presented as follows:

$$TDP = [(1 - |FINA - ENVI|) \times \sqrt{FINA \times ENVI}] / 1. \quad (2)$$

3) CONTROL VARIABLE

The control variables included in this study are as follows: Size (company size), Lev (debt-to-asset ratio), ROA (return on total assets), Cashflow (cash flow ratio), FIXED (proportion of fixed assets), Growth (revenue growth rate), Dual (dual roles), INST (institutional ownership ratio), and Mfee (management expense ratio). In addition, to eliminate the effects of industry trends and time. This study also incorporates year and industry fixed effects as control variables. Detailed definitions of all variables are provided in Table 1.

C. MODEL BUILDING

To examine how the stability of the executive team affects corporate sustainable development metrics, this paper establishes the following regression model. In this model, TDP denotes corporate sustainable development performance, STAB represents executive team stability, and Size, Lev, ROA, Cashflow, FIXED, Dual, INST, and Mfee are control variables. y and i stand for year- and industry-invariant effects, and u is the residual error term. A positive coefficient α_1 suggests that greater executive team stability contributes to higher corporate sustainable development performance. Conversely, a negative coefficient α_1 implies that executive team stability may weaken sustainable development performance.

$$TDP = \alpha_0 + \alpha_1 STAB + \alpha_2 Size + \alpha_3 Lev + \alpha_4 ROA + \alpha_5 Cashflow + \alpha_6 FIXED + \alpha_7 Growth + \alpha_8 Dual + \alpha_9 INST + \alpha_{10} Mfee + y + i + u. \quad (3)$$

IV. EMPIRICAL RESULTS AND ANALYSIS

A. DESCRIPTIVE STATISTICS

Table 2 presents the descriptive statistics for the core variables used in this paper. The TDP variable has a mean of 0.390, a standard deviation of 0.17, a minimum of 0, a median of 0.391, and a maximum of 1. These results suggest that disparities in sustainable development performance across firms are relatively moderate. The STAB variable has a mean of 0.888, a standard deviation of 0.0740, a minimum of 0.133, a median of 0.894, and a maximum of 1, indicating that the overall level of executive team stability among sample firms is relatively high.

TABLE 1. Variable Definition Table

Variable Type	Variable Name	Variable symbol	Variable Meaning
Dependent Variable	Corporate sustainability performance	TDP	For the specific definition, see above.
Independent Variable	Executive team stability	STAB	For the specific definition, see above.
Control variable	Company Size	Size	Business scale
	Debt-to-Asset ratio	Lev	Asset liability ratio
	Net Profit Margin of Total Assets	ROA	Net profit divided by average total assets
	Cash Flow ratio	Cashflow	Net cash flow from operating activities/total current liabilities
	Proportion of Fixed Assets	FIXED	(Fixed Assets / Total Assets) $\times$ 100%
	Revenue Growth Rate	Growth	(Current period operating revenue - Previous period operating revenue) / Previous period operating revenue $\times$ 100%
	Dual Role of Positions	Dual	The CEO and the chairman of the board are held by the same person.
	Institutional Investor Shareholding Ratio	INST	(Total institutional holdings / Total company shares) $\times$ 100%
	Management Expense Ratio	Mfee	(Administrative expenses / Operating income) $\times$ 100%.
	Year	year	Fixed year effect
	Industry	indu	Industry fixed effects

TABLE 2. Descriptive Statistics of Core Variables

Variable	N	Mean	SD	Min	p50	Max
TDP	40756	0.390	0.174	0	0.391	1
STAB	40756	0.888	0.074	0.133	0.894	1
Size	40756	22.21	1.301	19.59	22.01	26.44
Lev	40756	0.413	0.207	0.032	0.403	0.925
ROA	40756	0.040	0.067	-0.375	0.039	0.254
Cashflow	40756	0.047	0.069	-0.199	0.046	0.266
FIXED	40756	0.204	0.155	0.002	0.171	0.725
Growth	40756	0.147	0.379	-0.653	0.093	3.808
Dual	40756	0.301	0.459	0	0	1
INST	40756	0.430	0.249	0.001	0.441	0.924
Mfee	40756	0.086	0.070	0.007	0.068	0.641

B. BASIC REGRESSION ANALYSIS

The baseline regression results of this study are reported in Column (1) of Table 3. As shown in the results, the regression coefficient for the key explanatory variable STAB is 0.0294, which is positive at the 1% level of significance. These outcomes support the view that executive team stability is positively associated with corporate sustainable development performance. A stable management team helps maintain a sound internal organisational structure, thereby improving operational efficiency, discouraging myopic decision-making among managers, and ultimately facilitating the long-term, steady growth of the enterprise.

C. ROBUSTNESS CHECK

1) REPLACE DEPENDENT VARIABLES

To further verify the association between executive team stability and corporate sustainable development performance, this study employs an alternative measurement of corporate sustainable development achievement. Drawing on the study by Chen Ding, Wu Yifan, and Cheng Yuyang (2024) [23] on the influence of executive compensation gaps on corporate sustainable development achievement, corporate sustainable development performance is measured by integrating economic achievement (ROA), environmental performance (E-score), and social achievement using the entropy weight method. The outcomes of the regression analysis are listed in Column (2) of Table 3.

As shown in the regression results, the coefficient is 0.0211 and is positive at the 1% level, consistent with the baseline regression results. This further validates the association between the core independent variable and the dependent Variable.

2) ADDING CONTROL VARIABLES

Increase enterprise-level variables: In the aforementioned study, there may be other overlooked variables. Therefore, this article introduces four additional control variables: the shareholding ratio of the top five shareholders (Top5), equity balance (Balance1), whether the firm is audited by one of the Big Four accounting firms (Big4), and total assets relative to revenue (Cap2). Meanwhile, we examine the relationship between executive team stability and company sustainable development performance. Following this retest, the corresponding regression outcomes are reported in Column (3) of Table 3, with a coefficient of 0.0315, significant at the 1% level and positive. It once again confirms the findings that executive team stability can improve corporate sustainable development performance.

Increase executive-level variables: This paper further introduces executive-level variables to control for the latent impact of executives' personal characteristics on corporate sustainable development performance. These variables comprise managerial shareholding (SQ), total pay of the three highest executives (TR), overseas experience of executives (OVERSEA), and financial background of executives (FIN).

The impact of executive team stability on corporate sustainable development performance is then re-examined. The corresponding regression results are presented in Column (4) of Table 3. The coefficient between the key explanatory Variable and the dependent Variable is 0.0246, which is significantly positive at the 5% level. This result further supports the robustness of the baseline regression findings.

3) ADD FIXED EFFECTS

Add multi-dimensional fixed effects for provinces: Different provinces vary greatly in terms of financial development levels, policy directions, and other relevant factors. These differences might affect the regression outcomes. For this reason, this paper introduces provincial dummy variables. The detailed regression results can be found in Column (1) of Table 4. The regression coefficient is 0.0268, which is positively significant at the 1% significance level. This outcome aligns with the baseline regression findings, further confirming their validity.

Add cross fixed effects: A specific policy implemented in any given year may influence corporate sustainable development performance. To address endogeneity issues arising from omitted variables, this article further incorporates year-industry interaction fixed effects into the regression model. The regression conclusions are presented in Column (2) of Table 4. As shown in these results, the regression coefficient is 0.0513, which remains positive at the 1% level—this finding reaffirms the validity of the baseline regression results.

Replace sample: The economic environment and policy directions influence corporate sustainable achievement. Municipalities immediately under the core government possess distinct advantages with respect to location, economy, and politics. If a substantial proportion of the sample data is derived from these municipalities, the research findings may lack generalizability and thus affect the research outcomes. For this reason, this paper conducted a regression analysis after removing data for listed companies located in the four municipalities directly under the crucial government, namely Beijing, Shanghai, Tianjin, and Chongqing. The results of this regression analysis are presented in Column (3) of Table 4. It is found that the stability of the executive team continues to show a positive correlation with corporate sustainable development performance.

4) ENDOGENEITY ANALYSIS

Lag Test: Because the impact of the stability of the executive group on a company's sustainable achievement performance has a lagging effect and is not immediate, it takes time to be fully reflected. Given the issue of reverse causality, this study uses a lag test, lagging the explanatory Variable by one period. The regression outcomes are shown in Column (1) of Table 5. According to the regression results, the coefficient is 0.0458, which is significantly positive at the 1% level. It once again confirms the ruggedness of the regression results.

PSM: In exploring the bond between executive team stability and company sustainable development performance, sample selection bias may potentially skew the research findings. To mitigate the impact of such bias on the study's results, this paper employs Propensity Score Matching (PSM) to redefine the treatment and control groups for subsequent regression analysis. Specifically, the median value of executive team stability (STAB) is used as the cutoff point to construct a dummy variable for executive team stability: observations with STAB values above the median are assigned to the treatment group (assigned a value of 1), while those with values below or equal to the median are grouped into the control group (assigned a value of 0). Company size (Size), leverage ratio (Lev), revenue growth rate (Growth), and institutional investor shareholding ratio (INST) are designated as pairing variables and incorporated into a Logit analysis model to estimate propensity scores. Two matching strategies are adopted: 1:1 nearest neighbour matching and local linear regression matching, with all matching variables successfully passing the balance test. Building on the results of propensity score matching, this paper re-performs multiple regression analysis. As indicated by the regression results shown in Columns (2) and (3) of Table 5, executive team stability remains significantly and positively correlated with corporate sustainable development performance at the 5% significance level—this outcome further reinforces the robustness of the baseline reliability findings.

IV: To ensure the reliability of the research conclusions and to mitigate endogeneity issues caused by bilateral causal relationships, this article employs the essential variable method for robustness testing. Referring to the analytical framework proposed by Luo Jinhui *et al.* (2023) [24], this study selects the mean value of executive team stability within the analogous industry and year as the instrumental Variable. Theoretically, the executive team stability of other firms in the identical industry and year exerts an impact on the executive team stability of the sample enterprise, thereby satisfying the relevance condition. Meanwhile, such an indicator does not immediately affect the sample firm's sustainable advancement performance, which meets the exogeneity restriction requirement. The corresponding regression findings are reported in Column (4) of Table 5. The regression coefficient for executive team stability on corporate sustainable development performance is 0.0659, which is positively significant at the 1% level and consistent with the baseline regression results. The above evidence indicates that after addressing potential endogeneity concerns via the two-stage instrumental variable regression approach, the key inference of this study remains stable and reliable.

V. FURTHER STUDY

A. HETEROGENEITY ANALYSIS

1) COMPANY SIZE

Enterprises of different scales exhibit significant differences in management decision-making, strategic planning, and

TABLE 3. Analysis of Regression Results

VARIABLES	(1)Baseline regression TDP	(2)Replace the dependent Variable TDP2	(3)Add firm-level variables TDP	(4)Add executive-level variables TDP
STAB	0.0294*** (2.99)	0.0211*** (4.00)	0.0315*** (3.08)	0.0246** (2.29)
Size	0.0346*** (29.19)	0.0230*** (35.82)	0.0329*** (25.00)	0.0366*** (26.70)
Lev	-0.0168*** (-2.71)	-0.0110*** (-3.29)	-0.0082 (-1.23)	-0.0133* (-1.95)
ROA	0.4618*** (31.24)	0.7033*** (88.71)	0.4549*** (29.42)	0.4533*** (28.06)
Cashflow	-0.1210*** (-9.91)	-0.0010 (-0.15)	-0.1265*** (-9.87)	-0.1301*** (-9.78)
FIXED	0.0593*** (7.41)	0.0058 (1.33)	0.0627*** (7.41)	0.0658*** (7.55)
Growth	-0.0225*** (-11.65)	-0.0096*** (-9.27)	-0.0226*** (-11.29)	-0.0224*** (-10.70)
Dual	-0.0039* (-1.95)	0.0006 (0.51)	-0.0052** (-2.47)	-0.0019 (-0.85)
INST	-0.0234*** (-4.61)	-0.0133*** (-4.81)	-0.0347*** (-5.62)	-0.0322*** (-5.74)
Mfee	-0.0858*** (-5.70)	-0.0724*** (-8.94)	-0.1153*** (-6.06)	-0.1064*** (-6.39)
Top5			0.0220** (2.49)	
Balance1			-0.0071* (-1.83)	
Big4			0.0116** (2.29)	
Cap2			0.0013** (1.97)	
SQ				-0.0000*** (-3.91)
TR				-0.0000 (-1.53)
OVERSEA				-0.0005 (-0.19)
FIN				-0.0016 (-0.57)
Constant	-0.3801*** (-13.12)	-0.0394** (-2.50)	-0.3516*** (-10.99)	-0.4087*** (-12.46)
Observations	40,756	40,756	37,765	35,097
yearFE	YES	YES	YES	YES
induFE	YES	YES	YES	YES
R2	0.1744	0.4151	0.1649	0.1664

z-statistics in parentheses

***p<0.01, **p<0.05, *p<0.1

TABLE 4. Adding Fixed Effects

VARIABLES	(1)Add multi-dimensional fixed effects for provinces TDP	(2)Add interaction fixed effects TDP	(3)Change the sample TDP
STAB	0.0268*** (2.72)	0.0513*** (4.68)	0.0279** (2.54)
Size	0.0352*** (29.53)	0.0317*** (38.52)	0.0347*** (25.68)
Lev	-0.0169*** (-2.71)	0.0094* (1.80)	-0.0275*** (-3.95)
ROA	0.4592*** (31.06)	0.4004*** (25.42)	0.4636*** (28.11)
Cashflow	-0.1240*** (-10.15)	-0.1628*** (-12.14)	-0.1325*** (-9.68)
FIXED	0.0604*** (7.51)	0.0721*** (11.48)	0.0576*** (6.54)
Growth	-0.0223*** (-11.56)	-0.0299*** (-13.45)	-0.0234*** (-10.79)
Dual	-0.0045** (-2.23)	-0.0070*** (-3.96)	-0.0051** (-2.31)
INST	-0.0221*** (-4.36)	-0.0170*** (-4.66)	-0.0243*** (-4.30)
Mfee	-0.0788*** (-5.22)	-0.2482*** (-18.33)	-0.0978*** (-5.60)
Constant	-0.3952*** (-13.37)	-0.3512*** (-17.43)	-0.3698*** (-11.25)
Observations	40,756	40,746	32,727
year FE	YES	YES	YES
indu FE	YES	YES	YES
pro FE	YES	YES	YES
year#induFE		YES	
R2	0.1911	0.1593	0.1593

z-statistics in parentheses

*** p<0.01, ** p<0.05, * p<0.1

resource acquisition. Therefore, the influence of executive team stability on sustainable development performance is likely to vary across firms with different organisational scales. This study groups the samples by median company size, dividing them into two groups: larger- and smaller-scale enterprises. The corresponding regression outcomes are documented in Table 6. As shown by the empirical results, the estimated coefficient for large-scale firms is 0.0118 and fails to reach statistical significance. In contrast, the coefficient for small-sized enterprises is 0.0415, which is positively significant at the 1% level. These results suggest that the promoting effect of executive team stability on sustainable development performance becomes more pronounced as firm size declines. One potential explanation

TABLE 5. Endogeneity Analysis

VARIABLES	(1)Lag Test TDP	(2)PSM TDP	(3)PSM TDP	(4)IV TDP
STAB	0.0458*** (3.91)	0.0252** (2.22)	0.0354** (2.40)	0.0659*** (2.64)
Size	0.0318*** (22.51)	0.0337*** (24.46)	0.0337*** (20.66)	0.0324*** (38.83)
Lev	-0.0158** (-2.05)	-0.0058 (-0.79)	-0.0146 (-1.59)	0.0154*** (2.89)
ROA	0.0907*** (5.06)	0.4041*** (23.28)	0.3574*** (15.71)	0.4160*** (25.61)
Cashflow	0.0002 (0.01)	-0.1203*** (-8.52)	-0.1266*** (-6.89)	-0.1473*** (-10.88)
FIXED	0.0454*** (4.73)	0.0702*** (7.56)	0.0681*** (6.06)	0.0693*** (10.90)
Growth	-0.0066*** (-2.84)	-0.0241*** (-10.87)	-0.0250*** (-8.80)	-0.0290*** (-12.94)
Dual	-0.0029 (-1.18)	-0.0042* (-1.79)	-0.0034 (-1.16)	-0.0081*** (-4.51)
INST	0.0080 (1.32)	-0.0287*** (-10.36)	-0.0200*** (-2.86)	-0.0189*** (-5.10)
Mfee	-0.0563*** (-3.04)	-0.1036*** (-5.80)	-0.1262*** (-5.72)	-0.2091*** (-15.45)
Constant	-0.3064*** (-8.95)	-0.3416*** (-10.23)	-0.3284*** (-8.33)	-0.3357*** (-11.00)
Observations	29,176	31,088	18,941	40,756
Year FE	YES	YES	YES	YES
Industry FE	YES	YES	YES	YES
R2				0.2076

z-statistics in parentheses

*** p<0.01, ** p<0.05, * p<0.1

for this phenomenon is that small-sized companies rely heavily on their personnel, whereas large enterprises depend more on established systems. In small businesses where management systems are not yet fully developed, resources are highly centralised, and external trust remains fragile, the consistency of the elite team turns into a “key fulcrum” supporting the company’s long-term sustainable development.

Small businesses usually have limited resources and thus rely greatly on their executive teams. Generally speaking, they have scarce human, financial, and knowledge resources, which means the executive team often serves as the core force responsible for formulating and implementing corporate strategies, and may even take direct part in frontline business operations. Frequent changes in the executive team, in the absence of adequate “buffer layers” or effective

TABLE 6. Heterogeneity Analysis - Firm Size

VARIABLES	(1)The company is relatively large SusDev1	(2)The company is small in size SusDev1
STMT	0.0118 (0.85)	0.0415*** (3.07)
Size	0.0414*** (20.52)	0.0215*** (8.10)
Lev	-0.0057 (-0.38)	-0.0140* (-1.67)
ROA	0.4271*** (18.20)	0.4976*** (26.28)
Cashflow	-0.0684*** (-3.79)	-0.1639*** (-10.06)
FIXED	0.0775*** (6.75)	0.0277** (2.41)
Growth	-0.0204*** (-7.77)	-0.0232*** (-8.24)
Dual	-0.0065** (-2.12)	-0.0023 (-0.86)
INST	-0.0164** (-2.11)	-0.0272*** (-3.96)
Mfee	-0.0083 (-0.30)	-0.1240*** (-6.65)
Constant	-0.5829*** (-12.03)	-0.0593 (-1.00)
Observations	20,400	20,356
Number of	2,879	3,957
Year	YES	YES
Industry	YES	YES

z-statistics in parentheses

*** p<0.01, ** p<0.05, * p<0.1

replacement mechanisms, can result in gaps in professional knowledge and practical experience. Such gaps will further affect the continuity of corporate decision-making and the efficiency of strategy execution. Most small companies have not yet built comprehensive management systems, standardised processes, or a mature corporate culture. Their greater reliance on core executives makes them prone to problems such as power vacuums, internal unrest, employee turnover, and even client and investor loss of confidence. In addition, small companies are usually in the startup or growth stage, where their strategic direction has not yet been fully finalised. Under such circumstances, a constant core team is instrumental in preserving the continuity of corporate strategies and cultivating a long-term-oriented development vision.

2) SHAREHOLDING RATIO OF INSTITUTIONAL INVESTORS

Institutional investors usually possess greater financial capacity, more professional analytical skills, and a longer-term investment outlook. For this reason, they are not just passive shareholders; they also serve as an important force that can positively influence the formulation and implementation of corporate strategies and daily business activities.

In this research, the total sample is split into two subgroups based on the median value of institutional investor shareholding: the high institutional ownership category and the low institutional ownership group. The relevant empirical findings are displayed in Table 7. As shown in the estimation results, the modelling parameter for firms with high institutional ownership is 0.0190, which is not statistically significant. By comparison, the estimate for the low institutional ownership subgroup is 0.0364, which is significantly positive at the 1% level. Such evidence indicates that the effect of executive team stability on corporate sustainable development outcomes becomes more salient when institutional ownership is relatively low. There are two main possible reasons for this phenomenon: For one thing, institutional investors possess more professional knowledge and

TABLE 7. Heterogeneity Analysis - Institutional Investor Shareholding Ratio

VARIABLES	(1)The proportion of shares held by institutional investors is relatively high SusDev1	(2)The proportion of shares held by institutional investors is relatively low SusDev1
STMT	0.0190 (1.37)	0.0364*** (2.63)
Size	0.0364*** (22.28)	0.0322*** (17.85)
Lev	-0.0150 (-1.60)	-0.0125 (-1.49)
ROA	0.2959*** (12.05)	0.5560*** (29.54)
Cashflow	-0.0559*** (-3.20)	-0.1507*** (-8.78)
FIXED	0.0431*** (3.95)	0.0713*** (6.00)
Growth	-0.0179*** (-6.95)	-0.0285*** (-9.84)
Dual	-0.0069** (-2.20)	-0.0016 (-0.61)
INST	-0.0214* (-1.88)	-0.0452*** (-4.14)
Mfee	-0.1183*** (-4.92)	-0.0747*** (-3.80)
Constant	-0.4061*** (-10.07)	-0.3192*** (-7.43)
Observations	20,374	20,382
Year	YES	YES
Industry	YES	YES

z-statistics in parentheses

*** p<0.01, ** p<0.05, * p<0.1

have accumulated greater investment experience through long-term practice. They lay great emphasis on the governance level of the enterprises they invest in, along with the internal control systems and the quality of these companies' information disclosure. Through effective supervision over enterprises, they can urge the management to focus more on the company's overall interests. In addition, they can assist companies in formulating strategic plans, optimising operational models, and enhancing operational efficiency, thereby providing strong support for the company in building its core competitiveness. For another thing, institutional investors have gained deep industry experience through years of involvement and have profound insights into the development trends of innovation. They tend to encourage companies to make long-term investment arrangements and help enterprises identify potential risks in the investment and operational processes. In the complex and ever-changing market environment, while helping companies increase their profit levels, they also assist enterprises in formulating more forward-looking development strategies to adapt to market dynamics and maintain long-term development momentum. Thus, a high level of institutional shareholding enables the executive team to function more effectively, which, in turn, leads to improved corporate sustainable performance.

B. MECHANISM ANALYSIS

1) DIGITAL TRANSFORMATION

A stable executive team denotes that its members possess a high degree of mutual trust, implicit understanding, and behavioural consistency, which facilitates the formation of consensus during decision-making processes related to strategic change. A stable top management team helps ensure the thoroughness, breadth, and sustained progress of digital transformation, allowing enterprises to implement digital infrastructure construction that demands long-term investment, nurture organisational culture and capabilities compatible with digital transformation, and establish a data-driven sustainable governance system. The adoption of

TABLE 8. Mechanism Analysis

VARIABLES	(1) Digital transformation
STMT	0.0025*** (2.84)
Size	0.0041*** (28.66)
Lev	-0.0013** (-2.06)
ROA	-0.0155*** (-10.84)
Cashflow	0.0000 (0.00)
FIXED	-0.0057*** (-6.75)
Growth	-0.0002 (-1.14)
Dual	0.0009*** (4.40)
INST	-0.0067*** (-10.78)
Mfee	-0.0149*** (-9.64)
Constant	-0.0794*** (-22.64)
Observations	43,094
Number of	4,728
Year FE	YES
Industry FE	YES
R2	0.3537

z-statistics in parentheses

*** p<0.01, ** p<0.05, * p<0.1

digital technologies enables firms to shift toward energy-saving and highly efficient operational models, laying a solid foundation for improving their environmental performance. The open and shared characteristics of digital technologies streamline external communication, making it easier for social stakeholders to express their environmental expectations effectively, motivating enterprises to engage actively in green production practices, and ultimately enhancing environmental performance (Cao Xing, 2025). This paper incorporates corporate digital transformation as a mediating variable into the analytical framework of factors affecting firms' sustainable development performance. Executive team stability contributes to the smooth implementation of digital transformation, while digital transformation helps boost production efficiency, drive business model innovation, and further improve corporate sustainable development performance. Such a transmission mechanism eventually forms a digitally enabled, sustainable competitive advantage. It allows enterprises not only to satisfy existing ESG criteria but also to take the initiative in formulating industry standards for sustainable development, thus realising a virtuous cycle between economic performance and social-environmental value. The relevant regression findings are reported in Table 8. As demonstrated by the empirical evidence, the modelling coefficient for executive team stability on digital transformation is 0.0025, which is positively significant at the 1% level. Accordingly, executive team stability can effectively promote the level of corporate digital transformation, thereby further improving the firm's sustainable development achievement.

VI. CONCLUSIONS

Against the backdrop of accelerating market evolution, where corporate strategic frameworks are increasingly geared toward long-term value creation, executive teams—as the pivotal architects of firms' sustainable growth trajectories—render the investigation into the linkage between executive team stability and work together growth

performance a topic of immediate academic and practical relevance.

Employing a sample of Chinese A-share public enterprises covering the period from 2011 to 2024, this research empirically examines the causal influence of executive team stability on corporate long-term growth performance. The empirical analysis culminates in three key findings.

First and foremost, executive team stability exhibits a statistically significant positive association with corporate long-term growth performance. Second, digital transformation acts as a critical mediating mechanism in this connection: a stable executive team effectively elevates the level of corporate digitalisation, which, in turn, catalyses improvements in sustainable development performance. Third, the boost in executive team stability for achieving corporate sustainable development is found to be more noticeable in two specific subgroups: small-scale enterprises and those characterised by a low proportion of institutional shareholding.

Based on the empirical results presented above, this paper identifies several practical implications for business operations and management. First and foremost, corporate executives must move beyond a narrow focus on immediate financial gains and instead prioritise extended value innovation. It is imperative to embed sustainable development metrics into executive appraisal frameworks. This integration will incentivise consistent and incremental enhancements in firms' sustainable development performance. Second, given that executive team stability acts as a catalyst for sustainable development performance by facilitating digital transformation, leadership teams should place digitalisation at the core of their strategic agenda. Stable executive teams ought to take the lead in fostering a digital-first organisational culture, while sustaining continuous investment in digital technologies and talent cultivation. Executives must fully recognise the strategic significance of digital transformation, proactively adapt to contemporary development trends, and ensure that digital initiatives serve as a pivotal driver of both operational efficiency optimisation and the green, low-carbon transition. In doing so, digital transformation can effectively align with the firm's long-term strategic goals and high-quality development requirements, thereby bolstering sustainable development performance. Third, Resource-constrained small and medium-sized enterprises (SMEs) ought to recognise that maintaining stability within their executive teams can yield substantial benefits for their long-term operations. A forward-thinking executive team yields greater strategic value than frequent management structure overhauls. SMEs should therefore prioritise developing a cohesive core management team and cultivating a unified strategic vision. This approach ensures strategic consistency and the effective execution of long-term plans. In contrast, large enterprises often experience frequent cross-regional rotations of executive personnel, which may dilute the impact of team stability. For these firms, it is critical to provide targeted training to enhance executives' sense of organisational responsibility. It ensures that their decision-

making during role transitions remains closely aligned with the firm's core values and culture, ultimately contributing to improved sustainable development performance. Fourth, for companies with low institutional ownership, the lack of robust external oversight necessitates a strengthening of internal governance mechanisms. Firms should enhance the board of directors' independence, refine information disclosure practices, and align these governance improvements with the stability of executive teams. Through the synergy of sound internal governance and a stable leadership structure, companies can better counteract short-termism and remain committed to long-term sustainable development.

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