THE IMPACT OF CORPORATE STRATEGIC CHANGE ON THE SUSTAINABILITY PERFORMANCE OF LISTED COMPANIES IN CHINA

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by

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Looking back, I realise that I have spent the most precious three years of my life at Universiti Sains Malaysia (USM). When I first arrived, I was filled with enthusiasm and curiosity for academic research. Throughout this journey, USM not only enriched my professional knowledge but also encouraged me to explore uncharted academic territories, develop critical thinking, and make meaningful breakthroughs. I gradually came to understand that academic research is not only about mastering theories or methodologies, but also about cultivating independent thinking, intellectual resilience, and creativity. It requires immersion in a vast body of literature, participation in frontier academic discussions, and ongoing dialogue with supervisors and peers. Without the support, encouragement, and guidance of many important individuals, this thesis would not have been possible.

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LIST OF ABBREVIATIONS

CSR	Corporate Social Responsibility
ESG	Environmental, Social, and Governance
GDP	Gross Domestic Product
IPO	Initial Public Offering
PSM	Propensity Score Matching
R&D	Research and Development
RBV	Resource-Based View
RDT	Resource Dependence Theory
ROA	Return on Asset
SDG	Sustainable Development Goals
SMEs	Small and Medium Enterprises
SOE	State-Owned Enterprise
USM	Universiti Sains Malaysia
VIF	Variance Inflation Factor
VUCA	Volatility, Uncertainty, Complexity and Ambiguity

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KESAN PERUBAHAN STRATEGI KORPORAT TERHADAP PRESTASI KELESTARIAN SYARIKAT-SYARIKAT YANG TERSENARAI DI CHINA

ABSTRAK

Untuk menangani tekanan transformasi ekonomi dan pembangunan mampan, perusahaan-perusahaan China amat memerlukan peningkatan prestasi kelestarian mereka melalui perubahan strategik. Walau bagaimanapun, kerumitan perubahan strategik menunjukkan mekanisme asasnya masih tidak jelas. Berdasarkan pandangan berasaskan sumber dan teori pergantungan sumber, kajian ini secara sistematik mengkaji kesan keagresifan strategik dan penyelewengan strategik terhadap prestasi kelestarian syarikat tersenarai China. Ia seterusnya meneroka peranan pengantara transformasi digital dan fleksibiliti kewangan, serta kesan penyederhana inovasi hijau. Menggunakan data panel yang terdiri daripada 13,474 pemerhatian dari 1,427 syarikat tersenarai antara tahun 2006 dan 2022, analisis empirikal mendedahkan bahawa perubahan strategik secara signifikan meningkatkan prestasi kelestarian korporat, dengan kesan yang berbeza mengikut wilayah dan kitaran hayat korporat. Kedua-dua transformasi digital dan fleksibiliti kewangan berfungsi sebagai mekanisme pengantara, manakala inovasi hijau secara signifikan memperkukuh hubungan antara perubahan strategik dan prestasi kelestarian. Kajian ini menawarkan implikasi yang berharga. Meningkatkan insentif untuk transformasi digital, fleksibiliti kewangan dan inovasi hijau dapat membantu perusahaan mengoptimumkan transformasi strategik dan peruntukan sumber secara sistematik. Khususnya, langkah-langkah sokongan yang disesuaikan dan berperingkat harus dibangunkan untuk firma di wilayah yang berbeza dan peringkat kitaran hayat yang berbeza, dengan itu mengukuhkan penyelarasan wilayah dan kemampanan korporat. Selain itu, dengan menggunakan

perspektif bersepadu pengurusan strategik dan dasar kemampanan, penyelidikan ini memperkaya kerangka teori perubahan strategik dan menyediakan bukti empirikal serta laluan praktikal untuk meningkatkan prestasi kelestarian korporat.

THE IMPACT OF CORPORATE STRATEGIC CHANGE ON THE SUSTAINABILITY PERFORMANCE OF LISTED COMPANIES IN CHINA

ABSTRACT

To address the pressures of economic transformation and sustainable development, Chinese enterprises urgently need to enhance their sustainability performance through strategic change. However, the complexity of strategic change shows that its underlying mechanisms remain unclear. Drawing on the resource-based view and resource dependence theory, this study systematically examines the effects of strategic aggressiveness and strategic deviation on the sustainability performance of Chinese listed companies. It further explores the mediating roles of digital transformation and financial flexibility, as well as the moderating effect of green innovation. Using panel data comprising 13,474 observations from 1,427 listed companies between 2006 and 2022, the empirical analysis reveals that strategic change significantly improves corporate sustainability performance, with the effects varying by region and corporate life cycle. Both digital transformation and financial flexibility serve as mediating mechanisms, while green innovation significantly strengthens the relationship between strategic change and sustainability performance. This study offers valuable implications. Enhancing incentives for digital transformation, financial flexibility and green innovation can help enterprises systematically optimise strategic transformation and resource allocation. In particular, tailored and stratified support measures should be developed for firms in different regions and different life cycle stages, thereby reinforcing regional coordination and corporate sustainability. Moreover, by adopting an integrated perspective of strategic management and sustainability policy, this research enriches the theoretical framework of strategic

change and provides empirical evidence and practical pathways for improving corporate sustainability performance.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter introduces the challenges faced by Chinese enterprises in the pursuit of sustainable development, as well as the uncertainties arising from factors such as digital transformation, financial flexibility, and green innovation. It further clarifies the research questions and sets out the specific research objectives, highlighting the academic value and practical significance of this study. Finally, key terms used in the research are defined, and the overall structure of the study is outlined.

1.2 Research Background

In recent years, sustainable development has become a core concern for policymakers and business leaders in China (Wang & Xu, 2025). As the Chinese economy continues its rapid transformation, enterprises are under increasing pressure to align their strategies with sustainability goals, striving to balance economic growth with environmental responsibility and social well-being. This shift is particularly evident among Chinese listed companies, which are expected to play a leading role in embedding sustainability into their core operations. Sustainability performance, reflecting achievements in environmental, social, and governance (ESG) dimensions, has become increasingly important for modern enterprises (Shen et al., 2023). The incorporation of ESG considerations into corporate strategy reflects the growing recognition that long-term business success depends not only on financial performance but also on environmental management, social responsibility, and effective governance practices (Rahi et al., 2023).

Strategic decision-making determines the business direction and operational priorities of listed companies, demonstrating their core competencies and playing a crucial role in ensuring sustainable and stable development (Settembre-Blundo et al., 2021; Zhang et al., 2019). A company's performance and competitive advantage depend on how well its strategy aligns with the external environment (Helfat, 2022). Emerging opportunities and threats often prompt firms to adjust their strategies and reallocate resources to secure competitive advantages. To adapt to environmental changes, companies typically implement strategic changes to maintain or acquire new competitive strengths (MacKay & Chia, 2013). Strategic change, as a fundamental concept in strategic management, refers to the evolution of resource allocation patterns across key strategic dimensions over time (Bentley et al., 2013; Carpenter, 2000).

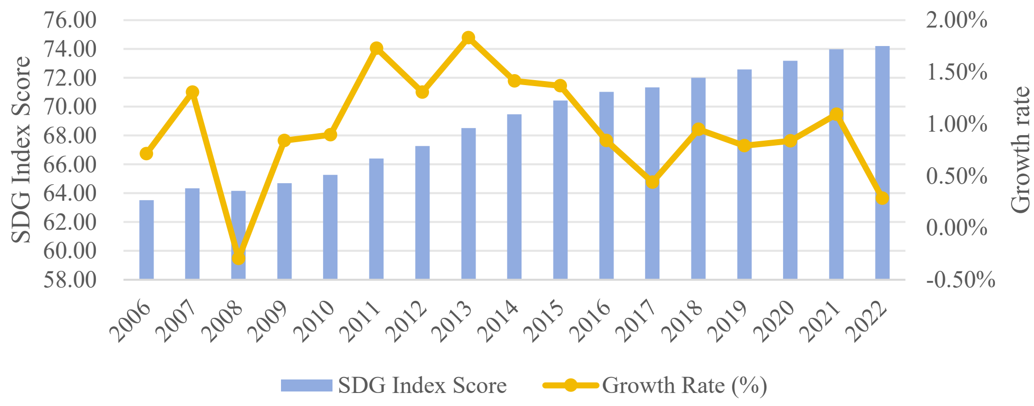
Strategic change comprises both strategic aggressiveness, which reflects the extent of resource reallocation, and strategic deviation, which indicates the degree to which new strategies depart from the original strategic direction (Lamberg et al., 2009). Since Ansoff first introduced this concept, it has evolved into a central focus in strategic management research. Strategic change is viewed as a deliberate process that enables firms to adapt to dynamic and unpredictable environments by aligning internal capabilities with external demands (Welter & Kim, 2018).

For Chinese listed companies, the dynamic economic environment, continuous regulatory reforms, and growing stakeholder expectations highlight the necessity of adopting forward-looking and flexible strategies (David et al., 2023). These firms face not only the complex challenges of digital transformation and technological innovation but also increasing pressures related to green development and financial resilience. These factors collectively shape the link between strategic change and sustainability performance. Digital transformation plays a crucial role by equipping organisations with technological capabilities that improve operational efficiency, enhance stakeholder engagement, and increase governance transparency. It is the process whereby enterprises systematically transform business processes, organisational structures, and value creation methods by integrating digital technologies such as artificial intelligence, big data, and cloud computing. Financial flexibility is also an essential resource that empowers firms to implement strategic changes effectively, ensuring sufficient financial capacity for sustainability investments. Green innovation also plays a key role by aligning strategic change initiatives with environmental objectives and broader sustainability goals.

Given China's rapid economic growth, evolving regulatory landscape, and the heightened emphasis on sustainability, the Chinese market offers a unique context for examining these relationships. Listed companies in China face distinctive challenges and opportunities in balancing economic growth with environmental protection and social responsibility, making them an ideal background to explore how strategic change influences sustainability performance. Therefore, this study seeks to investigate the impact of strategic change on the sustainability performance of Chinese listed companies, providing insights into how enterprises can effectively navigate contemporary challenges and foster sustainable growth.

1.3 Problem Statement

Against the backdrop of mounting external pressures for environmentally and socially friendly development, the transition of enterprises towards sustainability has become a central issue in contemporary business (Ludwig & Sassen, 2022; Velte, 2022). Between 2006 and 2022, China's SDG Index score increased from 63.52 to 74.20, showing a steady upward trend and indicating positive progress in achieving the United Nations Sustainable Development Goals (SDGs). However, the growth rate of the SDG score has shown a fluctuating downward trend since reaching a peak of 1.73% in 2011. Notably, it has remained below 1% since 2016 and further declined to just 0.29% in 2022, indicating a significant slowdown in growth (Figure 1.1). This trend suggests that the scope for marginal improvements in China's sustainable development is steadily narrowing, while structural challenges are becoming increasingly pronounced. There is an urgent need to identify new drivers and pathways to advance the achievement of sustainable development goals.



Data source: UN Sustainable Development Solutions Network (SDSN)

Figure 1.1 China SDG Index Score 2006-2022

Meanwhile, from 2006 to 2022, China's GDP surged from $2.32 trillion to $17.96 trillion, demonstrating rapid economic growth. However, this rapid economic expansion has been accompanied by increasing environmental pressures. During the same period, China's CO_2 emissions rose from 6.49 billion tonnes to 11.35 billion tonnes. Although the growth rate fluctuated during this period, with some years even seeing a slight decline, the overall emission scale continued to rise (Figure 1.2). This phenomenon reflects China's challenge of balancing economic growth with environmental protection while transforming its development model (L. Zhang et al., 2022).

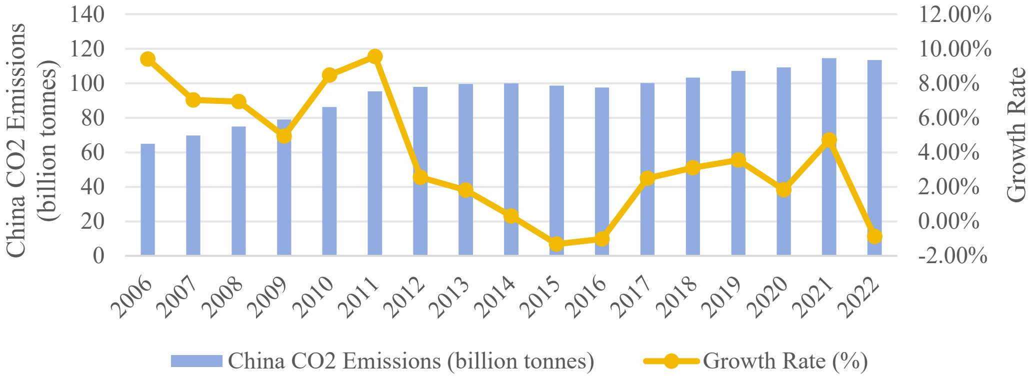


Figure 1.2 China CO_2 emissions 2006-2022

Data source: National Bureau of Statistics of China

The dual pressures of slowing SDG index growth and continuing carbon emissions reflect the real challenges China faces in achieving its sustainable development goals, including weakening marginal improvements and prominent structural problems. A deep-seated contradiction persists between China's high-quality economic growth and environmental protection, making the path towards a green and low-carbon transition particularly arduous. As key actors in economic activities, enterprises must integrate sustainability principles into their strategic decisions to promote the coordinated development of the economy, society, and the environment, thereby helping to overcome the bottlenecks in China's pursuit of sustainable development (Cavaleri & Shabana, 2018; Rajesh & Rajendran, 2019). Transitioning towards sustainability requires companies to meet intersecting demands across economic, environmental, and social performance (Jan et al., 2023). The pressures for sustainability stem not only from direct stakeholders such as customers and governments, but also from indirect stakeholders like non-governmental organisations and other advocacy groups (Khan et al., 2021).

Sustainability performance serves as a crucial means for stakeholders to assess a company's capacity for sustainable development (Lourenço et al., 2011). However, challenges remain in measuring sustainability performance. Unlike economic performance, environmental and social outcomes are inherently more difficult to quantify (Beske-Janssen et al., 2015). Additionally, it is challenging for companies to satisfy the full spectrum of stakeholder demands related to sustainability. With limited resources, firms must prioritise and allocate efforts to those stakeholders perceived as most urgent and legitimate (Velte, 2022). Moreover, the strategic shift towards sustainability is a complex process. After investing significant resources and effort in understanding sustainability issues and incorporating them into strategic objectives, the process of change required by managers to address sustainability challenges becomes increasingly difficult. Therefore, the question remains that how can companies better improve their sustainability performance.

In the face of sustainability challenges, the transition of enterprises towards sustainable development can be understood as a form of strategic change. The forces of globalisation and shifting consumer preferences are contributing to the decline of traditional production systems (León-Bravo et al., 2017). Enterprises must respond proactively and decisively to the complex and evolving external environment by adopting multifaceted and systematic innovations in order to discover new drivers for sustainable development. Strategic change is now regarded as an inevitable aspect of modern enterprises, with long-term implications for organisational survival and performance (Kirtley & O'Mahony, 2020; Pettit et al., 2023). It provides an opportunity for firms to embed sustainability principles into their core operations, focusing on how to align internal conditions with external environments (Reed, 2021). This alignment is viewed as a critical capability necessary for gaining competitive advantage and ensuring sustainability (Day et al., 2023).

In practice, however, most corporate change initiatives fail to achieve their intended outcomes. Experience and evidence on organisational change suggest that successful change management has faced an unfavourable trend over time. In 2008, the failure rate of organisational change initiatives was estimated at 70% (Meaney & Pung, 2008). A 2009 study of 1,500 change practitioners revealed that only around 41% of change efforts were deemed successful (Jørgensen et al., 2009). The success rate of change did not improve significantly over the following period, with approximately 70% of changes still failing (Al-Haddad & Kotnour, 2015; Michel et al., 2013; Jadhav et al., 2014; Tran et al., 2020).

For corporate managers, a persistent concern is whether strategic change will enhance or hinder a company's sustainable development. The inherent complexity and uncertainty of strategic change often lead senior executives to hesitate, particularly when weighing the risks, costs, and potential returns. Consequently, strategic change carries the potential to deliver substantial benefits, but it also poses significant risks.

Digital transformation can create value for enterprises and drive sustainable growth (Soto-Acosta, 2024). In the digital era, technological advancements are reshaping the business landscape, fundamentally transforming how firms operate and interact with stakeholders (Su & Wu, 2024). In China, digital transformation has entered a stage of rapid development, fuelled by government policies, technological progress, and a thriving digital ecosystem. In today's business environment, characterised by accelerated technological change and increasing pressures to address environmental and social issues, the integration of digital transformation initiatives has become a key strategy for promoting internal sustainability within organisations (Tsou & Chen, 2023). Incorporating digital technologies into strategic change efforts has emerged as a potential catalyst for enhancing corporate sustainability performance (Martínez-Peláez et al., 2023). However, whether digital transformation mediates the relationship between strategic change and sustainability performance remains an open question.

Similarly, the role of financial flexibility in moderating the relationship between strategic change and sustainability performance has yet to be fully explored. In a dynamic and competitive business environment, firms constantly face the challenge of adapting to shifting market conditions, technological advancements, and regulatory requirements (Li et al., 2023). Financial flexibility, defined as a firm's capacity to access and deploy financial resources to seize strategic opportunities and respond to challenges, is a critical determinant of organisational resilience and adaptability (Garmaise & Natividad, 2020). Under uncertain conditions, firms can proactively adjust their financial reserves to support sustainable innovation (Hao et al., 2022). Companies with higher financial flexibility may be better positioned to invest in strategic change initiatives, such as innovation projects, market expansion, and sustainability programmes, thereby enhancing their long-term sustainability performance. Nonetheless, whether financial flexibility plays a mediating role between strategic change and sustainability performance has yet to be empirically validated.

As global attention to environmental sustainability intensifies, firms face mounting pressure to adopt green innovation practices to mitigate environmental impacts and promote sustainable development (Dong et al., 2024). This is particularly relevant for companies with significant environmental pollution, where green innovation has gained increasing attention and is regarded as a critical strategy for achieving corporate sustainability (Demirel & Danisman, 2019). Confronted with pressing environmental challenges such as pollution, resource depletion, and climate change, Chinese listed companies are increasingly recognising the strategic necessity of adopting green innovation. Green innovation has become a key driver of sustainability performance within organisations (Qiu et al., 2020). However, the question remains as to how green innovation influences the effectiveness of strategic change in advancing organisational sustainability. Although existing research recognises the importance of green innovation in achieving sustainability goals (Jiang et al., 2020), its influence on the effectiveness of strategic change in promoting organisational sustainability has yet to be fully validated.

1.4 Research Gaps

The relationship between strategic change and corporate performance has long been a prominent topic in management and economics research. However, there are still divergent views on how strategic change impacts corporate sustainability performance.

Unclear theoretical mechanisms. In recent years, scholars have conducted extensive research on strategic change. Nevertheless, gaps persist within the accumulated body of knowledge, necessitating further exploration to build a more comprehensive understanding of corporate strategic change. According to the resource-based view proposed by Barney (1991), the sustainable transformation of an enterprise's established strategies and operations can ultimately translate into long-term economic vitality and sustained competitive advantage (de Oliveira et al., 2024). Yet, the specific mechanisms through which strategic change impacts sustainability performance remain insufficiently understood.

Single performance measurement dimensions. Previous studies have primarily focused on the effects of strategic change on firms' financial performance. Measures of corporate performance have typically been limited to economic indicators

(Jankalová & Kurotová, 2019; Kim & Ha, 2013; Wu et al., 2019; Zhang & Rajagopalan, 2010), with limited consideration of environmental and social performance. As a result, it remains unclear how strategic change affects overall sustainability performance. With the growing importance of environmental and social issues, the connection between strategic change and these dimensions of performance is becoming increasingly significant. A purely financial perspective on performance is no longer adequate to meet the needs of theoretical advancement and practical application in strategic management.

Contextual limitations in existing research. In China, research on strategic change largely remains on the periphery of academic inquiry (Feng et al., 2022). In particular, empirical studies examining the relationship between strategic change and sustainability performance are scarce, especially those based on Chinese listed companies. Existing studies often focus on specific industries or regions and tend to examine isolated variables (Jing & Yang, 2018; Ma, 2019). The research periods are typically short, and sample sizes are often limited, restricting the depth of analysis on the strategic change and sustainability performance of Chinese firms. So the generalisability of research findings has been constrained.

1.5 Research Objectives

Against the backdrop of mounting sustainability pressures on Chinese listed companies, the complexity and uncertainty of strategic change make it difficult for managers to assess its specific impact on sustainability performance. As the economic environment continues to evolve and sustainability requirements intensify, Chinese listed companies face increasing pressure to undergo transformation, with their external environment becoming more dynamic and challenging (Millar et al., 2018). Therefore, to more effectively enhance corporate sustainability performance, this study aims to systematically examine the impact of strategic change on the sustainability performance of Chinese listed companies. It further explores the mediating roles of digital transformation and financial flexibility, as well as the moderating effect of green innovation. Specifically, the research objectives are as follows:

RO1: To examine whether strategic change impacts the sustainability performance of Chinese listed companies.

RO2: To examine whether digital transformation mediates the relationship between strategic change and sustainability performance.

RO3: To examine whether financial flexibility mediates the relationship between strategic change and sustainability performance.

RO4: To examine whether green innovation moderates the relationship between strategic change and sustainability performance.

1.6 Research Questions

Based on the identified research gaps and the need to better understand the complex relationship between strategic change and sustainability performance in Chinese listed companies, this study proposes the following research questions:

RQ1: Does strategic change in Chinese listed companies impact their sustainability performance?

RQ2: Does digital transformation mediate the relationship between strategic change and sustainability performance?

RQ3: Does financial flexibility mediate the relationship between strategic change and sustainability performance?

RQ4: Does green innovation moderate the relationship between strategic change and sustainability performance?

1.7 Significance of the Study

This study examines how strategic change impacts the sustainability performance of Chinese listed companies, offering significant theoretical value and practical implications.

1.7.1 Theoretical significance

First, this study enriches the research on strategic change and deepens the application of the resource-based view (RBV). Existing research on strategic change mainly focuses on its impact on financial performance, with limited analysis from a comprehensive sustainability perspective. By taking sustainability performance, measured through ESG indicators, as a key outcome of strategic change, this study broadens the scope of strategic change theory. Grounded in RBV, it identifies digital transformation and financial flexibility as critical resource allocation mechanisms linking strategic change to sustainability performance and examines their mediating roles. Green innovation is introduced as a key resource factor moderating the effect of strategic change. This approach extends the theoretical application of RBV in explaining corporate sustainability and offers new perspectives on the diverse outcomes of strategic change.

Second, this study develops an integrated theoretical framework for understanding how strategic change influences sustainability performance. By combining the resource-based view and resource dependence theory, it builds a systematic model that explains how firms can enhance sustainability performance through strategic change. The framework identifies strategic aggressiveness and strategic deviation as core independent variables, with digital transformation and financial flexibility as mediators, and green innovation as a moderator. This integrated approach provides a robust theoretical tool for understanding the complex process of strategic change and lays a solid foundation for future research, addressing the limitations of existing theories.

Third, the study contributes to the theoretical system of sustainability performance drivers. It systematically identifies and validates strategic change as a key antecedent of sustainability performance, alongside the roles of digital transformation, financial flexibility, and green innovation. By revealing the complex relationships among these variables, particularly the mediating and moderating pathways, this research significantly advances theoretical understanding of sustainability performance. These insights not only deepen our comprehension of the internal mechanisms of corporate sustainability but also offer new directions for future theoretical development and practical application.

1.7.2 Practical significance

First, this study provides a systematic solution for enhancing Chinese companies sustainability performance and offers practical guidance for designing strategic change. By uncovering the mechanisms through which strategic change influences sustainability performance, the research offers a scientific roadmap for

Chinese enterprises pursuing sustainable development. Firms can improve their ESG performance and achieve genuine sustainability by appropriately calibrating the level of strategic aggressiveness and strategic deviation during strategic adjustments. The study presents a practical framework for integrating sustainability goals into the strategic change process. Managers can apply these insights to formulate strategic change initiatives that prioritise sustainability performance, ensuring that transformation efforts deliver not only short-term economic gains but also long-term sustainable value creation.

Second, the research informs firms on optimising digital transformation investment decisions. It identifies the critical mediating role of digital transformation between strategic change and sustainability performance, providing a scientific basis for formulating digital transformation strategies. Enterprises can leverage these findings by positioning digital transformation as a key bridge between strategic change and sustainability enhancement. Through the application of digital technologies, firms can improve operational efficiency, optimise resource allocation, and enhance management transparency. Such an evidence-based digital transformation strategy enables companies to identify the most suitable transformation pathways aligned with their development stage, ensuring that digital investments translate effectively into improved sustainability outcomes.

Third, this study enhances the role of financial management in supporting sustainability. By confirming the mediating role of financial flexibility in the relationship between strategic change and sustainability performance, the research offers a fresh perspective for corporate financial management. Enterprises can strengthen their capacity for sustainability-oriented strategic change by enhancing financial flexibility, ensuring consistent investment in sustainability initiatives even under environmental uncertainties. This shift in financial management philosophy helps firms balance short-term profitability with long-term sustainable development, providing robust financial support for their sustainability strategies.

Fourth, the research amplifies the strategic synergy of green innovation. It confirms the significant moderating role of green innovation in the link between strategic change and sustainability performance, offering new strategic insights for green innovation practices. Companies can enhance the sustainability impact of strategic change by building stronger green innovation capabilities, fostering a deep integration of strategic transformation and green development. The findings suggest that firms with higher green innovation capacity achieve more substantial improvements in sustainability performance when undertaking strategic change. Therefore, enterprises should incorporate green innovation into their overall strategic change planning, advancing technological, product, and managerial innovations in a coordinated manner to maximise the sustainability value of strategic change.

1.8 Definition of Key Terms

Sustainability Performance: Sustainability performance refers to a company's overall achievements in advancing sustainable development goals, typically assessed within the ESG (Environmental, Social, and Governance) framework. It encompasses environmental performance—covering efforts in environmental protection, resource utilisation, and ecological impact; social performance—reflecting the company's practices in employee relations, community engagement, and stakeholder management; and governance performance—relating to corporate governance, business ethics, and risk management (Alkaraan et al., 2025; Bansal, 2005; Damtoft et al., 2024; Disli et al., 2022). Sustainability performance reflects a company's ability to balance economic gains with environmental and social responsibilities and serves as a key indicator of sustainable development and long-term value creation.

Strategic Change: Strategic change refers to the extent to which a company adjusts its resource allocation across key strategic dimensions over time (Bentley et al., 2013; Carpenter, 2000; Huang & Zheng, 2022; Liang & Li, 2024). It involves strategic adjustments made in response to internal and external environmental changes, including both the level of aggressiveness and the degree of deviation in the change. It reflects the company's strategic adaptability to maintain competitive advantage in a dynamic environment.

Strategic Aggressiveness: Strategic aggressiveness denotes the scale and intensity of resource reallocation across a firm's strategic dimensions (Bentley et al., 2013; Le & Kroll, 2017; Wang & Hou, 2023). It measures the extent of significant strategic adjustments in investment priorities, operational focus, and resource allocation strategies, capturing the depth and breadth of strategic change within an enterprise.

Strategic Deviation: Strategic deviation refers to the degree to which a firm’s new strategies diverge from its original strategic direction (Lamberg et al., 2009; Ma, 2019; X. Wang, 2024; Yang et al., 2015). It indicates whether strategic adjustments represent a continuation of the existing strategic path or a fundamental shift towards new strategic directions, reflecting the path and orientation of a company’s strategic evolution.

Digital Transformation: Digital transformation refers to the strategic integration and application of emerging digital technologies within business operations (Lee et al., 2024; Paul et al., 2024; Sousa-Zomer et al., 2020; Vial, 2019). Enterprises leverage advanced technologies such as artificial intelligence, big data, cloud computing, and the Internet of Things to comprehensively reshape business processes, organisational structures, value creation mechanisms, and stakeholder interactions. This transition drives companies from traditional models to data-driven, highly collaborative, and customer-centric operations, enhancing agility, innovation, and market responsiveness.

Financial Flexibility: Financial flexibility is the capacity of firms to maintain excess cash reserves and borrowing capacity in dynamic operating environments to preserve strategic flexibility and competitive positioning (Hao et al., 2022; He et al., 2024). It primarily manifests through cash flexibility and debt flexibility. Financial flexibility enables organisations to mobilise financial resources to respond to or capitalise on future uncertainties and opportunities, forming a crucial financial foundation for strategic execution and risk management.

Green Innovation: Green innovation refers to the development or improvement of products, services, processes, or management practices aimed at reducing resource consumption, lowering pollution emissions, and enhancing ecological benefits in the context of environmental sustainability (Afeltra et al., 2023; L. Li et al., 2024). It is a critical pathway for firms to achieve a balance between environmental responsibility and economic benefits. Green innovation emphasises the dual pursuit of environmental and economic goals, encompassing not only technological advancement but also the optimisation of systems, strategies, and organisational behaviours.

1.9 Research Structure

The structural framework of this study is illustrated in Figure 1.3. The thesis is divided into five chapters, with the main contents outlined as follows.

Chapter 1 Introduction. This chapter presents the research questions and objectives within the context of sustainable development among Chinese listed companies. It analyses the environmental pressures and social responsibility challenges faced by Chinese enterprises amidst rapid economic growth and identifies the research gap concerning the relationship between strategic change and sustainability performance. The chapter highlights the existing issues and bottlenecks in China's sustainable development process, clarifying the theoretical and practical significance of this study. It also defines key concepts including strategic change, sustainability performance, digital transformation, financial flexibility, and green innovation, and outlines the overall research framework.

Chapter 2 Literature Review. This chapter systematically reviews the relevant theories and research developments on strategic change, sustainability performance, and the associated mediating and moderating mechanisms, with a focus on the resource-based view and resource dependence theory. It elaborates on the concepts, measurement, and impact pathways of strategic change on corporate performance and critically evaluates the potential roles of digital transformation, financial flexibility, and green innovation in influencing sustainability performance. Based on this review, a theoretical model is constructed, and specific research hypotheses are proposed.

Chapter 3 Methodology. This chapter presents the sample selection, data sources, and time span of the study, along with the measurement methods for all variables. It specifies the empirical testing methods based on panel data and designs an integrated model incorporating direct effects, mediating effects, and moderating effects.

Chapter 4 Empirical Results and Findings. This chapter presents the results of descriptive statistics, correlation analysis, multicollinearity tests, and regression analyses, confirming the direct effects of strategic change on sustainability performance. It further examines the mediating roles of digital transformation and financial flexibility, as well as the moderating effect of green innovation. In addition, the chapter conducts extended analyses on regional heterogeneity and corporate life cycle differences and employs various robustness tests to ensure the reliability and generalisability of the findings.

Chapter 5 Conclusions. This chapter summarises the key findings, clarifying the mechanisms through which strategic change, via digital transformation, financial flexibility, and green innovation, enhances corporate sustainability performance. It further discusses the theoretical contributions, methodological innovations, and practical implications for enterprises, industries, investors, and policymakers. Lastly, the chapter addresses the study's limitations and offers targeted suggestions for future research directions.

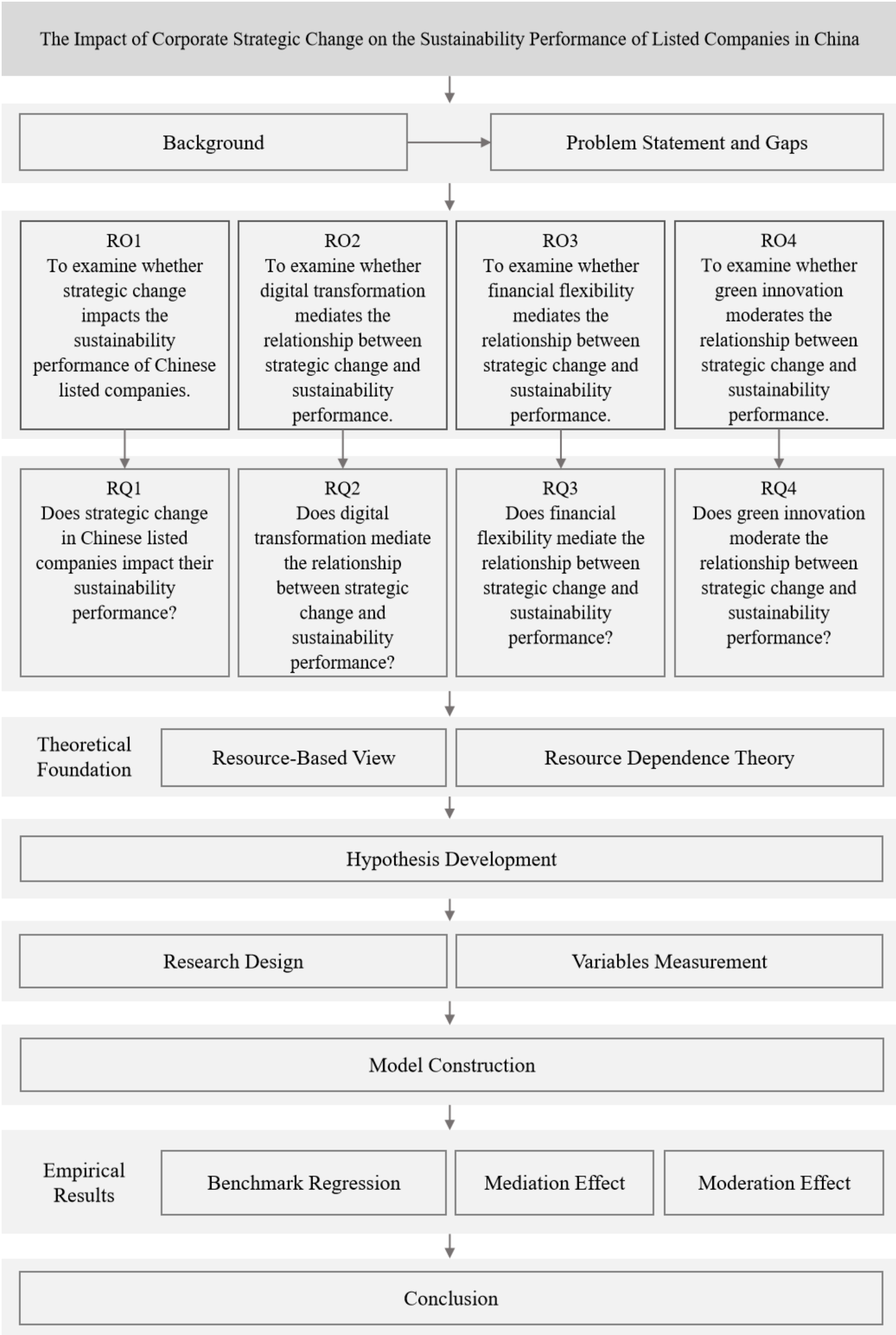


Figure 1.3 Research structure