Patient Capital, New Quality Productive Forces and Enterprise Performance

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Abstract: Against the backdrop of high-quality development, fostering and expanding patient capital as well as stimulating enterprises' innovation vitality has become a crucial issue. Taking A-share listed companies from 2015 to 2023 as the research sample, this paper empirically examines the impact of patient capital on enterprise performance and its underlying mechanism. The results show that patient capital can significantly improve enterprise performance. Mechanism analysis indicates that easing financing constraints and elevating the level of new quality productive forces are two critical paths through which patient capital promotes the improvement of enterprise performance. This paper expands the research scope of the economic consequences of patient capital, reveals the functional channels through which patient capital affects enterprise performance, and provides empirical evidence and policy implications for fostering and expanding patient capital, accelerating the development of new quality productive forces, and promoting the high-quality development of enterprises.

***Keywords*:** patient capital; new quality productive forces; enterprise performance; financing constraints; high-quality development

1. Introduction

Faced with an increasingly complex global economic environment and rising uncertainties, promoting the high-quality development of enterprises has become a core concern for both academia and industrial sectors. Since December 2023, China's regulatory authorities and central government have issued a series of policy documents. The China Securities Regulatory Commission proposed to optimize the policy environment for medium and long-term capital to enter the capital market, guide investment institutions to conduct counter-cyclical allocation and expand patient capital. The Political Bureau of the CPC Central Committee and the Third Plenary Session of the 20th Central Committee of the Communist Party of China further emphasized the importance of developing venture capital, angel investment and private equity investment, giving full play to government investment funds and continuously expanding patient capital. The frequent release of relevant policy signals fully demonstrates the strategic value of patient capital in supporting the long-term growth of enterprises.

Patient capital is featured by long-term orientation, strong risk tolerance, strategic positioning and relational attributes. Different from speculative capital that pursues short-term returns, it focuses on the long-term value appreciation of enterprises. It can withstand economic cycles and carry out counter-cyclical strategic layout during market downturns. These characteristics fit well with enterprises' demands for long-term strategic development, and can deliver stable financial support for technological innovation and industrial upgrading of enterprises. Nevertheless, how patient capital influences enterprise performance and its internal mechanism still require in-depth exploration.

As an advanced form of productive forces driven by innovation, new quality productive forces serve as the core engine for high-quality economic development. It is forged by revolutionary technological breakthroughs, innovative allocation of production factors and in-depth industrial transformation and upgrading, with the optimal combination of workers, means of labor and objects of labor as its basic connotation and the improvement of total factor productivity as its core symbol. The development of new quality productive forces relies heavily on long-term and stable capital supply, which patient capital can exactly provide. Accordingly, this paper focuses on a core research question: whether patient capital can improve enterprise performance by boosting the development of new quality productive forces.

Based on the above background, this paper selects A-share listed companies from 2015 to 2023 as research samples to empirically test the impact of patient capital on enterprise performance, and explores the mediating effects of financing constraints and new quality productive forces. The marginal contributions of this paper are presented in three aspects. First, it constructs an analytical framework of "Patient Capital — Financing Constraints / New Quality Productive Forces — Enterprise Performance", and clarifies the dual working channels of patient capital. Second, it incorporates new quality productive forces into the research system of patient capital's economic consequences, which broadens the theoretical research boundary in this field. Third, multiple robustness tests are adopted to verify the reliability of research conclusions, offering solid policy references for expanding patient capital, optimizing corporate financing environment and advancing new quality productive forces.

2. Theoretical Analysis and Research Hypotheses

2.1 Patient Capital and Enterprise Performance

According to the endogenous growth theory, technological progress and innovation activities are the fundamental drivers of sustained economic growth. Patient capital enables enterprises to invest resources in long-term innovative projects, and its inherent characteristics match enterprises' needs for long-term strategic development. Investors of patient capital prioritize the long-term value growth of enterprises rather than immediate financial gains, which encourages enterprises to increase long-term R&D investment.

Patient capital promotes enterprise performance mainly in three ways. Firstly, its stable and long-term financial support relieves enterprises from short-term capital pressure, allowing them to invest in high-potential and high-risk innovative projects and strengthen core competitiveness and profitability. Secondly, it helps enterprises maintain consistent strategic direction amid economic fluctuations, reduces managers' overreaction to market changes, lowers perceived uncertainties, improves decision-making quality and realizes steady performance growth. Thirdly, investors of patient capital participate in corporate operation via relational debt and equity holding, build a long-term interest alignment mechanism, cut agency costs and restrain managers' short-sighted behaviors. Therefore, we put forward the first hypothesis:

H1: Patient capital can significantly improve enterprise performance.

2.2 The Mediating Role of New Quality Productive Forces

New quality productive forces are advanced productive forces led by technological innovation, with high technology, high efficiency and high quality as prominent features. There exists a close logical connection between patient capital and the development of new quality productive forces.

On one hand, patient capital provides solid financial guarantee for the cultivation of new quality productive forces. Developing new quality productive forces requires continuous long-term investment in basic research, cutting-edge technology exploration and disruptive innovation. Such investment is large in scale, long in cycle and high in risk, which cannot be sustained by short-term speculative capital. With long-term orientation and strong risk resistance, patient capital becomes an indispensable capital pillar for the formation and development of new quality productive forces.

H2: Patient capital improves enterprise performance by elevating the level of enterprises' new quality productive forces.

2.3 The Mediating Role of Financing Constraints

Financing constraints have long been a major bottleneck restricting corporate development. Enterprises under severe financing pressure can only allocate funds to daily operations, leaving no room for long-term investment and response to external shocks. Patient capital can effectively alleviate enterprises' financing constraints.

First of all, patient capital provides enterprises with long-term and stable capital sources, directly reduces their dependence on short-term external financing and helps enterprises concentrate on core business development. Secondly, the access of patient capital sends positive signals to the market about enterprises' sound development prospects and standardized governance, attracting more external investment and forming a virtuous cycle of financing. Thirdly, patient capital investors generally possess rich industrial experience and resource networks, which help enterprises expand financing channels, reduce financing costs and optimize capital structure.

The relief of financing constraints further drives the improvement of enterprise performance. When financing pressure is eased, enterprises can invest more resources in R&D, market expansion and talent recruitment to create value, while reducing financial risks and enhancing operational stability. Besides, enterprises with fewer financing constraints can capture market opportunities more quickly and gain first-mover advantages to achieve better performance. Accordingly, we propose the third hypothesis:

H3: Patient capital improves enterprise performance by alleviating enterprises' financing constraints.

3. Empirical Analysis

3.1 Sample Selection and Data Sources

This paper takes A-share listed companies on Shanghai and Shenzhen Stock Exchanges from 2015 to 2023 as the initial research sample. All original data are collected from the CSMAR Database. To ensure sample representativeness and result reliability, we carry out strict sample screening: exclude ST, *ST and PT listed companies with abnormal financial status;

exclude financial enterprises due to their special capital structure and business models; eliminate samples with missing core variable data and single observation records; conduct 1% winsorization on both tails of continuous variables to eliminate the interference of extreme values. After screening, we finally obtain 20,295 valid firm-year observations.

3.2 Model Specification

The benchmark regression model for testing the impact of patient capital on enterprise performance is set as follows:

$$ROE_{i,t} = \alpha_0 + \alpha_2 PC + \alpha_j Controls_{i,t} + \lambda_i + year_t + \int_{i,t}$$

Where denotes the return on equity of firm i in year t , PC represents the level of patient capital, is the set of control variables, is firm fixed effect, is year fixed effect, and is the random error term.

3.3 Benchmark Regression Analysis

The promotion effect of patient capital is explained as follows. First, it provides long-term stable funds for enterprises, enabling them to focus on R&D and long-term strategy instead of abandoning high-value long-term projects under short-term capital pressure. Second, the long-term investment philosophy of patient capital investors restrains managers' short-sighted behaviors, reduces opportunistic earnings management and improves resource allocation efficiency. Third, strategic investors behind patient capital participate in corporate operation deeply, bringing industrial experience, management expertise and rich resource networks to enterprises.

4. Conclusions and Policy Implications

4.1 Research Conclusions

Based on the panel data of A-share listed companies from 2015 to 2023, this paper explores the impact and internal mechanism of patient capital on enterprise performance, and draws two main conclusions.

Firstly, patient capital has a significant positive impact on enterprise performance. This conclusion keeps stable after multiple robustness tests, which fully proves that patient capital is a powerful driving force for corporate development.

Secondly, alleviating financing constraints and improving new quality productive forces are two important mediating paths. On one side, patient capital optimizes corporate capital supply, eases financing difficulties and reduces financial pressure. On the other side, it supports continuous investment in technological innovation, talent cultivation and industrial upgrading, and boosts the development of new quality productive forces, so as to realize performance improvement ultimately.

4.2 Policy Implications

According to the research findings, we put forward targeted policy suggestions.

First, accelerate the cultivation and expansion of patient capital. The government shall improve the institutional environment for long-term capital to enter the capital market, guide insurance funds, pension funds and other long-term capital to increase market allocation, and standardize the development of venture capital and private equity investment to curb excessive short-term speculation. Enterprises should formulate clear long-term development strategies to enhance their attractiveness to long-term investors.

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