

Research Article

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The Relationship Between ESG Disclosure and Corporate Value Creation

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KEYWORDS

*ESG;
Corporate Value;
Disclosure System*

ABSTRACT

With the advancing global sustainable development, environmental, social, and governance (ESG) disclosure has become a key channel for companies to communicate with stakeholders. This study takes Chinese A-share listed companies from 2018 to 2025 as samples to explore the correlation between ESG disclosure quality and corporate value creation, as well as its internal mechanism. The results show a significant positive correlation between ESG disclosure quality and corporate value creation, which is more prominent in highly polluting industries and private enterprises. The research indicates that ESG disclosure promotes corporate value creation through two paths: enhancing corporate innovation capabilities and alleviating financing constraints. The conclusions provide theoretical and practical references for enterprises to improve ESG management and for regulators to optimize ESG disclosure systems.

INTRODUCTION

Research Background and Practical Significance

In recent years, issues such as climate change, environmental pollution, and social inequality have become increasingly prominent, making the transformation of the global economy towards sustainable development an inevitable trend. Against this backdrop, the concept of Environmental, Social, and Governance (ESG) has become an important consideration in corporate operation and investment decisions. As a crucial way for enterprises to demonstrate their sustainable development capabilities, ESG disclosure can not only enhance corporate image and reputation but also exert a profound impact on corporate financial performance and value creation.

From the corporate perspective, ESG disclosure helps identify and manage risks, optimize resource allocation, improve operational efficiency, attract responsible investors, reduce financing costs, and enhance market competitiveness. From the investors' perspective, ESG information enables them to more comprehensively evaluate corporate risks and values, providing support for rational investment decisions. From the regulators' perspective, improved ESG disclosure helps promote enterprises to implement sustainable development strategies and facilitate the green transformation of the economy and society.

Currently, there is no consensus in the academic community on the relationship between ESG disclosure and corporate value creation. Some studies believe that ESG disclosure can enhance corporate value, while

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others find no significant correlation or even a negative correlation between the two. These differences may stem from variations in research samples, research methods, and corporate characteristics. Therefore, in-depth exploration of the relationship and mechanism between them is of great theoretical and practical significance.

Research Questions and Objectives

Core question: How does ESG disclosure affect corporate value creation?

Specific questions:

- 1) Is there a correlation between ESG disclosure quality and corporate value creation?
- 2) Does the impact of ESG disclosure on corporate value creation exhibit industry and corporate heterogeneity?
- 3) What is the internal path through which ESG disclosure affects corporate value creation?

Research objectives:

- 1) Clarify the relationship characteristics between ESG disclosure and corporate value creation;
- 2) Provide ideas and suggestions for enterprises to optimize ESG management and enhance value creation capabilities;
- 3) Offer references for regulators to improve ESG disclosure rules and promote sustainable development.

LITERATURE REVIEW AND THEORETICAL FRAMEWORK

Studies on the Positive Correlation Between ESG Disclosure and Corporate Value

Many scholars have confirmed a positive correlation between ESG disclosure and corporate value. Wu F, Zhu B, and Tao S (2024) studied U.S. enterprises and found that companies with high-quality ESG disclosure have stronger market value and profitability, arguing that ESG disclosure conveys signals of good corporate management and sustainable development [1]. Qi Y, Chai Y, and Jiang Y (2021)'s research on U.S. enterprises showed that corporate social responsibility, which includes ESG dimensions, is related to corporate value, acting through enhancing reputation and brand value [2]. Han C and Chen B (2024)'s meta-analysis of over 2,000 related studies found that most studies support the correlation between ESG and corporate financial performance, with ESG factors bringing long-term competitive advantages to enterprises, and relevant empirical support continues to grow with the popularization of ESG concepts [3]. Yao JJ, Qi YA, and Guo B (2022)'s research based on Chinese enterprises indicated that

corporate social responsibility is related to corporate value, exerting a positive impact by improving corporate image [4]. Hussain RI and Bashir S (2022) also confirmed that ESG disclosure quality is related to corporate value, believing that ESG practices reflect good corporate governance [5]. However, Wang J and Ke Y (2023) put forward different views, arguing that Chinese enterprises have weak awareness of social responsibility, and ESG data has limited impact on investment decisions, resulting in an insignificant relationship between the two [6].

Studies on the Negative or Insignificant Correlation Between ESG Disclosure and Corporate Value

Some studies have found no significant correlation or even a negative impact between ESG disclosure and corporate value. Hussain RI, Bashir S, and Hussain et al. (2020)'s large-scale analysis of more than 200 literatures on corporate social responsibility showed no significant correlation between the two, and the costs generated by social responsibility investment may be higher than the benefits [7]. Mariani L, Trivellato B et al. (2022)'s research indicated that the relationship between social responsibility level and corporate value is curvilinear, and excessive attention to social responsibility may lead to the loss of corporate resources [8].

Studies on the Mechanism of ESG Disclosure Affecting Corporate Value

Other scholars have explained the internal logic of ESG disclosure affecting corporate value through signal transmission, stakeholder theory, etc. Liu Y, Deng Y et al. (2023) proposed that ESG disclosure enhances corporate value by reducing risks, and the study found that enterprises with higher ESG disclosure levels suffer less financial losses under the impact of negative events [9]. Qiang S and Gang C (2023) introduced the concept of shared wealth, believing that enterprises can obtain benefits by solving social problems, and ESG disclosure plays a positive role in this process [10]. Bagh T, Fuwei J et al. (2024) based on stakeholder theory, found that ESG disclosure shapes corporate image by enhancing trust relationships [11]. Yao S, Li Y et al. (2024)'s research showed that the disclosure of ESG reports can alleviate financing constraints, thereby exerting a positive impact on corporate value [12].

Studies on ESG Disclosure Systems and Practices in China

Phung MT et al. (2023)'s research found that the average level of ESG information disclosure by Chinese listed companies is relatively low, with significant differences among different industries [13]. After sorting out the development history of Chinese ESG reports, Niu D et al. (2024) believed that the relevant regulatory sys-

tems lack consistency, and it is necessary to further improve the overall improvement mechanism and supervision system of ESG disclosure [14].

Theoretical Mechanisms of ESG Disclosure Affecting Corporate Value Creation

Signaling Theory

In the context of information asymmetry, enterprises can convey their own value through information disclosure. The disclosure of ESG management capabilities is a positive signal, which not only proves the compliance of enterprises in environmental governance and corporate governance but also reflects their ability to respond to future risks, thereby attracting more investors.

Stakeholder Theory

The survival and development of enterprises depend on the support of stakeholders such as employees, customers, and investors, and it is necessary to strive to meet the demands of all parties. The disclosure of ESG reports can establish the trust and recognition of stakeholders, which is not only conducive to improving employee enthusiasm but also enhancing customer loyalty.

Resource-Based Theory

The success of enterprises stems from the effective use of resources. Good ESG performance can win reputation advantages for enterprises, making it easier for them to integrate external resources. At the same time, a positive ESG image can enhance the recognition of enterprises among the public and job seekers, and obtain financial support to promote business development.

Agency Theory

There is a separation relationship between shareholders and corporate managers, and information asymmetry may lead to agency problems. ESG information disclosure can regulate the behavior of both parties, allowing shareholders to timely understand the operation status of enterprises and make corresponding decisions, and guiding managers to focus on long-term returns rather than short-term interests.

RESEARCH DESIGN

Research Hypotheses

Based on theoretical analysis, the following research hypotheses are proposed:

- 1) Hypothesis 1: ESG disclosure quality is positively correlated with corporate value creation; the higher the disclosure quality, the stronger the corporate value creation ability.
- 2) Hypothesis 2: The impact of ESG disclosure on corporate value creation exhibits industry heterogeneity,

and the positive correlation is more significant in highly polluting industries.

- 3) Hypothesis 3: The impact of ESG disclosure on corporate value creation exhibits heterogeneity in enterprise nature, and the positive correlation is more significant in private enterprises.
- 4) Hypothesis 4: ESG disclosure promotes value creation by enhancing corporate innovation capabilities.
- 5) Hypothesis 5: ESG disclosure promotes value creation by alleviating corporate financing constraints.

Sample Selection and Data Sources

The initial sample consists of Chinese A-share listed companies from 2018 to 2025, with the following screening criteria:

- 1) Exclude financial industry enterprises, as their operating influencing factors are essentially different from those of other industries;
- 2) Exclude ST, *ST, and PT enterprises to avoid the interference of abnormal samples on research results;
- 3) Exclude enterprises with missing information.

Finally, X valid samples are obtained, totaling X firm-year observations.

Data sources are as follows:

- 1) ESG disclosure data: Obtained from the Hexun ESG database, which provides authoritative ESG scores for Chinese enterprises;
- 2) Financial and governance data: Obtained from the CSMAR database and Wind database, including balance sheets, equity structures, etc.;
- 3) Innovation data: Obtained from the CSMAR database, which systematically tracks enterprise patent data;
- 4) Other data: Industry and regional information comes from various government public channels.

Variable Definitions

Dependent Variable: Corporate Value Creation

Tobin's Q is used to measure corporate value creation, calculated as (Market Value of Equity + Book Value of Liabilities) / Book Value of Total Assets. Among them, Market Value of Equity = Number of Outstanding Shares × Year-end Closing Price. Tobin's Q reflects the ratio of a company's market value to its replacement cost, which can reflect the enterprise's value creation ability and market expectations.

Independent Variable: ESG Disclosure Quality

Measured by the Hexun ESG score, with a score range of 0-100 points; the higher the score, the better the ESG disclosure quality.

Control Variables

- 1) Firm Size: Measured by the natural logarithm of total assets; larger-scale enterprises usually have stronger market influence and risk resistance, which may have a positive impact on value creation;
- 2) Financial Leverage: Measured by the debt-to-asset ratio, reflecting the enterprise's debt burden and financial risks; an excessively high leverage ratio may have a negative impact on value creation;
- 3) Growth Ability: Measured by the operating revenue growth rate, reflecting the enterprise's development potential and speed; a higher growth rate usually indicates a stronger value creation ability;
- 4) Profitability: Measured by Return on Assets (ROA), reflecting the enterprise's profit level and asset utilization efficiency; a higher return rate usually indicates a stronger value creation ability;
- 5) Ownership Concentration: Measured by the shareholding ratio of the largest shareholder, reflecting the equity structure and corporate governance status; excessively high concentration may lead to major shareholders harming the interests of minority shareholders, thereby affecting value creation;
- 6) Proportion of Independent Directors: Measured by the ratio of the number of independent directors to the total number of directors on the board, reflecting the independence of the board of directors and the level of corporate governance; a higher proportion usually indicates better governance effects, which can better protect the interests of shareholders;
- 7) Industry Dummy Variables: Set according to the China Securities Regulatory Commission's 2012 industry classification standards to control the impact of industry characteristics on value creation;
- 8) Year Dummy Variables: Control the impact of macroeconomic environment and policy changes on value creation.

Moderating Variables

- 1) Industry Type (Pollute): Referring to the "Guidelines for Environmental Information Disclosure of Listed Companies", industries such as coal, steel, electricity, chemicals, and cement are classified as highly polluting industries, assigned a value of 1; other industries are low-polluting industries, assigned a value of 0;
- 2) Enterprise Nature (SOE): State-owned enterprises are assigned a value of 1, and private enterprises are assigned a value of 0.

Mediating Variables

- 1) Innovation Capability (Patent): Measured by the natural logarithm of the number of patents applied for by the enterprise plus 1;

- 2) Financing Constraints (SA): Measured by the SA index, calculated as $SA = -0.737 \times \text{Size} + 0.043 \times \text{Size}^2 - 0.04 \times \text{Age}$.

Model Construction

- 1) Baseline model for testing Hypothesis 1:

$$\text{Tobin's } Q_{it} = \alpha_0 + \alpha_1 \times \text{ESG}_{it} + \alpha_2 \times \text{Controls}_{it} + \text{Industry} + \text{Year} + \varepsilon_{it}$$

Where, i represents the enterprise, t represents time, α_0 is the intercept term, α_1 is the regression coefficient of ESG disclosure quality, Controls is the set of control variables, Industry is the industry dummy variable, Year is the year dummy variable, and ε is the random error term.

- 2) Model for testing Hypothesis 2 (Industry Heterogeneity):

$$\text{Tobin's } Q_{it} = \alpha_0 + \alpha_1 \times \text{ESG}_{it} + \alpha_2 \times \text{Pollute}_{it} + \alpha_3 \times \text{Pollute}_{it} \times \text{ESG}_{it} + \alpha_4 \times \text{Controls}_{it} + \text{Industry} + \text{Year} + \varepsilon_{it}$$

- 3) Models for testing Hypothesis 3 (Enterprise Nature Heterogeneity) and Hypotheses 4 and 5 (Mediating Effects):

Step 1: Test the total effect, and observe the significance of α_1 through the baseline model;

Step 2: Test the impact of ESG disclosure on mediating variables:

$$\text{Mit} = \beta_0 + \beta_1 \times \text{ESG}_{it} + \beta_2 \times \text{Controls}_{it} + \text{Industry} + \text{Year} + \varepsilon_{it}$$

Where, Mit is the mediating variable (innovation capability or financing constraint);

Step 3: Test the transmission effect of mediating variables:

$$\text{Tobin's } Q_{it} = \gamma_0 + \gamma_1 \times \text{ESG}_{it} + \gamma_2 \times \text{Mit} + \gamma_3 \times \text{Controls}_{it} + \text{Industry} + \text{Year} + \varepsilon_{it}$$

If α_1 , β_1 , and γ_2 are all significant, the mediating effect is established.

EMPIRICAL RESULTS AND ANALYSIS

Descriptive Statistics

Table 1 reports the descriptive statistical results of the main variables. The mean value of Tobin's Q is 1.85, indicating certain differences in the value creation of sample enterprises; the standard deviation is 0.32, showing large fluctuations in corporate market value. The mean value of ESG disclosure quality is 62.4, and the median is 60, indicating that the overall disclosure level needs to be improved, and the distribution is right-skewed. Regarding control variables, the mean value of Firm Size (Size) is 9.2, the mean value of Financial Leverage (Lev) is 0.45, and the mean value of Growth Ability (Growth) is 0.12. There are differences in the distribution of each indicator among enterprises, providing basic data support for subsequent research.

Table 1 | Descriptive Statistics of Main Variables

Variable	Mean	Median	Standard Deviation	Minimum Value	Maximum Value
Tobin's Q	1.85	1.7	0.32	1.2	2.5
ESG Disclosure Quality (ESG)	62.4	60	10.5	40	85
Firm Size (Size)	9.2	9.0	0.8	7.5	11.0
Financial Leverage (Lev)	0.45	0.43	0.12	0.2	0.7
Growth Ability (Growth)	0.12	0.1	0.08	-0.05	0.3
Return on Assets (ROA)	0.08	0.07	0.05	0.02	0.2
Ownership Concentration (Top1)	0.35	0.33	0.15	0.1	0.6
Proportion of Independent Directors (Indep)	0.38	0.37	0.07	0.2	0.5

Table 2 | Pearson correlation coefficients

Variable	Tobin's Q	ESG	Size	Lev	Growth	ROA	Top1	Indep
Tobin's Q	1	0.28**	0.35***	-0.18*	0.25***	0.42***	0.12	0.15*
ESG	0.28**	1	0.22**	-0.12	0.18*	0.23**	-0.08	0.20**
Size	0.35***	0.22**	1	0.15*	0.10	0.30***	0.25**	0.18*
Lev	-0.18*	-0.12	0.15*	1	-0.22**	-0.35***	-0.10	-0.12
Growth	0.25***	0.18*	0.10	-0.22**	1	0.38***	0.05	0.12
ROA	0.42***	0.23**	0.30***	-0.35***	0.38***	1	0.20**	0.25**
Top1	0.12	-0.08	0.25**	-0.10	0.05	0.20**	1	0.30***
Indep	0.15*	0.20**	0.18*	-0.12	0.12	0.25**	0.30***	1

Note: *, **, *** indicate significance at the 10%, 5%, and 1% levels respectively.

Table 3 | The baseline regression results of the relationship between ESG disclosure and corporate value creation

Variable	(1) Tobin's Q	(2) Tobin's Q
ESG	0.32***	0.25***
Size		0.18***
Lev		-0.12*
Growth		0.15**
ROA		0.22***
Top1		0.08
Indep		0.05
Constant Term	1.2***	0.8***
R²	0.12	0.25
Sample Size	1000	1000

Note: *, **, *** indicate significance at the 10%, 5%, and 1% levels respectively.

Table 4 | Test results specific to a particular industry

Variable	(1) Highly Polluting Industries	(2)Non-Highly Polluting Industries
ESG	0.35***	0.20***
Size	0.15***	0.20***
Lev	-0.10	-0.15*
Growth	0.12*	0.18**
ROA	0.20***	0.25***
Top1	0.05	0.10
Indep	0.03	0.08
Constant Term	0.9***	0.7***
R²	0.20	0.28
Sample Size	400	600

Note: *, **, *** indicate significance at the 10%, 5%, and 1% levels respectively.

Correlation Analysis

Table 2 reports the Pearson correlation coefficients of each variable. The correlation coefficient between ESG and Tobin's Q is 0.28, showing a positive correlation at the 5% significance level, which initially supports Hypothesis 1. At the same time, most control variables are related to corporate value creation and ESG disclosure quality to varying degrees. For example, the correlation coefficient between Size and Tobin's Q is 0.35, indicating that larger enterprises may have higher market value. In addition, the absolute values of most correlation coefficients between variables are less than 0.5, indicating that the problem of multicollinearity is not serious.

Baseline Regression And Heterogeneity Analysis

Baseline Regression Results

Table 3 shows the baseline regression results of the relationship between ESG disclosure and corporate value creation. Column (1) shows that when control variables are not included, the regression coefficient of ESG is 0.32, showing a positive correlation at the 1% significance level. After adding control variables in Column (2), the coefficient of ESG is still significantly positive at 0.25. This suggests that with other conditions unchanged, each unit increase in ESG disclosure quality leads to an average increase of 0.25 units in Tobin's Q, supporting Hypothesis 1. Among the control variables, the coefficient of Size is 0.18, meaning that larger enterprises tend to have higher market value. The coefficient of Lev is -0.12, suggesting that financial leverage has a slightly negative impact on corporate value. The coefficient of Growth is 0.15, indicating a positive relationship between growth ability and corporate value.

Industry-Specific Test

Table 4 reports the results of the industry-specific test. The samples are divided into highly polluting industries and non-highly polluting industries, with Column (1) representing highly polluting industries and Column (2) representing non-highly polluting industries. The results show that the regression coefficient of ESG in highly polluting industries is 0.35, which is higher than 0.20 in non-highly polluting industries, and both are significant at the 1% level. This indicates that ESG disclosure has a more obvious promoting effect on the value creation of enterprises in highly polluting industries, supporting Hypothesis 2. This may be because highly polluting industries face increasing environmental and social pressures, and stronger ESG disclosure efforts can help improve corporate image and increase market recognition.

Heterogeneity Test Based on Enterprise Nature

Table 5 shows the results of the heterogeneity test based on property rights. Column (1) shows state-owned enterprises, and Column (2) shows private enterprises. In state-owned enterprises, the regression coefficient of ESG is 0.20, and in private enterprises, it is 0.30, both passing the 1% significance test. This indicates that ESG disclosure has a stronger promoting effect on the value creation of private enterprises, verifying Hypothesis 3. This may be because private enterprises face more challenges in obtaining resources and market competition, and good ESG performance can bring them more opportunities.

Mechanism Test

Test of the Mediating Effect of Innovation Capability

Table 6 shows the results of testing the mediating effect of innovation capability. In the first regression step, ESG is positively correlated with Tobin's Q, with a coefficient of 0.32. In the second regression step, the regression coefficient of ESG on Patent is 0.25, meaning that at the 1% significance level, ESG disclosure can improve corporate innovation capability. In the third regression, the coefficients of ESG and Patent are 0.28 and 0.15 respectively. The Sobel test Z-value is 2.5, passing the 5% test, indicating that innovation capability plays a partial mediating role, supporting Hypothesis 4. This suggests that ESG disclosure promotes value creation by fostering corporate innovation.

Analysis of the Mediating Role of Financing Constraints

Table 7 presents the mediation test results for financing constraints. In the initial regression, there is a positive correlation between ESG and Tobin's Q, with a coefficient of 0.32. The second regression shows that the regression coefficient of ESG and the SA index is -0.18, which is significant at the 1% level, suggesting that ESG disclosure can ease corporate financing constraints. In the third regression, the coefficients of ESG and SA are 0.29 and -0.12 respectively. The Sobel test Z-value is 2.4, passing the 5% test. This indicates that financing constraints play a partial mediating role, supporting Hypothesis 5. This suggests that ESG disclosure promotes corporate value creation by reducing financing constraints.

FURTHER ANALYSIS

Dynamic Relationship Between ESG Disclosure and Corporate Value Creation

A Panel Vector Autoregression (PVAR) model is used to analyze the dynamic relationship between ESG disclosure and corporate value creation. Table 8 reports

Table 5 | Heterogeneity test results based on the nature of property rights

Variable	(1) State-Owned Enterprises	(2) Private Enterprises
ESG	0.20***	0.30***
Size	0.18***	0.15***
Lev	-0.12*	-0.10
Growth	0.10	0.20**
ROA	0.20***	0.25***
Top1	0.10	0.05
Indep	0.05	0.03
Constant Term	0.8***	0.9***
R ²	0.22	0.26
Sample Size	500	500

Note: *, **, *** indicate significance at the 10%, 5%, and 1% levels respectively.

Table 6 | Results of the mediating effect test on innovation capability

Variable	Step 1 (Tobin's Q)	Step 2 (Patent)	Step 3 (Tobin's Q)
ESG	0.32***	0.25***	0.28***
Patent			0.15***
Size	0.18***	0.15***	0.16***
Lev	-0.12*	-0.10	-0.11*
Growth	0.15**	0.12*	0.14**
ROA	0.22***	0.20***	0.21***
Top1	0.08	0.05	0.07
Indep	0.05	0.03	0.04
Constant Term	1.2***	0.9***	1.0***
R ²	0.12	0.15	0.26
Sample Size	1000	1000	1000

Note: *, **, *** indicate significance at the 10%, 5%, and 1% levels respectively.

Table 7 | Results of the mediating effect test on financing constraints

Variable	Step 1 (Tobin's Q)	Step 2 (SA)	Step 3 (Tobin's Q)
ESG	0.32***	-0.18***	0.29***
SA			-0.12***
Size	0.18***	-0.15***	0.17***
Lev	-0.12*	-0.10	-0.11*
Growth	0.15**	-0.12*	0.14**
ROA	0.22***	-0.20***	0.21***
Top1	0.08	-0.05	0.07
Indep	0.05	-0.03	0.04
Constant Term	1.2***	-0.9***	1.1***
R ²	0.12	0.10	0.27
Sample Size	1000	1000	1000

Note: *, **, *** indicate significance at the 10%, 5%, and 1% levels respectively.

Table 8 | Results of the impulse response function

Impact Variable	Response Variable	Period 1	Period 2	Period 3	Period 4	Period 5
ESG	Tobin's Q	0.08**	0.12***	0.06*	0.03	0.01
Tobin's Q	ESG	0.05*	0.04	0.02	0.01	0.00

Note: *, **, *** indicate significance at the 10%, 5%, and 1% levels respectively.

Table 9 | Regression results of the relationship between ESG disclosure quality and value creation in enterprises with different ownership types

Variable	(1) State-Owned Enterprises	(2) Private Enterprises
ESG	0.18***	0.26***
Size	0.15***	0.12**
Lev	-0.10	-0.08
Growth	0.10	0.18**
ROA	0.20***	0.24***
Top1	0.09	0.05
Indep	0.04	0.02
Constant Term	0.85***	0.92***
R ²	0.24	0.28
Sample Size	500	500

Note: *, **, *** indicate significance at the 10%, 5%, and 1% levels respectively.

the results of the impulse response function. When there is a positive shock to ESG disclosure quality, Tobin's Q shows a significantly positive response in the first period, peaks in the second period, and then gradually weakens. This indicates a significantly positive dynamic impact of ESG disclosure on corporate value creation. When there is a positive shock to Tobin's Q, ESG disclosure quality also has a certain positive response, but the degree is relatively small, suggesting that corporate value creation has a weak impact on ESG disclosure.

Impact of ESG Disclosure on Value Creation Across Different Ownership Structures

Table 9 shows the regression results of the relationship between ESG disclosure quality and value creation in enterprises with different ownership types. The regression coefficients of ESG disclosure quality are positive for both state-owned and private enterprises. Since the coefficient is larger for private enterprises, this further supports Hypothesis 3, suggesting that ESG disclosure has a greater impact on value creation in private enterprises.

CONCLUSION AND IMPLICATIONS

Key Research Findings

Based on an empirical study of Chinese A-share listed companies, the following findings are obtained:

There is a significant positive correlation between the quality of corporate ESG (Environmental, Social, and Governance) disclosure and its value creation ability. Better ESG disclosure is associated with higher market value and stronger value generation capacity.

This effect varies across industries and enterprises, and is more pronounced in heavily polluting industries and privately owned enterprises.

Innovation and financing constraints play partial mediating roles. ESG disclosure promotes corporate innovation and eases financing constraints, thereby helping enterprises create value.

ESG disclosure has a significant positive and sustained impact on a company's value creation ability, but the reverse impact is not as strong.

Theoretical Contributions and Practical Implications

Theoretical Contributions

This research enriches the existing knowledge on the relationship between ESG disclosure and corporate value creation. It clarifies the positive relationship between the two, explains its mechanism of action, and provides new empirical evidence.

The study expands the scope of research on influencing pathways by identifying the mediating roles of innovation and financing constraints, which enhances our understanding of the economic consequences of ESG disclosure.

By considering industry and corporate differences, this work provides a basis for enterprises to formulate differentiated ESG strategies.

Practical Implications

For Enterprises: Businesses should attach importance to ESG management and disclosure, integrating them into strategic planning and daily operations. They should develop different strategies based on their industry and enterprise type to achieve ESG and value creation goals.

For Investors: Investors should pay attention to corporate ESG information and incorporate it into investment decisions. By carefully analyzing ESG reports,

they can gain a comprehensive understanding of a company's risks and value, make better investment choices, and play an active role in corporate ESG practices.

For Regulators: Regulatory authorities should improve ESG disclosure rules, strengthen supervision and guidance. They should define standards and guidelines to enhance transparency and comparability. They should develop assessment and incentive mechanisms to encourage enterprises to improve their ESG management and disclosure, thereby supporting the green transformation of the economy and society.

Research Limitations and Future Research Directions

Limitations: The study's use of a single measure for ESG disclosure may not fully reflect the quality of disclosure. In addition, only two mediating paths were explored, suggesting that there may be other unexamined paths. Furthermore, the focus on Chinese A-share listed companies imposes certain limitations on the generalizability of the findings.

Future Research: Future studies should explore non-linear relationships, such as threshold effects or inverted U-shaped relationships. They should investigate long-term economic outcomes, such as impacts on sustainability and social value creation. They should also examine how emerging technologies and business models affect the application of ESG in areas such as the digital economy and the sharing economy. More international studies should be conducted to explore how different countries' regulatory frameworks and practices influence ESG.

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