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Research on the Impact of ESG Performance on Corporate Value Driven by New Productivity

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Abstract: ESG (Environmental, Social, and Governance) is a key non-financial evaluation standard for measuring a company's performance in environmental, social, and governance aspects. It provides an important leverage point for promoting corporate sustainable development. This paper theoretically examines the impact of ESG performance on corporate value and its underlying mechanisms. The study finds that the three dimensions of corporate ESG performance significantly enhance corporate value. The integration of digital intelligence and green technology innovation, driven by new productivity, plays a mediating role in the relationship between ESG performance and corporate value, becoming a pathway for companies to enhance their value. This paper deepens the research on the relationship between ESG performance and corporate value under the new productivity paradigm and provides theoretical support for utilizing ESG to promote corporate sustainable development.

Keywords: New Productivity, ESG Performance, Corporate Value.

1. Introduction

In January 2024, during the eleventh collective study session of the Politburo of the Central Committee of the Communist Party of China, President Xi Jinping pointed out that "green development is the foundation of high-quality development, and new productivity is inherently green productivity." In March 2024, while meeting with members from the China Democratic National Construction Association, the science and technology community, and the environmental resources sector attending the second session of the 14th National Committee of the Chinese People's Political Consultative Conference, Xi Jinping emphasized the need "to make new contributions to strengthening ecological and environmental protection and supporting high-quality development through high-level protection." New productivity, inherently green in nature, embodies ecological concern for the environment and a commitment to human survival. Its ultimate goal is to promote harmonious coexistence between humanity and nature, achieving a tangible reconciliation, organic unity, and mutual shaping of human and natural environments, thereby opening up new avenues for sustainable human development. ESG, an acronym for Environment, Social, and Governance, is an integrated system that combines investment philosophy with non-financial evaluation standards. It focuses on assessing a company's overall performance in environmental protection, social responsibility, and governance. ESG not only measures a company's ability to achieve sustainable development but also guides companies to shift from short-term profit orientation to long-term social value creation, aligning with the national strategy for high-quality economic transformation.

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The emphasis on green development by both ESG and new productivity highlights their close alignment, making it theoretically and practically significant to clarify the impact of ESG on corporate value. Understanding the mechanisms through which ESG affects corporate value under the new productivity framework is an urgent research topic. In recent years, domestic scholars have begun to focus on the economic impact of ESG, but the effect of ESG on corporate value requires further research and analysis, and the underlying mechanisms still need systematic exploration. This paper analyzes the pathways through which ESG impacts corporate value, providing theoretical support for the role of ESG in promoting sustainable economic and social development under the drive of new productivity. The potential contributions of this paper are twofold: First, while previous literature has not reached a consensus on the relationship between corporate ESG performance and corporate value, this paper clarifies that corporate ESG performance can enhance corporate value, detailing the connections between the three dimensions of ESG and corporate value. Second, it fills the research gap on the impact of ESG on corporate value from the perspective of new productivity, exploring the role of digital intelligence integration and green technology innovation.

2. Literature Review

2.1. The Concept of New Productivity and Related Research

Currently, the theoretical connotations of new productivity can be categorized into three main perspectives: first, new productivity as an advancement over traditional productivity [1]; second, as a qualitative improvement of productivity elements [2]; and third, as the combination of "new" and "quality" [3]. New productivity is characterized by the development features of digitization, intelligence, and greening [4][5][6]. Synthesizing existing research, this paper identifies the core driving force of new productivity as technological innovation, with the leading foundation being emerging industries. The direction is clearly aimed at industrial upgrading, with the objective of enhancing core competitiveness. By integrating digital technologies such as artificial intelligence and big data, new productivity not only focuses on high-quality development but also explores sustainable development paths characterized by high efficiency, low investment, high resource allocation efficiency, and low environmental costs in the process of driving transformation, thereby maximizing economic and social benefits.

2.2. The Concept of ESG and Related Research

The ESG framework encompasses three dimensions: Environment, Social, and Governance. It is the cornerstone and core evaluation system for companies to promote sustainable development. In recent years, Chinese academia has engaged in extensive and in-depth discussions on ESG, with research primarily focused on three areas: First, from a macro perspective, systematic research on the overall concept of ESG reveals how it drives profound changes in corporate value creation by balancing the interests of shareholders and other stakeholders. This shift, from solely maximizing shareholder value to seeking the maximization of stakeholder value, has become a significant driving force for encouraging active participation from all parties and co-creating shared value [7]. Second, the factors influencing corporate ESG practices have been explored, revealing that national policies, such as the green preference in government procurement [8] and the greening of the tax system [9], significantly impact corporate ESG performance. Internally, factors such as the involvement of institutional investors [10] and the strengthening of governance by Party organizations have been identified as positive contributors to enhancing corporate ESG performance. Third, the economic consequences of corporate ESG performance have been examined. Existing studies have demonstrated that better ESG performance helps reduce corporate financing costs [11], improve total factor productivity [12], and generally have a positive impact on corporate value creation [13].

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2.3. Research on the Impact of ESG Performance on Corporate Value

In China, research on the comprehensive impact of ESG performance on corporate value is still in its early stages, and relevant literature is relatively scarce. In contrast, while there is a certain amount of research abroad, the conclusions are not yet unified. The majority opinion suggests that ESG performance has a positive effect on corporate value, as it can increase investor attention and improve environmental performance [14], thereby enhancing corporate value [15]. However, some scholars argue that ESG performance may have a negative impact on corporate value [16], or that there is no significant correlation between the two [17]. Additionally, the current literature on the internal mechanisms through which ESG performance affects corporate value is limited, with most scholars focusing on the pathways through which ESG performance alleviates financing constraints and reduces corporate risk to enhance corporate value [18][19].

2.4. Literature Review and Assessment

The current research on the relationship between ESG performance and corporate value faces several limitations. On the one hand, the conclusions regarding the effects of ESG are diverse and lack consensus. On the other hand, most studies directly examine the impact of ESG performance on corporate value, with relatively few exploring the pathways through which ESG performance influences corporate value. Even fewer studies have integrated ESG with the context of new productivity. Therefore, the primary task of this paper is to conduct an in-depth and comprehensive analysis of the current state of ESG performance and corporate value. Additionally, this paper aims to optimize and refine the pathways through which ESG performance affects corporate value, broadening the research perspective and deepening the research findings, thereby enhancing the practical significance of the study.

3. The Impact of ESG Performance on Corporate Value

Corporate ESG performance encompasses three dimensions: Environmental, Social, and Governance. Environmental Dimension: This involves pursuing a win-win situation between economic growth and environmental sustainability, enhancing resource utilization efficiency, and strengthening competitiveness. Social Dimension: It focuses on strengthening stakeholder management and creating diverse value. Governance Dimension: It addresses the principal-agent problem, safeguards the interests of owners, motivates managers, coordinates relationships, and protects the interests of all parties involved.

As such, strong corporate ESG performance contributes significantly to enhancing corporate value. Environmental Responsibility and Corporate Value: Taking on environmental responsibility helps boost corporate value in several ways. Firstly, according to the principal-agent theory, there is information asymmetry between stakeholders concerning environmental performance and corporate value. In the current context where the nation strongly promotes ecological civilization, companies that proactively assume environmental responsibility not only actively respond to governmental and industry environmental protection demands but also alleviate external regulatory pressures. This action serves as a powerful signal, demonstrating the company's firm commitment to environmental protection to the government, investors, and the public, thereby enhancing trust and support across various sectors and solidifying the company’s legitimate status. Secondly, based on resource-based theory, investments in environmental management and eco-friendly technologies are transformed into the company’s core strategic resources. These investments build a unique competitive advantage, drive sustainable development, and comprehensively enhance corporate value.

Social Responsibility and Corporate Value: Undertaking social responsibility also contributes to the enhancement of corporate value. Firstly, fulfilling social responsibility is a critical pathway to

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increasing value. From a stakeholder perspective, when a company comprehensively fulfills its obligations to shareholders, creditors, employees, and supply chain partners, it accumulates social capital, solidifies its legitimacy, and effectively mitigates potential risks, thereby laying a solid foundation for value growth. Secondly, following signaling theory, the practice of social responsibility reduces information asymmetry, enhances corporate transparency, earns widespread trust and cooperation, reduces the risk of adverse selection, and stabilizes long-term partnerships, all of which strongly drive sustainable growth and value creation.

Corporate Governance and Corporate Value: Within the modern corporate governance framework, the principal-agent problem arising from the separation of ownership and control has a profound impact on transaction costs and corporate value. According to principal-agent theory, efficient corporate governance is key to reducing transaction costs, curbing managerial opportunism, and minimizing operational uncertainties. It serves not only as a solid foundation for sustainable corporate development but also directly promotes corporate value by accurately addressing agency conflicts and information barriers, thereby reinforcing the company’s long-term strategic orientation. Moreover, an excellent corporate governance mechanism provides a robust defense for the company’s sustainable development, driving the integration of stakeholder perspectives into strategic planning and maximizing the creation of diversified, comprehensive social and economic value.

4. The Impact of ESG Performance on Corporate Value Driven by New Productivity

New productivity, characterized by the integration of digitization, intelligence, and technology-driven innovation, represents a form of green productivity. However, the relationship between ESG performance, new productivity, and corporate value has not yet garnered significant attention in academia, particularly the moderating role that digital intelligence integration and green technology innovation play in the impact of ESG performance on corporate value. Existing research on these moderating effects remains limited. Digital intelligence integration and green technology innovation have a positive moderating effect on the impact of ESG performance on corporate value.

The innovative application of the new generation of digital information technologies (such as artificial intelligence, blockchain, cloud computing, and big data) enhances corporate value. The integration of ESG with digital intelligence strengthens social responsibility and drives the company toward high-quality growth. Exceptional ESG performance leads the way in green development, promotes low-carbon digital transformation, optimizes resource allocation, reduces costs, and lays the foundation for digitalization. Actively fulfilling social responsibility improves a company's ESG rating, gains government trust, accelerates transformation, builds a positive image, enhances trust, reduces risks, and drives value growth. At the same time, signaling theory suggests that reducing information asymmetry through good ESG performance increases transparency and competitiveness, contributing to sustainable development. Through strong ESG performance, companies can promote digital transformation, achieve internal and external collaborative wins, improve performance, and enhance corporate reputation, thereby increasing corporate value.

Green technology innovation is crucial for a company's green development, as it optimizes environmental responsibility, enhances ESG ratings and public recognition, attracts ESG investments, and drives value growth. By efficiently utilizing resources, reducing costs, and improving profitability and competitiveness, companies can earn investor trust. Additionally, green technology innovation allows companies to explore green markets, meet sustainable development needs, consolidate market share, and lay a foundation for long-term value growth. These activities indirectly enhance corporate value and competitiveness by optimizing environmental performance, reducing costs, stimulating innovation, and strengthening risk management. This creates a positive feedback loop between ESG performance and corporate value.

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5. Conclusion

Enterprises play a crucial role as primary drivers of green development. Deepening the understanding of ESG principles and improving ESG policy frameworks are of significant importance for promoting sustainable corporate development. This paper analyzes the impact of ESG performance on corporate value and its underlying mechanisms, while also exploring the characteristics of new productivity—such as digitization and greening—with a focus on technology-driven innovation, thereby expanding the existing research framework and conducting a theoretical study based on it. The research findings indicate the following: All three dimensions of corporate ESG performance can significantly enhance corporate value. Both digital transformation and green technology innovation act as mediators in the relationship between ESG performance and the enhancement of corporate value. Promoting digital transformation and green technology innovation can amplify the positive effects of ESG, thereby driving corporate value growth.

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