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Research on Enhancing Corporate ESG Information Disclosure from a Business Management Perspective

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ABSTRACT
In the face of an increasingly competitive market environment, ESG information disclosure has, to some extent, become an effective framework for enhancing corporate management. This framework not only covers a company's economic performance, but also encompasses sustainable development in the areas of society and governance. At present, improving the quality of ESG information disclosure from the perspective of corporate management has become an important aspect of internal and external governance in enterprises. This paper aims to explore how to improve the level of ESG information disclosure in order to promote sustainable development for enterprises, and also to provide empirical evidence for other companies that are about to carry out ESG disclosure.

KEYWORDS
Corporate ESG Disclosure; Business Management; Sustainable Development; Environmental Responsibility; Governance Strategy

1 Introduction

The ESG concept advocates that enterprises, while pursuing maximum corporate interests and their own development goals, should also pay attention to the overall performance in environmental, social, and corporate governance aspects. For enterprises, ESG is a focal point of sustainable development as an investment strategy, and has quickly become a highly popular buzzword, drawing widespread attention from all sectors of society. In China, the core concept of ESG aligns highly with important national development concepts such as “dual carbon” and “adherence to sustainable development.”

For enterprises, ESG is gradually becoming a key indicator for measuring future sustainable development. It is not only gaining attention from relevant regulatory authorities and listed companies but also widely recognized by investment institutions. Enterprises must fully recognize that ESG aims to comprehensively assess corporate sustainable development, coordinate and balance the interests of various stakeholders, and pay attention to internal governance performance. It is a necessary investment philosophy and evaluation standard for non-financial performance.

ESG information disclosure helps external parties to fully understand the financial and non-financial conditions of the enterprise. It not only includes ratings or scores but also involves disclosure of information, ESG data, and policies. ESG represents a balance in various directions, exploring not only the interests of stakeholders but also maintaining a balance between internal and external corporate development.

2 Literature review

Existing studies have shown that enterprises actively practicing the ESG concept have also had a significant impact on their business management. Good ESG information disclosure not only effectively improves corporate operational performance but also enhances investment efficiency to a certain extent, alleviates financing constraints, and plays an important role in promoting enterprise upgrading (Chen & Zhu, 2019).

Since operational efficiency is a core element of corporate management, high-quality ESG information disclosure helps companies better formulate operational and management strategies, promote enterprise development, and accelerate the rapid growth of the national economy.

Research on ESG and Corporate Business Management：

Existing studies have shown that ESG performance has a positive impact on corporate financial indicators (Chatterji et al., 2016). Moreover, companies with a high level of ESG information disclosure tend to have relatively higher enterprise value, and through communication and improved transparency, they can enhance stakeholder trust and boost corporate value (Christensen et al., 2022).

In domestic research, it has been shown that individual elements of E, S, and G have different effects on corporate financing costs. Among them, environmental (E) and social (S) related disclosures have a greater impact on financing

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costs, and by reducing financing costs, they exert a positive effect on the economic outcomes of enterprises (Hartzmark & Sussman, 2019).

Empirical research based on recent data from A-share listed companies has concluded from a cost-benefit perspective, suggesting that ESG information disclosure positively impacts corporate economic outcomes, mainly reflected in enhanced corporate reputation and reduced capital costs (Huang, 2021).

Clearly defined ESG evaluation indicators can better improve the quality of corporate information disclosure, thereby obtaining stable financing and bringing excess returns to investors (Li et al., 2018).

Another important aspect of corporate management is how to effectively control financing costs. Some studies have shown that improving the quality of environmental information helps reduce the cost of equity financing for listed companies (Liu & Guo, 2021).

Based on the current literature review, it is clear that existing research has identified the positive impact of ESG information disclosure on corporate operational efficiency. However, there is still a lack of discussion and gaps in research on pathways to improving ESG disclosure from a corporate management perspective.

Therefore, this paper conducts an in-depth analysis of ESG information disclosure pathways from a managerial perspective. On one hand, it helps enterprises achieve sustainable development, and on the other hand, it fills the current literature gap on this research topic, thereby building a theoretical foundation for analyzing the mechanisms of improving ESG disclosure from the perspective of corporate management and providing empirical evidence for improving management efficiency.

3 Analysis of ESG information disclosure improvement pathways from the perspective of corporate management

3.1 Environmental responsibility pathway analysis from a corporate management perspective, enterprises can improve the quality of ESG information disclosure under the environmental responsibility pathway through the following approaches:

Strengthening environmental risk management: Enterprises should establish and improve their environmental risk assessment and management systems, regularly identify, evaluate, and monitor environmental risks during production and operation processes, and disclose the relevant results in ESG reports, enabling stakeholders to understand the environmental risks faced by the enterprise and corresponding countermeasures.

Improving the completeness and transparency of environmental information disclosure: Based on relevant environmental regulations and ESG disclosure requirements, and in combination with the specific characteristics of their industry, enterprises should formulate a detailed framework for environmental information disclosure. This framework should cover measures and outcomes in areas such as waste treatment, energy conservation and emission reduction, natural resource utilization, and ecological protection, ensuring that the disclosed information comprehensively and accurately reflects the enterprise's environmental performance.

Promoting the coordinated development of environmental and economic performance: Enterprises should recognize the positive correlation between fulfilling environmental responsibilities and economic performance. By increasing environmental protection investments, adopting energy-saving and environmentally friendly technologies and processes, improving resource utilization efficiency, and reducing production costs to enhance product competitiveness, enterprises can achieve a win-win situation in both environmental and economic performance. These relationships between environmental performance indicators and economic benefits should be disclosed in ESG reports to demonstrate the enterprise's sustainable development capabilities.

3.2 Social responsibility pathway

Under the social responsibility pathway, corporate management can adopt the following measures to optimize ESG information disclosure:

Enhancing employee relations management and information disclosure: Employees are one of the most important resources of an enterprise. Enterprises should value the training and development of employees, provide a good working environment and career development opportunities, strengthen the management of employee health and safety, and disclose relevant human resource management policies and practices in ESG reports. This showcases the enterprise's responsibility toward employees and the resulting improvement in employee sense of belonging and loyalty, laying a foundation for the long-term and stable development of the enterprise.

Improving product quality and social responsibility information disclosure: Enterprises should integrate the concept of social responsibility throughout the entire process of product design, production, and sales, focus on product safety and quality control, and meet consumer expectations and needs for socially responsible products. ESG reports should provide detailed disclosures on the fulfillment of product responsibility, including product quality control measures and consumer rights protection initiatives, thereby enhancing consumer trust and loyalty and improving the enterprise's market competitiveness.

3.3 Governance responsibility pathway

Under the governance responsibility pathway, enterprises can enhance the quality of ESG information disclosure from the following aspects:

Improving governance structures and internal control mechanisms: Enterprises should establish and improve governance structures that include the shareholders' meeting, board of directors, board of supervisors, and management, clearly define the responsibilities and authorities of each governance body, strengthen the independence and professionalism of the board of directors, and improve internal audit and supervisory mechanisms to ensure scientific decision-making and standardized operations. The configuration and operation of governance structures, as well as the establishment and implementation of internal control systems, should be disclosed in ESG reports to enhance the transparency and credibility of corporate governance.

Improving the quality and transparency of information disclosure: Enterprises should further improve their information disclosure systems by relevant laws and ESG disclosure requirements, ensuring that the disclosed information is truthful, accurate, complete, and timely.

4 Analysis of countermeasures for improving ESG information disclosure from the perspective of corporate management

4.1 Enhancing corporate management awareness

Due to insufficient conceptual understanding, enterprises should strengthen training and promotion. Regular ESG concept training should be organized, and experts invited to provide explanations, allowing management and employees to gain an in-depth understanding of the connotation and value of ESG. For example, responsibilities should be divided, and detailed ESG information disclosure workflows should be established to clarify the specific responsibilities of each department in data provision, report preparation, review, and publication, so as to avoid unclear responsibilities and buck-passing.

Communication and collaboration should be strengthened by establishing interdepartmental communication and coordination mechanisms, regularly holding coordination meetings, and promptly solving problems encountered in the disclosure process to ensure alignment among departments. A coordination body should be established in the form of a dedicated ESG information disclosure coordination group led by senior management and composed of relevant department heads, responsible for coordinating the entire disclosure process.

4.2 Improving the quality of ESG information disclosure

When disclosure content is incomplete, enterprises should conduct a comprehensive review of disclosure content by ESG disclosure standards and stakeholders' concerns, ensuring all aspects, such as environmental, social, and corporate governance, are included, and avoiding selective disclosure.

A content review mechanism should be established to strictly review the completeness of the disclosure content before it is released, ensuring that the information comprehensively and systematically reflects the enterprise's ESG performance.

When disclosure formats are non-standard, a unified disclosure standard should be adopted. Enterprises should actively follow authoritative domestic and international ESG disclosure standards, such as the Global Reporting Initiative (GRI) standards and the Sustainability Accounting Standards Board (SASB) standards, to standardize disclosure formats and indicator definitions.

Data quality management should be strengthened by establishing a data quality review system to strictly verify the accuracy and authenticity of disclosed data, ensuring the reliability of data sources and the correctness of calculation methods.

Third-party audits should be introduced by hiring professional third-party auditing institutions to conduct independent audits of ESG information disclosure and provide objective and impartial opinions to enhance the credibility of the information.

Transparency should be improved by disclosing as much specific data and quantitative indicators as possible, reducing vague and generalized descriptions, and enabling investors to clearly understand the enterprise's ESG performance.

4.3 Improving external regulatory laws and policies

Where regulatory policies are incomplete, enterprises should actively participate in policymaking. They should engage in communication with regulatory authorities and participate in the formulation of ESG-related policies and regulations, reflecting the practical problems and difficulties encountered in implementation, and providing references for the scientific development of policies.

Facing market pressure and competition factors, enterprises should balance short-term and long-term interests. While pursuing short-term financial performance and market share, enterprises should fully recognize the importance of ESG disclosure to long-term sustainable development and integrate both to achieve balanced growth.

Through high-quality ESG disclosure, enterprises can showcase their strengths and characteristics in environment, society, and governance, build a strong ESG brand image, and enhance market competitiveness. Enterprises in the same industry should strengthen cooperation and exchanges, jointly explore best practices and coping strategies for ESG disclosure, build industry consensus, and improve the overall ESG disclosure level of the sector.

4.4 Enhancing corporate sustainable development capabilities

Enterprises should ensure the authenticity and reliability of ESG information disclosure, avoiding false advertising and misleading statements, and establishing an honest and responsible corporate image.

In addition to doing a good job in information disclosure, enterprises should also actively fulfill their social responsibilities in environmental protection, public welfare, and employee rights protection to gain social respect and recognition.

By improving information disclosure, the asymmetry of information between enterprises and investors can be reduced, enhancing investor confidence and thus lowering financing costs and risks.

The ESG concept should be deeply integrated into corporate strategies and daily operations. From decision-making to business execution, ESG factors should be fully considered to achieve coordinated development in economic, social, and environmental dimensions.

Taking ESG information disclosure as an entry point, enterprises should continuously identify shortcomings in their management and development, take timely corrective measures, and promote the enhancement of their sustainable development capabilities.

Finally, enterprises should strengthen cooperation with stakeholders, including investors, customers, suppliers, and communities, to establish long-term and stable partnerships and jointly explore sustainable development pathways and models, creating a favorable external environment for corporate development.

5 Conclusion

From the perspective of corporate management, it is evident that ESG information disclosure has a profound impact on corporate strategy and operations. Issues in ESG disclosure—such as weak internal management awareness and the need to improve the quality of ESG disclosures—should be integrated into the strategic goals of corporate development. Enterprises should actively manage environmental risks and care for employees and their well-being. This not only serves the long-term interests of the company but also reflects a sense of social responsibility and accountability.

Especially in today's competitive economic environment, ESG disclosure must be treated as a key factor in maintaining long-term corporate competitiveness. Enterprises should fully incorporate ESG thinking in order to achieve sustainable and healthy growth.

To improve the quality of ESG information disclosure, enterprises need to strengthen their management across the three dimensions of environment, society, and governance, and establish a comprehensive ESG disclosure management system to realize sustainable development.

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