

ESG Performance, Financing Constraints, and Corporate Financial Performance

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Abstract

Based on the background of the dual-carbon target and the standardized ESG information disclosure mechanism of listed companies, this paper takes Shanghai-Shenzhen A-share listed companies from 2015 to 2024 as a research sample, constructs a two-way fixed-effects model to test the impact of ESG performance on the financial performance of firms, and explores the intermediary transmission mechanism of financing constraints. The study found that ESG performance has a positive effect on the financial performance of firms, and the results are robust. Financing constraints play a mediating role, and good ESG performance relieves financing constraints and improves the financial performance of firms. Heterogeneity analysis shows that the performance boost effect of ESG is heterogeneous. The research aims to provide an empirical basis for listed companies to promote ESG implementation and regulatory departments to improve green finance-related policies.

Keywords

ESG performance, corporate financial performance, financing constraints, two-way fixed-effects, mediating effect

1. Introduction

Under the global wave of sustainable investment and the United Nations SDGs development framework, ESG has gradually become the benchmark for institutional investors to evaluate enterprise value and identify business risks. At the domestic level, with the continuous improvement of the green financial system and the promotion of the dual-carbon goal, together with the top-level deployment of the “15th Five-Year Plan” for industrial green transformation and sustainable governance of firms, Huang Shizhong et al. (2023) [1] pointed out that the ESG information disclosure mechanism of A-share listed companies continues to be standardized, the ESG rating system is gradually implemented, and ESG performance has become a key criterion for measuring the long-term sustainable development potential of firms. However, the academic community has not reached a consensus on whether ESG performance can improve the financial performance of listed companies. Wang Xiaoyan and Zhou Daiqian (2025) [2] believe that good ESG performance can effectively respond to the demands of stakeholders, reduce information asymmetry, and thus improve financial performance; Yao Ye and Wang Jinfeng (2025) [3] pointed out that ESG implementation may increase short-term costs and inhibit corporate profits. Based on this, this paper measures financial performance by ROA, quantifies ESG performance with Huazheng ESG Ratings, and selects Shanghai-Shenzhen A-share listed

companies from 2015 to 2024 as a sample. By studying the impact of ESG performance on the financial performance of firms, it is intended to provide reference experience for the sustainable development practice of listed companies.

In recent years, many scholars have carried out a lot of empirical studies on the relationship between enterprise ESG rating and enterprise financial performance. The conclusions can be roughly divided into the following three types of views: positive relationship, negative effect, and nonlinear relationship. First of all, this kind of research is based on the stakeholder theory and believes that high-quality environmental governance, social responsibility investment and internal control can reduce enterprise financing constraints, reduce the risk of compliance penalties, improve market recognition, and ultimately improve long-term profitability. Zhao Jixin and Zhou Yongtao (2024) [4] believe that high-quality ESG practices are conducive to improving the financial performance of firms; Tao Quan and Ding Wenyi (2025) [5] found that the better the ESG performance, the higher the financial performance of the firm; Luo Yunxuan and Lu Jingyu (2025) [6] also confirmed that the excellent performance of firms in ESG highlights their significant positive impact on financial performance; Sun Bo (2025) [7] further pointed out that ESG ratings are significantly positively correlated with financial performance, and the higher the quality of accounting information, the stronger the positive effect. However, some scholars hold the opposite view that ESG implementation may also increase short-term costs and suppress corporate profits. Yao Ye and Wang Jinfeng (2025) [3] confirmed that the ESG greenwashing of firms will have a significant negative inhibitory effect on financial performance by exacerbating information asymmetry and weakening profitability; From the perspective of short-sightedness, Ren Qin (2024) [8] shows that when firms face strong financing constraints, the inhibitory effect of management myopia on enterprise ESG will be more significant. In addition, some scholars believe that there is no simple one-way linear relationship between the two, and the strength of the effect will be constrained by heterogeneous conditions such as industry attributes, institutional environment, enterprise property rights, scale, etc. At the same time, there are nonlinear curve relationships such as U-shaped and inverted U-shaped. Liu Shulan et al. (2024) [9] found that based on the data of the energy industry, there is a “U” relationship between green investment in China's energy industry and the financial performance of firms, which first declines and then rises; Wang Rong (2022) [10] confirmed from the perspective of cost-benefit that the impact of ESG information disclosure level on enterprise value has a threshold effect. When the ESG information disclosure level is lower than 6.358, ESG information disclosure has a negative correlation with enterprise value; Xie Meng et al. (2024) [11] pointed out from the time dimension that the performance of ESG responsibilities of firms cannot improve short-term financial performance, but it can achieve a positive improvement in performance around the third year of practice, reflecting the characteristics of time delay and continuity. The existing literature has not reached a consensus on the relationship between ESG and financial performance. Whether ESG performance can improve the financial performance of listed companies, the actual impact relationship between the two has yet to be tested.

The relationship between ESG performance and financial performance is also affected by mediating variables. Wang Xiaoyan and Zhou Daiqian (2025) [2] confirmed that the improvement of ESG performance can have a positive impact on the financial performance of firms by alleviating financing constraints; Wang Fengyun and Guo Haopeng (2026) [12] used A-share listed power generation firms as a sample to confirm that ESG performance indirectly improves the financial performance of firms by improving the quality of audit; Taka Sakura and Chifuyu (2025) [13] use analysts' attention as a mediating variable to analyze the impact mechanism of strengthening or weakening ESG ratings on financial performance; In terms of innovation channels, Luo Yunxuan and Lu Jingyu (2025) [6] confirmed that ESG rating performance can stimulate firms to increase R&D investment, thereby promoting financial performance improvement, in which R&D investment plays a mediating role; Financial mismatch can also play a mediating role between ESG performance and financial performance. Liu Gang (2024) [14] confirmed that ESG performance can promote the financial performance growth of firms by alleviating financial mismatch; Liquidity creation plays a mediating role between ESG investment and the business performance of commercial banks. Li Bo (2024) [15] takes A-share listed banks as a sample to confirm that ESG investment can indirectly promote bank business performance by improving liquidity creation; Directors' shareholding plays a mediating role between ESG performance and financial performance. Du Yu and Kong Qianxuan (2024) [16] confirmed that the increase in the shareholding ratio of directors can have a positive impact on financial performance by improving the ESG performance of the firm; In addition, Liu Yi et al. (2025) [17] found that digital transformation can improve the ESG performance of firms by enhancing innovative capital.

Studies have provided an important basis for understanding the relationship between ESG performance and corporate financial performance, but there are still shortcomings: First, there are still differences in the benchmark conclusion. The existing literature has not reached an agreement on whether the two have a positive relationship, negative effect or nonlinear relationship, and most studies focus on a single industry or a specific year, and lack systematic testing. Second, the analysis of the mechanism of ESG affecting ROA is not systematic enough. Third, heterogeneity analysis can still be further expanded.

In view of this, this paper takes Shanghai-Shenzhen A-share listed companies from 2015 to 2024 as a research sample, measures the financial performance of the firm with return on total assets (ROA), selects Huazheng ESG Ratings to measure firms' ESG performance, empirically test the impact relationship between the two with the help of the two-way fixed-effects model, and carry out heterogeneity analysis. The research conclusion can enrich the empirical research related to domestic ESG and corporate profitability, and has certain theoretical supplementary value; At the same time, it can provide a realistic reference for listed companies to balance sustainable investment and operating income, and regulatory departments to optimize ESG supporting incentive policies.

2. Theoretical Analysis and Research Hypotheses

2.1 ESG Performance and Corporate Financial Performance

According to the stakeholder theory, good ESG performance of firms can effectively respond to the demands of various stakeholders, reduce the information asymmetry between the firm and the external environment, and thus reduce transaction costs and agency costs. At the same time, based on the resource-based theory, high-quality environmental governance, social responsibility fulfillment and corporate governance level constitute the unique intangible resources of firms, which are conducive to forming differentiated competitive advantages and enhancing long-term value creation capabilities. The above theoretical logic has been empirically supported. Wang Xiaoyan and Zhou Daiqian (2025) [2], taking listed companies in China's manufacturing industry as a sample, found that the improvement of ESG performance can significantly improve the financial performance of firms, and the long-term effect is better than the short-term effect; Tao Quan and Ding Wenyi (2025) [5] verified the significant positive correlation between ESG performance and financial performance, and revealed the mediating role of debt financing costs; Sun Bo (2025) [7] further confirmed that ESG rating is significantly positively correlated with financial performance, and the higher the quality of accounting information, the stronger the positive effect. Based on this, this study puts forward the hypothesis:

H1: The better the ESG performance, the higher the financial performance of the firm.

2.2 The Mediating Role of Financing Constraints

In the sustainable development of firms, many firms have insufficient information disclosure, and it is difficult for investors to accurately judge the business status of firms. Therefore, financial institutions raise the lending threshold, and firms have problems of "difficult financing" and "expensive financing", which leads to a decline in their own financial performance. When firms optimize their ESG performance, the relevant disclosures of the dimensions of environment, social responsibility and corporate governance can enrich the business information disclosed to the public, dispel the concerns of investors, make it easier for firms to obtain credit and equity investment, and alleviate financing constraints. After having sufficient capital reserves, firms can promote R&D upgrading, expand business layout, optimize debt arrangement, and increase the operating profitability. Based on this, the transmission path is sorted out: the improvement of ESG performance will first reduce financing constraints, and then increase financial performance with the help of a relaxed capital environment. Based on this, this study puts forward the hypothesis:

H2: Good ESG performance will ultimately improve the financial performance of firms by easing financing constraints.

3. Research Design

3.1 Sample Selection

This study uses a sample of A-share listed companies from 2015 to 2024. Financial and insurance companies, ST and ST* firms, and observations with missing values are excluded from the sample. In addition, all continuous variables are winsorized at the 1% level. After the above screening, 15,159 enterprise-annual observations were finally obtained.

3.2 Data Sources

The core independent variable is firms' ESG performance, measured using Huazheng ESG Ratings. All financial indicators and corporate governance variables of firms come from the Guotaian database. The annual macro and industry classification data come from the Wind financial end and the industry classification standards of the Securities Regulatory Commission.

3.3 Variable Definitions

Dependent Variable: This study takes the return on total assets (ROA) as a measure of the financial performance of firms. This indicator can reflect the actual level of profitability of firms relying on overall assets, and can comprehensively portray the profitability of firms at the daily operation level.

Independent Variable: Taking the ESG rating of the Huazheng ESG Ratings Index as the core explanatory variable of this study, the ESG rating of Huazheng ESG Ratings covers a complete dimension and has a high update frequency. It adapts to the institutional characteristics of the domestic A-share market, and can more objectively portray the comprehensive practice level of firms in the three dimensions of environment, social responsibility and corporate governance.

Control Variables: In order to control the impact of other factors on the financial performance of the firm, this paper selects the size of the firm, Growth, liquidity, CEO duality, the proportion of independent directors, the shareholding ratio of the largest shareholder, state-owned firms, and Big Four Auditor as control variables, so as to improve the control system of the model and improve the reliability of the regression results.

Mediating Variable: This paper sets the financing constraint as the mediating variable of this study, and then uses the SA index to complete the quantitative measurement. With the help of this indicator, this study hopes to accurately measure the intermediate transmission level of ESG's role in the financial performance path.

3.4 Model Specification

To test H1, the following baseline model is constructed:

$$Roa_{i,t} = \alpha_0 + \alpha_1 ESG_{i,t} + \sum_j \gamma_j Controls_{i,t}^j + Year_t + Ind_k + \varepsilon_{i,t} \quad (1)$$

Roa represents the return on assets; *ESG* denotes the score derived from Huazheng ESG Ratings; *Controls* represents control variables; *Year* and *Ind* denote year and industry fixed effects, respectively; ε represents the random disturbance term; *i*, *t*, and *k* represent the firm, year, and industry, respectively; and $\varepsilon_{i,t}$ represents the random error.

Based on Model (1), a mediation effect model is constructed to test H2:

$$SA_{i,t} = \beta_0 + \beta_1 ESG_{i,t} + \sum_j \delta_j Controls_{i,t}^j + Year_t + Ind_k + \varepsilon_{i,t} \quad (2)$$

$$Roa_{i,t} = c_0 + c_1 ESG_{i,t} + c_2 SA_{i,t} + \sum_j \mu_j Controls_{i,t}^j + Year_t + Ind_k + \varepsilon_{i,t} \quad (3)$$

Equation (2) represents the regression model of the mediating variable *SA* on the explanatory variable *ESG*, while Equation (3) represents the regression model of the dependent variable *Roa* on the explanatory variable *ESG* and the mediating variable *SA*.

4. Empirical Analysis

4.1 Descriptive Statistics

The descriptive statistical results are shown in Table 1. The average value of the total return on assets (ROA) of the explained variable is 0.029, the standard deviation is 0.07, the minimum value is -0.264, and the maximum value is 0.197, which shows that the profitability of the listed companies in the sample is highly differentiated, there is a phenomenon of loss-making firms and high-profit firms coexisting, and the overall profitability level is low. The core explanatory variable ESG average is 6.012, the standard deviation is 0.799, the minimum value is 4.41, and the maximum value is 8.26, indicating that the overall ESG performance of most firms is in the middle range, and the gap in the sustainable performance of firms is moderate. The distribution status of control variables and ROA and ESG data is suitable for subsequent baseline regression analysis.

Table 1: Descriptive Statistics

Variable	Observations	Mean	Standard deviation	Minimum	Median	Maximum
ROA	15159	0.029	0.07	-0.264	0.033	0.197
ESG	15159	6.012	0.799	4.41	5.94	8.26
Size	15159	22.415	1.304	20.064	22.223	26.395
Growth	15159	0.114	0.321	-0.57	0.076	1.591
Liquid	15159	2.397	2.13	0.381	1.684	12.874
Dual	15159	0.317	0.465	0	0	1
Indep	15159	0.379	0.053	0.333	0.364	0.571
Top1	15159	0.328	0.147	0.085	0.303	0.726
Soe	15159	0.308	0.462	0	0	1
Big4	15159	0.068	0.252	0	0	1

4.2 Baseline Regression Results

Table 2 is the regression result of the benchmark model, showing that the firms' ESG performance has a significant positive impact on financial performance (ROA), and is significant at the 10% level, and H1 is supported. Specifically: Column (1) only includes the core explanatory variable ESG and controls the two-way fixed-effects, without adding any control variables, and preliminarily verifies the positive effect of ESG on ROA; Column (2) introduces control variables at the level of firm size, Growth and liquidity management on the basis of column (1); Column (3) On the basis of column (2), further supplement control variables such as CEO duality, the proportion of independent directors, and the shareholding ratio of the largest shareholder; Column (4) includes all control variables, and adds the nature of property rights and Big Four auditor variable. The regression coefficient of the ESG rating is 0.002 and the standard error is 0.001, indicating that every time the firm's ESG score is increased by one unit, return on total assets (ROA) is increased by 0.002. The higher ESG performance can improve the profitability of the firm. The results show that the higher the ESG rating of the firm, which is conducive to reducing risks and financing costs, and can also consolidate the long-term business foundation of the firm and contribute to sustainable development.

Table 2: Baseline Regression Results

	(1) ROA	(2) ROA	(3) ROA	(4) ROA
ESG	0.002* (0.001)	0.002* (0.001)	0.002* (0.001)	0.002* (0.001)
Size		0.007** (0.003)	0.007** (0.003)	0.007** (0.003)
Growth		0.049*** (0.002)	0.049*** (0.002)	0.049*** (0.002)
Liquid		0.008*** (0.001)	0.008*** (0.001)	0.008*** (0.001)
Dual			0.001 (0.002)	0.001 (0.002)
Indep			0.007 (0.019)	0.008 (0.019)
Top1			0.031** (0.016)	0.032** (0.016)

	(1) ROA	(2) ROA	(3) ROA	(4) ROA
Soe				0.003 (0.006)
Big4				0.010* (0.006)
Observations	15159	15159	15159	15159
Number of Firms	3473	3473	3473	3473
R ²	0.021	0.121	0.122	0.122
Control Variables	No	Partial	Partial	Yes
Firm Fixed Effects	Yes	Yes	Yes	Yes
Year Fixed Effects	Yes	Yes	Yes	Yes

Notes: *, **, and *** indicate statistical significance at the 10%, 5%, and 1% levels, respectively. Cluster-robust standard errors at the firm level are reported in parentheses. All specifications include firm fixed effects and year fixed effects. The same applies to the following tables.

4.3 Robustness and Endogeneity Tests

In order to verify the reliability of the above results, this paper conducts robustness and endogeneity tests. The regression results are shown in Table 3.

Alternative dependent variable. This study replaces the explanatory variable with ROE. As shown in column (1), the regression coefficient of ESG performance is 0.008, which is significant at the level of 1%, indicating that after replacing the profit measurement index, ESG performance can still significantly improve the financial performance of the firm, and the benchmark results are stable.

Excluding 2020. Due to the impact of the firm's business environment caused by the global outbreak of the epidemic, this paper excludes the re-regression of the 2020 observation sample. The regression results are shown in column (2). The ESG coefficient is 0.002, which is significantly positive at the 5% level, which is completely consistent with the baseline regression coefficient and significance.

The winsorization thresholds were adjusted to 0.5% and 99.5%. Following this adjustment, the ESG performance coefficient remained stable at 0.002 and was significantly positive at the 5% level; the signs and significance of the control variables showed no substantial changes. This demonstrates that extreme values do not interfere with the core research conclusions, confirming the robustness of the results.

In order to solve the endogenous problem caused by reverse causality between ESG and financial performance, the text uses the method of lagging the core explanatory variable to re-estimate the model, as shown in Column (4). The ESG (L.ESG) coefficient of the first phase is -0.003, which is significantly negative at the 1% level. The result reflects that the previous ESG investment will occupy the current operating resources of the firm, which will have a negative impact on profits in the short term. At the same time, the lag variable effectively cuts off the reverse causal relationship of “high-profit firms increasing ESG investment in the current period”; The significance and symbol of the remaining control variables are basically consistent with the baseline regression, and the variable relationship is stable.

Table 3: Robustness and Endogeneity Tests

	(1) Alternative Measure (ROE)	(2) Excluding 2020	(3) Alternative Winsorization	(4) One-Period Lagged ESG
ESG	0.008*** (0.003)	0.002** (0.001)	0.002** (0.001)	
L.ESG				-0.003*** (0.001)
Size	0.035*** (0.009)	0.007** (0.003)	0.005 (0.003)	0.014*** (0.004)
Growth	0.106*** (0.005)	0.049*** (0.002)	0.048*** (0.002)	0.048*** (0.002)
Liquid	0.015*** (0.001)	0.008*** (0.001)	0.007*** (0.001)	0.008*** (0.001)
Dual	0.003	0.001	0.001	0.000

	(1) Alternative Measure (ROE)	(2) Excluding 2020	(3) Alternative Winsorization	(4) One-Period Lagged ESG
Indep	(0.007) 0.051	(0.003) 0.017	(0.002) 0.006	(0.003) 0.007
Top1	(0.052) 0.062	(0.021) 0.033**	(0.020) 0.030*	(0.020) 0.015
Soe	(0.048) 0.009	(0.016) 0.004	(0.016) 0.003	(0.018) 0.006
Big4	(0.018) 0.028	(0.006) 0.013*	(0.006) 0.011*	(0.006) 0.004
Observations	(0.017) 15159	(0.007) 12883	(0.006) 15159	(0.007) 11369
Number of Firms	3473	3473	3473	3018
R ²	0.086	0.126	0.109	0.127

4.4 Heterogeneity Analysis

This study conducts heterogeneity analysis from the two dimensions of the nature of property rights and whether firms are audited by a Big Four auditor. The regression results are shown in Table 4.

Heterogeneity based on the nature of property rights. Column (1) The ESG coefficient of non-state-owned firms is 0.001, and column (2) The ESG coefficient of state-owned firms is 0.002, which is significantly positive at the level of 10%. The reason may be that state-owned firms rely on policy guidance and resource advantages, and the effect of ESG implementation on improving profits can be effectively implemented; The operation of non-state-owned firms is more constrained, and the income conversion of ESG investment in the current period is not yet obvious.

Heterogeneity based on whether firms are audited by a Big Four auditor. Column (3) The ESG coefficient of firms not audited by the Big Four is 0.002, and the 10% level is significantly positive. Column (4) The ESG coefficient of firms audited by the Big Four -0.001 is not significant. The reason may be that the external supervision of firms not audited by the Big Four is weak, and ESG can be used as an internal governance supplement to improve profits; Big Four auditors themselves have formed strong supervision constraints, and the incremental improvement effect of ESG has been weakened.

Table 4: Heterogeneity Analysis

	(1) Non-SOEs	(2) SOEs	(3) Non-Big Four Auditors	(4) Big Four Auditors
ESG	0.001 (0.001)	0.002* (0.001)	0.002* (0.001)	-0.001 (0.003)
Size	0.009** (0.004)	0.007 (0.005)	0.006** (0.003)	-0.011 (0.017)
Growth	0.058*** (0.003)	0.028*** (0.002)	0.050*** (0.002)	0.038*** (0.007)
Liquid	0.008*** (0.001)	0.007*** (0.002)	0.008*** (0.001)	0.001 (0.003)
Dual	0.002 (0.003)	-0.001 (0.004)	0.002 (0.002)	-0.012* (0.007)
Indep	0.002 (0.027)	0.015 (0.021)	0.006 (0.020)	0.032 (0.043)
Top1	0.047* (0.024)	0.008 (0.018)	0.034** (0.016)	0.029 (0.038)
Soe			0.003 (0.006)	0.011 (0.020)
Big4	0.007 (0.009)	0.016* (0.009)		
Observations	10496	4663	14125	1034
Number of Firms	2618	1027	3273	279
R ²	0.142	0.084	0.122	0.151

4.5 Mediation Analysis

In order to identify the transmission mechanism of ESG's role in the financial performance of firms, this paper uses the financing constraint SA index as a mediating variable for a stepwise regression analysis. The ESG coefficient in column (1) is 0.008 and significantly positive at the level of 1%, indicating that good ESG performance can significantly alleviate the constraints of enterprise financing; Column (2) is the baseline regression, and ESG has a significant positive impact on the 10% level of ROA; Column (3) After inserting the core explanatory variables and the mediating variable synchronously, the financing constraint coefficient -0.036 is significantly negative at the level of 10%, and the ESG coefficient is still significantly positive, indicating that the financing constraint plays a partial mediating effect between the two.

Table 5: Mediation Analysis

	(1) Financing Constraints (SA)	(2) ROA	(3) ROA
ESG Performance	0.008*** (0.001)	0.002* (0.001)	0.002** (0.001)
Financing Constraints			-0.036* (0.020)
Firm Size	0.003 (0.005)	0.007** (0.003)	0.007** (0.003)
Growth	-0.002* (0.001)	0.049*** (0.002)	0.049*** (0.002)
Liquidity	0.004*** (0.001)	0.008*** (0.001)	0.008*** (0.001)
CEO Duality	0.002 (0.002)	0.001 (0.002)	0.001 (0.002)
Board Independence	-0.002 (0.016)	0.008 (0.019)	0.008 (0.019)
Largest Shareholder Ownership	0.019 (0.021)	0.032** (0.016)	0.033** (0.016)
SOE	-0.004 (0.003)	0.003 (0.006)	0.003 (0.006)
Big Four Auditor	0.006 (0.008)	0.010* (0.006)	0.010* (0.006)
Observations	15159	15159	15159
Number of Firms	3473	3473	3473

5. Conclusions and Implications

5.1 Conclusions

This study selects Shanghai-Shenzhen A-share listed companies from 2015 to 2024 to carry out empirical research to clarify the role of ESG performance on financial performance. The research results show that:

First, the better the ESG performance of the firm, the higher the financial performance of the firm, and after replacing the explained variables, eliminating special years, adjusting the tailing ratio, and lagging the core explanatory variables by one period, the conclusion is still valid.

Second, financing constraints play a mediating role between ESG performance and financial performance of firms. Good ESG performance ultimately improves the financial performance of firms by alleviating financing constraints.

Third, based on heterogeneity analysis, the performance boost effect of ESG is heterogeneous. Compared with non-state-owned firms and firms audited by a Big Four auditor, the positive impact is more prominent among state-owned firms and firms that receive non- Big Four auditor.

5.2 Policy Implications

First of all, firms should systematically optimize ESG implementation and consolidate the foundation for performance improvement. The baseline regression results indicate that ESG performance can positively

improve financial performance, so firms need to improve their own ESG system construction. Firms can set up a special ESG governance group to promote the energy-saving transformation of production links, the implementation of social responsibility and the improvement of the internal control mechanism, and expand the sustainable development of the supply chain and other voluntary disclosure contents according to the authoritative rating standards. The management should do a good job in the medium and long-term layout, smooth out the phased construction expenditure, weaken the profit fluctuations caused by short-term investment, ensure the long-term release of ESG benefits, and promote the sustainable development of firms.

Secondly, considering that financing constraints play a significant mediating role, strengthening this transmission mechanism can further amplify the revenue-increasing effect of ESG. Firms can use standardized ESG reports as financing endorsements, declare green credit and green bond-related policy benefits, and optimize the transparency of equity information to absorb institutional funds; The funds obtained from financing will be given priority to the fields of research and development iteration and business optimization. Regulatory authorities will simultaneously improve the green financing support rules, reduce the financing obstacles of high-quality ESG firms, and strengthen the stability of the transmission link.

Finally, firms can also formulate differentiated strategies based on property attributes and audit background. In terms of property rights, state-owned firms use the advantages of policies and resources to upgrade ESG implementation standards and form an industry demonstration; Non-state-owned firms should promote ESG reform step by step, give priority to low-cost optimization projects, and buffer short-term cost pressure. At the audit level, firms not audited by the Big Four rely on ESG to improve the internal control system and make up for the lack of external supervision; Relying on the mature external regulatory environment, the four major auditing firms focus on long-term green layout and tap into deeper development dividends.

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Conflicts of Interest

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