

# Corporate ESG Responsibility, External Supervision, and Corporate Reputation

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**Abstract.** This article takes A-share listed companies from 2014 to 2023 as samples, takes the fulfillment of corporate ESG responsibilities by listed companies as the independent variable, empirically tests its impact on corporate reputation, and introduces three variables: media attention, analyst attention, and institutional shareholding as proxy variables for external supervision. It deeply explores the impact of external supervision from different perspectives on the impact of corporate ESG responsibilities on reputation. The research results indicate that (1) Fulfilling ESG responsibilities can significantly affect a company's reputation. Enterprises that fulfill ESG responsibilities better often have a better reputation. (2) If a company receives stronger media attention, it will strengthen the promotion effect of ESG responsibility on its reputation. (3) The more analysts who track a company, the stronger the promotion effect of ESG responsibility on reputation. (4) The higher the shareholding ratio of corporate institutions, the better the ESG performance of the enterprise can enhance its reputation. After conducting robustness tests using methods such as replacement measurement, instrumental variable method, and GMM, the conclusion still holds.

**Keywords:** ESG; corporate reputation; external supervision.

## 1. Introduction

### 1.1. Research Background

With the continuous deepening of reform and opening up, China's economy has experienced rapid development and has shifted towards a stage of high-quality and sustainable development. The overall economy of the country has achieved many extraordinary achievements. At the same time, climate change, environmental damage, biodiversity loss, and social problems brought about by economic activities have gradually become the core issues of individual enterprise and overall social development. As the micro subject of economic development, enterprises, after experiencing a stage of rapid growth and expansion, find it difficult to coordinate the speed and quality of enterprise development, as well as the negative effects brought by enterprise development, and thus enter the bottleneck of development. They have to face the severe test of how to walk the path of sustainable development well.

The 14th Five Year Plan and the 2035 Long Range Goals both emphasize the concept of green development, emphasizing the coordination between environment and economic development. The government work report also added the concepts of "carbon peak" and "carbon neutrality" for the first time, fully demonstrating the overall layout of ecological civilization construction that "green mountains and clear waters are invaluable assets". The ESG evaluation system formed at the beginning of the 21st century, which includes three dimensions of environment, society, and governance, has rapidly become a focus of attention for governments and enterprises through continuous iteration. Based on the demand for sustainable development, the concept of ESG has emerged.

ESG includes three aspects: environment, social, and corporate governance, covering the three core dimensions of whether a company can achieve sustainable development. This concept refers to the fact that in addition to pursuing good financial performance, enterprises also need to consider various non-financial factors such as environment, society, and corporate governance in the business process,



and balance the relationship between enterprise development and various stakeholders. ESG indicators, as important non-financial information, can reflect the values of sustainable development of enterprises. ESG information can transmit the enterprise value orientation that traditional financial information is difficult to convey to stakeholders, helping investors avoid high-risk companies, allowing stakeholders to obtain long-term stable returns, and thus walking the path of high-quality and sustainable development of enterprises. ESG, as a clear concept, was first proposed in the 2004 article "Who Cares Wins – Connecting Financial Markets to a Changing World" by the United Nations Global Compact, which summarized 10 principles of sustainable development. The concept of ESG was widely recognized by the international community as soon as it was formed.

## **1.2. Main research content and framework**

This article takes the data of A-share listed companies in Shanghai and Shenzhen from 2014 to 2023 as the research sample. Based on theoretical foundations and literature review, research hypotheses are proposed, and empirical testing methods are used to explore whether ESG performance of enterprises will enhance their reputation. In addition, this article incorporates external supervision and other factors into the research framework to analyze their moderating effect on enterprises actively fulfilling ESG responsibilities and enhancing corporate reputation. In further analysis, we will also explore the differences between different types of enterprises and the mechanisms underlying this relationship and examine more moderating effects. Based on this approach, the basic framework designed for this study is shown in Figure 1.1, and this study is divided into the following seven parts.

Chapter 1 Introduction. Elaborate on the background, significance, content and framework, and innovative points of this study.

Chapter 2 Theoretical analysis and research hypotheses. Elaborate on the theoretical foundations related to research, including stakeholder theory, corporate reputation theory, signal transmission theory, and social exchange theory. Elaborate and define the concepts of corporate ESG responsibility and corporate reputation in research and design. Based on these theories and literature analysis, a reasonable analysis is conducted on the relationship between corporate ESG responsibility and corporate reputation, combined with theories. The main hypothesis of this article is proposed, which is that fulfilling corporate ESG responsibility can improve corporate reputation, and moderating variables are introduced. Considering the moderating effects of external factors such as media attention, institutional shareholding, and analyst tracking, a verifiable research hypothesis is proposed.

Chapter 3 Research Design. To verify the hypothesis of this study, explain the data sources and variable definitions used in this study, and refer to classical literature to construct an actionable empirical regression model.

Chapter 4 Empirical Testing and Result Analysis. Through empirical analysis, verify research hypotheses, examine the impact of corporate ESG responsibility on corporate reputation, including descriptive statistics, correlation analysis, multiple regression analysis, endogeneity test, robustness test, and further analysis.

Chapter 5 Research Conclusion and Suggestions. This chapter summarizes the research findings of the article, points out the limitations of the study, and provides corresponding suggestions for regulators, business managers, and investors.

## **2. Theoretical Foundations and Research Hypotheses**

### **2.1. Theoretical Basis**

#### **2.1.1. Stakeholder theory**

In 1963, the Stanford Research Institute proposed the concept that "without this critical group of people, businesses cannot survive", leading to the emergence of stakeholders. Strategic management

expert Ansoff (1965) clearly proposed the concept of stakeholders. He believes that when formulating its own development strategy, enterprises should consider the interests and relationships of multiple stakeholders, maintain the interests of multiple parties, and balance their relationships. Later, Freeman (1984) proposed the stakeholder theory, which believed that the achievement of corporate goals cannot be separated from stakeholders. The development of a company needs to consider the value needs of multiple stakeholders, and the company has economic, moral, and legal responsibilities to stakeholders.

### **2.1.2. Theory of firm reputation**

In the late 1970s, American scholar Fama first integrated the concept of reputation into economic research. He proposed that reputation could serve as a substitute for corporate incentive mechanisms, encouraging managers to work hard (Fama, 1980). Subsequently, more and more scholars have discovered the important role of reputation in business operations and governance, Fama's viewpoint has been continuously developed and improved, forming a theoretical system for corporate reputation. The theory of corporate reputation is to use the enterprise as a carrier of reputation, exploring how to enhance the reputation of the enterprise and its impact. Formbrun and Shanley (1990) established a model for the formation of corporate reputation, proposing that reputation serves as a signal transmission for a company in the capital market, which can change the public's perception of the company and influence its trading behavior. Meanwhile, reputation also has a constraining effect on the enterprise itself. If the enterprise recognizes the value of reputation, it will constrain its own behavior to maintain a good reputation.

### **2.1.3. Signalling Theory**

In the 1970s, Michael Spencer proposed the theory of signal transmission. At present, various stakeholders in society no longer only focus on the traditional financial information disclosed by enterprises. Non-financial information that reflects the company's commitment to environmental protection, active fulfillment of social responsibility, and good corporate governance is also increasingly valued by the public. This non-financial information are mainly disclosed through social responsibility reports, and enterprises will publish relevant information for stakeholders to view. Good ESG performance helps companies establish a good image, transmit positive signals, and obtain better reputation. Enterprises can release signals to the market about their future development prospects and sustained good business development by publishing information related to their ESG performance, thereby balancing the problems caused by information asymmetry. Stakeholders can also use this information to effectively identify the sustainable development capabilities of enterprises and make more accurate choices. Therefore, actively implementing ESG concepts and disclosing relevant information can lay the foundation for the long-term development and value enhancement of enterprises.

## **2.2. Research Hypotheses**

### **2.2.1. The impact of corporate ESG responsibility fulfillment on corporate reputation**

The stakeholder theory holds that the survival and development of a company depend on the quality of its response to the demands of stakeholders such as shareholders, employees, consumers, and the natural environment. Corporate reputation, as a rare and irreplaceable unique resource that can continuously create value for the enterprise, is closely related to the stakeholder group. It gathers the cognitive judgments and emotional experiences of stakeholders about the past and future of the enterprise. These cognitive judgments and emotional experiences are the intuitive feelings of stakeholders towards the enterprise's response to its demands and have an impact on its next actions. This means that as long as the company meets the expectations of stakeholders and maintains their interests, it can gain the reputation of the enterprise. ESG, as a legitimate behavior involving enterprises, society, and a wider range of stakeholders, satisfies the expectations of different stakeholder groups towards the enterprise through its contribution to environmental, social, and governance activities, helps the enterprise create reputation capital, and motivates stakeholders to use

their resources to contribute to the success of the company. Therefore, good corporate ESG performance can enhance a company's reputation, while poor ESG performance can cause damage to the company's reputation. Based on this, this article proposes the first research hypothesis:

H1: Actively fulfilling ESG responsibilities by enterprises has a promoting effect on their reputation.

All three dimensions of a company's ESG performance can have a positive impact on a company's reputation by meeting the expectations and demands of its stakeholders. In terms of environmental performance, companies are able to establish their image and reputation in front of their stakeholders through good environmental performance. In terms of social performance, enterprises can strengthen their reputation by assuming social responsibility and establishing corporate image through social activities such as charitable donations. In terms of corporate governance, companies can alleviate conflicts among stakeholders by enhancing their governance capabilities, such as increasing the proportion of independent directors and strengthening the oversight function of the board of directors, so as to manage their reputation. Based on the stakeholder theory, the environmental, social and governance performance of an enterprise can safeguard the interests of stakeholders, and when the three work together, a good corporate governance mechanism will promote the long-term interests of the enterprise, improve the environmental performance and social responsibility performance, so as to contribute to the stakeholder group on a larger scale and extent, and ultimately realize the synergy of the three to enhance the reputation of the enterprise. Based on this, this paper proposes a second research hypothesis:

H2: The three aspects of corporate ESG responsibility: environmental performance, social performance, and governance performance have synergies in promoting corporate reputation.

### **2.2.2. Corporate ESG responsibility, media attention, and corporate reputation**

According to the perspective of agency theory, the external governance mechanism of a company can enhance the improvement effect of fulfilling ESG responsibilities on the information environment. Various external supervisory parties, as direct recipients or transmitters of information, play important roles in alleviating principal-agent problems. The fulfillment of corporate ESG responsibilities will attract more external supervision, and the increase in external supervision can promote the transformation of business models, increase ESG responsibility investment, and alleviate information asymmetry. If a company uses ESG responsibility to cover up real information and conceal speculative behavior, more external supervision will increase the likelihood of these improper behaviors being exposed, seriously affecting the development of the company. Therefore, external supervisory factors can encourage companies to uphold investor interests and reduce opportunistic behavior in fulfilling their ESG responsibilities. Media attention serves as a bridge for companies to convey information to external investors. If a company has good ESG responsibility and releases high-quality relevant information disclosure, they will fully interpret and widely spread this positive factor of the company, thereby promoting the inclusion of non-financial information in the company's reputation. Based on this, this paper proposes a third research hypothesis:

H3: Media attention plays a promoting role in the relationship between corporate ESG responsibility and corporate reputation.

## **3. Research Design**

### **3.1. Selection and Data Sources**

This study focuses on A-share listed companies in Shanghai and Shenzhen from 2014 to 2023. The ESG responsibility data for enterprises comes from Wind Information Finance terminal. All other data were sourced from CSMAR, RESSET financial databases, and China Research Data Service Platform (CNRDS), and processed as follows:

(1) Excluding samples from the financial and insurance industry.

- (2) Excluding ST and \* companies.
- (3) Excluding companies from initial IPOs.
- (4) Remove samples with missing data.

This article uses SPSS 27 and Excel for data processing and analysis and truncates all continuous variables in the model at the 1% and 99% levels. The dependent variable of this article, corporate reputation, is calculated. After conducting the above data filtering and processing, this article ultimately obtained 22180 sample observations.

### 3.2. Variable Definition and Model Design

#### 3.2.1. Variable Definition

##### (1) Dependent variable

This article refers to the approach of Song Yan et al. (2023) and integrates the measurement indicators established by Miao Rong and Mao Ning (2007) and Fombrun (1999). A corporate reputation evaluation system is constructed using 24 indicator factors, and the total score of factor analysis is used as the reputation value of the company for the current year.

##### (2) Independent variable

The explanatory variable of this article is corporate ESG responsibility. This article adopts a professional agency rating method, referring to the research of Fang Xianming, Hu Ding (2023), Xi Longsheng, Zhao Hui (2022), Wang Yu et al. (2022), and comprehensively considers the application period and coverage range of ESG ratings in various databases such as Sino-Securities Indexinformation, SynTao Green Finance, and Bloomberg. Finally, Sino-Securities Indexinformation ESG rating is selected as the proxy variable for the fulfillment of corporate ESG responsibilities.

##### (3) Adjusting variable

Regarding the media attention received by enterprises, this article refers to the methods of Liang Shangkun (2017) and Xu Yu et al. (2017) and takes  $\ln$  (the total number of online and newspaper reports received by enterprises per year+1) as the measure of media attention (Media).

**Table 1.** Variable definition

Type	Name	Symbol	Definition
Dependent variable	Corporate reputation	Rep	Construct a corporate reputation evaluation system using 24 indicator factors and calculate the total score of the factors
Indendent variable	Corporate ESG Responsibility Fulfillment	ESG	$\ln(\text{Sino-Securities Indexinformation ESG rating})$
Adjusting variable	Media attention	Media	$\ln(\text{The total number of online and newspaper reports received by enterprises per year})$
Control variable	Company age	Age	Years of establishment of the enterprise
	P/E ratio	PE	Stock price/earnings per share
	Sustainable development capability	Sustain	$\text{Earnings retention ratio} \times (\text{net profit/sales revenue}) \times (\text{total assets/initial owner's equity}) \times (\text{sales revenue/total assets})$
	Radical level of taxation	TA	$[\text{Total profit} - (\text{income tax expense} - \text{deferred income tax expense} - \text{ending deferred income tax liability} - \text{beginning deferred income tax liability}) - (\text{ending deferred income tax asset} - \text{beginning deferred income tax asset})] / \text{End of year income tax rate} / \text{Total assets}$
	Growth potential	Growth	The ratio of the current year's operating revenue to the previous year's operating revenue of the enterprise
	Net asset to liability ratio	NADR	Net profit/ending net assets
	Return on equity	ROE	Net profit/ending shareholder's equity
	Price to book ratio	BM	Current closing price/(total closing value of owner's equity/closing value of paid in capital)

### 3.2.2. Model Design

#### (1) Dependent variable

The purpose of this study is to investigate whether good performance of corporate ESG responsibility can enhance corporate reputation, and to explore the effect of different external supervision on the process of corporate ESG responsibility that positively affects corporate reputation. The research process can be divided into four steps:

The first step is to examine the impact of corporate ESG responsibility on corporate reputation, take corporate reputation (Rep) as the explanatory variable, and the total score (ESG) of corporate ESG score and the scores of the three levels of environment (E), society (S) and governance (G) as explanatory variables, explore the role of corporate ESG responsibility and its responsibility in each aspect on corporate reputation, and add control variables for regression.

Build a model (1) Test hypothesis 1. In this model, it is expected that  $\alpha_1$  is significantly positive, and the better the company's ESG responsibilities are fulfilled, the better the company's reputation.  $\alpha_0$  is the constant term,  $\alpha_1, \alpha_2, \alpha_3, \alpha_4$  are the regression coefficients, and  $\varepsilon$  is the residual.

$$\text{Rep} = \alpha_0 + \alpha_1 \text{ESG} + \alpha_2 \text{E} + \alpha_3 \text{S} + \alpha_4 \text{G} + \sum \text{Controls} + \sum \text{Year} + \sum \text{Industry} + \varepsilon \quad (1)$$

The second step is to test the moderating effect of media attention, and also take corporate reputation (Rep) as the explanatory variable, and the total score of corporate ESG score (ESG) as the explanatory variable and add media attention (Media) and cross-multiplication terms (ESG  $\times$  Media). Construct model (2) to test hypothesis 2, in this model,  $\alpha_3$  is expected to be significantly positive, that is, the more media attention, the stronger the promotion effect of actively fulfilling corporate ESG responsibilities on corporate reputation.

$$\text{Rep} = \alpha_0 + \alpha_1 \text{ESG} + \alpha_2 \text{Media} + \alpha_3 \text{ESG} \times \text{Media} + \sum \text{Controls} + \sum \text{Year} + \sum \text{Industry} + \varepsilon \quad (2)$$

## 4. Empirical result analysis

### 4.1. Descriptive statistics

As shown in Table 2, the descriptive statistical results of the main variables show that in the final sample, the dependent variables of corporate reputation (Rep), ESG, and their three dimensions perform well, but the standard deviations of the variables in the table are relatively large, indicating that there is a significant difference in ESG responsibility fulfillment and corporate reputation among different companies in the sample.

**Table 2.** Descriptive statistics of the main variables

Variable	Obs	Mean	Std. Dev.	Min	Max
Rep	18830	21.211	1.325	18.668	25.076
ESG	18830	4.297	.072	4.051	4.44
Media	18212	5.954	1.302	3.555	10.138
Age	18830	19.897	5.517	8	34
PE	18830	.586	.643	.084	2.633
Sustain	18830	.95	1.414	-.937	8.911
TA	18830	.371	1.143	-5.931	11.362
Growth	18830	1.176	.342	.458	2.978
NADR	18830	1.05	1.056	.074	7.595
ROE	18830	.087	.063	0	.326
BM	18830	1.971	1.231	.691	8.11

### 4.2. Analysis of the Impact of Corporate ESG Responsibility Fulfillment on Corporate Reputation

Table 3 shows the regression results of the impact of corporate ESG responsibility on corporate reputation. It can be seen from the table that after adding the influencing explanatory variable as the relevant control variable, the listed company's performance of corporate ESG responsibilities,

including environmental, social and governance responsibilities, can enhance the corporate reputation. Among them, column (1) shows the regression result of ESG, that is, the impact of listed companies' performance of ESG responsibilities on corporate reputation, and it can be seen that the regression coefficient of ESG is 3.4349, which is significant at the level of 1%, indicating that the fulfillment of corporate ESG responsibilities can have a significant positive impact on corporate reputation. Columns (2), (3) and (4) show the regression results of environmental (E), social (S) and corporate governance (G) in the three aspects of corporate ESG responsibility, and the results show that the three aspects of corporate ESG responsibility can have a significant impact on corporate reputation, with coefficients of 2.0286, 1.1672 and 1.5422, respectively, and the better the performance of enterprises at the environmental, social and corporate governance levels, the more they can improve their reputation, among which the environmental impact is the most obvious, and the impact of corporate governance is relatively weakest.

**Table 3.** Regression results of the impact of ESG performance on corporate reputation

	(1)	(2)	(3)	(4)
VARIABLES	Rep	Rep	Rep	Rep
ESG	3.4349*** (17.38)			
E		2.0286*** (17.83)		
S			1.1672*** (11.28)	
G				1.5422*** (10.63)
Age	0.0070** (2.09)	0.0055 (1.64)	0.0073** (2.12)	0.0056 (1.63)
PE	-0.2558*** (-11.29)	-0.2898*** (-12.60)	-0.2920*** (-12.46)	-0.2824*** (-12.00)
Sustain	0.1381*** (12.54)	0.1409*** (12.72)	0.1518*** (13.28)	0.1493*** (12.77)
TA	0.0345*** (4.59)	0.0338*** (4.44)	0.0328*** (4.28)	0.0337*** (4.37)
Growth	0.0656** (2.50)	0.0617** (2.34)	0.0309 (1.15)	0.0590** (2.22)
NADR	0.4628*** (18.67)	0.4362*** (18.08)	0.4463*** (17.93)	0.4694*** (17.96)
ROE	1.9424*** (6.08)	2.0263*** (6.31)	2.0067*** (6.02)	2.0683*** (6.19)
BM	-0.2415*** (-15.86)	-0.2231*** (-14.63)	-0.2450*** (-15.54)	-0.2523*** (-15.78)
Constant	6.0626*** (7.16)	12.5279*** (26.98)	15.8420*** (34.69)	14.1346*** (22.37)
Observations	18,830	18,830	18,830	18,830
R-squared	0.505	0.505	0.485	0.484
Ind	YES	YES	YES	YES
Year	YES	YES	YES	YES
r <sup>2</sup> <sub>a</sub>	0.502	0.503	0.482	0.481

Robust t-statistics in parentheses

\*\*\* p<0.01, \*\* p<0.05, \* p<0.1

### 4.3. Media attention to the moderating effect test

To examine the impact of media attention on corporate ESG responsibility and its relationship between three aspects and corporate reputation, Table 6.4 shows the regression results of model (2). If media attention can positively moderate the promotion of corporate ESG responsibility and its three aspects on corporate reputation, the regression coefficient of the multiplication term should be positive and significant.

(1) lists the impact of media attention on corporate ESG responsibility and corporate reputation. The results showed that the media regression coefficient was 0.4447 and the t-value was 28.16, which was significant at the level of 1%, indicating that the higher the media attention of the enterprise, the more it can improve the corporate reputation. The cross-product  $ESG \times media$  was significantly positively correlated with corporate reputation, with a regression coefficient of 0.8597 and a t-value of 8.26, which was significant at the level of 1%, indicating that media attention has a moderating effect, and the higher the media attention, the more obvious the promotion effect of enterprises actively fulfilling ESG responsibilities on corporate reputation.

The regression results in columns (2), (3) and (4) show the impact of media attention on the relationship between corporate ESG responsibility, environmental responsibility, social responsibility and corporate governance responsibility and corporate reputation, and regress the three indicators of E, S and G and their cross-multiplier terms with institutional shareholding (Inst). The results show that media attention plays a role in promoting the relationship between the three levels of corporate ESG responsibility and corporate reputation.

**Table 4.** Moderating effect regression results

	(1)	(2)	(3)	(4)
VARIABLES	A	B	C	D
	Rep	Rep	Rep	Rep
ESG	2.4858*** (15.79)			
ESG×Media	0.8597*** (8.26)			
E		1.4713*** (15.76)		
E×Media		0.3497*** (6.45)		
S			0.7529*** (8.39)	
S×Media			0.2968*** (5.12)	
G				1.2721*** (10.71)
G×Media				0.5584*** (6.50)
Media	0.4447*** (28.16)	0.4552*** (28.17)	0.4736*** (27.70)	0.4702*** (28.85)
Age	0.0083*** (2.88)	0.0072** (2.50)	0.0086*** (2.90)	0.0076*** (2.59)
PE	-0.2814*** (-13.79)	-0.3071*** (-14.95)	-0.3114*** (-14.71)	-0.2988*** (-14.21)
Sustain	0.0999*** (11.45)	0.1022*** (11.48)	0.1104*** (12.30)	0.1069*** (11.67)
TA	0.0298*** (4.26)	0.0299*** (4.27)	0.0284*** (4.04)	0.0294*** (4.10)
Growth	0.0190 (0.82)	0.0146 (0.63)	-0.0068 (-0.29)	0.0114 (0.48)
NADR	0.3671*** (16.96)	0.3481*** (16.34)	0.3515*** (16.18)	0.3709*** (16.41)
ROE	0.9976*** (3.70)	1.0485*** (3.85)	1.0031*** (3.58)	1.0322*** (3.71)
BM	-0.2480*** (-18.58)	-0.2316*** (-17.17)	-0.2517*** (-18.31)	-0.2548*** (-18.47)
Constant	7.7806*** (11.43)	12.3855*** (31.81)	15.0997*** (38.22)	12.7984*** (23.88)
Observations	18,212	18,212	18,212	18,212
R-squared	0.604	0.602	0.590	0.593
Ind	YES	YES	YES	YES
Year	YES	YES	YES	YES
r2_a	0.602	0.600	0.588	0.591

Robust t-statistics in parentheses

\*\*\*  $p < 0.01$ , \*\*  $p < 0.05$ , \*  $p < 0.1$

## 5. Summary

### 5.1. Research conclusions

This article selects empirical data from A-share listed companies in China's Shanghai and Shenzhen stock markets from 2013 to 2022. Unlike most previous studies that focus on the impact of corporate ESG responsibility on financial information, this article takes non-financial information of enterprises as the research object to explore the impact of corporate ESG responsibility performance on corporate reputation. Firstly, using the overall performance of corporate ESG responsibilities as the independent variable, construct a model to verify its impact on corporate reputation. Secondly, by introducing media attention as a moderating variable, we will delve into the impact of ESG responsibility on corporate reputation.

Specifically, this study found that:

- (1) A company's good performance in ESG responsibility can significantly enhance its reputation.
- (2) Media attention will significantly enhance the positive impact of corporate ESG responsibility fulfillment on reputation. Under the same conditions, if the media attention is high, it will enhance the promotion effect of ESG performance on corporate reputation.

### 5.2. Suggestions

Corporate reputation, as a unique resource of a company, can enhance its competitiveness from multiple aspects and plays an important role in its survival and development. This article explores the relationship between external supervision of ESG performance, media attention, analyst attention, and institutional shareholding, and corporate reputation. It encourages companies to actively assume ESG responsibilities to obtain reputation capital. Based on the research results, this article proposes the following five suggestions:

Firstly, regulatory authorities should continue to vigorously develop a regulatory system for non-financial information such as corporate ESG responsibility, further improve the reward and punishment system for corporate ESG responsibility and guide more enterprises to actively fulfill their ESG responsibilities. The government regulatory authorities need to specify specific and effective ESG evaluation standards that are suitable for the Chinese economic system, strictly regulate and evaluate the ESG responsibility behavior of enterprises, combine coercive and guiding measures, punish enterprises with poor ESG responsibility performance, and form an effective constraint mechanism. At the same time, through publicity, support, and incentives, such as providing tax incentives and financial support to enterprises with excellent social responsibility performance, it can stimulate corporate responsibility awareness.

Secondly, enterprises should increase their emphasis on reputation and external monitoring feedback and strengthen the management of reputation and external monitoring factors. As an intangible asset that requires long-term operation, corporate reputation is crucial for the sustainable development of enterprises. Both good and bad ESG responsibility fulfillment can quickly spread through the internet. Once negative ESG responsibility information is exposed, it can cause incalculable damage to the reputation of the enterprise. In this social environment, enterprises should change their mindset, actively strengthen corporate reputation management, establish good mutually beneficial cooperation relationships with stakeholders, and generate more positive evaluations of the enterprise from stakeholders.

Thirdly, it is recommended that investors increase their attention to the fulfillment of corporate ESG responsibilities. Corporate ESG responsibility has rich information content, which can uncover the

characteristics of the company. When investors examine the operation status of the enterprise and make investment decisions, they should not only be based on the obtained financial information, but also deeply consider the performance of the enterprise's ESG responsibility. They should carefully evaluate the authenticity and reliability of the financial and non-financial information disclosed by the enterprise and combine ESG to more accurately evaluate the social credibility and reputation of the enterprise. Then, they should choose enterprises with excellent ESG responsibility performance and firm moral will as investment targets to achieve a win-win situation.

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