ESG Research Hotspots in the Field of Management in China: A Review

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Abstract. This paper reviews the research progress of ESG in the field of management. The article points out that ESG performance has a significant impact on corporate performance, value creation, green innovation, and financing costs. Research hotspots include the relationship between ESG and corporate performance, the connection between ESG and green innovation, the relationship between ESG information disclosure and financing costs, and the impact of ESG on capital market stability. Literature analysis shows that domestic ESG research focuses on themes such as green development and sustainability, corporate financial evaluation methods, corporate strategy, and financial market risk assessment. Scholars have explored the application of ESG indicators in financial evaluation systems, new ESG-oriented asset evaluation methods, and the impact of ESG information disclosure on corporate financial transparency. Meanwhile, the correlation between ESG performance and corporate financial risk has also received considerable attention. However, understanding the connotation of ESG, integrating indicators into financial evaluation systems, and improving information disclosure systems remain key areas for future research.

Keywords: ESG, Research Hotspots, Evolutionary Context, Management

1 Introduction

In recent years, research on ESG (Environmental, Social, and Governance) in the field of management has made significant progress. Scholars have explored the extensive impact of ESG on corporate performance, value creation, green innovation, financing costs (including debt financing costs), and the stability of capital markets from multiple dimensions. Studies generally indicate that ESG performance, as a key driver of sustainable corporate development, has a significant positive effect on enhancing corporate value, innovation performance, and market reputation. For example, Wang Yinghuan and Guo Yongzhen (2023) empirically tested the "inverted U-shaped" relationship between corporate digital transformation and ESG performance based on panel data from Chinese A-share listed companies, revealing the complex role of digital transformation in promoting ESG performance[1]. Meanwhile, the research by Meng Mengmeng et al. (2023) found that ESG performance can promote green innovation, and digital transformation, market competition intensity, and institutional environment play a positive

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moderating role in this, further emphasizing the importance of ESG in driving corporate low-carbon transformation and sustainable development[2].

Currently, research hotspots on ESG in the field of management mainly focus on several aspects: First, the relationship between ESG performance and corporate performance and value creation. Multiple studies have shown that good ESG performance can significantly enhance corporate value and performance, such as the ESG risk premium phenomenon discovered by Shi Yongdong and Wang Haomiao (2023) [3], and the role of green development in enhancing corporate value and the importance of financial support pointed out by Lin Hui and Li Tangrong (2023) [4]. Second, the connection between ESG performance and green innovation. Under the "dual carbon" goals, green innovation has become an important driving force for corporate development, and the promoting role of ESG performance has received widespread attention. Third, the relationship between ESG information disclosure and financing costs. ESG information disclosure is seen as an important means to alleviate corporate financing constraints, improve information transparency, and enhance investor confidence. The research by Wang Yiqiu and Xie Meng (2022) found the positive effect of ESG information disclosure on reducing corporate financing costs, especially equity financing costs[5]. Fourth, the impact of ESG performance on the stability of capital markets. The research by Shuai Zhenghua (2022) shows that the ESG performance of listed companies can reduce the risk of stock price crashes, thereby playing a role in stabilizing the capital market[6].

Despite the fruitful achievements in ESG research, there are still some controversies. Firstly, there is no consensus on the understanding and measurement methods of ESG. Different rating agencies and scholars have different definitions and evaluation indicators for ESG, leading to a lack of comparability in ESG rating results. Secondly, the relationship between ESG performance and corporate value may also be influenced by various factors, such as market environment, industry characteristics, and corporate size, making this relationship complex and subject to differing viewpoints. Finally, the authenticity and reliability of ESG information disclosure have always been questioned. Some companies may engage in "greenwashing," exaggerating or selectively disclosing ESG information to mislead investors and the public.

2 Research Hotspots of ESG in Management Literature

To explore the research hotspots of ESG in domestic literature, this section employs CiteSpace 6.1.R6 (Advanced Edition) and Gephi 0.10.1 to conduct quantitative and visual analysis of literature related to ESG in the field of domestic management. First, the data sources for this study include the CNKI database, with specific data acquisition steps as follows: (1) Determination of search expression. The search for Chinese literature uses "篇关摘" (title, keywords, and abstract) containing "ESG." (2) Determination of search time. The search time range for this study starts from 2019, with an end date of December 31, 2024. (3) Determination of search journals. Sources of domestic literature include Chinese journals in disciplines such as "Economic Theory and Economic Thought History," "Accounting," "Macroeconomic Management and Sustainable Development." After completing the above search steps, this study initially obtained 673 Chinese literature pieces. To ensure the accuracy of the analysis, titles and abstract information were read one by one to exclude literature unrelated to ESG. Finally, 647 Chinese literature pieces were selected for subsequent analysis. Secondly, with the help of keyword cluster analysis (k-means clustering), citation analysis, and keyword cluster timezone analysis, the research hotspots of ESG in domestic literature are summarized. Lastly, potential directions for future management scholars to further develop or expand using ESG are proposed[17].

To more clearly present the research hotspots of ESG in the field of domestic management, this paper conducts a visual cluster analysis of keywords as shown in fig.1. and summarizes the following three hotspot themes: (1) Green development and sustainability practices and collaborative research, (2) Corporate financial evaluation methods and frameworks, (3) Corporate strategy and financial market risk assessment and response.

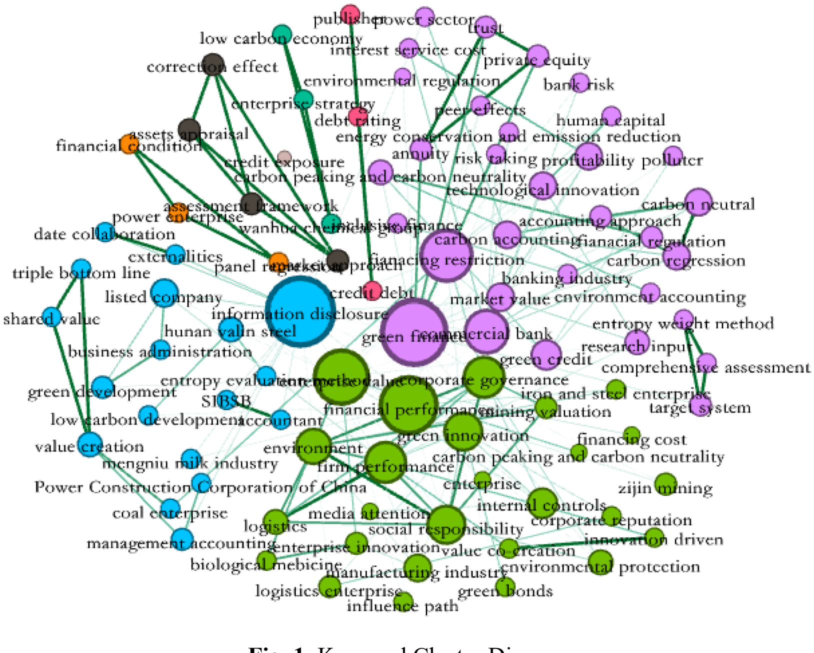

Fig. 1. Keyword Cluster Diagram

(1) Green Development, Sustainability Practices, and Collaborative Research. This topic primarily includes Cluster One "Green Finance and Banking," Cluster Two "Analysis of Corporate Green Innovation and Performance Impact," and Cluster Three "Corporate Information Disclosure and Green Development." Cluster One includes keywords such as "green finance," "commercial banks," "market value," "green credit," and "banking industry." Cluster Two includes keywords like "corporate value," "financial performance," "corporate governance," "environment," "green innovation," "dual

carbon," and "innovation-driven." Cluster Three covers keywords like "information disclosure," "data collaboration," "externalities," "green development," and "low-carbon development."

The topic of "Green Development and Sustainability Practices and Collaborative Research" focuses on several key aspects. ① The integration of ESG investment strategies and green finance has become a focal point. Lin Hui and Li Tangrong (2023) empirically demonstrate that corporate green development enhances value, with both equity and debt financing playing critical roles[4]. Green financial products such as green bonds and funds direct capital towards low-carbon sectors, injecting new momentum into the green economy. However, further research is needed to understand their operational mechanisms in different market environments and their impact on corporate ESG practices. ② Secondly, the relationship between corporate ESG practices and performance has become a hot topic. Fang Xianming and Hu Ding (2023) show that ESG performance can enhance corporate innovation output, especially in large enterprises and state-owned enterprises[7]. Shi Yongdong and Wang Haomiao (2023) find that companies with excellent ESG performance can demand lower yields, indicating an ESG risk premium phenomenon[3]. ESG strategies can also enhance brand image and consumer trust, increasing market share and brand value. However, future research should explore the differences in ESG strategy implementation among different companies and their long-term effects. ③ In terms of ESG information disclosure and transparency, research by Wang Yiqiu and Xie Meng (2022) [5], and Xi Longsheng and Wang Yan (2022) [8] suggests that ESG information disclosure can reduce financing costs, and stock price crash risk, and improve market stability. However, current information disclosure faces issues such as incomplete content and varying quality. Future research should explore improving information disclosure systems to enhance market transparency and information comparability. ④ ESG synergy mechanisms and cross-domain cooperation are also among the research hotspots. Cao Qun and Xu Qian (2019) emphasize the profound significance of building a financial ESG system for global green development and sustainability cooperation[9]. Further exploration is needed to promote the integration of international ESG standards with local practices and to deepen global cooperation.

(2) Corporate Financial Evaluation Methods and Frameworks. The topic mainly includes Cluster Four "Corporate Financial Status" and Cluster Five "Asset Evaluation Methods and Frameworks." Cluster Four includes keywords "financial status" and "panel regression"; Cluster Five includes keywords "modified impact," "asset evaluation," "evaluation framework," and "market approach."

Research on "Corporate Financial Evaluation Methods and Frameworks" has primarily focused on four key aspects. ① With the global emphasis on sustainable development and corporate social responsibility growing, scholars are delving into the integration of ESG indicators into corporate financial evaluation systems. Wang Yiqiu and Xie Meng (2022) found that ESG information disclosure can significantly reduce corporate financing costs[5], while Liu Yi et al. (2023) highlighted the positive impact of good ESG performance on corporate value creation, mediated by technological innovation[10]. ②However, the specific integration of ESG indicators remains a research hotspot and controversy. Simultaneously, the development of new ESG-oriented asset evaluation methods and frameworks has gained attention, as traditional methods have shortcomings in this area. Su Chang and Zhou Shouhua (2024) proposed that ESG offers a new perspective for asset evaluation, but research is still in its infancy[11]. ③ Regarding ESG information disclosure, Zhou Lingyan et al. (2024) demonstrated its impact on improving corporate financial transparency and asset evaluation accuracy, using Huaneng International as an example0[12]. Nevertheless, differences in disclosure quality and standards persist, requiring further exploration. ④Lastly, the correlation between ESG performance and corporate financial risk has become a focus, with studies by Cai Yifan and Pang Yutong (2023) [13] and Zhang Hong et al. (2024) revealing a significant negative correlation between ESG performance and stock price volatility, as well as its differentiated negative effect on corporate financing costs[14]. However, more research is needed to systematically reveal the internal mechanisms and influencing factors of this correlation.

(3) Corporate Strategy and Financial Market Risk Assessment and Response. This topic includes Cluster Six "Integration of Low-Carbon Economy and Corporate Strategy" and Cluster Seven "Credit Bonds and Debt Rating Research." Cluster Six includes keywords "low-carbon economy" and "corporate strategy," while Cluster Seven includes keywords "issuer," "debt rating," and "credit bonds." [17]

Research on "Corporate Strategy and Financial Market Risk Assessment and Response" encompasses several key areas. ① The implementation of corporate low-carbon strategies has been widely studied, showing that companies can significantly improve their ESG performance through adjustments such as technological innovation, green supply chain management, and energy-saving measures. Chen Hong and Zhang Lingxiao (2023) found that ESG performance enhances corporate value, with digital transformation positively moderating this process by boosting green technological innovation capabilities[15]. These strategic adjustments not only respond to the global low-carbon transition but also bring long-term benefits. However, further exploration is needed into the specific paths, mechanisms, and long-term effects of low-carbon strategy implementation on ESG performance. ②ESG risk assessment in the financial market has become a crucial topic. Studies indicate that ESG factors influence corporate credit bond ratings, stock price fluctuations, and financing costs. Lian Yonghui et al. (2023) found that better ESG performance lowers debt financing costs by reducing financial, information, and agency risks[16]. Financial institutions use ESG data for risk identification, but the complexity and diversity of this data pose challenges. Future research should focus on standardizing ESG data management, improving data comparability, and enhancing risk assessment models and methods. Additionally, research on the application and feedback mechanisms of ESG risk assessment results is needed to guide investment decisions. ③Thirdly, a company's ability to respond to ESG-related risks, including warning, management, and crisis handling, significantly impacts its financial market performance. Xi Longsheng and Wang Yan (2022) found that ESG information disclosure reduces stock price crash risk by mitigating information asymmetry and smoothing investor emotions. Companies with strong ESG response capabilities better cope with market and policy challenges, maintaining stable performance[8]. Future research should explore the components and influencing factors of ESG response capabilities, their impact on corporate performance, and ways to enhance these capabilities. Attention should also be given to differences and commonalities in ESG response capabilities across industries and regions, providing insights for differentiated ESG management strategies.

3 Summary and Outlook

This paper conducts an in-depth analysis of research hotspots and trends in ESG within the field of management, systematically reviewing the development status and future prospects of ESG research.

In terms of research hotspots, the relationship between ESG performance and corporate performance, green innovation, financing costs, and capital market stability has become the focus of scholars. Particularly in areas such as green development and sustainable practices, corporate financial evaluation methods and frameworks, corporate strategy, and financial market risk assessment and response, ESG has demonstrated immense potential and value.

Looking ahead, ESG research will continue to deepen and expand in the following areas: First, further exploration of the specific construction and application of ESG indicators, improving the ESG evaluation system to enhance its accuracy and comparability; second, strengthening the research on new methods and frameworks for ESG-oriented asset valuation, providing more scientific foundations for corporate value assessment; third, in-depth investigation of the impact of ESG information disclosure on corporate financial transparency, investor confidence, and capital market stability, promoting the continuous optimization of information disclosure systems; fourth, focusing on the correlation between ESG performance and corporate financial risk, offering new perspectives and tools for corporate risk management. With the global emphasis on sustainable development and social responsibility, ESG research will embrace broader development opportunities, providing richer and more in-depth theoretical support and practical guidance for corporate management practices.

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