A Forward-Looking Study of ESG System Development from The Perspective of Economic and Commercial Theory

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Abstract. With the gradual deepening of ethical investment and socially responsible investment and the proposal of sustainable development theory in the new era, ESG investment is developing increasingly. The research found that ESG evaluation is of great significance for the sustainable development of enterprises, and in 2019, 2020, 2021, the ESG information disclosure rate of Chinese listed companies were 25.54%, 25.69% and 30.19%, respectively. The letter rate increased year by year, indicating that China's attention to ESG is gradually increasing. This paper holds that while paying attention to the development and influence of ESG, it is necessary to sort out its theoretical basis and core ideas, and holds that the theory of sustainable development, the theory of economic externality, the theory of corporate social responsibility and the theory of stakeholders are the theoretical basis for the development of ESG.

Keywords: ESG, Socially responsible investment, Sustainable development theory, Economic externality theory, Corporate social responsibility theory, Stakeholder theory.

1. Introduction

1.1. Development of socially responsible investment

As the predecessor of ESG, the development of socially responsible investment provides a series of institutional and theoretical foundations for ESG construction [1, 2]. Socially responsible investment originates from ethical investment [3]. In the early days, some businessmen refused to invest in unethical industries for religious reasons, and the church also restricted and regulated the investment behavior of believers through teachings, which gradually led to the ethical investment principle. For example, in 1758, Quakers in North America asked believers not to profit from the slave and arms trade; In 1760, john wesley preached that "people who use money should not take part in evil transactions". At this time, the ethical investment principle is mainly determined by religious beliefs and values, and there are no extensive standards and hard requirements, which leads to the early ethical investment not having a significant impact on mainstream investment activities.

In 1930s, a global capitalist economic crisis severely impacted the major capitalist countries in the world, while Germany under the "young plan" faced the Great Depression, and its ability to pay World War I reparations was greatly weakened. Wall Street giants secretly funded their favorite Hitler to overthrow the Weimar government in order to ensure that Germany paid reparations. According to incomplete statistics, from 1924 to 1931, Germany received a total investment of over 138 billion marks from Wall Street, which laid the foundation for a series of measures such as abolishing the Treaty of Versailles and vigorously developing German military industry and supporting infrastructure after Hitler took office. After that, DuPont, Mobil, Morgan, Ford and other consortia and companies all had huge orders with Germany, and also provided a series of military technology. Germany's economic level has developed rapidly with various capitals, especially the rapid expansion of military industry, which has become the pillar industry of Germany, laying the groundwork for Germany to attack Poland. Behind Germany's military empire in World War II, it can't be separated from Germany's national conditions, and it can't be separated from Wall Street investors' investment

in Germany in pursuit of interests regardless of right and wrong. Although it has made huge profits, the loss caused by the war to the whole world cannot be measured by money. Instead of taking interests as the only goal, we should consider the advantages and disadvantages of investment to the whole society, which is also the connotation of socially responsible investment.

In the mid-20th century, on the one hand, the conflicts of environment, war and race in European and American countries gradually emerged. With the development of journalism, people were exposed to more information and eager to express their opinions. On the other hand, with the improvement of productivity, market competition became fiercer and market choices became more diverse [4]. Consumers were more inclined to pay for "just" enterprises when faced with products with similar objective conditions. This psychology attracted the attention of investors. Therefore, capital began to emphasize labor rights and interests, race and gender equality, business ethics, environmental protection and other issues in investment based on moral and ethical needs. At the same time, some investors also began to convey their political demands or value orientation in their investment behavior, resulting in the early practice of modern socially responsible investment and the principle of "screening and rejecting" of socially responsible investment.

Since the 1990s, the concept of socially responsible investment has been further expanded and deepened, and the theory of sustainable development has been gradually integrated into it, resulting in ESG investment concept. Practice has proved that the relationship between social responsibility and income is very close. Take the Domeni 400 Index as an example. In May 1990, KLD Research and Analysis Co., Ltd. founded the first socially responsible investment index in the United States: Domeni 400 Index. The Minnie 400 Index has set up two major social and environmental standards and many detailed indicators. After screening, 400 enterprises with better evaluation results are selected from the S&P 500. In the first 10 years of tracking, the average annualized rate of return of these enterprises was 2.13 percentage points higher than the average annualized rate of return of the S&P 500 index in the same period, and it showed a trend of increasing as the time span widened. It can be seen that when an enterprise can fully fulfill its due social responsibility, it will have a good development prospect in high probability, and the investment risk will also be greatly reduced.

In 2006, the United Nations issued the principle of responsible investment on the New York Stock Exchange, and established an international investor network with six specific rules following ESG's responsible investment concept as its core idea, so as to further integrate socially responsible investment and ESG's related issues from the international community level. As the predecessor of ESG, the principle of "screening and elimination" in socially responsible investment will still be used by ESG, so as to further improve the evaluation ability of corporate social responsibility.

As an extension of socially responsible investment, global ESG investment has developed continuously in recent years, and the scale of global ESG investment market has grown rapidly. In recent years, under the impact of a series of global events, investors have generally noticed that if only the revenue capacity is taken as the investment principle, they will face greater investment risks. Only by comprehensively considering the diversified standards can they correctly understand the development trend of enterprises.

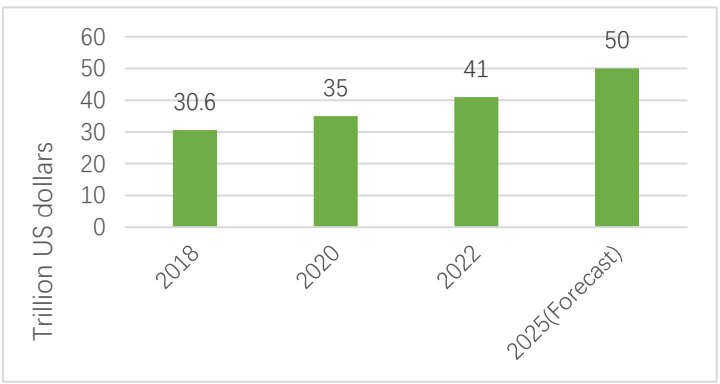

Figure 1. Global ESG investment scale

1.2. Evolution of sustainable development theory

In ESG system, the theory of sustainable development has a strong guidance to ESG, and the evolution of the theory of sustainable development has also promoted the continuous improvement of ESG.

Before the industrial revolution, under the mode of production with handicraft workshop as the main body, the means of production were scattered, the profit of commodities was low, the level of production technology was not high, and the dependence on nature was strong. At this time, the environmental problems were not prominent. In the middle of 18th century, the first industrial revolution made western countries embark on the road of industrialization, and the capitalist mode of production changed from workshop handicraft industry to machine industry. The means of production were highly concentrated, so the production efficiency was greatly improved. At the same time, great changes have taken place in the social structure. Under the new relations of production, the industrial bourgeoisie and the proletariat have emerged. In order to obtain more profits, the bourgeoisie with the means of production exploited the proletariat on the one hand, and expanded production to the maximum extent on the other. Large-scale production leads to the soaring consumption of coal, a sharp increase in the emissions of carbon dioxide, freon and carbon monoxide, and the resulting air pollution has seriously threatened people's health. At the same time, natural resources such as rivers have been severely damaged, and the environmental problems are very serious.

The reason why the first industrial revolution caused serious pollution was that under the principle of maximizing production and profits, capitalists ignored environmental factors and consumed resources without restriction to discharge pollution. In this situation that enterprises can't consciously solve pollution problems, it is necessary to pass laws to restrict the production behavior of enterprises and institutionalize environmental protection. Under this background, Britain took the lead in introducing many laws to alleviate the increasingly serious environmental pollution. In 1863, Britain passed the first Alkali Industry Law, which required to reduce the pollution discharge of soda industry. In 1878, Britain established a complete legal system for water pollution prevention through the Public Health Regulations. From 1875 to 1885, Britain promulgated three Working Class Housing Laws, which effectively solved the problems of urban environment and infectious diseases. Since then, Britain has continuously improved its environmental protection laws, which effectively controlled the environmental pollution and destruction during the industrial revolution. From extensive management to legal restraint, from attaching importance to production to social construction, the environmental protection process in industrialized countries also reflects the emergence and development of the concept of sustainable development.

After the Second World War, the capitalist countries headed by the United States recovered and developed rapidly through macro-control, developing state monopoly capitalism and strengthening world economic ties, and the capital world also ushered in a "golden age". However, with the release of the desire for investment and consumption, the weakening of the driving force of the scientific and technological revolution, and the decline of economic growth, coupled with the dollar crisis after the collapse of the Bretton Woods system and the soaring energy prices caused by two oil crises, European and American countries fell into a "stagflation" dilemma in the 1970s, which exposed the limitations of Keynesianism and the problem of "government failure". How the government should guide social development became a concern of all countries at that time. With the gradual improvement of the concept of modern sustainable development, it also extends from the environment to the economic field, and sustainable development has further developed and become an economic concept. In November 1983, the United Nations World Commission on Environment and Development was established, and the concept and model of "sustainable development theory" was formally established in the report "Our Common Future" submitted in 1987. In the traditional economic development model, the impact of enterprises on the environment is not counted in their production costs, but the negative externalities of enterprises on the environment in activities such as pollution discharge and resource destruction undoubtedly increase the social costs. Therefore, how to evaluate the negative externalities of enterprises on the environment is an important research of

sustainable development theory. Based on this direction, ESG can give a specific measure of the externality of enterprises, and the sustainable development ability of enterprises can also be comprehensively evaluated. ESG is based on the principle of sustainable development, and it will also be used as a methodology to further promote the exploration of the practical application of sustainable development theory.

2. Sustainable development theory and its enlightenment to ESG

The theory of sustainable development was first seen in the 1980 IUCN's "Outline of World Conservation of Natural Resources", which stated that "the basic relationships among nature, society, ecology, economy and the process of utilizing natural resources must be studied to ensure the global sustainable development." The central idea of. At the 15th National Congress of the Communist Party of China in 1997, China officially defined the sustainable development strategy as a strategy that must be implemented in the modernization drive. However, if we want to make a historical investigation on the formation of sustainable development theory and its extended ESG evaluation system from the economic basic sense, we must trace the formation of bourgeois free market and the industrialization development of capitalist countries.

From the perspective of political economy, industrial capital starts from the initial form, that is, the function of monetary capital, and buys labor factors and means of production in the form of commodities in the market, so as to prepare for the appreciation of capital value. In the next stage, that is, the production stage, the means of production and the labor force elements act as the general production elements in form to produce the use value, and in essence, they act as the material carrier of the production capital, performing the function of producing surplus value, and finally, the undifferentiated consumption of human labor forms the commodity value in the process of commodity exchange. Thus, in the sales stage of the market, on the one hand, the form of commodity circulation returns to the monetary form through commodity sales; On the other hand, as the essence of capital circulation stage, commodity capital is sold to realize surplus value. At the last and most critical stage of the realization of commodity capital, its selling speed, selling volume and selling possibility have a profound impact on capital production.

According to the capital turnover rate equation:

$$n(Capital\ turnover\ times) = \frac{U(Year)}{u(Turnover\ time)}$$

And surplus value rate equation:

$$m'(rate\ of\ surplus\ value) = \frac{m(surplus\ value)}{c(constant\ cost) + v(variable\ cost)}$$

In order to maximize the surplus value rate and expand the next round of social reproduction to a greater extent, capital owners will increase the surplus value rate in each capital turnover and increase the capital turnover rate as much as possible. In the former case, the capital owner will:

- Extend absolute surplus labor time.
- Extend the relative surplus labor time.
- Try to compress as much as possible without becoming a cost.
- Compress variable costs as much as possible.

In order to improve the capital turnover rate, it will try its best to maintain the capitalist free market to ensure the highest efficiency of commodity capital realization. But at the same time, if the above five means of accelerating capital aggregation are not regulated, they will collapse in the irreconcilable contradiction formed by themselves.

The above factors directly or indirectly exploit workers, which will lead to problems such as the lack of social consumption capacity, the reduction of workers' enthusiasm and the long-term gradual decline of labor force, etc., resulting in the failure to consider social and environmental benefits in order to save costs, which will further lead to the appearance of market externalities and the failure to meet the conditions of free market economy.

Whether it's the London smog incident that caused serious damage to the environment and residents' health by industrial pollutants due to unrestricted industrialization or the great harm of DDT pesticide to birds and ecological environment revealed in Silent Spring, it has aroused the public's concern about environmental resources, prompting regulatory authorities and legislative bodies to intervene, compensate and punish the environmental externalities caused by business activities [5]. In order to find solutions to the increasingly serious economic and environmental problems, in December 1983, the United Nations established the World Commission on Environment and Development (WCED), which officially published the report Our Common Future in April 1987, and elaborated the concept of sustainable development as follows:

(1) Meeting human needs and yearning for a better life is the main goal of development. Sustainable development requires meeting human basic needs and providing opportunities for human beings to yearn for a better life;

(2) Sustainable development advocates the value of keeping the consumption level within the acceptable range of ecological environment;

(3) Economic growth must conform to the basic principles of sustainable development and not exploit others. Sustainable development requires increasing production potential and ensuring fair opportunities to meet human needs;

(4) Sustainable development requires the population development to keep harmony with the ever-changing ecological environment output potential;

(5) Sustainable development requires curbing the exploitation of resources, thus endangering the future generations to meet their basic needs;

(6) Sustainable development requires that human beings should not harm the natural systems that support life on earth, including the atmosphere, water, soil and living things;

(7) Sustainable development requires all countries in the world to ensure fair access to limited resources and relieve resource pressure through technical means;

(8) Sustainable development requires rational use of renewable resources, prevention of over-exploitation and utilization, and control of the development rate of non-renewable resources so as not to endanger the development of future generations;

(9) Sustainable development requires the protection of plants and animals to avoid the reduction of species diversity affecting the choice of future generations;

(10) Sustainable development requires minimizing the negative impact of human activities on air, water and natural elements to maintain the integrity of the ecosystem.

ESG initiatives and propositions of different organizations for different industries all regard providing information that will help stakeholders of the evaluated enterprise to evaluate the risks and opportunities of sustainable development of the enterprise as the main objective of ESG report. It can be seen that the theory of sustainable development has a far-reaching impact on ESG. ESG evaluation system's emphasis on the environment can influence the economic foundation of the existing industrial system by changing the superstructure of investment evaluation habits, thus accumulating capital in enterprises with more sustainable development possibilities, avoiding enterprises with operational risks and negative social and environmental effects, and promoting the transformation and upgrading of social investment structure.

3. Economic externality theory and political economy explanation and its enlightenment to ESG

According to the theory of free market economy, economic participants choose the most preferred resource allocation in an economic environment where individuals are allowed and encouraged to pursue their own interests and are constrained. When each individual is a "hypothetical rational person" and is inclined to make the choice of maximizing individual utility to realize commodity capital under the premise of utility value theory, its total social supply and total demand will reach and maintain the equilibrium point. Using the "invisible hand" of the market mechanism to efficiently

coordinate economic activities, automatically adjust the interests of all participants, and maximize the total surplus, so as to achieve the Pareto optimality of the society macroscopically-that is, in a given total amount of resources and participants' economic model, no one can get better without anyone getting worse.

However, the behavior patterns of monopoly, oligarchy and syndicate in the market lead to Market Inefficiency where the market is not completely competitive, and the existence of economic externalities leads to the market price not reflecting the marginal social cost and marginal social benefit of production, which leads to Market Failure. Pigou's theory holds that when there is negative externality, other economic participants bear the marginal social costs that should be borne by their own participants. For example, if factories do not treat industrial wastes and discharge them at will, the air and water in the surrounding residential areas will be polluted, while the latter can't get equivalent compensation from the factories. Similarly, positive externality means that the marginal social benefits created by this participant are enjoyed by other participants for free.

The existence of externality leads to the fact that marginal social cost, marginal social income, marginal private cost and marginal private income in the market can't be equal to each other. Especially, the externality of environmentally polluting enterprises will lead the society to bear part of its marginal social cost minus marginal private cost. At the same time, it will weaken or even offset the expansion of social reproduction by seriously affecting the balance of social simple reproduction:

Divide social products into the first category of means of production whose products continue to be put into production, and the second category of means of subsistence for consumption; Divide the total social output value into the value of the means of production transferred in the final product, the value created by the workers' necessary labor condensed in the product is, and the value created by the workers in the surplus labor time condensed in the product is.

In order to meet the balance of simple reproduction, there must be:

$$l(c+v+m) = l(c) + ll(c) \tag{1}$$

It means that the total output of the first category must be the sum of the means of production and services that need to be compensated in order to maintain the simple reproduction of the society in that year, including the two categories.

$$ll(c+v+m) = l(v+m) + ll(v+m) \tag{2}$$

It means that the total output of the second category must be equal to the consumption demand of the two categories of workers and capital owners required by the society.

The basic realization conditions of simple social reproduction can be deduced.

$$l(v+m) = ll(c) \tag{3}$$

Because the society needs new means of production to expand reproduction, it is available.

$$l(c+v+m) > l(c) + ll(c), l(v+m) > ll(c) \tag{4}$$

Assuming that there is externality caused by marginal social cost caused by industrial pollution which is not borne by industrial enterprises themselves, due to the gap between its private cost and social cost, it will affect the internal resource exchange of this department and the resource exchange between the first and second departments, so that the value of production materials and production materials and consumption materials cannot be exchanged equally. If pollution damages workers' physical and mental health, causing absolute or relative reduction of their labor ability, it will affect them. However, if environmental pollution makes it more difficult to obtain the means of production (such as water source being polluted, water needs to be taken from further places), that is, the socially necessary labor time for obtaining the means of production will increase, then the higher the value of the means of production that can be transferred to the final product will lead to the increase of the means of production. In the end, the gap between social expansion and reproduction narrowed, and the social expansion and reproduction was thus restrained.

It can be concluded that, in order to make the market economy operate healthily and even make steady progress, there needs to be some market mechanism or macro means to compensate the positive externalities of enterprises and punish their negative externalities, such as levying resource tax or pollution control fees, subsidies and incentive policies for green industries, etc. Such control measures depend on the full disclosure of environmental information by market players, while ESG evaluation report can provide decision-making basis for administrative control and intervention by analyzing the sustainable development capability of enterprises, and reduce costs.

4. Corporate social responsibility theory and its enlightenment to ESG

With the continuous improvement of modern economic production and distribution mode, economic globalization has become an inevitable requirement for the development of productive forces. To a great extent, the factors of production have broken through the boundaries of regions, geography, countries and nationalities, and flowed and allocated in the whole world and human society, which is embodied in the formation of production and management networks and the deep development of regional economic collectivization. At the same time, after 1980s, with the impetus of neo-liberalism and neo-Keynesianism, the basic contradictions of capitalism became more acute and prominent. With the deepening of social production, the accumulation of material wealth, the polarization between the rich and the poor caused by the contradiction between distribution mode and productive forces, the prominent imbalance of development, the fluctuation of economic operation, the frequent occurrence of small-scale financial crises, the deterioration of ecological environment and social environment, and so on.

Affected by this, the post-modernity in the social superstructure of the economically developed countries or regions has been constantly criticized for modernity, which is embodied in the deconstruction trend of thought that generally appeared during the macroeconomic recession, including the negation, deconstruction and reconstruction of the traditional concept of childbearing, family, love, money and even the world outlook on life and values. The organization mode and distribution mode of economic production for decades inevitably declined during the transition period from modernity to post-modernity. In this transition period from one stage to another, the "negation of negation" was completed on the basis of the negation of the decline, that is, to build a way beyond the original mode of production and distribution to solve the post-modernity economic problems and alleviate the increasingly serious alienation of labor, laborers and capital owners under the antinomy of social production and private ownership of means of production.

Corporate social responsibility (CSR) theory requires enterprises to go beyond the traditional idea of taking profit as the only goal, and emphasize the concern for value in the production process, that is, the concern for the environment, consumers, contribution and responsibility to society. From the perspective of sustainable development, the management of an enterprise should be responsible to other stakeholders as well as shareholders.

The earliest research on the word Stakeholder comes from the Strategic Management: A Stakeholder Approach published by R. Edward Freeman in 1984. Stakeholders are defined as "individuals who can influence or be influenced by the realization of any organization's goals and its process", and are divided into major stakeholders including community, consumers, capital providers, employees and suppliers, and secondary stakeholders of government, media, competitors, special interest groups and consumer protection groups.

The stakeholder school represented by Freeman believes that enterprise management should pay attention to the interests of shareholders as well as the demands of other stakeholders, and also take into account the moral social responsibility of enterprises and the inherent need to attract and maintain strategic resources. The theory of corporate social responsibility urges enterprises and society to pay more attention to the problems of environment, social impact and governance, and provides a social atmosphere and theoretical basis for the development of ESG evaluation system. Based on the macro-emphasis of CSR theory on the fulfillment of corporate social responsibility in a broad sense, ESG

evaluation system pays more attention to the concretization and realization of this methodology. At the same time, it provides a richer reference content for enterprise evaluation combined with sustainable development theory.

5. Stakeholder theory and its enlightenment to ESG

In 1960s, based on the question of who owns the residual claim and residual control right of enterprises, the stakeholder theory developed rapidly in western countries, which broke the original orientation of enterprise value theory-the principle of shareholder supremacy, and put forward that the interests of enterprises are jointly owned and decided by shareholders and stakeholders. With the rapid development of this theory, there are various views on the definition of stakeholders.

Among them, in 1984, Freeman thought that stakeholders were individuals or groups that interacted with enterprises in terms of operation, economy and development. Then, in his book Principles of Economics, this concept was further expanded and improved. He believed that the enterprise stakeholders were all the people who participated in and served the production process.

The core point of stakeholder theory is that the interests of enterprises are not only related to shareholders, but also to individuals or groups directly or indirectly affected by the business behavior of enterprises. Therefore, enterprises should not only pay attention to their own performance, but also their own social value.

The theoretical basis of stakeholder theory is transaction cost economics, which holds that the investment of multi-shareholders in an enterprise is asymmetric, that is, there are differences in asset specificity. As for specific material capital, the party with low specificity will use opportunism to influence the interests of the party with high specificity, so handing over the ownership of the enterprise to the party with high asset specificity can avoid opportunism in enterprise management. There is another point of view in this theory, that is, corporate team-ism. The moral hazard and opportunism existing in the enterprise need a supervisor to supervise them, and the supervisor can be the remaining owners of the enterprise, so that they will further strengthen the supervision of the enterprise in order to safeguard their own interests, and actively participate in coordinating the internal relations of the enterprise. Therefore, for the residual claim and residual control right of the enterprise, it must be dispersed to all stakeholders, so as to restrict each other, supervise and jointly manage the development of the enterprise, that is, it is more clear that the interests of the enterprise are jointly owned and decided by shareholders and stakeholders.

The stakeholder theory further shows that enterprises are closely related to stakeholders, and stakeholders bear certain residual risks of enterprises, so they will supervise enterprises and participate in corporate governance in order to safeguard their own interests. According to ESG evaluation results, stakeholders can supervise enterprises.

Stakeholders are usually applied as a whole concept, but it is impossible to draw a credible conclusion, so the multi-cone subdivision method and Mitchell score method are commonly used internationally to subdivide them:

Multi-cone subdivision method is based on the different resources owned by stakeholders in the enterprise or their participation in enterprise activities. It can be divided into three categories: (1) stakeholders involved in the distribution of enterprise ownership, such as the board of directors and shareholders; (2) Stakeholders involved in corporate financial activities, such as employees, creditors, etc.; (3) Stakeholders involved in corporate social activities, such as the state, government, media, etc.

Mitchell's scoring method is based on the definition and classification of stakeholders, and it follows that stakeholders have at least one basic attribute, that is, the legitimacy, power and urgency of participating in enterprise management, and divides stakeholders into three categories: (1) Stakeholders with three basic attributes at the same time have absolute decision-making power over enterprise strategic objectives and business activities, such as directors and shareholders; (2) Stakeholders with any two basic attributes have only certain decision-making power over the strategic

objectives and business activities of enterprises, such as radicals without legitimacy, media without power, investors without urgency, etc. (3) Stakeholders with only one basic attribute have even smaller decision-making power over the strategic objectives and business activities of enterprises.

Stakeholder theory guides enterprises to pay more attention to the perspective of stakeholders, and take the initiative to assume social responsibilities to stakeholders in all aspects, so as to achieve the goal of sustainable development of enterprises.

Based on the support of the four theories for ESG development, ESG investment in China has entered a rapid development stage, and ESG asset management products have grown rapidly since 2020. The total net value of disclosed ESG asset management products has reached RMB 1,822.3 million [6].

The following is a summary of ESG's information disclosure in 2019, 2020 and 2021, in which ESG's credit card development is represented by the credit card rate of listed companies, and ESG's investment development is represented by green bond issuance, pan-ESG index, Public Offering of Fund and the number of ESG wealth management products in each year. The specific data is shown in Table 1, Figure 2 and Figure 3.

Table 1. Credit ratio of listed companies, green bond issuance, ESG index, public funds and financial products data in 2019, 2020 and 2021

Particular year / Data	2019	2020	2021
Information disclosure rate of listed companies	25.54%	25.69%	30.19%
Green bond issuance (billion)	10200	11600	16500
ESG index products	43	52	66
ESG public fund products	120	148	200
ESG wealth management products	13	36	172

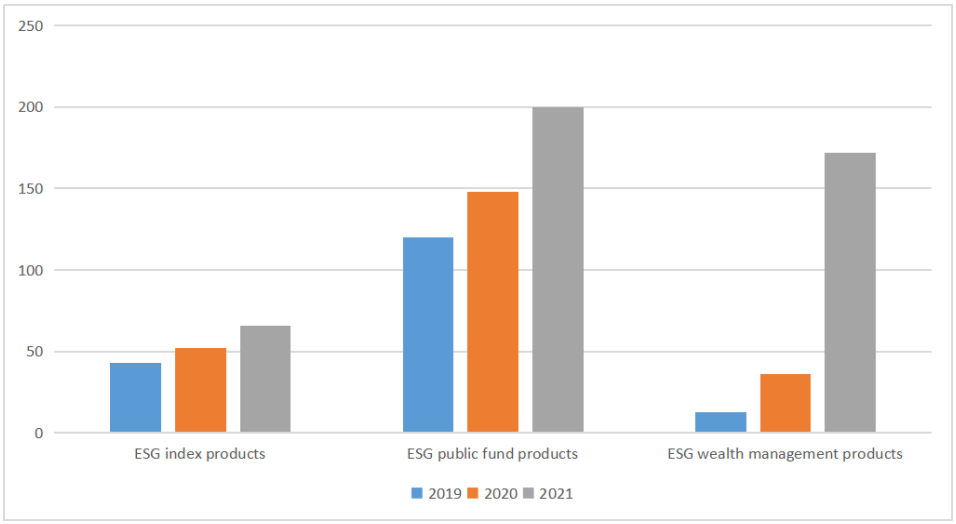

Figure 2. Data of ESG index, public funds and wealth management products in 2019, 2020 and 2021

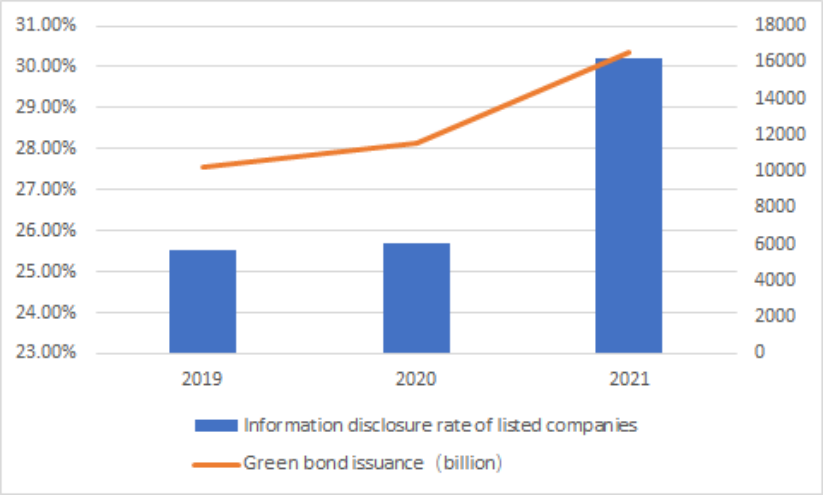

Figure 3. Credit ratio and green bond issuance of listed companies in 2019, 2020 and 2021

6. Influence of Four Theoretical Pillars on ESG and Its Practical Application

6.1. The influence and application of sustainable development theory to ESG

Both sustainable development theory and ESG aim at improving the sustainable development ability of economy, society and environment. In the process and results of realization, the theory of sustainable development has planned the macro goal, which is a general research direction. ESG, based on the theory of sustainable development, has turned it into practical actions, and put forward and constructed specific methods and processes. On the target object, the theory of sustainable development mainly provides a general framework for government, enterprises, citizens and other stakeholders to promote sustainable development, while ESG focuses on enterprises, and then evaluates and measures enterprise performance and sustainable development ability around the performance of enterprise environment, society and governance. In terms of promoting development, sustainable development theory promotes the effective implementation of global sustainable development practice, while ESG focuses on improving the reference of investors to examine enterprise performance through enterprise ESG evaluation results, which is more in line with its target objects.

The theory of sustainable development sets the development orientation and content orientation for ESG investment, as follows:

1) Development orientation: First of all, in terms of development conditions, the practice of sustainable development theory provides policy support for ESG development; Secondly, in the development direction, the sustainable development goal, as a macro direction, provides a realistic reference and a future forecast direction for ESG, and enables enterprises to better cope with and grasp the changes in ESG evaluation caused by environmental changes; Finally, in terms of development power, based on the requirements of sustainable development, enterprises will face certain operational risks when investing in ESG, but they will also get excellent business development opportunities.

2) Content orientation: Based on the four major themes of information disclosure of sustainable development strategy specified by the United Nations-governance, strategy, management methods, performance and objectives, it can be seen that they are interrelated with ESG's three aspects: environment, corporate governance and society, and each objective in sustainable development strategy can be used as the specific content orientation of ESG's cover or evaluation [7, 8, 9, 10].

Sustainable development theory provides the theoretical basis for ESG, which urges enterprises to combine the pursuit of enterprise performance with ESG while responding to the general direction of sustainable development, so as to promote the development of ESG investment, enhance enterprise value, deepen capital function and enrich asset allocation.

6.2. The influence and application of economic externality theory to ESG

Based on the study of the theory of economic externalities, economic externalities may lead to the shrinking of market economic activities; Market failure; The emergence of environmental problems. At this time, it is necessary to use the government's administrative or market-oriented intervention and supervision to solve the external problems, and these interventions and supervision are inseparable from the degree of information disclosure of market subjects. As a powerful information disclosure source for supervising corporate social responsibility, ESG report can effectively intervene and supervise economic external problems. In view of the environmental pollution problem, from the perspective of the basic economic theorem, the application of punishment mechanism to the negative externalities of enterprises can certainly alleviate the environmental problems arising from the economic externalities of enterprises, but the cost is very expensive. The application of ESG investment as an incentive policy to the positive externalities of enterprises can effectively solve the environmental problems arising from the externalities of enterprises and promote enterprises' attention to their social responsibilities.

6.3. The influence and application of corporate social responsibility theory to ESG

To some extent, corporate social responsibility theory inherits the influence of economic externality theory on ESG, and leads to the influence of stakeholders on ESG.

First of all, the theory of corporate social responsibility has changed the idea of the supremacy of shareholders, put forward the idea of stakeholders, and made enterprises pay more attention to their responsibilities in society, that is, environmental protection responsibility, good development responsibility, internal regulation responsibility, etc., and began to pay attention to the performance of enterprises affected by social responsibility. ESG can show enterprises the direction and focus of their responsibilities to a certain extent, so the theory of corporate social responsibility has laid a certain foundation for the popularization of ESG, and brought visual and feasible division of responsibilities for enterprises.

6.4. The influence and application of stakeholder theory on ESG

If it is emphasized by the theory of corporate social responsibility that enterprises should undertake corresponding social responsibilities, then the stakeholder theory mainly emphasizes who is the object of corporate social responsibility.

The influence of stakeholder theory on ESG is concentrated in its influence on ESG information disclosure. According to the above content, stakeholder theory shows that stakeholders should supervise the enterprise to safeguard their own interests, so it is necessary to put forward requirements for enterprise information disclosure. From the perspective of stakeholders, enterprises need to disclose information accurately and effectively, which promotes the development of ESG information disclosure, urges enterprises to strictly follow the information disclosure requirements and standards, and promotes the development of ESG investment to safeguard their own interests. From the perspective of enterprises, based on the theory of corporate social responsibility, enterprises will pay more attention to the impact of their social responsibility on performance. With the development of ESG, enterprises' response or participation in ESG investment can not only improve their emphasis on social responsibility to achieve a good reputation or have a positive impact on performance, but also provide methods for stakeholders to safeguard their own interests and better safeguard the economic interest relationship between stakeholders and enterprises.

7. Conclusion

From the above analysis of the four theories of sustainable development, economic externality, corporate social responsibility and stakeholders, it can be seen that enterprises should strengthen their social responsibility awareness and try their best to practice relevant concepts to promote their sustainable development. Therefore, enterprises should develop ESG investment according to the

actual situation, carry out corresponding risk management, establish a sound information disclosure system and other measures to build a reasonable evaluation system, and pay attention to improving corporate governance.

In short, for enterprises, ESG's assessment of the environment will make them pay more attention to their own sustainable development ability, actively respond to the development concept of green development and sustainable development, and become an environment-friendly enterprise; ESG's evaluation of social aspects will make enterprises attach importance to the relationship between various stakeholders and enterprises, so that all parties can develop harmoniously and balance their interests; The evaluation of ESG corporate governance will enable enterprises to better handle the relationships among managers at all levels within the enterprise, improve the corporate governance structure, and jointly formulate strategies for the sustainable development of enterprises.

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