



## Stakeholder Influences on the Relationships Between ESG Reporting and Profitability

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**Stakeholder Influences on the Relationships Between ESG Reporting and Profitability**

**Abstract**

We examine the influences of stakeholders (customers, suppliers, employees, industry associations, and investors) on the environmental, social, and governance (ESG) reporting and profitability of firms across the globe. Specifically, we examine how stakeholders impact the ESG reporting of firms and we also examine the relationships between stakeholders and profitability. We find there are statistically significant impacts of stakeholders on the ESG scores of firms. We also find that to stakeholder influences are significantly related to their accounting profits and firm market values (Tobin’s Q). These stakeholder influences differ for firms in emerging markets versus in developed markets.

**Keywords:** ESG Reporting, Stakeholders, sustainability, emerging market firms, profitability

## 1. Introduction

Investors are increasingly interested in sustainable investing opportunities. In a 2019 Morningstar study based on a nationally representative sample of 948 respondents in the US, over 72% of the respondents chose equities that had some sustainability focus versus focusing only on financial returns (Sin & Lamas, 2019). This interest has grown even more over the past two years (Lane, 2021). The Global Sustainable Investment Alliance reports over \$35 trillion of sustainable assets under management in 2020, an increase of 15% over 2018, and a total of 36% of total assets under management (Global Sustainable Investment Review 2020, 2021). There is also increasing attention to climate change and environmental concerns as evidenced in the August 9, 2021 United Nations report on climate change (Masson-Delmotte et al., 2021), and President Biden's August 5, 2021 executive order that by 2030, 50% of car sales in the US must be electric vehicles (The White House, 2021).

However, there exists significant concerns about the credibility of corporate environmental, social, and governance (ESG) reports to reflect actual practices and impacts. This skepticism is so great that the term "greenwashing" has been coined to describe the practice of firms "presenting itself as environmentally friendly in an attempt to obscure its past or current practices that are harmful to the environment" (Merriam-Webster Online Dictionary, 2021; Polman, 2021). Addressing these credibility concerns will be a key to focusing corporate efforts to actually undertaking the sustainability challenges rather than simply producing glossy sustainability reports to satisfy investors.

One of the primary challenges in credible ESG reporting is the variation in reporting and lack of transparency in global markets. It can be particularly difficult for multinationals to monitor and report on the environmental and social policies and practices of their suppliers that compete

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3 primarily on factors such as quality, cost and delivery, lack sophistication in ESG reporting, and  
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5 operate in countries that do not have a similar tradition of environmental and labor regulations  
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7 (Villena & Gioia, 2018).  
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11 While the European Financial Reporting Advisory Group (EFRAG) (Sustainability  
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13 Reporting Standards Interim Draft , 2021) is leading the world in developing meaningful ESG  
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15 reporting standards to address the European Green Deal aimed at revitalizing economic growth,  
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17 pressure by institutional investors and the public have spurred recent initiatives by the International  
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19 Financial Reporting Standards Foundation and others to harmonize meaningful ESG standards to  
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21 provide improved credibility to reporting policies to meet these important societal concerns.  
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23 Developing credible, verifiable ESG reporting mechanisms and encouraging firms to implement  
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25 them will be critical to obtaining the investment capital, skilled workforce, and regulatory  
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27 approvals needed within the cost and profitability constraints of global competition.  
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33 We examine ESG reporting by understanding its relationship with stakeholders in the  
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35 global markets and with financial performance. Our research aims to provide insight into ESG and  
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37 sustainability reporting by identifying meaningful linkages between external actors and ESG  
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39 reporting, and in turn, linkages between stakeholder influences and the financial performance of  
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41 firms. The first research question we seek to answer is: How do stakeholders influence ESG  
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43 practices and outcomes? Because financial performance and profitability is essential to firm  
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45 survival, our second research question is: How do stakeholders influence firm financial  
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47 performance?  
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52 Because different institutional environments across the globe influence stakeholder  
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54 characteristics and power, we also explore a third research question: How to stakeholder influences  
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56 differ in different global regions, and particularly in emerging versus developed markets?  
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By examining the influence of crucial stakeholders across the globe, our research addresses the complexity of sustainable business and reporting in terms of environmental, human capital, and societal impact. This research contributes to the theoretical understanding of the sustainable reporting eco-system. By incorporating the influence of a broad set of stakeholders—employees, suppliers, regulators, NGOs, etc. – in addition to investors in our models, our research will contribute to a better understanding of how stakeholders in different countries and regions impact firm sustainability practice and outcomes. The global focus on climate change and social justice has elevated attention to ESG reporting in the past few years. Our study seeks to provide more clarity about whether and how firms’ ESG activities and profits are influence by various stakeholders with which they have economic relationships.

## 2. Theoretical Framework

Research on the impact of stakeholders on ESG initiatives is lacking, particularly research on how multiple stakeholders, including regulators, NGOs and community groups may work jointly and interact with management to impact policies, actions, and outcomes relating to ESG (Doh, Tashman, & Benischke, 2019). Marano, Tashman, and Kostova (2017) examined how emerging country MNEs use CSR to overcome the perceived institutional voids in their countries to enhance their image in international markets. Only a few studies have linked NGO participation to ESG reporting and outcomes (Li & Wu, 2020), while others have linked supply networks to share price returns and risk (Wang, Li, Wu, & Anupindi, 2021). However, these studies have not examined the complex roles in a multi-stakeholder environment and along the global value chain.

Our study integrates quantitative and qualitative analysis from a variety of sources to provide deeper understanding of this increasingly important topic. Figure 1 describes our comprehensive

theoretical model of how stakeholders drive various elements of ESG reporting, and how these stakeholders and ESG activities impact firm profitability of firms in the global economy.

[Insert Figure 1 here]

We draw on stakeholder theory (Freeman & Dmytriiev, 2017) by formally articulating and integrating a variety of stakeholders, including employees, customers, suppliers, financiers, communities, the institutional environment, and NGOs in our analysis. More recently, researchers have developed the concept of open strategy to describe new ways that firms are involving stakeholders in strategy. Open strategy details how modern firms are using both traditional analog as well as digital methods to gather input from a variety of internal and external stakeholders (Hautz, Seidl, & Whittington, 2017; Stadler, Hautz, & von den Eichen, 2020). Detailing 35 examples drawn from the literature and other sources, (Hautz, Hutter, Sutter, & Fuller, 2019) classified examples of open strategy methods used to generate new ideas, develop and select from new strategy ideas, and integrate strategies into the organization. Their research also detailed how and from whom open strategy input was gathered in these 35 cases. Our integration of stakeholder effects on ESG and profitability outcomes in our empirical models provides an innovative lens into how open strategies may impact firms in the real world.

**2.1 The role of stakeholders on ESG**

Our study examines the role of external stakeholders in the global markets. We further operationalize the conceptual models described in stakeholder theory (Freeman & Dmytriiev, 2017; Freudenreich, Ludeke-Freund, & Schaltegger, 2020) and open strategy (Hautz et al., 2017) to the global economy by identifying and incorporating influences and data about multiple

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3 stakeholders including employees, NGOs (e.g. UNDP), suppliers, customers, investors, regulators,  
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5 reporting agencies, and society on ESG reporting outcomes and profitability.  
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9 One prior study that examines the influence of NGOs on sustainability outcomes is (Li &  
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11 Wu, 2020) who examined whether firm participation in UNGC had an impact on the incidence of  
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13 actual negative ESG events that they gathered using the RepRisk database. Comparing a matched  
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15 sample of nonparticipating UNGC firms they found that private firms' real ESG performance did  
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17 improve after participation in UNGC, while public firms' real ESG outcomes did not. Our study  
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19 includes data regarding the impact of stakeholders on ESG outcome metrics and financial  
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21 performance.  
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26 Numerous ESG reporting standards and database firms have developed (Siew, 2015). For  
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28 example, the Sustainability Accounting Standards Board (SASB) has led efforts in the US to  
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30 develop industry specific reporting standards, which are now the second most commonly used  
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32 reporting regime (KPMG IMPACT, 2020). Fortunately the SASB and GRI and others have  
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34 recently announced an initiative to work together to better enable firms to efficiently report ESG  
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36 data that is both industry specific and useful across diverse domains (GRI and SASB, 2021).  
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38 Unfortunately, while China now has the largest proportion of world manufacturing GDP, Chinese  
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40 participation in ESG reporting is sorely lagging behind the west. While the efforts of NGOs such  
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42 as Clean Air Asia (Clean Air Asia, 2021) are trying to address these issues, the lack of comparable  
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44 environmental and workforce regulatory regimes, along with opaque governance practices  
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46 throughout much of Asia has left US manufacturers at a competitive disadvantage in global  
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48 markets (KPMG, 2020). As stakeholder pressure grows for US and EU firms to verify the ESG  
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50 policies and practices throughout their supply chains, it is imperative that mechanisms be  
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52 developed to level the playing field and allow firms, employees, customers, investors and  
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3 policymakers to verify ESG performance along with cost, quality and financial outcomes across  
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5 the globe.  
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8           As Figure 1 illustrates, there are a variety of stakeholders that may influence firms’ ESG  
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10 policies, practices, and outcomes. These stakeholders may have consistent or conflicting  
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12 motivations. Furthermore, different stakeholders may have varying interests and influences on the  
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14 specific environmental, social and governance elements of ESG reporting.  
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18           Investors: As previously noted, an increasing level of financial resources are being targeted  
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20 at firms that are environmentally and socially responsible. As a result, both individual and  
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22 institutional investors are expressing an increasing level of interest in ESG reporting, and in  
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24 identifying target firms that can demonstrate higher levels of ESG. Many fund managers are  
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26 encouraged to limit investments in industries that are perceived to contribute to global warming or  
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28 with poor social responsibility. Therefore we formalize our first stakeholder hypothesis as follows:  
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33 H1a: Investors influence will result in a higher level of ESG scores in general, and particularly in  
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35 governance scores.  
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38           Employees: Employees are in a unique position to influence ESG and have their own  
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40 interests in firm policies and practices. For example, employees may be directly impacted by  
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42 environmental hazards such as poor air, water or waste emissions in the organizations for which  
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44 they work. Employees are expected to be especially interested in environmental management  
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46 training, and employee health and training policies and practices. Employees will also influence  
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48 firm diversity initiatives and career opportunity and training policies.  
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53 H1b: Employee influence will result in a higher level of ESG scores in general, and particularly  
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55 Environmental and Social scores.  
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Suppliers: Suppliers may have conflicting interests with regard to ESG. Specifically, small firms may be reluctant to invest in the systems and practices required to meet larger OEM or B2B customer ESG requirements. Alternatively, suppliers in more developed markets may be subject to higher regulatory requirements for environmental practices and higher social responsibility expectations. Such suppliers may favor a higher ESG focus from their customers to help even their competitiveness relative to suppliers from less developed countries who may compete on low cost. This leads to two hypotheses focused on the location of the supplier firm.

H1c1: Suppliers in developed markets will favor higher ESG scores, particularly Environmental and Social elements.

H1c2: Suppliers in less developed markets will favor lower ESG scores of their customers, allowing them to compete on price and within the lower environmental regulatory and social norms that they operate in.

Customers: Customer influences and motivations regarding ESG may vary depending on whether they are business customers (OEMs) or consumers. Customer influences on ESG may also vary by geographic location. Consumers are expected to be especially interested in product health and safety characteristics, and OEM customers will be negatively impacted if components in their products result in product liability or product recalls.

H1d: Customers will influence firms to have higher ESG scores, particularly environmental and social scores.

NGOs: Non-governmental organizations are becoming increasingly influential around the globe. NGOs may focus on various aspects of ESG. For example, many firms participate in the United

Nations Global Compact focused on human rights, labor, the environment and anti-corruption, and must report policies and practices related to compliance with this broad range of issues.

H1e: NGOs will influence firms to have higher ESG scores across all elements.

Regulators: Overall regulators have an interest in increasing firm ESG, but their level of influence may vary by industry and geographic location. Furthermore, numerous regulators address different aspects of ESG. For example, in the US the EPA addresses environmental issues, OSHA and Labor Department regulations pertain to employee issues, while the SEC will be concerned with governance issues, and has recently increased reporting requirements on human capital in addition to previous disclosure requirement on climate change and traditional corporate governance criteria.

H1f: Regulators will influence firms to have higher ESG across all elements.

Reporting Agencies: There is an increasing emphasis on standardizing ESG reporting. However, over the years reporting practices have been evolving and remain voluntary in most regions. Many firms started reporting with CSR reports which frequently emphasized the most positive aspects of firm policies and practices and had few detailed or standardized formats. Nevertheless, reporting agencies promote higher levels of ESG reporting.

H1g: Reporting agencies will influence firms to have higher ESG across all elements.

Society: Around the globe there is increasing interest in higher levels of responsibility from corporations including environmental accountability, human rights, social justice and income equality, transparency and anti-corruption. However these expectations may vary by geographic location.

H1h: Society will influence firms to have higher ESG across all elements.

## 2.2 Stakeholders and Profitability

Interest in why firms conduct ESG activity, and whether ESG improves the firm's financial performance is longstanding and increasing. The results are mixed, and more importantly, our understanding of the mechanisms and factors affecting this relationship remains fragmented. A meta-analysis of 198 studies from the business and accounting literature examining the relationship between sustainability performance and financial performance was conducted in Lu and Taylor (2016). The research findings are sometimes contradictory, however, the meta-analysis suggests that sustainability performance likely increases a firm's financial performance, especially in the long run. In comparison to social factors, environmental sustainability was found to contribute more to the positive ESG to financial performance relationship. In addition, they found that ESG appears to be more highly correlated with accounting-based measures of performance than with share price performance indicators. Multi-industry, pre-2000 studies, and non-U.S. sample firms seem to show a stronger impact on the positive relationship between ESG and financial performance, perhaps because of the longer experience of reporting ESG factors in the integrated reporting system in Europe.

A comprehensive review of studies between 1980 and 2019 examining the relationship between ESG with corporate financial performance is conducted in Huang (2021). It is noted that much of the research focuses on observable end outcomes of ESG and financial performance, with comparatively little work that conceives ESG as part of overall firm activity. The studies show the strongest relationship between ESG measures and operational performance measures, with declining correlation coefficients to accounting measures and to stock market performance

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measures. This comprehensive review (Huang, 2021) concluded that scholars need a more holistic and multi-disciplinary approach to ESG research, with less focus on outcomes without sufficiently understanding the motivators and causality of the relationship as well as ESG’s place in overall firm strategy (Grewatsch & Kleindienst, 2017; Ullmann, 1985). There is also a need to better understand company processes by which ESG actions lead to particular outcomes (Aguinis & Glavas, 2012; Gautier & Pache, 2015; Hang, Geyer-Klingeborg, & Rathgeber, 2019; Wood, 2010), and in turn to better understand the levers by which motivators are transformed into outcomes for the firm.

With regard to the impact of ESG on profit, common wisdom may suggest that sustainability increases cost. However, the interactive effects are more complicated. Customers may be willing to buy more sustainable products at higher prices, thereby offsetting the higher costs and even creating higher profit margins. Traditional investment theory would suggest that if ESG investment leads to lower risk, we would expect market returns for such firms to also be lower. However, this does not seem to be the case. Indeed, meta-analysis (Huang, 2021; Lu & Taylor, 2016) of existing studies on the relationship between ESG performance and financial performance (Aguinis & Glavas, 2012; Benabou & Tirole, 2010; Gautier & Pache, 2015; Grewatsch & Kleindienst, 2017; Hang et al., 2019; Ullmann, 1985; Wood, 2010) calls for more comprehensive analysis and more decisive conclusions.

The influence of stakeholders on profitability and performance may differ from their influences on ESG. For example, investors will favor higher financial performance. However, employees will have an interest in higher pay and a larger workforce, which would likely decrease profits. That said, employees would want the firm to be profitable enough to remain in business.

Suppliers would want higher prices for themselves which may mean lower profits for their customers. Similarly, customers/consumers will favor lower prices which would decrease firm profits.

NGOs, regulators and reporting agencies are likely to be more interested in the firms' compliance rather than profitability. Society however may favor higher economic growth and favor profitable firms that can contribute to the tax base and other public prosperity. We summarize these hypothesized relationships below.

H2a: Investors will favor higher financial performance.

H2b: Employees will favor higher wages over financial performance.

H2c: Suppliers will favor higher prices for themselves over financial performance of the customer.

H2d: Customers will favor lower prices for themselves over financial performance of the firm.

H2e: NGOs will not be concerned with firm financial performance.

H2f: Regulators will not be concerned with firm financial performance.

H2g: Reporting agencies will not be concerned with firm financial performance.

H2h: Society will favor higher financial performance of the firm.

### **2.3 Stakeholders, Institutions and ESG and financial performance**

The third question we seek to answer is how do stakeholders impacts vary in different institutional environments and geographic regions with regard to their influence on ESG initiatives and outcomes, and on profitability.

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The institutional environment imposes constraints on ESG policies, practices and reporting through both formal mechanisms, such as laws and regulations, and informal processes, such as norms and conventions. Scott (1987, 2013) refers to the institutional environment as the relatively enduring systems of social beliefs and socially organized practices associated with varying functional areas of societal systems (e.g., religion, work, politics, laws, and regulations). North described institutions as the “rules of the game in a society, ... the humanly devised constraints that shape human interaction” (North, 1990, p. 3). Powell and DiMaggio (2012) developed a three level model to study the institutional environment within institutional theory. They describe the levels (factors) as coercive, imitative, and normative. Lower-risk institutional environments have been shown to be preferred by boards in decisions related to foreign direct investment locations (Strange, Filatotchev, Lien, & Piesse, 2009). Propensity to export has likewise been tied to effective, stable institutional environments (J. Lu, Xu, & Liu, 2009). The literature has provided a context for how different national institutions, particularly legal systems, may influence investment and credit decisions (see for example, Gospel and Pendleton (2003); Porta, Lopez-de Silanes, Shleifer, and Vishny (1998); Whitley (1992); Whittington, Mayer, et al. (2000)). Licht, Goldschmidt, and Schwartz (2005) found relationships between culture and Porta et al. (1998) created a dataset of investor and creditor protection in different countries. Leuz, Nanda, and Wysocki (2003) found that economies with strong enforcement of investor and creditor protection experience lower levels of earnings management. Wright, Shaw, and Guan (2006) found additional support for the work of Leuz et al. (2003). Han, Kang, Salter, and Yoo (2010) demonstrated that two of Hofstede’s cultural dimensions (uncertainty avoidance and individualism) are related to this investor and creditor protection dataset, and that both cultural and investor protection variables influence earnings management.

Prior research has also provided a context for how legal systems and other aspects of the national institutional environment influence business practices (Gospel & Pendleton, 2003; Porta et al., 1998; Whitley, 1992; Whittington et al., 2000). Aguilera and Jackson (2003) suggested that studying the institutional environment is essential to understanding the forces that guide or constrain legitimacy seeking. Several scholars in the economics and finance fields have drawn relationships between political and legal institutions and corporate governance. For example, Bushman, Chen, Engel, and Smith (2004) empirically explored the impact of macroeconomic factors on corporate governance. Accounting researchers have proposed linkages between the institutional environment and accounting systems (Meek, Mueller, & Gernon, 1987; Radebaugh, 1983; Wallace & Gernon, 1991). Zeghal and Mhedhbi (2006) have explored the impact of the institutional environment on actual accounting practice. Ball, Kothari, and Robin (2000) found that timeliness of accounting earnings is related to legal tradition (either code law or common law origin).

Based on prior research, a similar argument may be made for considering a country's institutional environment in ESG reporting. We propose our third set of hypotheses, that the institutional environment will impact stakeholder influences on ESG and firm profitability. We would definitely expect that firms operating in geographic locations with stronger institutional and regulatory environments would have more reliable ESG reporting, more reliable financial reporting, and ways for stakeholders, particularly regulators, to influence firm ESG reporting and profitability. We therefore propose the following hypotheses:

H3(a-h): Stakeholders will have greater influence on ESG and profitability in regions with stronger institutions.

To the best of our knowledge, there is no prior empirical work on ESG business decision-making problems that take into account the elements of stakeholder influence on both sustainability and profitability. Our research focuses on examining how firms balance their long-term financial performance while improving ESG measures. As such, our study of why and how firms may conduct ESG activity sits at the intersection of two central pillars for economic activity – the self-interested action of economic agents focused on productive efficiency, and societal and government interventions to address issues of safety, pollution, climate change and social justice, that may result from inadequate cost measurement issues and market failures (Benabou & Tirole, 2010).

**3 Sample and Research Design**

**3.1 Sample**

To test our research hypotheses we selected firms with financial statement data on Worldscope and also ESG detailed indicators and ESG scores on the Refinitiv Database for 2009-2019. The initial sample has 45,288 firm years with 8,957 individual firms from 87 countries. We eliminated firms in financial services, insurance, and real estate (SIC code from 6000 to 6999). This resulted in a sample of 35,887 firm years. Finally, we eliminated firms in the sample with incomplete variables due to missing values. The final sample contains 32,654 firm years with 6,502 individual firms from 80 countries.

In addition to ESG scores, the Refinitiv database includes information about a variety of ESG policies, actions and outcomes regarding engagement with customers, suppliers, employees, regulators, etc., as well as ESG outcome measures. We created variables representing the level of engagement for each stakeholder category by summing the value of these indicators and



calculating the percentage of the possible score. We consider only binary variables because they involve less judgements. The detailed indicators from Refinitiv for each stakeholder group are described in Appendix A and Appendix B.

Conceptually, sustainable business is achieved through a comprehensive examination of the design of products produced, often with customer dialogue and input, and a rigorous process improvement system to look for opportunities to minimize the use of energy, water and other waste materials. Workforce diversity, union representation, and engagement are also elements of the social contract of workers and their employers and require efforts to recruit women and minorities, monitor the culture in the workplace, and measure progress toward defined goals. Workplace safety is a critical factor in attracting a high-quality workforce, requiring commitment from top management as well as training, safety systems and monitoring. A variety of external stakeholders outside the supplier-customer value chain may influence the firm's ESG initiatives. For example, firms are required to comply with various regulations of state and federal governments (EPA, OSHA, SEC). Firms will also be influenced by various industry groups, such as the Auto Industry Action Group (AIAG), or the National Association of Manufacturers (NAM), who may provide training resources, may advocate on behalf of the industry with various stakeholder groups, etc. NGOs such as the United Nations, Transport and Environment, and Clean Air Asia may also influence ESG initiatives of firms in various locations. ESG reporting standards organizations such as EFRAG, SASB, and GRI provide guidelines that are primarily voluntary but may have significant influence on investors.

### 3.2 Stakeholders and financial performance

To provide insight on our second research question we examine the impact of stakeholders on profitability outcomes. Stakeholder variables are derived from Refinitiv as previously described

and annual profitability measures computed from Worldscope include return on Assets (*ROA*) and firm value is *Tobin's Q*.

**3.3 Stakeholders, institutions, ESG and financial performance**

To provide insight on our third research question we divide the sample into five continental regions and recompute the regression analysis of stakeholder influences on ESG and on profitability. Furthermore, we divide sample into emerging and developed market firms.

**3.4 Model designs**

To test our hypotheses, we follow Christensen, Serafeim, and Sikochi (2022) to build our models. The first model is to test whether stakeholders play an important role in ESG ratings. The first model is as follow:

$$ESG\_Ratings = \beta_0 + \beta_1Stakeholders + \beta_2Size + \beta_3ROA + \beta_4BTM + \beta_5Leverage + \beta_6 Year\ Dummies + \beta_7Industry\ Dummies + \beta_8Country\ Dummies \quad (1)$$

where *ESG Ratings* are *ESG\_Score*, *E\_Score*, *S\_Score*, and *G\_Score*. Those ratings are given by the Refinitiv ESG database with a scale of 0 to 1. *ESG\_Score* is the overall score. *E\_Score* is the environmental score. *S\_Score* is the social score. *G\_Score* is the governance score. Stakeholders are *Customers*, *Employees*, *Investors*, *NGO*, *Regulator*, *ReportingAgency*, *Society*, and *Suppliers*. These stakeholders are constructed using the indicators noted in Appendix B from the Refinitiv ESG database. We categorize corporate disclosures into relevant stakeholders. *Size* is the natural logarithm of total assets. *ROA* is the return on assets defined as net income divided by total assets. *BTM* is the book-to-market ratio defined as book value of common equity divided by market value of common equity. *Leverage* is defined as total liabilities divided by total assets. *Year Dummies* are the indicators of years from 2009 to 2019. *Industry Dummies* are the indicators of the four-

digit SIC codes. *Country Dummies* are the indicators of the 80 countries or regions. Appendix A reports the detailed explanations for our measures.

We then use the same stakeholders to examine whether those stakeholders can affect companies' process of decision making and therefore improve performance. The second model is as follow:

$$ROA = \beta_0 + \beta_1 \text{Stakeholders} + \beta_2 \text{Firm characteristics} + \beta_3 \text{Year Dummies} + \beta_4 \text{Industry Dummies} + \beta_5 \text{Country Dummies} \quad (2)$$

Finally, we also test whether those stakeholders can significantly impact firm value. We use the *Tobin's Q* as the proxy for firm value. The third model is as follow:

$$\text{Tobin's } Q = \beta_0 + \beta_1 \text{Stakeholders} + \beta_2 \text{Firm characteristics} + \beta_3 \text{Year Dummies} + \beta_4 \text{Industry Dummies} + \beta_5 \text{Country Dummies} \quad (3)$$

where *Tobin's Q* is defined as total assets plus market value of equity minus book value of equity divided by total assets.

## 4 Results

### 4.1 Descriptive Statistics

Table 1 provides summary statistics which shows the distribution of our worldwide sample. The means of *ESG\_Score*, *E\_Score*, *S\_Score*, and *G\_Score* are 0.540, 0.523, 0.537, and 0.557, respectively. The results are similar to Christensen et al. (2022). Among the components of ESG ratings, *G\_Score* has the highest mean score of 0.557 and the highest median score of 0.619. Our summary statistics for firm characteristics are also similar to Christensen et al. (2022).

[Insert Table 1 here]

4.2 Stakeholder impacts on ESG

The first research question explores how stakeholders influence ESG. Refinitiv ESG scores are shown for each category – overall, environmental, social, and governance. Other variables include the stakeholder influence measures which are computed using the Refinitiv variables detailed in Appendix B. As reported in Table 2, we see that the coefficients on *Employees* and *ReportingAgency* are all positive and statistically significant, suggesting that employees and reporting agency are two primary stakeholders for firms’ reporting behavior on ESG issues. However, *Investors* has negative impact on the *E\_Score*, showing that environmental practices are less favorable to investors. In addition, we do not find the evidence that investors can encourage companies to engage in social activities. As for *G\_Score*, there are no relationships between *Customers*, *NGO*, *Society*, and *Suppliers*. In conclusion, our findings validate that our stakeholders identified in the Refinitiv database play an important role in ESG ratings, consistent with our hypotheses 1.

[Insert Table 2 here]

Because those stakeholders can influence corporate reporting behavior, we expect that firms may benefit from those decisions related to stakeholders and therefore influence firm performance and firm value. For example, Matsumura, Prakash, and Vera-Munoz (2014) indicate that firms that voluntarily disclose carbon emissions will decrease firm value by \$212,000 for every incremental thousand tons of carbon emissions. Table 3 reports the regression results for the influence of stakeholders on firm performance (*ROA*) and firm value (*Tobin’s Q*). In Table 3, Column 2, we find the coefficients on *Customers*, *Employees*, *NGO*, *ReportingAgency*, *Society* are positively and statistically significant with firm performance while the coefficients on *Investors* and *Regulator* are negatively and statistically significant with firm performance. The coefficient

on *Suppliers* is insignificant. In Table 3, Column 3, after controlling for firm characteristics, we show that the coefficient on *Society* becomes negative and significant and the coefficient on *Suppliers* is negative and significant. In sum, we find that employees, NGO, reporting agency have positive impacts on firm performance while investors, regulator, society, and suppliers have negative impacts on firm performance.

In Table 3, Column 4, the coefficients on Customers, Investors, and NGO are positively associated with Tobin's Q while the coefficients on Employees, ReportingAgency, and Society are negatively related to Tobin's Q. The coefficients on Regulator and Suppliers are insignificant. In Table 3, Column 5, the coefficients on Customers, Investors, NGO, and Society are positive and statistically significant with Tobin's Q, while Employees and Regulator are negatively significant. The coefficient on Supplier is also insignificant. The sign of the coefficient on Society also changes after we control for firm characteristics. Taken together, customers, investors, NGO, and Society can increase firm value. Interestingly, employees seem help companies become profitable but do not help them increase value. However, investors tend to reward companies that disclose relevant information to them while those disclosures and activities do not help companies gain profits.

[Insert Table 3 here]

To address Hypotheses 3, we separate the firms into those from emerging markets versus developed markets using a dummy variable. We also show the result of the analysis for each continent. Table 4 shows the summary ESG statistics for each continent. As shown in the Table 4, firms in the Europe continent have the highest *ESG\_Score* with the mean of 0.680 and the median of 0.788. In contrast, firms in the Oceania continent have the lowest *ESG\_Score* with the mean of 0.446 and the median of 0.378. Among those continents, Europe has the highest *E\_Score* with the

mean of 0.659 and the median of 0.691. Africa has the highest *S\_Score* with the mean of 0.724 and the median of 0.820. Finally, North America has the highest *G\_Score* with the mean of 0.700 and the median of 0.751. South America receives the lowest *G\_Score* with the mean of 0.264 and the median of 0.195. In summary, companies in different continents obtain heterogeneous ESG ratings, showing that the stakeholders may have inconsistent powers over corporate decision-making processes.

[Insert Table 4 here]

Table 5 shows the regression results for stakeholders on each ESG element with panels for each continent. We note that the impact of regulators is not as significant in Africa or Oceania as other regions. Customers in South American seem to be a less significant stakeholder group than in other regions. The results indicate that stakeholders have different powers among the continents as the companies do not disclose enough relevant information to them, which may further affect firm performance and value.

[Insert Table 5 here]

Table 6 shows the regression result for stakeholders on ROA by region. NGOs have the most positive influence on ROA in North America, while regulators have a significant negative influence on ROA. Table 7 shows the influence of stakeholders on firm market values by continent. Employees have a negative influence on market value in Europe, North America, and Oceania while customers have a positive influence in all regions except Africa. Although the stakeholders play different roles by regions, we find that stakeholders have more impact on firm performance and value, especially in Asia, Europe, North America, and Oceania.

[Insert Table 6 here]

[Insert Table 7 here]

In Table 8, we divide the sample firms by emerging and developed market countries using the UNCTAD guidelines. The summary statistics in Table 8 show surprising similarity in the ESG scores between the two groups except for *G\_Score*. We can see the corporate governance is better in developed markets than emerging markets. Table 9 shows the regression results for the stakeholders in emerging markets (Panel A) and developed markets (Panel B). There are surprising similarities in stakeholder influences on ESG scores in both groups. All stakeholders we identified are positively associated with *ESG\_Score*. When we look into specific ESG ratings, we can see environmental scores are more influential except for investors. We find similar results in developed markets. However, investors and regulator are negatively associated with *E\_Score*. The environmental practice is less favorably received by them.

[Insert Table 8 here]

[Insert Table 9 here]

Table 10 provides the regression results for the influences of stakeholders on accounting profits and market values for emerging versus developed market firms. In general, stakeholders have less impact on firm performance in emerging markets. Employees have a positive impact on ROA especially in developed markets, but a negative impact on market value in both emerging and developed markets. For emerging market ROA performance only investors have a significant influence and it is negative. On the contrary, investors have a positive influence on ROA in developed markets and a significant positive impact on firm market value in developed markets. Customers are significantly positive to firm market value in both emerging and developed markets. Market values in developed market firms are also significantly impacted by NGOs and society.

[Insert Table 10 here]

In Table 3, we find that investors have positive impact on firm value but negative impact on firm performance. When we divide the sample into emerging markets and developed markets, investors in developed markets increase not only firm performance but also firm value. However, investors in emerging markets do not improve or jeopardize firm value when companies report more relevant information to them and those disclosures make companies less profitable. In sum, stakeholders in emerging markets have less impacts on firms’ profits and value than those in developed markets, suggesting that stakeholders are more important in developed markets.

**5. Discussion and Conclusion**

Our results show that there are significant relationships between stakeholders and ESG practices. We also find that stakeholders have a significant influence on firm profits and market value, especially in the developed world. However, the direction of those influences are not always as expected.

To meet today’s challenges to achieve greater ESG as well as profitability, firms may benefit from actively engaging with customers, employees, suppliers, NGOs, and other stakeholders. As society becomes more focused on environmental and social justice, firm may be well served to develop new sustainable products and services. They may also benefit from training and realigning their workforce, accelerating their digital capabilities, investing in sustainable technology and processes, and optimizing their asset base. The business challenge is to better understand and enhance sustainable and responsible manufacturing while supporting the ability of firms to remain globally competitive on the dimensions of cost, quality and delivery. Achieving this goal will provide firms with the necessary capital to innovate through research and



development and upgrade and transition their physical resources to compete in the evolving global marketplace.

Our results also provide insight on the influence of regulatory policy and workforce needs on firm ESG and profits. Developing new capabilities in ESG reporting will enable established companies and entrepreneurs to operate profitably while reducing their impact on the environment and addressing global challenges such as climate change, improving the health and quality of life of the workforce, and meeting societal expectations of social justice.

Given their societal focus on the stakeholder model of corporate governance, the EU has the longest experience in ESG reporting and many large European firms use Integrated Reporting and Global Reporting Initiative (GRI) standards across firms and industries. In fact, the GRI is the most commonly used ESG reporting regime for public firms (KPMG IMPACT, 2020), and we found that most of the firms in our dataset use GRI reporting. More recently the EU EFRAG has launched an initiative to strengthen regulations and standardize reporting to support the European Green Deal. While these regulations are not yet in effect, we expect these and other efforts to improve and standardize ESG reporting may greatly increase the usefulness of this information. The formidable size and influence of US capital markets led by institutional investors is driving the growth of ESG reporting in the US. The Sustainable Accounting Standards Board (SASB) has developed industry specific standards to complement the more generic GRI standards. In addition, the SASB is working to develop an XBRL-like taxonomy for their reporting system to allow it to be integrated into SEC reporting mechanisms. While the SEC has been reluctant to prescribe reporting standards for factors they deem not material to the financial statements, the large capital flows into green funds and ETFs is putting more pressure on the SEC to provide guidance to protect investors to whom these funds are marketed. Activist investors are frequently demanding more

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explicit environmental policies and ESG reporting by their portfolio firms, and trillions in sustainable investment funds are available to incentivize firms to upgrade their ESG performance and reporting (Sustainable Investment Funds Near \$2 Trillion in Assets, 2021).

Our study contributes to the literature by analyzing the influences of stakeholders on both ESG reporting and on financial performance measured by both accounting profits and market values. By addressing stakeholder influences on ESG and profitability, we begin to learn more about the potential challenges and trade-offs that firms face. Finally, by focusing on a broad cross-section of global firms in a variety of countries with different cultures and stages of development, we address the impact of institutional environments on the influence of stakeholders.

**6. Limitations and Directions for further research**

The ESG data and stakeholder measures for this was largely drawn from Refinitiv. There are alternative ESG databases that may have different measures for the variables studied.

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## APPENDIX A

## Definitions of Variables

Variable	Definition	Calculation	Sources
<i>ESG_Score</i>	The firm's overall scores given by the ESG rating agency on a scale of 0 to 1	OVERALL_SCORE	Refinitiv ESG
<i>E_Score</i>	The firm's environmental scores given by the ESG rating agency on a scale of 0 to 1	ENVRN_SCORE	Refinitiv ESG
<i>S_Score</i>	The firm's social scores given by the ESG rating agency on a scale of 0 to 1	SOCIAL_SCORE	Refinitiv ESG
<i>G_Score</i>	The firm's corporate governance scores given by the ESG rating agency on a scale of 0 to 1	CORPGOV_SCORE	Refinitiv ESG
<i>Customers</i>	The sum firm's binary customer-related variables identified by the ESG rating agency divided by the total number of customer-related variables	See variable names in Appendix B	Refinitiv ESG
<i>Employees</i>	The sum firm's binary employee-related variables identified by the ESG rating agency divided by the total number of employee-related variables	See variable names in Appendix B	Refinitiv ESG
<i>Investors</i>	The sum firm's binary investor-related variables identified by the ESG rating agency divided by the total number of investor-related variables	See variable names in Appendix B	Refinitiv ESG
<i>NGO</i>	The sum firm's binary NGO-related variables identified by the ESG rating agency divided by the total number of NGO-related variables	See variable names in Appendix B	Refinitiv ESG
<i>Regulator</i>	The sum firm's binary regulator-related variables identified by the ESG rating agency divided by the total number of regulator-related variables	See variable names in Appendix B	Refinitiv ESG
<i>ReportingAgency</i>	The sum firm's binary reporting-agency-related variables identified by the ESG rating agency divided by the total	See variable names in Appendix B	Refinitiv ESG

	number of reporting-agency-related variables		
<i>Society</i>	The sum firm's binary society-related variables identified by the ESG rating agency divided by the total number of society-related variables	See variable names in Appendix B	Refinitiv ESG
<i>Suppliers</i>	The sum firm's binary supplier-related variables identified by the ESG rating agency divided by the total number of supplier-related variables	See variable names in Appendix B	Refinitiv ESG
<i>Size</i>	The natural log of total assets (in USD) at the end of the year.	Log(ITEM7230)	Worldscope
<i>ROA</i>	Return on assets, defined as net income divided by total assets at the end of the year.	ITEM7250 / ITEM7230	Worldscope
<i>BTM</i>	Book-to-market ratio, defined as book value of common equity divided by market value of common equity at the end of the year.	ITEM7220 / ITEM7230	Worldscope
<i>Leverage</i>	Total liabilities divided by total assets at the year end.	ITEM3351 / ITEM2999	Worldscope
<i>Tobin's Q</i>	Tobin's Q, defined as total assets plus market value of equity minus book value of equity divided by total assets at the year end.	(ITEM7230 + (ITEM7210 - ITEM7220)) / ITEM7230	Worldscope



## APPENDIX B

## Definitions of Stakeholders Identified in the Refinitiv ESG Database

Variable	Definition	Items
<i>Customers (5)</i>	Product Responsibility Processes/Policy	SO_CU_PR_DP012_1
	Customer Health & Safety	
	Product Responsibility Processes/Policy Data	SO_CU_PR_DP012_4
	Privacy	
	Product Responsibility Monitoring	SO_CU_PR_DP016
<i>Employees (17)</i>	Healthy Food or Products	SO_CU_PR_DP029
	Product Recall	SO_CU_PR_DP060
	Environment Management Training	EN_EN_RR_DP008
	Human Rights Processes/Policy Freedom of Association	SO_SO_HR_DP010_1
	Diversity and Opportunity Processes/Policy	SO_WO_DO_DP008_1
	Diversity and Opportunity	
	Diversity and Opportunity Objectives/Targets	SO_WO_DO_DP015_1
	Diversity and Opportunity	
	Flexible Working Schemes	SO_WO_DO_DP026
	Day Care Services	SO_WO_DO_DP027
	Employees Health & Safety Team	SO_WO_HS_DP004
	Employee Health & Safety Training/Health & Safety Training	SO_WO_HS_DP008_1
	Employee Health & Safety Processes/Policy	SO_WO_HS_DP012_1
	Employee Health & Safety	
	Health & Safety Management Systems	SO_WO_HS_DP014
	Employee Health & Safety Progress	SO_WO_HS_DP018_3
	Surveys/Improvements Supply Chain Health & Safety	
	HIV-AIDS Program	SO_WO_HS_DP039
	Training and Career Development	SO_WO_TD_DP009_1
	Processes/Policy Skills Training	
	Training and Career Development	SO_WO_TD_DP009_2
	Processes/Policy Career Development	
	Internal Promotion	SO_WO_TD_DP023
	Management Training	SO_WO_TD_DP024
<i>Investors (9)</i>	Employees Community Work	SO_SO_CO_DP037
	Compensation Policy Elements/Policy	CG_BD_CP_DP001_2
	Performance Oriented	
	CEO Compensation Link to Total Shareholder Return	CG_BD_CP_DP041
	Shareholders Approval of Stock Based Compensation Plan	CG_BD_CP_DP056
	Public Availability Corporate Statutes	CG_SH_SR_DP044
	Audit Committee	EC_PR_SL_DP005
	Internal Audit Department Reporting	EC_PR_SL_DP075

	Stakeholder Engagement	CG_IN_VS_DP023
	Community Reputation Code of	SO_SO_CO_DP006_9
	Conduct/Policy Business Ethics	
	Community Reputation Improvement	SO_SO_CO_DP010_9
	Tools/Improvement Tools Business Ethics	
NGO (18)	CSR Sustainability Committee	CG_IN_VS_DP005
	Global Compact	CG_IN_VS_DP020
	Product Responsibility Processes/Policy	SO_CU_PR_DP012_6
	Responsible Marketing	
	Product Responsibility Processes/Policy Fair	SO_CU_PR_DP012_8
	Trade	
	Product Access Low Price	SO_CU_PR_DP025
	Armaments	SO_CU_PR_DP045
	Community Reputation Code of	SO_SO_CO_DP006_6
	Conduct/Policy Fair Competition	
	Community Reputation Processes/Policy	SO_SO_CO_DP012_1
	Community Involvement	
	OECD Guidelines for Multinational	SO_SO_CO_DP013
	Enterprises	
	Bottom of Pyramid Pricing	SO_SO_CO_DP040
	Diseases of the Developing World	SO_SO_CO_DP047
	Human Rights Processes/Policy Child Labor	SO_SO_HR_DP010_2
	Human Rights Processes/Policy Forced Labor	SO_SO_HR_DP010_3
	Human Rights Processes/Policy Human	SO_SO_HR_DP010_5
	Rights	
	Fundamental Human Rights ILO or UN	SO_SO_HR_DP012
	Human Rights Suppliers	SO_SO_HR_DP026
	Ethical Trading Initiative ETI	SO_SO_HR_DP027
	Human Rights Breaches Suppliers	SO_SO_HR_DP029
Regulator (1)	Community Reputation Code of	SO_SO_CO_DP006_7
	Conduct/Policy Bribery and Corruption	
Reporting Agency (1)	CSR Sustainability Reporting	CG_IN_VS_DP026
Society (1)	Corporate Responsibility Awards	SO_SO_CO_DP074
Suppliers (3)	Employee Health & Safety Training/Supply	SO_WO_HS_DP008_3
	Chain Health & Safety Training	
	Employee Health & Safety Processes/Policy	SO_WO_HS_DP012_3
	Supply Chain Health & Safety	
	Supplier ESG training	SO_WO_TD_DP030

The number of items is presented in the parentheses.

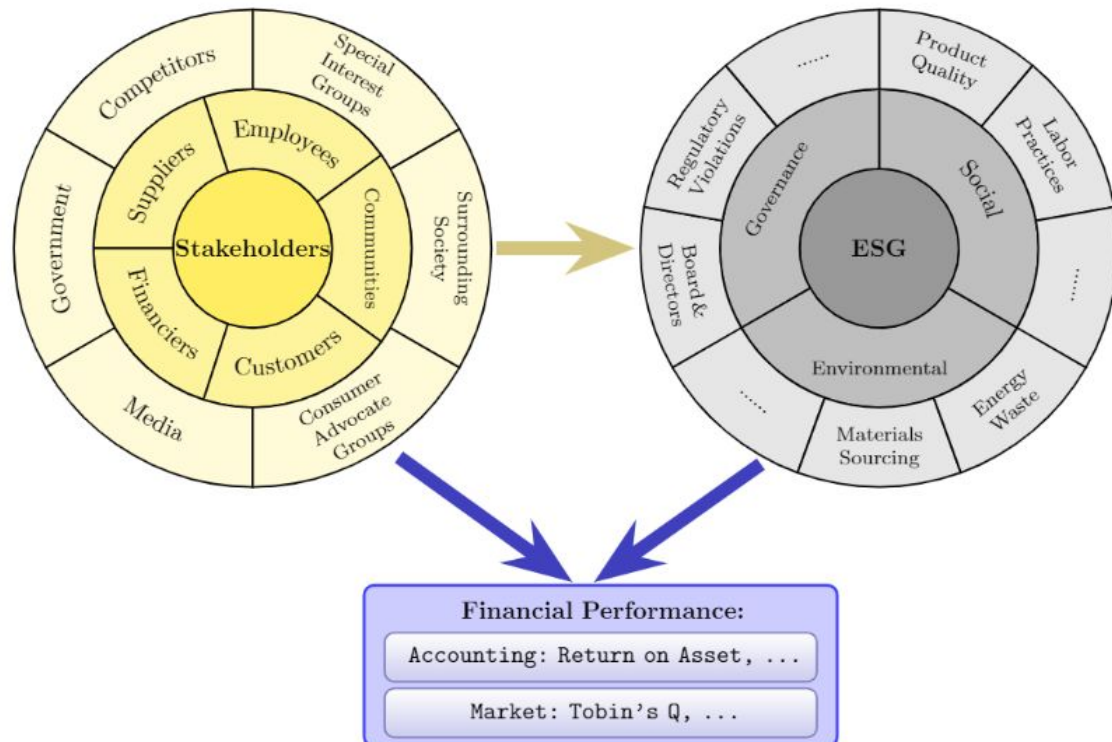


Fig. 1: Illustration of our proposed theoretical models: stakeholders affect ESG, and ESG along with stakeholders affect financial performance.

APPENDIX A

Definitions of Variables

Variable	Definition	Calculation	Sources
<i>ESG_Score</i>	The firm's overall scores given by the ESG rating agency on a scale of 0 to 1	OVERALL_SCORE	Refinitiv ESG
<i>E_Score</i>	The firm's environmental scores given by the ESG rating agency on a scale of 0 to 1	ENVRN_SCORE	Refinitiv ESG
<i>S_Score</i>	The firm's social scores given by the ESG rating agency on a scale of 0 to 1	SOCIAL_SCORE	Refinitiv ESG
<i>G_Score</i>	The firm's corporate governance scores given by the ESG rating agency on a scale of 0 to 1	CORPGOV_SCORE	Refinitiv ESG
<i>Customers</i>	The sum firm's binary customer-related variables identified by the ESG rating agency divided by the total number of customer-related variables	See variable names in Appendix B	Refinitiv ESG
<i>Employees</i>	The sum firm's binary employee -related variables identified by the ESG rating agency divided by the total number of employee -related variables	See variable names in Appendix B	Refinitiv ESG
<i>Investors</i>	The sum firm's binary investor-related variables identified by the ESG rating agency divided by the total number of investor-related variables	See variable names in Appendix B	Refinitiv ESG
<i>NGO</i>	The sum firm's binary NGO-related variables identified by the ESG rating agency divided by the total number of NGO-related variables	See variable names in Appendix B	Refinitiv ESG
<i>Regulator</i>	The sum firm's binary regulator-related variables identified by the ESG rating agency divided by the total number of regulator-related variables	See variable names in Appendix B	Refinitiv ESG
<i>ReportingAgency</i>	The sum firm's binary reporting-agency-related variables identified by the ESG rating agency divided by the total	See variable names in Appendix B	Refinitiv ESG

	number of reporting-agency-related variables		
<i>Society</i>	The sum firm's binary society-related variables identified by the ESG rating agency divided by the total number of society-related variables	See variable names in Appendix B	Refinitiv ESG
<i>Suppliers</i>	The sum firm's binary supplier-related variables identified by the ESG rating agency divided by the total number of supplier-related variables	See variable names in Appendix B	Refinitiv ESG
<i>Size</i>	The natural log of total assets (in USD) at the end of the year.	Log(ITEM7230)	Worldscope
<i>ROA</i>	Return on assets, defined as net income divided by total assets at the end of the year.	ITEM7250 / ITEM7230	Worldscope
<i>BTM</i>	Book-to-market ratio, defined as book value of common equity divided by market value of common equity at the end of the year.	ITEM7220 / ITEM7230	Worldscope
<i>Leverage</i>	Total liabilities divided by total assets at the year end.	ITEM3351 / ITEM2999	Worldscope
<i>Tobin's Q</i>	Tobin's Q, defined as total assets plus market value of equity minus book value of equity divided by total assets at the year end.	(ITEM7230 + (ITEM7210 - ITEM7220)) / ITEM7230	Worldscope

## APPENDIX B

## Definitions of Stakeholders Identified in the Refinitiv ESG Database

Variable	Definition	Items
<i>Customers (5)</i>	Product Responsibility Processes/Policy	SO_CU_PR_DP012_1
	Customer Health & Safety	
	Product Responsibility Processes/Policy Data	SO_CU_PR_DP012_4
	Privacy	
	Product Responsibility Monitoring	SO_CU_PR_DP016
<i>Employees (17)</i>	Healthy Food or Products	SO_CU_PR_DP029
	Product Recall	SO_CU_PR_DP060
	Environment Management Training	EN_EN_RR_DP008
	Human Rights Processes/Policy Freedom of Association	SO_SO_HR_DP010_1
	Diversity and Opportunity Processes/Policy	SO_WO_DO_DP008_1
	Diversity and Opportunity	
	Diversity and Opportunity Objectives/Targets	SO_WO_DO_DP015_1
	Diversity and Opportunity	
	Flexible Working Schemes	SO_WO_DO_DP026
	Day Care Services	SO_WO_DO_DP027
	Employees Health & Safety Team	SO_WO_HS_DP004
	Employee Health & Safety Training/Health & Safety Training	SO_WO_HS_DP008_1
	Employee Health & Safety Processes/Policy	SO_WO_HS_DP012_1
	Employee Health & Safety	
	Health & Safety Management Systems	SO_WO_HS_DP014
	Employee Health & Safety Progress	SO_WO_HS_DP018_3
	Surveys/Improvements Supply Chain Health & Safety	
	HIV-AIDS Program	SO_WO_HS_DP039
	Training and Career Development	SO_WO_TD_DP009_1
	Processes/Policy Skills Training	
	Training and Career Development	SO_WO_TD_DP009_2
	Processes/Policy Career Development	
	Internal Promotion	SO_WO_TD_DP023
	Management Training	SO_WO_TD_DP024
<i>Investors (9)</i>	Employees Community Work	SO_SO_CO_DP037
	Compensation Policy Elements/Policy	CG_BD_CP_DP001_2
	Performance Oriented	
	CEO Compensation Link to Total Shareholder Return	CG_BD_CP_DP041
	Shareholders Approval of Stock Based Compensation Plan	CG_BD_CP_DP056
	Public Availability Corporate Statutes	CG_SH_SR_DP044
	Audit Committee	EC_PR_SL_DP005
	Internal Audit Department Reporting	EC_PR_SL_DP075

	Stakeholder Engagement	CG_IN_VS_DP023
	Community Reputation Code of	SO_SO_CO_DP006_9
	Conduct/Policy Business Ethics	
	Community Reputation Improvement	SO_SO_CO_DP010_9
	Tools/Improvement Tools Business Ethics	
NGO (18)	CSR Sustainability Committee	CG_IN_VS_DP005
	Global Compact	CG_IN_VS_DP020
	Product Responsibility Processes/Policy	SO_CU_PR_DP012_6
	Responsible Marketing	
	Product Responsibility Processes/Policy Fair	SO_CU_PR_DP012_8
	Trade	
	Product Access Low Price	SO_CU_PR_DP025
	Armaments	SO_CU_PR_DP045
	Community Reputation Code of	SO_SO_CO_DP006_6
	Conduct/Policy Fair Competition	
	Community Reputation Processes/Policy	SO_SO_CO_DP012_1
	Community Involvement	
	OECD Guidelines for Multinational	SO_SO_CO_DP013
	Enterprises	
	Bottom of Pyramid Pricing	SO_SO_CO_DP040
	Diseases of the Developing World	SO_SO_CO_DP047
	Human Rights Processes/Policy Child Labor	SO_SO_HR_DP010_2
	Human Rights Processes/Policy Forced Labor	SO_SO_HR_DP010_3
	Human Rights Processes/Policy Human	SO_SO_HR_DP010_5
	Rights	
	Fundamental Human Rights ILO or UN	SO_SO_HR_DP012
	Human Rights Suppliers	SO_SO_HR_DP026
	Ethical Trading Initiative ETI	SO_SO_HR_DP027
	Human Rights Breaches Suppliers	SO_SO_HR_DP029
Regulator (1)	Community Reputation Code of	SO_SO_CO_DP006_7
	Conduct/Policy Bribery and Corruption	
Reporting Agency (1)	CSR Sustainability Reporting	CG_IN_VS_DP026
Society (1)	Corporate Responsibility Awards	SO_SO_CO_DP074
Suppliers (3)	Employee Health & Safety Training/Supply	SO_WO_HS_DP008_3
	Chain Health & Safety Training	
	Employee Health & Safety Processes/Policy	SO_WO_HS_DP012_3
	Supply Chain Health & Safety	
	Supplier ESG training	SO_WO_TD_DP030

The number of items is presented in the parentheses.

TABLE 1  
Summary Statistics (N=32,654)

Variable	Mean	STD	25th	Median	75th
<i>ESG_Score</i>	0.540	0.303	0.240	0.567	0.834
<i>E_Score</i>	0.523	0.313	0.193	0.527	0.850
<i>S_Score</i>	0.537	0.304	0.236	0.564	0.836
<i>G_Score</i>	0.557	0.289	0.308	0.619	0.814
<i>Customers</i>	0.259	0.215	0.200	0.200	0.400
<i>Employees</i>	0.424	0.242	0.235	0.471	0.647
<i>Investors</i>	0.772	0.222	0.667	0.833	1.000
<i>NGO</i>	0.213	0.156	0.063	0.188	0.313
<i>Regulator</i>	0.770	0.421	1.000	1.000	1.000
<i>ReportingAgency</i>	0.570	0.495	0.000	1.000	1.000
<i>Society</i>	0.367	0.482	0.000	0.000	1.000
<i>Suppliers</i>	0.186	0.314	0.000	0.000	0.333
<i>Size</i>	21.878	1.648	20.839	21.920	22.968
<i>ROA</i>	0.024	0.139	0.010	0.041	0.079
<i>BTM</i>	0.614	0.599	0.242	0.461	0.810
<i>Leverage</i>	0.538	0.235	0.382	0.538	0.683
<i>Tobin's Q</i>	1.990	1.553	1.090	1.458	2.246



**TABLE 2**  
**The Regression Results for the Influence of Stakeholders on ESG Scores**

	ESG_Score		E_Score		S_Score		G_Score	
<i>Intercept</i>	-0.089***	-0.464***	0.149***	-0.354***	0.058***	-0.062***	-0.244***	-0.191***
	(-13.32)	(-17.98)	(16.49)	(-11.80)	(10.50)	(-2.74)	(-29.29)	(-5.18)
<i>Customers</i>	0.121***	0.108***	0.139***	0.129***	0.113***	0.108***	0.012	0.013
	(13.36)	(11.91)	(13.42)	(12.47)	(13.84)	(13.19)	(0.99)	(1.07)
<i>Employees</i>	0.540***	0.510***	0.449***	0.415***	0.705***	0.694***	0.075***	0.078***
	(46.82)	(44.05)	(30.90)	(28.18)	(75.26)	(72.14)	(5.28)	(5.32)
<i>Investors</i>	0.213***	0.218***	-0.073***	-0.069***	-0.011	-0.010	0.844***	0.842***
	(25.81)	(26.61)	(-6.97)	(-6.61)	(-1.59)	(-1.45)	(82.89)	(81.95)
<i>NGO</i>	0.301***	0.267***	0.304***	0.275***	0.359***	0.346***	0.013	0.016
	(18.90)	(17.10)	(16.56)	(15.13)	(25.81)	(25.03)	(0.63)	(0.77)
<i>Regulator</i>	0.053***	0.063***	-0.004	0.002	0.016***	0.019***	0.089***	0.088***
	(12.06)	(13.90)	(-0.72)	(0.33)	(4.37)	(5.21)	(13.82)	(13.57)
<i>ReportingAgency</i>	0.138***	0.130***	0.190***	0.183***	0.089***	0.087***	0.072***	0.073***
	(26.37)	(25.39)	(29.12)	(28.46)	(20.72)	(20.09)	(12.22)	(12.37)
<i>Society</i>	0.045***	0.032***	0.060***	0.043***	0.046***	0.041***	0.006	0.007
	(12.05)	(8.65)	(13.58)	(10.01)	(14.22)	(12.78)	(1.23)	(1.55)
<i>Suppliers</i>	0.022***	0.019***	0.063***	0.058***	0.015***	0.014**	0.002	0.003
	(3.55)	(3.06)	(8.80)	(8.20)	(2.61)	(2.44)	(0.27)	(0.33)
<i>Size</i>		0.019***		0.025***		0.006***		-0.003
		(15.21)		(16.61)		(5.36)		(-1.62)
<i>ROA</i>		0.122***		-0.032***		0.052***		-0.004
		(14.41)		(-3.62)		(7.12)		(-0.28)
<i>BTM</i>		-0.008***		0.000		-0.002		0.001
		(-3.14)		(0.02)		(-0.86)		(0.15)
<i>Leverage</i>		-0.035***		-0.009		-0.003		0.015
		(-4.91)		(-1.01)		(-0.47)		(1.50)
<i>Year FE</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Industry FE</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Country FE</i>	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
<i>Adj R<sup>2</sup></i>	0.711	0.724	0.704	0.715	0.799	0.800	0.516	0.516
<i>N</i>	32,654	32,654	32,654	32,654	32,654	32,654	32,654	32,654

\*\*\*, \*\*, \* Denote significance at the 1, 5, and 10 percent levels, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at 1<sup>st</sup> and 99<sup>th</sup> percentile.

**TABLE 3**  
**The Regression Results for the Influence of Stakeholders on Firm Performance and Firm Value**

	ROA		Tobin's Q	
<i>Intercept</i>	0.001	-0.430***	1.975***	8.632***
	(0.31)	(-14.77)	(30.30)	(29.97)
<i>Customers</i>	0.019***	-0.007	0.750***	0.415***
	(3.38)	(-1.23)	(8.79)	(6.11)
<i>Employees</i>	0.061***	0.055***	-1.544***	-0.605***
	(7.33)	(7.41)	(-15.19)	(-7.31)
<i>Investors</i>	-0.009*	-0.009*	0.540***	0.143**
	(-1.83)	(-1.83)	(7.24)	(2.43)
<i>NGO</i>	0.077***	0.038***	0.521***	0.465***
	(8.19)	(4.15)	(3.61)	(3.98)
<i>Regulator</i>	-0.035***	-0.031***	0.031	-0.083**
	(-10.44)	(-9.72)	(0.69)	(-2.34)
<i>ReportingAgency</i>	0.014***	0.007***	-0.088**	0.021
	(4.72)	(2.69)	(-2.10)	(0.62)
<i>Society</i>	0.007***	-0.007***	-0.088***	0.097***
	(3.75)	(-3.43)	(-2.73)	(3.68)
<i>Suppliers</i>	-0.005	-0.011***	0.038	0.071
	(-1.52)	(-3.25)	(0.67)	(1.56)
<i>Size</i>		0.025***		-0.255***
		(18.84)		(-18.50)
<i>ROA</i>				0.372**
				(2.06)
<i>BTM</i>		-0.051***		-1.236***
		(-24.62)		(-37.80)
<i>Leverage</i>		-0.131***		-0.678***
		(-16.36)		(-7.65)
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Adj R <sup>2</sup>	0.057	0.157	0.062	0.351
N	32,654	32,654	32,654	32,654

\*\*\*, \*\*, \* Denote significance at the 1, 5, and 10 percent levels, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at 1<sup>st</sup> and 99<sup>th</sup> percentile.

**TABLE 4**  
**Summary Statistics by Continents**

Variable	Mean	Median	Std
<b>Panel A: Africa (N=849)</b>			
<i>ESG_Score</i>	0.653	0.729	0.256
<i>E_Score</i>	0.578	0.620	0.249
<i>S_Score</i>	0.724	0.820	0.236
<i>G_Score</i>	0.582	0.617	0.242
<b>Panel B: Asia (N=8,420)</b>			
<i>ESG_Score</i>	0.511	0.561	0.295
<i>E_Score</i>	0.607	0.691	0.304
<i>S_Score</i>	0.576	0.634	0.299
<i>G_Score</i>	0.291	0.217	0.240
<b>Panel C: Europe (N=6,874)</b>			
<i>ESG_Score</i>	0.680	0.788	0.273
<i>E_Score</i>	0.659	0.747	0.271
<i>S_Score</i>	0.699	0.785	0.250
<i>G_Score</i>	0.610	0.672	0.265
<b>Panel D: North America (N=13,586)</b>			
<i>ESG_Score</i>	0.498	0.448	0.304
<i>E_Score</i>	0.425	0.307	0.307
<i>S_Score</i>	0.435	0.363	0.294
<i>G_Score</i>	0.700	0.751	0.211
<b>Panel E: Oceania (N=2,480)</b>			
<i>ESG_Score</i>	0.446	0.378	0.290
<i>E_Score</i>	0.374	0.283	0.259
<i>S_Score</i>	0.437	0.385	0.266
<i>G_Score</i>	0.580	0.606	0.246
<b>Panel F: South America (N=445)</b>			
<i>ESG_Score</i>	0.511	0.545	0.281
<i>E_Score</i>	0.572	0.611	0.265
<i>S_Score</i>	0.648	0.744	0.287
<i>G_Score</i>	0.264	0.195	0.214

TABLE 5  
The Regression Results for the Influence of Stakeholders on ESG by Continents

Panel A: Africa				
	ESG_Score	E_Score	S_Score	G_Score
Intercept	-0.255*** (30.30)	-0.589*** (-2.64)	0.087 (0.57)	0.259 (1.10)
Customers	0.119*** (8.79)	0.116** (2.04)	0.136*** (3.44)	-0.033 (-0.51)
Employees	0.574*** (-15.19)	0.528*** (6.08)	0.689*** (10.88)	0.289*** (2.98)
Investors	0.200*** (7.24)	0.171** (2.40)	-0.024 (-0.54)	0.437*** (5.94)
NGO	0.325*** (3.61)	0.193** (2.12)	0.308*** (4.37)	0.146 (1.36)
Regulator	0.031 (0.69)	0.014 (0.51)	0.010 (0.50)	0.016 (0.44)
ReportingAgency	0.138** (-2.10)	0.098** (2.15)	0.127*** (3.95)	0.143** (2.21)
Society	0.025*** (-2.73)	0.065*** (3.31)	0.030* (1.86)	0.018 (0.66)
Suppliers	-0.035 (0.67)	0.011 (0.30)	-0.040 (-1.48)	0.003 (0.05)
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Adj R <sup>2</sup>	0.665	0.569	0.680	0.449
N	849	849	849	849

\*\*\*, \*\*, \* Denote significance at the 1, 5, and 10 percent levels, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at 1<sup>st</sup> and 99<sup>th</sup> percentile.

**TABLE 5 (continued)**  
**The Regression Results for the Influence of Stakeholders on ESG by Continents**

<b>Panel B: Asia</b>				
	<i>ESG_Score</i>	<i>E_Score</i>	<i>S_Score</i>	<i>G_Score</i>
<i>Intercept</i>	-0.374*** (-5.92)	-0.172** (-2.53)	0.004 (0.07)	0.039 (0.44)
<i>Customers</i>	0.153*** (10.04)	0.168*** (9.46)	0.155*** (11.30)	-0.012 (-0.56)
<i>Employees</i>	0.520*** (24.61)	0.496*** (17.10)	0.709*** (40.00)	0.074** (2.54)
<i>Investors</i>	0.050*** (3.58)	-0.175*** (-10.14)	-0.057*** (-4.85)	0.573*** (30.54)
<i>NGO</i>	0.297*** (9.46)	0.248*** (7.41)	0.320*** (11.18)	-0.025 (-0.56)
<i>Regulator</i>	0.054*** (7.12)	0.004 (0.46)	0.026*** (4.00)	0.055*** (5.47)
<i>ReportingAgency</i>	0.110*** (12.22)	0.170*** (13.33)	0.067*** (8.82)	0.066*** (6.24)
<i>Society</i>	0.054*** (8.24)	0.029*** (3.94)	0.057*** (9.91)	0.045*** (5.66)
<i>Suppliers</i>	0.029** (2.45)	0.043*** (3.74)	0.023** (2.09)	0.009 (0.54)
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Adj R <sup>2</sup>	0.669	0.569	0.680	0.449
N	8,420	8,420	8,420	8,420

\*\*\*, \*\*, \* Denote significance at the 1, 5, and 10 percent levels, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at 1<sup>st</sup> and 99<sup>th</sup> percentile.

TABLE 5 (continued)  
The Regression Results for the Influence of Stakeholders on ESG by Continents

Panel C: Europe				
	ESG_Score	E_Score	S_Score	G_Score
Intercept	-0.543*** (-8.85)	-0.402*** (-5.80)	-0.017 (-0.33)	-0.309*** (-3.37)
Customers	0.054*** (3.01)	0.069*** (3.19)	0.090*** (5.58)	-0.037 (-1.44)
Employees	0.521*** (18.07)	0.464*** (13.68)	0.618*** (25.50)	0.178*** (4.64)
Investors	0.260*** (11.22)	-0.028 (-0.96)	0.034* (1.72)	0.792*** (25.04)
NGO	0.146*** (4.82)	0.173*** (4.81)	0.244*** (9.36)	-0.032 (-0.77)
Regulator	0.062*** (5.76)	0.030** (2.56)	0.038*** (4.33)	0.015 (1.08)
ReportingAgency	0.156*** (12.34)	0.167*** (11.48)	0.121*** (11.59)	0.103*** (6.49)
Society	0.030*** (4.24)	0.038*** (4.72)	0.028*** (4.54)	0.026*** (2.61)
Suppliers	0.030*** (2.70)	0.071*** (5.16)	0.019* (1.93)	0.029* (1.86)
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Adj R <sup>2</sup>	0.728	0.693	0.806	0.405
N	6,874	6,874	6,874	6,874

\*\*\*, \*\*, \* Denote significance at the 1, 5, and 10 percent levels, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at 1<sup>st</sup> and 99<sup>th</sup> percentile.

**TABLE 5 (continued)**  
**The Regression Results for the Influence of Stakeholders on ESG by Continents**

**Panel D: North America**

	<i>ESG_Score</i>	<i>E_Score</i>	<i>S_Score</i>	<i>G_Score</i>
<i>Intercept</i>	-0.530*** (-13.04)	-0.335*** (-6.72)	-0.310*** (-8.40)	0.137** (2.52)
<i>Customers</i>	0.053*** (3.26)	0.083*** (4.69)	0.059*** (4.09)	0.029* (1.69)
<i>Employees</i>	0.511*** (25.74)	0.401*** (16.69)	0.647*** (39.56)	0.186*** (9.10)
<i>Investors</i>	0.298*** (14.65)	0.105*** (4.88)	0.070*** (4.14)	0.560*** (14.16)
<i>NGO</i>	0.313*** (12.40)	0.328*** (10.95)	0.446*** (20.72)	-0.022 (-0.75)
<i>Regulator</i>	0.035*** (3.98)	-0.017* (-1.81)	-0.002 (-0.35)	0.070*** (4.38)
<i>ReportingAgency</i>	0.139*** (17.45)	0.211*** (20.86)	0.061*** (8.73)	0.101*** (13.63)
<i>Society</i>	0.034*** (5.28)	0.047*** (6.05)	0.059*** (10.21)	0.003 (0.46)
<i>Suppliers</i>	0.012 (1.22)	0.054*** (4.50)	0.013 (1.26)	-0.007 (-0.61)
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Adj R <sup>2</sup>	0.744	0.737	0.807	0.309
N	13,586	13,586	13,586	13,586

\*\*\*, \*\*, \* Denote significance at the 1, 5, and 10 percent levels, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at 1<sup>st</sup> and 99<sup>th</sup> percentile.

TABLE 5 (continued)  
The Regression Results for the Influence of Stakeholders on ESG by Continents

Panel E: Oceania	ESG_Score	E_Score	S_Score	G_Score
Intercept	-0.626*** (-7.12)	-0.429*** (-4.10)	-0.162** (-2.11)	-0.439*** (-3.83)
Customers	0.200*** (5.44)	0.161*** (4.24)	0.240*** (7.23)	0.007 (0.16)
Employees	0.513*** (14.35)	0.340*** (7.29)	0.703*** (23.14)	0.168*** (3.48)
Investors	0.202*** (5.17)	0.063 (1.50)	0.109*** (3.60)	0.413*** (8.22)
NGO	0.180*** (2.79)	0.142 (1.64)	0.212*** (3.56)	0.116 (1.56)
Regulator	-0.013 (-1.00)	-0.047*** (-3.06)	0.007 (0.62)	-0.018 (-0.94)
ReportingAgency	0.122*** (7.19)	0.164*** (8.53)	0.037*** (2.71)	0.120*** (6.40)
Society	0.028** (2.06)	0.047*** (2.67)	0.038*** (2.98)	0.016 (1.09)
Suppliers	0.047 (1.48)	0.111*** (3.36)	0.050* (1.75)	-0.054 (-1.23)
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Adj R <sup>2</sup>	0.728	0.652	0.750	0.425
N	2,480	2,480	2,480	2,480

\*\*\*, \*\*, \* Denote significance at the 1, 5, and 10 percent levels, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at 1<sup>st</sup> and 99<sup>th</sup> percentile.



**TABLE 5 (continued)**  
**The Regression Results for the Influence of Stakeholders on ESG by Continents**

**Panel F: South America**

	<i>ESG_Score</i>	<i>E_Score</i>	<i>S_Score</i>	<i>G_Score</i>
<i>Intercept</i>	-0.594** (-2.62)	-0.109 (-0.61)	-0.281 (-1.52)	-0.748** (-2.43)
<i>Customers</i>	0.100 (1.19)	0.198*** (2.94)	0.093 (0.97)	0.188* (1.85)
<i>Employees</i>	0.491*** (4.84)	0.549*** (6.18)	0.756*** (8.13)	-0.153 (-1.48)
<i>Investors</i>	0.000 (0.00)	-0.033 (-0.49)	-0.067 (-0.79)	0.332*** (3.46)
<i>NGO</i>	0.402*** (3.20)	0.342*** (2.62)	0.258** (2.03)	0.035 (0.25)
<i>Regulator</i>	0.103*** (3.04)	0.051 (1.41)	0.082** (2.21)	0.041 (1.09)
<i>ReportingAgency</i>	0.054 (1.52)	0.073** (2.36)	0.053 (1.33)	0.111*** (2.97)
<i>Society</i>	0.078*** (2.75)	0.038 (1.43)	0.060*** (2.70)	0.034 (1.19)
<i>Suppliers</i>	-0.069* (-1.82)	-0.014 (-0.33)	-0.051 (-1.45)	-0.036 (-0.77)
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Adj R <sup>2</sup>	0.617	0.644	0.694	0.309
N	445	445	445	445

\*\*\*, \*\*, \* Denote significance at the 1, 5, and 10 percent levels, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at 1<sup>st</sup> and 99<sup>th</sup> percentile.

**TABLE 6**  
**The Regression Results for the Influence of Stakeholders on Firm Performance by**  
**Continents**

	<i>ROA</i>					
	Africa	Asia	Europe	North America	Oceania	South America
<i>Intercept</i>	0.156 (1.04)	0.034 (0.70)	-0.018 (-0.34)	-0.891*** (-17.45)	-0.758*** (-6.41)	0.188 (1.36)
<i>Customers</i>	0.022 (1.04)	-0.026*** (-2.66)	0.001 (0.13)	0.023** (2.07)	0.090*** (2.92)	0.004 (0.14)
<i>Employees</i>	-0.023 (-0.75)	0.015* (1.65)	0.016 (1.07)	0.031** (2.42)	0.039 (1.14)	0.152*** (2.94)
<i>Investors</i>	-0.032 (-1.28)	-0.006 (-0.84)	-0.010 (-0.89)	0.006 (0.41)	-0.064* (-1.81)	0.038 (1.08)
<i>NGO</i>	0.024 (0.61)	0.016 (1.11)	-0.017 (-1.15)	0.116*** (6.84)	-0.129** (-2.51)	-0.049 (-1.27)
<i>Regulator</i>	-0.021** (-2.03)	-0.002 (-0.53)	-0.023*** (-3.88)	-0.049*** (-5.33)	-0.031* (-1.95)	-0.003 (-0.18)
<i>ReportingAgency</i>	0.053** (2.49)	-0.002 (-0.68)	0.035*** (4.27)	-0.027*** (-5.98)	-0.024** (-2.28)	-0.031** (-2.02)
<i>Society</i>	0.000 (0.01)	0.007*** (3.07)	0.006* (1.95)	-0.017*** (-4.05)	-0.004 (-0.45)	0.000 (-0.02)
<i>Suppliers</i>	0.020 (1.18)	-0.002 (-0.44)	0.002 (0.32)	-0.029*** (-4.24)	0.014 (0.71)	-0.019 (-1.17)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Adj R <sup>2</sup>	0.342	0.219	0.143	0.205	0.179	0.223
N	849	8,420	6,874	13,586	2,480	445

\*\*\*, \*\*, \* Denote significance at the 1, 5, and 10 percent levels, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at 1<sup>st</sup> and 99<sup>th</sup> percentile.

**TABLE 7**  
**The Regression Results for the Influence of Stakeholders on Firm Performance by**  
**Continents**

	<i>Tobin's Q</i>					
	Africa	Asia	Europe	North America	Oceania	South America
<i>Intercept</i>	4.668***	9.810***	8.187***	9.320***	8.519***	9.183***
	(3.55)	(13.90)	(14.64)	(21.61)	(10.10)	(4.18)
<i>Customers</i>	0.306	0.291**	0.313**	0.597***	1.038***	-0.845**
	(1.07)	(2.58)	(2.47)	(4.82)	(2.74)	(-2.36)
<i>Employees</i>	0.079	-0.078	-0.547***	-0.385***	-0.457*	-0.650
	(0.18)	(-0.60)	(-2.69)	(-2.78)	(-1.68)	(-1.49)
<i>Investors</i>	-0.408	0.571***	0.329**	0.187	-0.659**	0.388
	(-1.34)	(5.85)	(2.29)	(1.24)	(-2.16)	(0.89)
<i>NGO</i>	0.077	0.607**	0.378**	0.175	1.340***	-0.272
	(0.12)	(2.02)	(1.97)	(0.95)	(2.73)	(-0.54)
<i>Regulator</i>	-0.120	-0.026	-0.024	0.000	-0.298**	0.309
	(-0.80)	(-0.51)	(-0.30)	(0.00)	(-2.24)	(1.26)
<i>ReportingAgency</i>	0.081	-0.062	-0.218**	0.107**	0.070	0.139
	(0.39)	(-1.14)	(-2.44)	(2.12)	(0.79)	(0.68)
<i>Society</i>	-0.041	-0.083*	-0.009	0.117**	0.042	0.172
	(-0.49)	(-1.85)	(-0.20)	(2.39)	(0.45)	(1.10)
<i>Suppliers</i>	0.424*	-0.033	0.071	0.134*	-0.148	-0.075
	(1.69)	(-0.35)	(1.03)	(1.79)	(-0.90)	(-0.55)
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes	Yes	Yes
Adj R <sup>2</sup>	0.480	0.442	0.361	0.342	0.359	0.413
N	849	8,420	6,874	13,586	2,480	445

\*\*\*, \*\*, \* Denote significance at the 1, 5, and 10 percent levels, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at 1<sup>st</sup> and 99<sup>th</sup> percentile.

TABLE 8  
Summary Statistics by Emerging and Developed Markets

Variable	Mean	Median	Std
Panel A: Emerging Markets (N=7,179)			
ESG_Score	0.507	0.536	0.299
E_Score	0.551	0.592	0.287
S_Score	0.572	0.622	0.295
G_Score	0.384	0.346	0.254
Panel B: Developed Markets (N=25,475)			
ESG_Score	0.549	0.577	0.304
E_Score	0.515	0.501	0.319
S_Score	0.528	0.547	0.305
G_Score	0.606	0.685	0.279

**TABLE 9**  
**The Regression Results for the Influence of Stakeholders on ESG by Emerging and Developed Markets**

**Panel A: Emerging Markets**

	<i>ESG_Score</i>	<i>E_Score</i>	<i>S_Score</i>	<i>G_Score</i>
<i>Intercept</i>	-0.381*** (-5.76)	-0.426*** (-6.59)	0.073 (1.34)	-0.079 (-0.84)
<i>Customers</i>	0.139*** (7.51)	0.141*** (7.20)	0.153*** (9.20)	0.054** (2.00)
<i>Employees</i>	0.590*** (22.94)	0.541*** (20.54)	0.755*** (36.47)	0.204*** (5.54)
<i>Investors</i>	0.197*** (10.48)	-0.016 (-0.75)	0.006 (0.37)	0.651*** (25.46)
<i>NGO</i>	0.276*** (7.84)	0.295*** (8.19)	0.307*** (9.52)	-0.070 (-1.44)
<i>Regulator</i>	0.072*** (8.00)	0.017* (1.93)	0.038*** (5.21)	0.064*** (5.41)
<i>ReportingAgency</i>	0.091*** (9.15)	0.106*** (9.46)	0.064*** (7.90)	0.079*** (6.18)
<i>Society</i>	0.055*** (7.29)	0.046*** (5.83)	0.056*** (8.78)	0.017* (1.72)
<i>Suppliers</i>	0.012 (0.89)	0.048*** (3.71)	0.006 (0.49)	-0.016 (-0.83)
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Adj R <sup>2</sup>	0.692	0.671	0.777	0.354
N	7,179	7,179	7,179	7,179

\*\*\*, \*\*, \* Denote significance at the 1, 5, and 10 percent levels, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at 1<sup>st</sup> and 99<sup>th</sup> percentile.

**TABLE 9 (continued)**  
**The Regression Results for the Influence of Stakeholders on ESG by Emerging and Developed Markets**

**Panel B: Developed Markets**

	<i>ESG_Score</i>	<i>E_Score</i>	<i>S_Score</i>	<i>G_Score</i>
<i>Intercept</i>	-0.486*** (-17.30)	-0.325*** (-9.50)	-0.112*** (-4.46)	-0.206*** (-5.15)
<i>Customers</i>	0.069*** (6.72)	0.102*** (8.50)	0.085*** (8.91)	-0.037*** (-2.64)
<i>Employees</i>	0.503*** (38.90)	0.395*** (23.36)	0.678*** (61.72)	0.074*** (4.64)
<i>Investors</i>	0.210*** (23.58)	-0.086*** (-7.40)	-0.007 (-0.94)	0.840*** (72.33)
<i>NGO</i>	0.243*** (14.23)	0.252*** (12.25)	0.350*** (23.04)	0.004 (0.16)
<i>Regulator</i>	0.035*** (6.46)	-0.018*** (-2.87)	0.001 (0.32)	0.061*** (7.34)
<i>ReportingAgency</i>	0.142*** (24.30)	0.202*** (26.89)	0.091*** (17.94)	0.078*** (11.92)
<i>Society</i>	0.034*** (8.39)	0.050*** (9.98)	0.039*** (10.49)	0.019*** (3.69)
<i>Suppliers</i>	0.021*** (3.02)	0.061*** (7.42)	0.015** (2.29)	0.008 (0.81)
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Adj R <sup>2</sup>	0.741	0.732	0.808	0.513
N	25,475	25,475	25,475	25,475

\*\*\*, \*\*, \* Denote significance at the 1, 5, and 10 percent levels, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at 1<sup>st</sup> and 99<sup>th</sup> percentile.

**TABLE 10**  
**The Regression Results for the Influence of Stakeholders on Firm Performance and Firm Value by Emerging and Developed Markets**

	<i>ROA</i>		<i>Tobin's Q</i>	
	Emerging	Developed	Emerging	Developed
<i>Intercept</i>	0.043 (0.94)	-0.547*** (-16.05)	9.265*** (13.94)	8.195*** (26.68)
<i>Customers</i>	-0.002 (-0.14)	-0.004 (-0.64)	0.534*** (3.66)	0.447*** (5.59)
<i>Employees</i>	0.023* (1.74)	0.048*** (5.60)	-0.566*** (-3.35)	-0.658*** (-6.96)
<i>Investors</i>	-0.029*** (-2.59)	0.014** (2.43)	0.204 (1.42)	0.220*** (3.59)
<i>NGO</i>	0.019 (1.16)	0.038*** (3.63)	0.608* (1.72)	0.454*** (3.89)
<i>Regulator</i>	-0.005 (-1.21)	-0.040*** (-9.09)	-0.070 (-1.13)	-0.062 (-1.30)
<i>Reporting Agency</i>	0.006 (1.19)	0.004 (1.40)	-0.048 (-0.70)	0.024 (0.63)
<i>Society</i>	0.003 (0.91)	-0.011*** (-4.41)	0.046 (0.83)	0.083*** (2.81)
<i>Suppliers</i>	-0.007 (-1.14)	-0.014*** (-3.41)	0.010 (0.09)	0.079* (1.68)
Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Industry FE	Yes	Yes	Yes	Yes
Country FE	Yes	Yes	Yes	Yes
Adj R <sup>2</sup>	0.217	0.159	0.402	0.347
N	7,1790	25,475	7,1790	25,475

\*\*\*, \*\*, \* Denote significance at the 1, 5, and 10 percent levels, respectively. All variables are defined in Appendix A. All continuous variables are winsorized at 1<sup>st</sup> and 99<sup>th</sup> percentile.