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WHEN SUSTAINABILITY SIGNALS COLLIDE: ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) RATING DISCREPANCIES AND GREEN TECHNOLOGICAL CHANGE IN CHINESE LISTED FIRMS

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Abstract

This paper examines the impact of environmental, social and governance (ESG) rating discrepancies on green technological changes (GTC) using ESG ratings from six major agencies and balanced panel data from 1,974 Chinese A-share listed firms from 2013 to 2022. The findings reveal a significant negative relationship between ESG rating discrepancies and GTC, suggesting that inconsistencies in ESG ratings hinder firms' environmental performance and sustainable management. Further analysis shows that this adverse effect is transmitted through a reduction in institutional shareholdings, while market attention significantly mitigates the relationship. Moreover, the effect is heterogeneous, becoming insignificant for firms without environmental vision disclosure and for non-high-technology firms. These results provide empirical evidence supporting the need for standardized ESG rating and disclosure systems, as well as enhanced transparency, to reduce rating divergence and promote environmental performance and sustainability.

Key words: ESG rating discrepancies, green technological changes, institutional shareholdings, market attention

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