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Editorial

Corporate Social Responsibility and Environmental Resource Governance

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The construction of an ecological civilization is receiving increasing attention from countries worldwide. A global framework of sustainable development is also desirable because it depends on the contribution of all countries to the overall "health and well-being" of the planet, and focuses on linking economic development with environmental protection and social development for the future prosperity of people and the planet [1]. In 2015, the United Nations General Assembly formally adopted the 17 UN Sustainable Development Goals (SDGs) for 2030. The SDGs emphasize that environmental sustainability should be strongly linked to socio-economic development, and that sustainable development is a balance between social progress, environmental protection, and economic growth. Socio-economic development should not come at the cost of excessive resource consumption and environmental pollution. Instead, the relationship between environmental sustainability and socio-economic development should be balanced and synergized to minimize regional imbalances and improve the environment for the benefit of humanity [2]. Sustainable development has evolved from a global vision to the establishment of country-specific development goals, with critical contributions from governments and enterprises. Due to the negative externalities of environmental pollution, enterprises will not take the initiative to adopt sustainable environmental behavior from the perspective of cost. Therefore, to achieve sustainable economic, social, and environmental development, governments have introduced and implemented sustainable environmental policies, while enterprises have taken the initiative to strengthen their internal environmental governance to achieve sustainable development for the sake of institutional legitimacy.

Internal corporate governance is the process of coordinating the interests and responsibilities of all parties in a company within the context of sustainable development, and to control and supervise the internal risks posed to the company. Understanding the synergy and balance between environmental and economic sustainability is a significant challenge for enterprises when pursuing sustainable development strategies, and determining how to improve environmental benefits while creating new economic growth is currently a key issue [3,4]. Profit-seeking is the most fundamental characteristic of corporate behavior. Stakeholder theory suggests that organizations should integrate and balance the interests of various stakeholders, not only focusing on the accumulation of shareholder wealth, but also paying attention to social and environmental interests. Strengthening stakeholder relationships can contribute to sustainable corporate performance [5]. External investors have shifted their focus from the single perspective of profits to a multi-dimensional and multi-level perspective, paying greater attention to the social responsibility of enterprises, sustainable development, and other informal objectives. Furthermore, the labeling of enterprises that actively participate in environmental governance and assume social responsibility can increase the investment propensity of investors, thereby attracting inward investment and high-quality resources. Enterprises are often faced with the irrational development model of "easy to pollute, difficult to treat," and the treatment of environmental pollution requires human and financial costs. However, enterprises that assume

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environmental responsibility are more likely to obtain institutional legitimacy and more favorable resources to better carry out their production practices and innovations, create a competitive advantage, and achieve the goal of maximizing corporate profits.

To incentivize enterprises to save energy, reduce emissions, and control pollution, in addition to market regulation, it is necessary for governments to formulate and implement environmental governance policies and strengthen external regulation [6]. Governments and international organizations have introduced a number of locally tailored environmental regulatory policies, such as environmental taxes in Europe, the European Union's Carbon Emissions Trading Scheme (EU-ETS), and China's Central Environmental Protection Inspectorate (CEPI). Legitimacy is also a motivation for corporate behavior, and legitimacy theory focuses more on the social and political recognition of companies. In particular, political legitimacy is a prerequisite for sustainable development, while government policies and regulations, as important external market signals, have the most substantial and direct impact on a company's forward-looking environmental strategy [7]. By complying with laws, regulations, and social norms, enterprises are able to gain recognition for the legitimacy of their operations from government regulators and market stakeholders [8]. Supervision and constraint by the government and other regulators can solve the problem of the negative externalities of environmental pollution, and strict external environmental regulation encourages enterprises to innovate in green technology; this can solve the problem of environmental pollution at the source, improve comprehensive productivity, and achieve the goal of sustainable development [9].

Therefore, based on legitimacy theory and the concept of stakeholders, enterprises are not only passive observers and recipients of institutional pressure, but also actively participate in social governance due to their subjective motivation. This is then recognized by society and the government, and simultaneously satisfies the needs of stakeholders and further attracts the attention of investors [10]. With this in mind, this Special Issue focuses on the impacts of internal and external governance on sustainable development.

In the first part of this Special Issue, we focus on external governance research in relation to sustainable development. As the two main bodies of environmental protection, the impact of government policies on enterprises is an applicable test of the effectiveness of policy implementation. In addition, the various behaviors of enterprises with regard to the environment, such as environmental, social, and governance (ESG) investment, environmental performance, social responsibility performance, etc., are also important factors for the promotion of sustainable development. In the first study considered in this Special Issue, Mingyao Cao, Keyi Duan, and Haslindar Ibrahim utilize special bond data obtained from Chinese provinces between 2015 and 2021 to investigate the impact of local government debt on corporate underinvestment and its subsequent effects on corporate ESG performance (Contribution 1). The findings suggest that, as local government debt swells, financing constraints are imposed on local companies; this leads to underinvestment, particularly for listed companies with a high proportion of fixed assets and non-state-owned (non-SOE) enterprises. Thus, the government should properly manage the scale of government debt to optimize resource allocation and stimulate corporate investment, especially ESG investment, which will facilitate in the attainment of the sustainable development goals. Lei Zheng, Akira Omori, Jin Cao, and Xuemeng Guo examine the effectiveness of the Chinese carbon emission trading pilot from the perspective of market-ranked corporate environmental performance (Contribution 2). The main findings of this study demonstrate that, compared with the companies not selected in the pilot program, regulated enterprises tend to achieve superior environmental performance after the implementation of the program. Greater environmental pressures and enhanced internal control quality are found to have synergistic effects on the amplification of the positive connection between the pilot firms and corporate environmental performance. Thus, to achieve enhanced policy effects and environmental performance, governments should design and implement more environmental regulations to encourage enterprises to implement environmental activities and strengthen supervision. Enterprises should also establish superior internal

governance systems. Manru Peng, Chendie Wei, Youliang Jin, and Hangxin Ran investigate the impact of environmental tax reform on corporate environmental performance based on data obtained from Chinese A-share-listed heavily polluting firms from 2016 to 2020 using the differences-in-differences method (Contribution 3). It is found that environmental tax reform can effectively improve corporate environmental performance via local government environmental supervision, and this improvement effect is found to be more significant in non-SOEs and firms in Western areas. In an era in which environmental protection is increasingly vital, the central government should fully implement the rights and responsibilities of environmental governance, and local governments should strengthen the supervision of local enterprises and their environmental pollution emissions. Furthermore, heavily polluting enterprises should optimize their internal environmental management and reduce environmental risks according to the continuous changes in environmental policies. Qiong Zhou, Qian Tan, Huixiang Zeng, Yu-En Lin and Peng Zhu analyze the effect and mechanism of the "10-point Soil Plan" on corporate sustainable development based on data obtained from A-share-listed companies in China's Shanghai and Shenzhen stock markets from 2013 to 2020 (Contribution 4). While the "10-point Soil Plan" is found to significantly promote corporate sustainability via debt vacating and cash defense effects, the policy fails to achieve innovation compensation. In addition, the promoting effect of the "10-point Soil Plan" on the sustainable development of enterprises is found to be more significant in SOEs and large enterprises, as well as in areas with high environmental supervision intensity. To fully leverage the role of environmental policies and achieve sustainable development, environmental protection departments must strengthen their recognition of corporations' responsibility for pollution, and the law enforcement departments of local governments must perform reasonable environmental supervision. Heavily polluting enterprises should abandon their shortsightedness and seek sustainable development when making strategic decisions. In their study, Huaixi Song, Quanxi Li, Kailing Liu and Yi Li construct a two-stage closed-loop supply chain (CLSC) model to investigate the decision-making and recycling channel selection of CLSCs, considering corporate social responsibility (CSR) under the government's reward–penalty policy for the recovery rate of waste electrical and electronic equipment (WEEE) (Contribution 5). According to the study, when manufacturers are responsible for recycling WEEE, enterprises can obtain the maximum CSR investment level and profits, and profits will increase with the increase in the government's reward–penalty coefficient. The government can build third-party recycling agencies to recycle WEEE, while also appropriately increasing the reward–penalty coefficient, which both contributes to GDP and enables manufacturers to obtain profits and a high CSR investment level.

In this part of the Special Issue, we move from external policies to internal governance. The issue of CSR management has attracted extensive attention, as companies are both the mainstay of economic activity and the perpetrators of many environmental problems. Furthermore, executives, as decision-makers for CSR actions and strategies, are also subject to institutional and environmental pressures from governments and the public. In their study, Yang Zhang and Xinxin Zhang empirically examine the threshold effect of executive compensation on corporate environmental responsibility based on panel data obtained from A-share-listed manufacturing companies in Shanghai and Shenzhen, China, from 2006 to 2018 (Contribution 6). The results show that the facilitating effect of executive compensation on corporate environmental responsibility occurs only after a certain threshold is reached. Furthermore, the findings reveal that industry competition has a positive moderating effect that shifts the inflection point of the U-shaped curve between executive compensation and corporate environmental responsibility to the left. The authors point out that the executive compensation of companies with different attributes, sizes, and geographic regions affects corporate environmental responsibility, and that industry competition has different degrees of impact on executive compensation and corporate environmental responsibility. They also suggest that a standardized and effective compensation incentive mechanism should be established in order to reform the internal mechanism

of corporate governance. The compensation mechanism for executives should be closely linked to the fulfillment of corporate environmental responsibility in order to promote the high-level development of environmental responsibility. In their study, Huanhuan Zhao, Yong Liu, and Zhiyang Liu develop a decision model of a retailer-led CLSC by considering CSR, analyze alternative decisions under different scenarios, and point out that CSR inputs can contribute to the overall development of a CLSC (Contribution 7). However, to play a greater role, CSR investment must be within a certain range and compatible with the development of the enterprise itself; too little or too much CSR investment cannot greatly contribute to the development of the CLSC. In addition, the authors propose a pricing coordination mechanism that can improve the profitability of manufacturers, retailers, and the whole CLSC, and can guide the decision making process to approach or reach the optimal level under centralized decision making. It is also crucial that enterprises fulfill their social responsibilities and safeguard the legitimate rights and interests of their employees. Yanting Jing, Wei Zhang, Yongjun Tang, and Yuzi Zhang develop an evaluation system for employee social responsibility in the Chinese clothing industry by utilizing the mutational ranking method (Contribution 8). They assign different weights to 61 quantitative indicators related to CSR to employees, and rate the CSR performance of the top 100 companies. They demonstrate that companies with higher overall rankings or a superior financial performance typically have higher levels of CSR for employees, which may be related to the degree of development and the size of the company. These companies also pay more attention to their internal environmental expenditures to achieve sustainable development and green transformation. Luluk Muhimatul Ifada and Romlah Jaffar investigate the impacts of environmental cost expenditures on environmental performance and their disclosure in selected companies in the Asia–Pacific region (Contribution 9). This study finds that environmental cost expenditures are positively related to environmental performance and its disclosure, and that environmental performance variables mediate the relationship between environmental cost expenditures and disclosure. The findings emphasize that it is crucial that companies make financial commitments to protect the environment in their daily operations. The findings also provide guidance for managers to operate their companies within socially accepted norms and values, which in turn will strengthen firm legitimacy. Based on the data of the listed companies in China's high-carbon industry database from 2000 to 2021, Min Zhang, Yu Su and Peng Zhu, find that green innovation significantly contributes to firm performance, and that the degree of regional intellectual property protection and the financial resource base of firms positively regulate this relationship (Contribution 10). Further analysis reveals that high-quality green innovation can better contribute to improved firm performance, and that this spillover effect is more significant in non-SOEs than in SOEs. Furthermore, green innovation is found to contribute more significantly to the performance of firms with high equity ratios than that of firms with low equity ratios. The authors suggest that enterprises should elevate green innovation to the strategic level, incentivize enterprise managers to adopt green development, cultivate green environmental protection awareness, and increase green R&D investment. Furthermore, when engaging in the practice of green innovation, enterprises should fully consider the strength of their resources. In addition, the government should also strengthen the protection of intellectual property rights.

To manage sustainability challenges, regulators are pressuring firms to incorporate social and environmental goals into their economic agenda. ESG principles are considered a prerequisite for the sustainable development of the global economy and society. In their research, Shukang Zhou, Md. Harun Ur Rashid, Shah Asadullah Mohd. Zobair, Farid Ahammad Sobhani and Abu Bakkar Siddik examine the impact of ESG practices on the corporate sustainability performance of firms based on employee data obtained from the Bangladeshi manufacturing industry (Contribution 11). They find that the ESG performance significantly enhances the innovation and sustainability performance of manufacturing industries. This study indicates that adopting novel technologies and developing innovative business models are key to the development of sustainable business in the

Bangladeshi manufacturing industry. Due to increasing uncertainty within the business environment, the sustainable development of firms faces severe challenges. Dingzu Zhang and Luqi Liu reveal that ESG performance is one of the strategies adopted by firms to enhance their financial flexibility, via which enterprises can better ease financing constraints and enhance their ability to cope with uncertain environments (Contribution 12). The effect of ESG performance on financial flexibility is found to be stronger when market concern is high, as market attention serves as a loudspeaker and authentication that enhances the market response to ESG information. Both businesses and the sustainability of local finances are threatened by domestic economic slowdowns, as well as by external shocks such as the continued spread of global epidemics and increased risks. The core of local fiscal risks is the efficiency of local fiscal expenditure, while national auditing is the risk control measure of national governance. Based on the provincial panel data of 30 provinces in mainland China from 2007 to 2018, Dingzu Zhang, Xingjie Shen and Cong Peng use a spatial econometric model to examine the impact of national auditing on the efficiency of local fiscal expenditure (Contribution 13). The coupling of national auditing and media attention is found to positively affect the efficiency of local fiscal expenditure, indicating that national auditing provides not only a professional supervision function, but also an information transmission function. It promotes the "organic integration and coordination of all kinds of supervision" and further enhances the effect of governance.

Conflicts of Interest: The authors declare no conflict of interest.

List of Contributions:

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2. Zheng, L.; Omori, A.; Cao, J.; Guo, X. Environmental Regulation and Corporate Environmental Performance: Evidence from Chinese Carbon Emission Trading Pilot.
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