

Article

ESG and Corporate Risk-Taking in China's New Media Industry

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Abstract

Guided by the Sustainable Development Goals, the ESG concept has increasingly become a key reference factor in corporate investment decisions. Given existing research on ESG practices in corporate risk management and the research gap regarding China's media industry, this study examines the role of ESG practices in corporate risk-taking among China's listed new media companies from 2009 to 2024. It proposes the following key hypotheses: there exists an inverted U-shaped relationship between ESG performance and corporate risk-taking in new media firms; Confucian culture moderates this nonlinear relationship. The findings confirm these hypotheses, demonstrating that ESG ratings have a nonlinear, rising-then-falling effect on corporate risk-taking, which is attenuated by Confucian culture. Furthermore, this inverted U-shaped relationship is more pronounced among firms in highly marketized regions, low-growth firms, and firms with low organizational inertia. This study extends the understanding of the economic consequences and mechanisms of corporate ESG performance, providing empirical evidence to help new media enterprises balance ESG responsibilities with strategic risk-taking in pursuit of sustainable development.

Keywords: new media; ESG; risk-taking; digital ethics

1. Introduction

With the internet penetration rate exceeding 79% and the new media industry scale surpassing 3 trillion yuan in China, the rapid development of the industry has led to increasingly prominent negative externalities: the dissemination of hedonistic content distorts social value orientations, algorithmic barriers implicitly widen class divides, and the misuse of generative AI tools disrupts the online information ecosystem. Consequently, the fulfillment of social responsibility by new media enterprises has become an urgent issue concerning social governance. ESG (Environmental, Social, and Governance), which balances the coordinated development of corporate economic, social, and environmental value, is highly aligned with the sustainable development requirements of the new media industry. By focusing on industry-specific characteristics such as content governance and digital ethics, ESG drives a transformation in corporate strategy and risk management thinking, thereby influencing corporate risk-taking. Based on this, this paper explores the intrinsic relationship between ESG and corporate risk-taking, grounded in the unique characteristics of the new media industry, to provide practical references for the standardized development of the industry and corporate risk management.

Research indicates that ESG ratings, as a form of non-financial information disclosure, significantly influence corporate behavior, including factor productivity [1], corporate debt levels [2], and innovation [3]. In most studies concerning ESG and the media, the



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media is primarily viewed as an information disseminator and monitor of corporate ESG performance [4,5]. However, existing research has found that media objectivity in ESG reporting is contingent upon the degree of interest alignment with the covered enterprises [6]. Based on the particularity of the new media industry, this paper argues that while the media serves as an ESG supervisor for corporations, the fulfillment of its own ESG responsibilities is equally crucial. Yet, few studies have focus on the ESG practices of new media enterprises. Grygiel et al. (2019) [7] conducted a qualitative analysis of social responsibility practices in multinational social media companies. Zhou et al. (2017) [8] offered early empirical evidence by examining the social responsibility performance of new media enterprises, using Tencent as a case study. Other studies investigate the social performance of digital platforms, focusing on aspects like algorithmic recommendation systems [9]. Furthermore, some scholars have examined corporate risk-taking in the context of fulfilling ESG responsibilities. For instance, Zhang et al. (2024) [10] and Lin et al. (2024) [11] support the risk-promoting hypothesis, suggesting that ESG ratings enhance firms' willingness for risk-taking [10]. Conversely, Shilei Wu et al. (2025) [12] argue that ESG responsibility fulfillment is negatively correlated with risk-taking. Evidently, existing research predominantly discusses a linear relationship between ESG and risk-taking, and the findings present contradictory outcomes.

Existing literature predominantly explores the relationship between ESG and corporate risk-taking from either positive or negative perspectives, with limited research on their nonlinear effects. Given the rapid iteration and intense competition inherent in the new media industry, firms can leverage ESG practices in the initial investment phase to build differentiated advantages. This facilitates rapid user traffic accumulation, fosters a positive digital reputation, and ultimately enhances risk-taking capacity. In the later stage of ESG investment, the extended cycle required for quality content creation, the increasing difficulty of maintaining a positive digital reputation, and tightening ESG regulations collectively suppress corporate risk-taking capacity by crowding out resources, reinforcing managerial conservatism, and elevating compliance costs.

Accordingly, this paper examines whether a nonlinear effect exists between new media ESG and corporate risk-taking within a unified framework. If present, what is the nature of this nonlinear relationship? What underlying mechanisms explain it? To address these questions, this study conducts empirical analysis based on theoretical foundations. It constructs an econometric model using a sample of new media listed companies on the Shanghai and Shenzhen A-share markets from 2009 to 2024. The research aims to investigate an inverted U-shaped nonlinear influence, with Confucian culture serving as a moderating factor. The mechanistic results reveal that the inverted U-shaped relationship is driven by firm resource constraints and agency costs, while Confucian culture weakens this curvilinear association between ESG and corporate risk-taking. Furthermore, the effects vary significantly across firms with different growth rates and organizational inertia, as well as across regions with differing levels of marketization, thereby expanding and deepening the existing research.

Compared with the existing literature, the potential contributions of this paper are as follows: First, it broadens the research perspective on corporate risk-taking from the angle of new media ESG. Existing studies primarily establish theoretical frameworks linking internal corporate governance to risk-taking at the micro level [13] or emphasize the influence of external environments [14]. While some research has addressed the relationship between ESG and corporate risk-taking [15], systematic empirical research centered on new media ESG remains relatively scarce. This paper, based on the unique perspective of new media ESG, provides empirical evidence on micro-level corporate investment decisions, thereby opening up new avenues for risk-taking research. Second, in recent years, the

social responsibility performance of new media has increasingly attracted public attention. However, from a practical business operations perspective, the literature examining firms' ESG practices and their internal impact remains relatively scarce. This study, by focusing on corporate risk-taking, provides a novel perspective for explaining the ESG practices of new media firms. Finally, by incorporating Confucian culture, this paper integrates a key Chinese cultural attribute into the analysis of corporate investment decision-making, enriching the research perspective on new media ESG and corporate risk-taking within the Chinese context.

The remainder of this paper is structured as follows: Part II presents theoretical analysis and research hypotheses; Part III covers variable selection and model specification; Part IV reports empirical results and analysis; Part V summarizes the findings and offers policy recommendations.

2. Theoretical Analysis and Research Hypotheses

2.1. *The Impact of ESG on Corporate Risk-Taking in the New Media Industry*

2.1.1. ESG Characteristics of the New Media Industry

New media ESG practices exhibit two key characteristics: an emphasis on digital ethics and a focus on content dissemination.

On one hand, digital ethics studies and evaluates ethical issues related to data, algorithms, and their infrastructure, fostering ethical reflection and reasonable behavioral norms [16]. As the operational core of new media enterprises, data and algorithms, if used improperly on collected information, can lead to problems such as algorithmic discrimination, privacy violations, and data breaches. These issues may cause significant negative impacts at various levels, from individuals and groups to broader social governance. For instance: Media platforms collect excessive non-essential data without user consent, severely infringing upon public privacy rights; the integration of generative AI with personalized algorithmic recommendations narrows users' information horizons, reinforcing the "filter bubble" effect. This invisibly creates information barriers, increases communication difficulties among different groups, and heightens the challenges of social governance [17]. Therefore, integrating relevant dimensions of the Sustainable Development Goals (SDGs) into digital technology applications is critical for new media enterprises to fulfill their ESG responsibilities. First, guiding positive social trends is a natural duty of new media enterprises. This requires scientifically grounded digital ethics guidelines and dedicated committees to guide ethical technology development [18]. Second, digital ethics must be integrated into corporate governance through measures such as data compliance and user privacy protection, algorithmic ethics reviews, data governance, and content moderation mechanisms. Additionally, environmental pollution issues arising from new media enterprises' use of digital technologies, including carbon emissions and energy consumption, also urgently require attention.

On the other hand, new media enterprises should continue to prioritize ESG responsibility performance through traditional pathways, particularly in content dissemination. While new media broaden public expression channels and enhance transmission efficiency, its negative impacts cannot be overlooked. Content deviating from mainstream values, such as class discrimination, conspicuous consumption, and hate speech, circulates on new media platforms through algorithmic recommendations and social networks, often creating a chain-reaction effect. This easily triggers negative online sentiments, influences public cognition and values, and poses difficult-to-control risks and harms to society [19]. While data-dominated generative AI content reduces the marginal cost of media content creation and improves labor productivity [20], the phenomenon of low-quality AI-generated content flooding social media is intensifying. For instance, over 20% of recommended videos on

YouTube consist of AI-generated spam content, and “AI-modified” videos appearing on Chinese social media have led to problems including information distortion, copyright disputes, and the spread of vulgar content, severely disrupting the order of online information dissemination. Therefore, new media enterprises must prioritize values-driven content creation and actively shoulder their social responsibilities. They should avoid profit-driven excessive commercialization, which often prioritizes sensationalism and user traffic at the expense of ethical content production. In response to the disorder associated with generative AI, platforms should strengthen content moderation mechanisms. Accounts that disseminate false or vulgar content, or alter classic works in ways that conflict with mainstream social values, should be penalized. Additionally, AI-generated content should be subject to prominent labeling requirements. Furthermore, mainstream media should leverage their dominant position in the communication landscape to steer public sentiment toward positive directions. They should delve into the social realities and public demands behind these phenomena and establish empathetic dialogue with the public. This helps prevent the spread of negative sentiments while offering corrective guidance on content that deviates from mainstream values [21].

2.1.2. The Impact of ESG on Risk-Taking in New Media Enterprises

The Resource Dependence Theory posits that resources are the foundation for corporate strategy implementation [22]. Strategic decisions in new media enterprises are highly dependent on external resources such as user trust, data resources, and regulatory permits. These enterprises implement ESG governance measures, including content quality control, data privacy protection, and compliance internal controls. By reducing compliance risks and enhancing operational stability, these firms increase their willingness to take risks [23]. On the other hand, such measures align with user demands for privacy and content quality, thereby boosting user trust and engagement. This, in turn, enhances the stability of these enterprises’ dependence on critical resources, such as user traffic and data authorization, and ultimately strengthens their risk-taking capacity. From a long-term perspective, excessive pursuit of maximizing ESG ratings may lead companies to allocate substantial resources to data security maintenance and content moderation. Given limited internal resources, this diverts capital away from other investment areas like market expansion and technological R&D [24], creating a resource crowding-out effect that undermines long-term corporate value. Furthermore, ESG investments follow the principle of diminishing marginal returns. As companies continue investing in ESG, the incremental benefits generated diminish [25]. This reduces their willingness and capacity for risk investment, thereby suppressing their risk-taking levels.

The principal–agent relationships in the new media industry are complex. Beyond the traditional “shareholder-management” agency relationship, there exists an implicit “platform-user” agency relationship, whereby users delegate their “data usage rights” and “content consumption choices” to the platform. On one hand, driven by algorithms, new media enterprise managements are often inclined towards immediate monetization and short-term traffic metrics. This amplifies managerial short-termism and exacerbates agency conflicts between shareholders and management. It also strengthens management’s risk-averse motives, which is detrimental to sustainable corporate development. Strong ESG performance signifies that new media companies emphasize internal governance. Measures such as enhancing board independence and linking executive compensation to long-term corporate performance help curb managerial myopia and increase management’s willingness to take risks [26,27]. On the other hand, when platforms engage in harmful practices ranging from “algorithm abuse” to the “dissemination of harmful content” in pursuit of profit maximization, they increase risks including user churn, regulatory penal-

ties, and reputational damage. ESG practices focused on content governance and data ethics help regulate platforms' agency behavior toward users, mitigate agency conflicts, thereby reducing user attrition and reputational risks while enhancing corporate risk-taking capacity. In the long term, superior ESG performance in new media enterprises leads to greater accumulation of digital reputational capital. Parker et al. (2019) [28] point out that reputation influences corporate decision-making. From the perspective of agency theory, management, as agents, finds its professional reputation deeply intertwined with the firm's digital reputation. High-risk decisions in new media firms predominantly revolve around digital operations. Once such a decision fails, it triggers media scrutiny and negative stakeholder reactions [29], potentially resulting in a collapse of digital reputation and exposing management to career penalties in the managerial labor market. In firms with high ESG performance, heightened public attention and greater transparency strengthen management's personal incentive to safeguard digital reputation. This leads them to adopt more risk-averse policies, consequently suppressing corporate risk-taking. Furthermore, new media companies with high ESG ratings imply stricter content review processes and data compliance requirements. This subjects management to more rigorous oversight and heightened risks of failure when launching new ventures, which in turn constrains corporate risk-taking.

Hypothesis 1. *The relationship between ESG performance and risk-taking behavior in new media enterprises follows an inverted U-shaped pattern. As ESG ratings improve, risk-taking behavior initially increases before subsequently decreasing.*

2.2. Influential Mechanism: The Moderating Role of Confucian Culture

While Research Hypothesis 1 examines the mechanism through which ESG influences corporate risk-taking in the new media industry, in practice, this effect is also subject to cultural moderation. As an informal institution, culture shapes individual beliefs and values, which ultimately translate into behavioral decisions [30]. Accordingly, this study examines whether and how Confucian culture moderates the relationship between ESG and corporate risk-taking.

Culture, as an informal institution, ultimately influences behavioral decisions by shaping individuals' beliefs and values [30]. As a traditional Chinese culture, Confucian culture profoundly shapes corporate decision-making preferences and investment behaviors [31]. First, Confucian culture advocates "advancing through stability," which strengthens corporate risk management. It emphasizes moderation and stability: moderation helps restrain aggressive ESG investments in the early stages, enhances caution in investment decisions, and reduces corporate risk-seeking operations. Stability mitigates risks by avoiding excessive investment concentration, diversifying risks, effectively curbing risks arising from excessive ESG investments, and improving corporate risk-bearing capacity. Second, Confucian culture emphasizes concepts such as "righteousness over profit," "profit through righteousness," and the "unity of righteousness and profit," advocating both the restraint of individual self-interested behavior and the pursuit of gain through legitimate means [32]. For the new media industry, during the initial stages of ESG investment, the principles of "righteousness over profit" and "profit through righteousness" can effectively curb short-term speculative behaviors where companies exploit ESG for traffic marketing, preventing the accumulation of hidden risks from excessive investment. For companies with high ESG ratings, the Confucian concept of the "unity of righteousness and profit" helps curb investments that prioritize reputation over efficiency. It alleviates cost and cash flow pressures from excessive ESG spending, provides resource support for high-risk investment activities, and ultimately enhances the company's risk-bearing capacity.

Hypothesis 2. *Confucian culture weakens the nonlinear effect of ESG on corporate risk-taking in new media enterprises.*

3. Sample Selection and Research Design

3.1. Econometric Model

To examine the nonlinear relationship between ESG and corporate risk-taking in new media enterprises, the following model is constructed:

$$Risking_{i,t} = \beta_0 + \beta_1 ESG_{i,t} + \beta_2 ESG_{i,t}^2 + \sum_{j=1}^n a_j CV_{i,t} + \sum Firm + \sum Year + \varepsilon_{i,t} \quad (1)$$

In the model, $Risking_{i,t}$ represents the volatility of ROA for firm i in year t , serving as a proxy for the level of corporate risk-taking; $ESG_{i,t}$ and $ESG_{i,t}^2$ denote the ESG linear and quadratic terms, respectively, of the ESG performance of new media firm i in year t , $Firm$ and $Year$ represent firm and year fixed effects, respectively; and CV stands for a set of control variables. In Model (1), β_1 and β_2 are the parameters estimated in this study, measuring the impact of ESG on corporate risk-taking in the new media industry. If β_1 is significantly greater than zero and β_2 is significantly less than zero, the results align with the expectations of this paper; otherwise, they do not.

3.2. Variable Selection

3.2.1. Corporate Risk Taking

Corporate Risk Taking: Referring to related research [33], the volatility of Return on Assets (ROA) is employed as a proxy for corporate risk-taking. Specifically, for firm i in year t , the risk-taking level $Risking_{i,t}$ is measured as the standard deviation of its industry-mean-adjusted ROA (EBIT (Earnings Before Interest and Taxes)/ASSET (Year-end Total Assets)) over a three-year window from year $t - 1$ to $t + 1$. In the regression model, all explanatory variables (including ESG and control variables) are set to their values in year t , thereby constructing a predictive framework to examine how contemporaneous ESG performance influences corporate risk-taking in subsequent periods.

$$Adj_{Roait} = \frac{EBIT_{it}}{ASSET_{it}} - \frac{1}{\bar{X}} \sum_{k=1}^X \frac{EBIT_{it}}{ASSET_{it}} \quad (2)$$

$$RiskT_1 = \sqrt{\frac{1}{N-1} \sum_{n=1}^N \left(ADJ_ROA_{in} - \frac{1}{N} \sum_{n=1}^N ADJ_ROA_{in} \right)^2 | N} \quad (3)$$

3.2.2. ESG Performance

Currently, China has yet to establish a unified ESG rating standard system. Most existing studies rely on ESG ratings or grades published by third-party rating agencies to assess corporate sustainability capabilities. Among these, the Huazheng ESG Index employs a dual-layer evaluation system based on international mainstream ESG frameworks, combining universal indicators with industry-specific metrics. This approach covers foundational indicators including data privacy and security, green finance, and employee health and safety, while also applying differentiated weighting to tertiary indicators based on industry attributes. Therefore, this paper utilizes the Huazheng ESG score to measure corporate ESG performance. Following the methodology of Xie et al. (2022) [34], the nine HuaZheng rating grades from C to AAA are sequentially assigned values from 1 to 9.

3.2.3. Moderating Variable

Confucian Culture. This paper adopts the methodology proposed by Du. (2015) [35], using the number of Confucius temples within a 100 km radius of a company's registered location to measure Confucian culture (Conf). Specifically, the geographical distance between listed companies and Confucius temples is calculated based on their latitude and longitude coordinates, and the number of Confucius temples within 100 km of the company's registered location is counted. A higher Conf value indicates a stronger influence of Confucian culture on the firm.

3.2.4. Selection of Additional Control Variables

In this paper, a series of variables that may affect the risk-taking of firms are selected as control variables, including firm size (Size), debt-to-asset ratio (Lev), CEO duality (CP), board size (Board), operating revenue growth rate (Growth), institutional shareholding ratio (Inst), fixed assets ratio (Fixed), and book-to-market ratio (BM). The definitions and measures of each variable are presented in Table 1.

Table 1. Variable Definitions.

Variables	Brief	Description
Corporate Risk Taking	Risking1 Risking2	Volatility of Return on Assets Range of Return on Assets (ROA)
ESG performance	ESG	ESG ratings are assigned values from 1 to 9
Firm size	Size	Ln (Total Assets)
Debt-to-asset ratio	Lev	Total Liabilities/Total Assets
CEO duality	CP	A dummy variable for CEO duality, which equals 1 if the same person holds both positions, and 0 otherwise.
Board size	Board	Ln (Board Size)
Operating revenue growth rate	Growth	(Current Operating Revenue – Prior-Period Operating Revenue)/Prior-Period Operating Revenue
Institutional shareholding ratio	Inst	(Total Number of Shares Held by Institutional Investors/Total Shares Outstanding) × 100%
Fixed assets ratio	Fixed	(Net Fixed Assets/Total Assets) × 100%
Book-to-market ratio	BM	(Book Value of Equity/Market Value of Equity) × 100%
Confucian culture	Conf	Natural logarithm of one plus the number of Confucian temples within a 100 km radius of a firm's registration location

3.3. Sample Selection

This study selects data from Chinese Shanghai and Shenzhen A-share listed non-ST new media companies from 2009 to 2024 as the initial sample. Following the China Securities Regulatory Commission Industry Classification 2012, companies within sectors such as News and Publishing, Film, Television and Sound Recording Production, and Culture and Arts were identified. Based on their industry classification and primary business operations, a total of 64 listed new media companies were selected as the research sample. Samples with missing ESG scores were excluded, and continuous independent variables were winsorized at the 1% level at both tails. The final sample comprises 598 firm-year observations from 64 new media companies, covering sectors such as mainstream news media, internet audio-visual platforms, digital reading services, and integrated media operations. ESG data are obtained from the Huazheng Database, Confucian temple

heritage data are sourced from the CNRDS Database, and all other relevant data are from the CSMAR Database.

4. Results

4.1. Descriptive Statistics

Descriptive statistics are presented in Table 2. Among them, the explanatory variable, ESG performance, has a minimum value of 1 and a maximum value of 7, indicating significant variation across firms. The median value of 4.3227 is consistent with existing research, suggesting a relatively modest overall level of ESG performance among new media enterprises. The dependent variable, corporate risk-taking (Risking1), also exhibits considerable variation among individual firms.

Table 2. Summary Statistics of Key Variables.

Variables	Variables	N	Mean	S.D.	Min	Max
Risking1	Corporate Risk Taking	598	0.0253195	0.0458028	0	0.3074316
ESG	ESG performance	598	4.322742	1.297279	1	7
Size	Firm size	598	9.721068	0.4574988	6.489072	10.65023
Lev	Debt-to-asset ratio	598	0.3437249	0.1836003	0.0191	1.4028
CP	CEO duality (takes the value 1, and 0 otherwise)	598	0.2959866	0.4568671	0	1
Board	Board size (people)	598	0.9299792	0.936427	0.69897	1.176091
Growth	Operating revenue growth rate	598	0.255315	2.276275	−1.309156	53.96897
Inst	Institutional shareholding ratio (%)	598	50.08077	26.21899	2.5259	93.79
Fixed	Fixed assets ratio (%)	598	0.0854654	0.1137208	0	0.630095
BM	Book-to-market ratio (%)	598	0.5860119	0.2516779	0.001397	1.37175
Conf	Confucian culture	539	1.928157	0.6313234	0	2.995732

4.2. Grouped Descriptive Statistics

To visually inspect the relationship between ESG and corporate risk-taking in new media enterprises, this study calculates the mean of corporate risk-taking by groups based on the level of corporate ESG ratings. Based on ESG scores ranging from 1 to 7, we divided the sample into four groups using the performance brackets [1, 2), [2, 4), [4, 6), and [6, 8), and then calculated the mean corporate risk-taking within each group. As shown in Figure 1, as the corporate ESG rating increases, the mean corporate risk-taking exhibits an inverted U-shaped pattern characterized by an initial increase followed by a decline, peaking within the [2, 4) interval. These results provide preliminary support for Hypothesis 1.

4.3. Regression Analysis

Based on the available data and the model constructed earlier, this study conducts baseline regressions, with the results reported in Table 3. Column (1) includes only the linear and quadratic terms of ESG along with firm and year fixed effects. The coefficient of the linear ESG term is 0.018, and that of the quadratic term is −0.002, both statistically significant at the 1% level. This provides preliminary evidence of an inverted U-shaped relationship between ESG and corporate risk-taking, which is characterized by an initial promoting effect followed by a suppressing effect. Column (2) adds control variables on the basis of column (1), including the natural logarithm of total assets, total liabilities to total assets, and the natural logarithm of board size, among others. It shows that the signs of the quadratic and linear coefficients for new media firms remain consistent. Column (3) excludes the quadratic term to

examine whether a linear relationship exists between ESG and Risking1. The results indicate that the regression coefficient of ESG is negative but not statistically significant. The findings above collectively suggest an inverted U-shaped relationship between ESG and corporate risk-taking in new media enterprises.

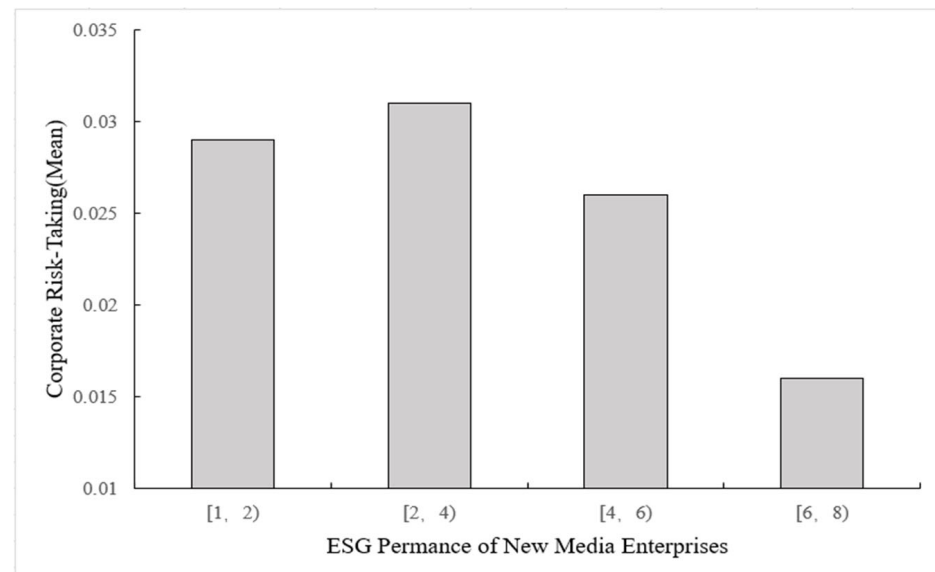


Figure 1. Mean of Corporate Risk-Taking by ESG Groups.

Table 3. The Relationship Between ESG and Corporate Risk-Taking in the New Media Industry.

	(1)	(2)	(3)	(4)
VARIABLES	Risking1	Risking1	Risking1	Risking1
ESG	0.0177 *** (0.006)	0.0194 *** (0.006)	−0.0014 (0.002)	0.0185 *** (0.006)
ESG ²	−0.0023 *** (0.001)	−0.0025 *** (0.001)		−0.0023 *** (0.001)
Conf				0.0175 (0.019)
ESG × Conf				−0.0173 ** (0.008)
ESG ² × Conf				0.0015 * (0.001)
Size		0.0171 ** (0.008)	0.0159 * (0.009)	0.0191 ** (0.009)
lev		0.0093 (0.015)	0.0059 (0.015)	0.0117 (0.015)
CP		0.0065 (0.006)	0.0087 (0.006)	0.0048 (0.006)
Growth		−0.0006 ** (0.000)	−0.0005 ** (0.000)	−0.0006 ** (0.000)
Inst		−0.0007 *** (0.000)	−0.0007 *** (0.000)	−0.0007 ** (0.000)
board		−0.0271 (0.034)	−0.0254 (0.035)	−0.0362 (0.039)
Fixed		0.0378 * (0.023)	0.0361 (0.023)	0.0474 * (0.025)
BM		0.0013 (0.010)	0.0008 (0.010)	−0.0029 (0.012)
Constant	−0.0036 (0.012)	−0.1187 (0.081)	−0.0732 (0.082)	−0.1632 * (0.097)
Year	YES	YES	YES	YES
Firm	YES	YES	YES	YES

Table 3. Cont.

	(1)	(2)	(3)	(4)
VARIABLES	Risking1	Risking1	Risking1	Risking1
Observations	598	598	598	538
R-squared	0.571	0.590	0.579	0.618

Notes: *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. Standard errors are reported in parentheses.

Furthermore, this paper adopts the three-step procedure proposed by Lind and Mehlum (2010) [36] to more rigorously test for the existence of an inverted U-shaped relationship. After confirming a negative ESG² coefficient, the second step checks whether the slope is positive at the lower bound and negative at the upper bound of the ESG sample. The third step involves examining whether the turning point lies within the observed data range of the sample. The test results based on column (2) indicate that the slope of ESG at the sample minimum is significantly positive (slope = 0.014, t-statistic = 3.166), while the slope at the sample maximum is statistically negative (slope = −0.016, t-statistic = −3.698). The turning point for ESG is estimated to be 3.798, which falls within the 95% Fieller confidence interval of [2.985, 4.417]. Moreover, the overall test statistic for the inverted U-shape is 3.17, with a corresponding *p*-value well below 0.01. In summary, these results provide further support for an inverted U-shaped relationship between ESG and Risking1.

To visually illustrate the inverted U-shaped relationship between ESG and corporate risk-taking, the curve is plotted based on the regression results from column (2) and is presented in Figure 2. Figure 2 allows for a clear observation that corporate ESG performance exhibits an inverted U-shaped relationship with corporate risk-taking. Specifically, within the lower range of ESG performance, the two variables are positively correlated, whereas within the higher range, they are negatively correlated. Furthermore, Figure 3 displays the marginal effects around the inflection point. As shown in Figure 3, when the ESG score is below 3.8, the marginal effect is positive and gradually diminishes as the ESG score increases. This indicates that at lower levels of ESG, improving ESG performance exerts a positive impact on corporate risk-taking, though the strength of this promoting effect gradually weakens. When the ESG score exceeds 3.8, the marginal effect becomes negative, and its absolute magnitude increases as the ESG score rises. This suggests that at higher levels of ESG, further improvement in ESG performance negatively affects corporate risk-taking, and the strength of this restraining effect progressively intensifies.

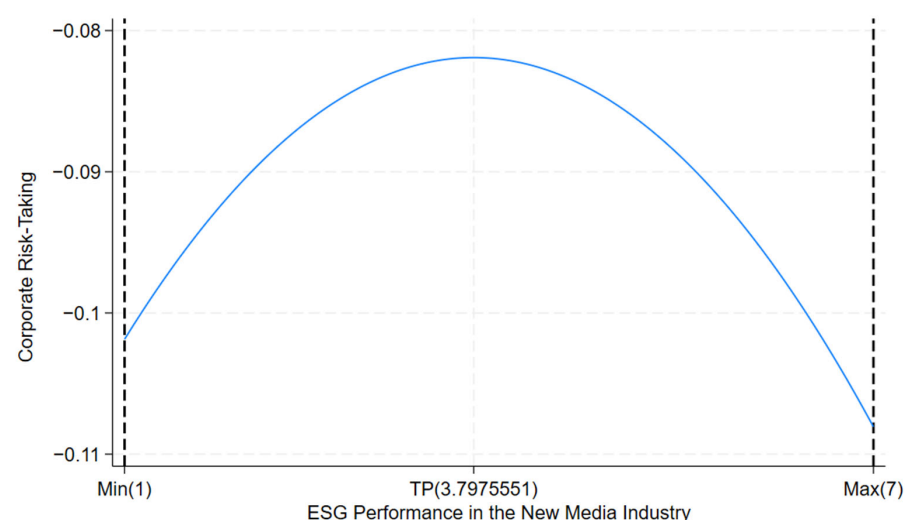


Figure 2. The Inverted U-Shaped Curve between ESG and Corporate Risk-Taking in the New Media Industry.

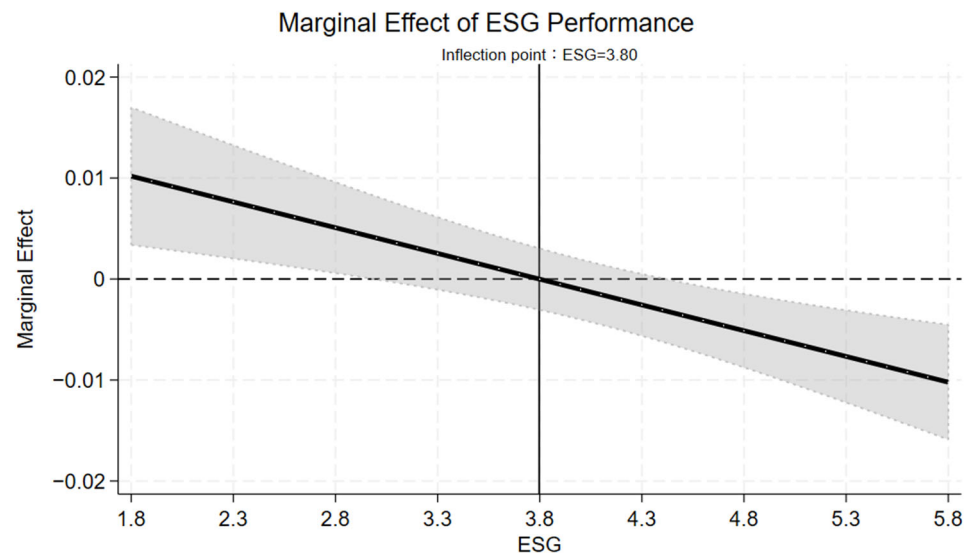


Figure 3. Marginal Effect of ESG Performance.

4.4. Endogeneity and Robustness Checks

4.4.1. Endogeneity Tests

(1) The explanatory variable is lagged by one period. Given that the impact of ESG performance on corporate risk-taking in new media enterprises may exhibit lagged effects, the explanatory variable ESG in Model (1) is lagged by one period. The regression results are presented in Table 4. The significance and direction of the coefficients for the lagged ESG and its square confirm the inverted U-shaped relationship.

(2) To address potential endogeneity arising from reverse causality, where corporate risk-taking may simultaneously influence corporate ESG performance, this study employs an instrumental variable (IV) approach. Following Benlemlih and Bitar (2018) [37], the instrumental variable (IV) is constructed as the average ESG rating score of all other listed new media enterprises within the same province as a given firm's registered location. A two-stage least squares (2SLS) regression is then performed. The ESG performance of other new media firms in the same province is not directly related to the focal firm's risk-taking, yet each listed new media firm's ESG performance is influenced by peers within the same province and industry. Thus, this instrument satisfies the requirements of exogeneity and relevance. Additionally, to account for province-level shocks that may simultaneously influence both ESG performance and corporate risk-taking, such as regulatory changes, regional ESG initiatives, and macroeconomic fluctuations, this study also controls for province-year fixed effects. The first-stage regression results show that the IV is significantly positively correlated with ESG at the 1% level, indicating that better ESG performance among provincial peers is associated with better ESG performance for the focal firm, thereby confirming the relevance condition. The second-stage regression results reveal that both the linear and quadratic terms of the explanatory variable remain statistically significant at the 1% level, and their signs are consistent with the baseline regression results. This confirms that the inverted U-shaped relationship between ESG and Risking1 holds even after accounting for potential endogeneity.

Table 4. Endogeneity Tests.

	(1)	(2)	(3)
VARIABLES	Risking1	First Stage ESG	Second Stage Risking1
1.ESG	0.0253 *** (0.007)		
1.ESG ²	−0.0032 *** (0.001)		
ESG			0.0186 *** (0.007)
ESG ²			−0.0018 *** (0.001)
gongju		0.9265 *** (0.040)	
Constant	−0.1257 (0.110)	−2.6345 (2.950)	−0.3041 ** (0.102)
Cragg–Donald Wald F		204.68	
Year	YES	YES	YES
Firm	YES	YES	YES
Province–Year	NO	YES	YES
Observations	522	598	598
R-squared	0.626	0.778	0.746

Notes: **, and *** indicate significance at the 5%, and 1% levels, respectively. Standard errors are reported in parentheses.

4.4.2. Robustness Checks

(1) Alternative measurement of the explanatory variable. The explanatory variable is replaced by a mean-centered version of the HuaZheng ESG rating score, which is then substituted into Equation (1). (2) Alternative measurement of the dependent variable. As mentioned earlier, replacing Risking1 with Risking2 in Model (1) yields robust regression results. Furthermore, this paper also re-estimates the regression using the period from year t to $t + 2$ as the measurement window for Risking1. The results are presented in column (3) of Table 5. (3) Exclusion of special samples. Data from the four provincial-level municipalities (Beijing, Tianjin, Shanghai, and Chongqing) are removed from the sample. The corresponding results are presented in Table 6, and the conclusions drawn remain fully consistent with those of the baseline regression.

Table 5. Robustness Tests.

	(1)	(2)	(3)	(4) Remove Municipal Cities
VARIABLES	Risking1	Risking2	Risking3	Risking1
XinESG	0.0487 *** (0.012)			
ESG		0.0357 *** (0.011)	0.0158 *** (0.006)	0.0202 *** (0.007)
ESG ²		−0.0047 *** (0.001)	−0.0022 *** (0.001)	−0.0027 *** (0.001)
XinESG ²	−0.0057 *** (0.001)			
Year	Yes	Yes	Yes	Yes
Firm	Yes	Yes	Yes	Yes
observations	371	598	598	393
R-squared	0.627	0.590	0.592	0.595

Notes: *** indicate significance at 1% levels. Standard errors are reported in parentheses.

4.5. Moderating Mechanism Analysis

The preceding theoretical analysis indicates that Confucian culture may exert a significant influence on the inverted U-shaped relationship between ESG and corporate risk-taking in the new media industry. To examine this, the following moderating effect model is specified:

$$\begin{aligned} Risking_{i,t} = & \beta_0 + \beta_1 ESG_{i,t} + \beta_2 ESG_{i,t}^2 + \beta_3 Conf_{i,t} + \beta_4 ESG_{i,t} \times Conf_{i,t} \\ & + \beta_5 ESG_{i,t}^2 \times Conf_{i,t} + \beta_6 CV_{i,t} + \sum Firm + \sum Year + \epsilon_{i,t} \end{aligned} \quad (4)$$

Table 3, column (4) reports the estimation results of the above model. The coefficient of $ESG \times Conf$ is statistically significantly negative at the 5% level ($\beta_4 = -0.0173$), indicating that Confucian culture weakens the marginal enhancing effect of ESG on risk-taking. The coefficient of $ESG^2 \times Conf$ is statistically significantly positive at the 10% level ($\beta_5 = 0.0015$), suggesting that Confucian culture mitigates the negative curvature effect of the quadratic ESG term on risk-taking. Together, these two interaction effects flatten the overall inverted U-shaped relationship between ESG and corporate risk-taking.

Figure 4 visually illustrates the moderating effect of Confucian culture. Relative to the curve under a low level of Confucian culture ($c_Conf = -0.631$), both the ascending and descending segments are flatter under a high level ($c_Conf = 0.631$). The calculated inflection points further confirm that as Confucian culture strengthens, the vertex of the curve shifts leftward from an ESG value of 4.53 to 2.80. This indicates that in regions with a stronger Confucian influence, the positive impact of ESG on risk-taking peaks earlier and reverses into suppression more quickly. These findings corroborate the “Doctrine of the Mean” and the inherent prudential philosophy of Confucian culture: it not only curbs firms’ tendency toward excessive risk-taking at low ESG levels but also mitigates the weakening effect on risk-taking at high ESG levels, thereby exerting a smoothing influence on the risk governance efficacy of ESG.

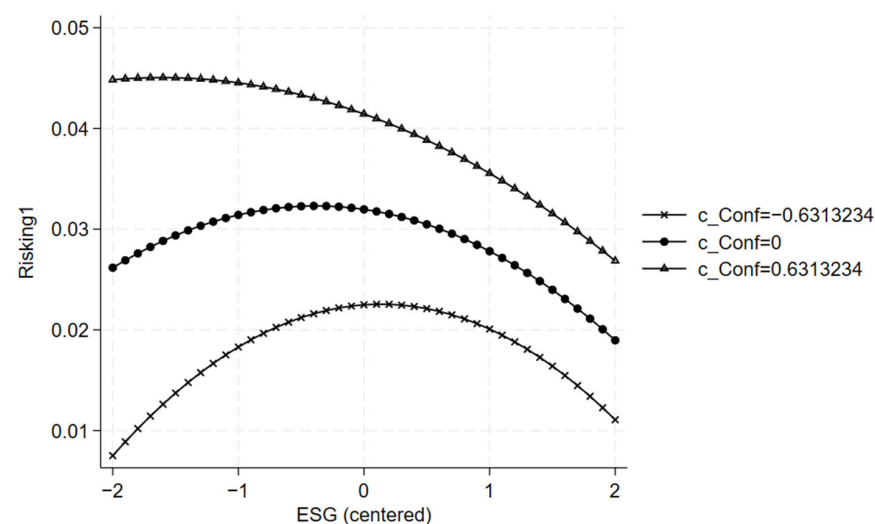


Figure 4. The moderating effect of Confucian culture.

4.6. Heterogeneity Analysis

It is well documented that firm-specific characteristics and the external environment are critical determinants of corporate investment decisions and risk management. This study further investigates the heterogeneous effects of ESG on corporate risk-taking in new media firms from both internal and external perspectives.

4.6.1. Heterogeneity by Corporate Growth

Firms at different growth stages may adopt distinct risk management strategies. To examine whether the ESG practices of new media firms exert heterogeneous effects between high-growth and low-growth enterprises, this study follows the approach of Sun (2025) [38] and employs the sustainable growth rate as a proxy for firm growth. Grouped regressions are conducted on the sample, and the results are presented in columns (1) and (2) of Table 6 below. The inverted U-shaped relationship between ESG and risk-taking is only significant among low-growth firms. Within this group, 30.57% are on the left side of the ESG inflection point and 69.43% on the right, indicating that ESG fulfillment substantially curbs risk-taking for most low-growth firms. This is likely because high-growth firms, with better technical and managerial resources, are less affected. In contrast, for low-growth firms, the resource crowding-out and agency conflicts from ongoing ESG investment have a more pronounced inhibitory effect.

4.6.2. Heterogeneity by Organizational Inertia

The intrinsic motivation for ESG investment in new media enterprises is closely tied to organizational inertia. The level of organizational inertia not only shapes a firm's ESG practices but may also attenuate its motivation for corporate risk-taking, particularly in firms with high organizational inertia, where path dependence and routinized processes tend to weaken such incentives. Organizational inertia is constructed as a standardized composite of employee scale and firm age, following Lian et al. (2015) [39]. Firms are split into high- and low-inertia groups at the median, assigning a value of 1 to high-inertia firms. The heterogeneity results in Table 6 (columns 3–4) indicate a contingent effect: the inverted U-shaped relationship persists in both subsamples, but the inflection point is right-shifted for low-inertia firms (4.236) and left-shifted for high-inertia firms (3.662) relative to the benchmark. This suggests that low-inertia firms derive greater risk-taking benefits from ESG, whereas for high-inertia firms, the facilitative range is narrower and high ESG ratings are more likely to be inhibitory. This contrast stems from the lower internal resistance in low-inertia firms, allowing ESG to improve resource allocation and reduce agency costs, whereas high inertia exacerbates managerial rigidity and internal conflict during ESG integration.

4.6.3. Heterogeneity by Marketization Level

Firms operate in complex and dynamic environments, and their investment decisions are closely tied to regional marketization levels. This suggests that the impact of ESG on corporate risk-taking in new media enterprises may exhibit heterogeneity across different degrees of marketization. Using the marketization index of Fan et al. (2011) [40], we measure regional marketization levels. Results in Table 6 (columns 5–6) show the inverted U-shaped relationship holds in both high- and low-marketization regions, but inflection points differ. For firms in highly marketized regions, the point is right-shifted to 3.904, indicating ESG more readily enhances risk-taking. In contrast, for firms in less marketized regions, it is left-shifted to 3.617, suggesting the facilitative effect is limited and excessively high ESG ratings may inhibit risk-taking. This is because highly marketized regions typically possess more advanced digital infrastructure and market institutions, and place greater emphasis on the sustainable development of new media firms, amplifying the positive role of ESG.

Table 6. Heterogeneity Regression Results.

	(1)	(2)	(3)	(4)	(5)	(6)
Variables	Low-Growth	High-Growth	Low-Inertia	High-Inertia	High-Marketized	Low-Marketized
ESG	0.0332 ** (0.014)	0.0078 (0.008)	0.0348 *** (0.011)	0.0112 (0.007)	0.0293 *** (0.011)	0.0099 (0.006)
ESG ²	−0.0043 ** (0.002)	−0.0012 (0.001)	−0.0040 *** (0.001)	−0.0013 * (0.001)	−0.0038 *** (0.001)	−0.0013 * (0.001)
Constant	0.1038 (0.124)	−0.5399 *** (0.144)	−0.0281 (0.095)	0.0699 (0.114)	−0.1210 (0.200)	−0.1134 (0.088)
Year	Yes	Yes	Yes	Yes	Yes	Yes
Firm	Yes	Yes	Yes	Yes	Yes	Yes
Observations	157	429	272	300	251	341
R-squared	0.755	0.586	0.722	0.494	0.573	0.633

Notes: *, **, and *** indicate significance at the 10%, 5%, and 1% levels, respectively. Standard errors are reported in parentheses.

5. Discussion

5.1. Conclusions

The key to addressing the governance challenges in the new media industry lies in enhancing the ESG performance of enterprises. Based on the data of China's A-share listed companies in Shanghai and Shenzhen in the new media industry from 2009 to 2024, this paper empirically investigates the impact of ESG responsibility fulfillment on corporate risk-taking. The core findings are as follows: Firstly, there is a significant inverted U-shaped relationship between ESG performance and corporate risk-taking in new media enterprises. In the initial stages of ESG investment, fulfilling ESG responsibilities helps firms accumulate user resources, enhance operational stability, and alleviate principal–agent conflicts through improved internal governance, thereby boosting risk-taking capacity. However, when ESG investment exceeds a reasonable threshold, resource crowding-out effects become prominent, and high digital reputation reinforces managerial conservatism in decision-making, which in turn suppresses corporate risk-taking. Secondly, Confucian culture, as an informal institution, significantly weakens this inverted U-shaped relationship. The stronger the Confucian cultural atmosphere, the flatter the curve becomes. This study reveals the nonlinear effect of ESG on corporate risk-taking in the new media industry. It thereby offers novel insights into how ESG practices influence risk management in such enterprises, while also broadening the general understanding of ESG investment and corporate risk-taking.

5.2. Theoretical Contribution

First, this study expands the applicability boundaries of resource dependence theory and agency theory. By extending both theories from traditional corporate risk-taking research to the context of ESG fulfillment in new media, it examines the dependence of media firms on resources such as users and traffic, as well as the implicit agency relationship formed between platforms and users. The study reveals an inverted U-shaped relationship between new media ESG and corporate risk-taking, thus extending the explanatory power of classical theories to emerging business formats.

Second, by deepening the unique role of Confucian culture in corporate risk-taking, this study contributes to the literature on how culture influences corporate strategic behavior. It reveals that Confucian culture significantly weakens the inverted U-shaped relationship between new media ESG and corporate risk-taking. As an informal institution, it effectively mitigates resource crowding and decision conservatism caused by excessive

ESG investment, enriching our understanding of how culture shapes corporate risk decisions. Furthermore, while the existing literature predominantly focuses on the direct impact of Confucian culture on corporate governance [41], this study employs it as a moderating variable. Offering a novel perspective on institutional interplay, this study empirically examines how Confucian culture conditions the ESG–strategic risk relationship.

5.3. Managerial and Policy Implications

5.3.1. Managerial Implications

New media companies should grasp the dynamic balance of ESG investment. This study reveals an inverted U-shaped relationship between ESG practices and corporate risk-taking, with an optimal threshold, suggesting that firms need to be alert to the risks of under-investment and over-investment. When ESG commitment has not yet reached the optimal threshold, enterprises should prioritize enhancing their ESG investment: First, consolidate the foundation of ESG compliance, with particular emphasis on strengthening capabilities directly related to business operations, such as content moderation and user privacy protection; Second, promote the realization of ESG value by deeply integrating it into content creation and platform operations, thereby enhancing corporate value through positive communication and public welfare initiatives. When ESG investment approaches the critical interval, enterprises should regularly evaluate its impact on investment efficiency and profitability, avoiding decision-making redundancy and resource crowding-out caused by blindly pursuing maximum ESG investment. When ESG investment has surpassed the threshold, enterprises should focus on the strategic synergy between ESG commitment and core business, while also exploring new investment areas, improving decision-making efficiency, and reasonably controlling investment risks.

5.3.2. Policy Implications

The ESG attributes of new media, as identified in this study, prompt a rethinking of media social responsibility regulation. On one hand, the government needs to accelerate the formulation of specialized legislation for the digital economy, with the development of AI ethical guidelines, algorithm governance regulations, and data privacy protection regulations being particularly urgent. On the other hand, regulators should strengthen comprehensive governance to address the spread of undesirable content on social media platforms, such as class discrimination and the culture of flaunting wealth. This involves both policing online speech (e.g., warnings and suspensions) and mandating algorithmic transparency. Furthermore, the government should promote media literacy education to cultivate critical media consumption and enable public oversight, contributing to a tripartite governance framework of state, platform, and society.

5.4. Limitations

This study has the following limitations. First, the sample is confined to new media firms listed on China's A-share market, which may limit the generalizability of the findings and underscores the need for cross-national comparative research. Future studies could extend the sample to include overseas new media companies operating under different institutional and regulatory frameworks (e.g., Australia, which is set to implement a ban on social media use by minors in 2026) and could further investigate how such policies influence corporate social responsibility performance in the sector. In addition, incorporating cross-country data would help assess the universality and external validity of the impact of ESG on corporate risk-taking in new media firms. Secondly, this study has several limitations regarding variable measurement. (1) Corporate risk-taking is measured by ROA volatility, which may not fully capture the risk-related behaviors of new media firms. Future research could adopt alternative measures such as R&D investment, capital expen-

diture, and asset return volatility. (2) ESG ratings are obtained from third-party agencies, and differences in their assessment standards may affect data consistency and reliability. Future studies should explore diverse rating methodologies to improve ESG measurement. (3) Confucian culture is proxied by geographic proximity to Confucian temples, an assumption that may oversimplify cultural transmission in modern mobile societies. Future research could use survey-based cultural values or local cultural participation indicators to enhance robustness. Finally, while this study examines the relationship between ESG and corporate risk-taking with a focus on Confucian culture as a moderating mechanism, a fuller understanding of how social responsibility influences investment decisions requires the exploration and validation of other potential mechanisms.

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