

A Study on Share Repurchases of Listed Companies from the Perspective of Sustainable Development

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Abstract

The growing importance of ESG principles in corporate management makes it essential to examine how ESG performance influences corporate share repurchase decisions. Using data from Chinese listed companies from 2018 to 2022, this study investigates the impact of ESG performance on share repurchases. The findings indicate that firms with strong ESG performance are more likely to engage in share repurchases, particularly genuine repurchases, with the effect being more pronounced among non-state-owned enterprises and under high market pressure. ESG-driven firms facilitate share repurchases by reducing financial constraints and enhancing equity-based incentives. Furthermore, these firms experience significant improvements in R&D investment, financial performance, and stock market performance following repurchases. This study strengthens the link between ESG and corporate behavior, offering valuable insights for regulators, corporations, and investors.

Keywords: Share repurchase; ESG performance; Market value management; Signaling Sustainable development