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RESEARCH ARTICLE

Stakeholders and ESG disclosure strategies adoption: The role of goals compatibility and resources dependence

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Environmental, social, and governance (ESG) disclosure plays a critical role in promoting corporations' abilities to achieve sustainable development. Previous research has focused on the concept, antecedents, and consequences of ESG disclosure, ignoring that there are significant differences in ESG disclosure strategies of corporations and providing even less understanding of how corporations adopt ESG disclosure strategies. Therefore, we identify the factors and mechanisms of ESG disclosure strategy adoption in context of stakeholders. Using new institutional theory (NIT) and resource dependence theory (RDT), we suggest that goals compatibility and resources dependence are the 2 critical factors that affect a corporation's ESG disclosure strategy adoption. Accordingly, we construct a framework of corporations' ESG disclosure strategies adoption. We address the gaps in understanding of ESG disclosure strategies adoption of corporations, expand NIT and RDT, and provide rich practical guidance to promote the healthy development of ESG disclosure strategies.

Keywords: ESG disclosure, Sustainable development goals, Institutional pressure, Stakeholder

Introduction

To deal with the grand challenges of global climate change, resource shortages, and the wealth gap, the realization of sustainable development goals (SDGs) is gradually becoming the common aspiration of all humankind (George et al., 2016). As the main actor of human social activities, an organization's management behavior has the power to affect human beings all over the world (Clement, 2005; Parmar et al., 2010). Therefore, incorporating the concept of sustainable development into corporate strategic decisions is an effective way to accelerate the realization of SDGs (Lokuwaduge and Heenetigala, 2017). The environmental, social, and governance (ESG) factors suggested by the United Nations Global Compact are a concrete embodiment of the concept of sustainable development at the corporate level. Based on the ESG belief, corporations mainly promote the realization of SDGs through ESG investment, management, and disclosure. Among them, ESG disclosure, as a crucial external governance mechanism, is an essential channel for all stakeholders to recognize the ESG performance of corporations (Li et al., 2019), which can help community actors to monitor corporate behavior effectively.

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Until now, ESG disclosure has become a nonnegligible means of corporate governance. The existing research on ESG disclosure focuses on the concept and its antecedents and consequences. First, there is no consensus on the definition and understanding of ESG disclosure. From the signaling theory perspective, some scholars believe that ESG disclosure is a means to transmit information about ESG measures to society (Brown and Dacin, 1997) and could reduce information asymmetry and agency costs (Cheng et al., 2014). Based on the resource-based view, other researchers regard corporations as a collection of resource heterogeneity and capabilities; ESG disclosure is a kind of strategic investment that corporations make to obtain these resources or capabilities (McWilliams et al., 2006). In this article, we consider ESG disclosure as a corporate report on ESG performance (Husted and Sousa-Filho, 2019) that can be used as (1) a reference for investors to determine investment decisions, (2) for rating agencies to score corporations' ESG behaviors, and (3) as a critical strategy for corporations to transfer ESG information to various stakeholders to obtain legitimacy and any resource they need. Second, ESG disclosure behavior results from internal and external factors. From the organization's internal perspective, corporate characteristics, such as size (Drempetic et al., 2019; Yu and Luu, 2021), industry (Sweeney and Coughlan, 2008), and nature of ownership (Gjergji et al., 2020), as well as governance factors, such as CEO tenure, size of the board, and gender diversity (Bravo and Reguera-Alvarado, 2018; Lagasio and Cucari, 2019; Arayssi et al., 2020; Campanella et al., 2020),

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are the factors affecting ESG disclosure behavior. From the external perspective, stakeholder factors, such as government (Cordazzo et al., 2020), investors (Baloria et al., 2019), and rating agencies (Murillo-Luna et al., 2008), as well as institutional pressure at the national/regional level (Baldini et al., 2016) and economic development level (Ali et al., 2017), and religious beliefs (Terzani and Turzo, 2020) also have an impact on corporate ESG disclosure. Finally, ESG disclosure affects corporate cost of capital (Gjergji et al., 2020), performance (Yu et al., 2018; Conca et al., 2020), operating risks (Reber et al., 2021), financing ability (Raimo et al., 2021), and external evaluation (Santamaria et al., 2021).

Unfortunately, few researchers focus on the specific strategies of ESG disclosure. The strategies adopted by corporations for ESG disclosure differ (Muslu et al., 2017). Some corporations appear to follow ESG disclosure regulations, but they do not substantially improve their actions (Leuz et al., 2003; Burgstahler et al., 2006). In contrast, other corporations voluntarily disclose ESG information to stakeholders before a disclosure policy is promulgated (Baloria et al., 2019). Based on new institutional theory (NIT), Clementino and Perkins (2020) proposed that corporations adopt different ESG disclosure strategies in response to the institutional pressure from ESG rating agencies. However, corporations often face multiple institutional demands (Pache and Santos, 2010; Durand and Thornton, 2018; Pache and Santos, 2021). Therefore, we believe that different ESG disclosure strategies of corporations are responding to not only to ESG rating agencies but also to actions taken by corporations in response to multiple stakeholders in the process of institutionalization. These stakeholders usually have considerable impacts on the organization and have a higher relative power position; thus, they could exert control over the corporation (Parmar et al., 2010). In addition, existing research lacks appropriate theories to explain the reasons for the differences in ESG disclosure strategies adopted by corporations. Some research shows that how a corporation's decision-making influenced by institutional environment (Tashman and Rivera, 2016) and corporate characteristics (Delmas and Toffel, 2008). However, few studies focus on the interrelationships between a corporation and its stakeholders; these interrelationships may lead corporation to adopt distinctive ESG disclosure strategies.

Accordingly, this article aims to address the following gaps. First, we explore the factors about stakeholders that affect corporations' ESG disclosure strategies adoption under multiple institutional pressures. Second, we construct a framework to explain ESG disclosure strategy adoption based on these stakeholder factors. Third, we explore the impact of ESG disclosure on the process of organizational institutionalization. By integrating NIT and resource dependence theory (RDT), we hold that the adoption of a corporation's ESG disclosure strategy mainly depends on 2 factors: goals compatibility and resources dependence. Based on this, we clarify 4 typical corporate ESG disclosure strategies.

The remainder of this article proceeds as follows. First, we introduce our theoretical background and develop the 2 propositions in our study. We then elaborate the 4 kinds of ESG disclosure strategies. A subsequent section describes a case study for each strategy. Our concluding section indicates the limitations of this article and points to further research.

Theoretical background and proposition development

Theoretical background

NIT and RDT are highly influential macrosociological approaches for the study of organizations (Wry et al., 2013). The early institutionalist theory focused on the compliance of organization with institutional pressures for accessing legitimacy and resources (Meyer and Rowan, 1977; DiMaggio and Powell, 1983; Scott, 2001). However, Oliver (1991) argues that organizations may adopt different strategies when faced with similar institutional pressures and constructs a model of strategic responses to institutional pressures that integrates both NIT and RDT.

RDT understands a company as an open system whose development and survival depend on accidental events in the external environment (Pfeffer and Salancik, 1978). The main viewpoints of RDT include the following: (a) no organization can be completely self-sufficient and some critical resources need to be obtained through exchange with the environment (usually including other organizations or groups), (b) the need for resources leads to the organization's dependence on stakeholders who control these resources and the importance of resources determines the organization's dependence on them, and (c) organizations are interdependent.

Following Oliver's model, some researchers attempt to identify organizational response strategies to institutional pressures by integrating NIT and RDT (Hillman et al., 2009; Tashman and Rivera, 2016; Ashraf et al., 2017). Still, very little research attention has been given to how the corporate ESG disclosure strategies adoption are influenced directly by its stakeholders. Corporations have been managing the stakeholder relationships throughout history (Parmar et al., 2010), and one of the key mechanisms for managing stakeholder relationships is ESG disclosure (Herremans et al., 2015).

For these reasons, the goal of this study is to better understand how stakeholders affect corporations and how corporations manage them. We rely on RDT since this perspective is complementary to NIT (Oliver, 1991), especially in understanding how resource dependencies mediate responses to institutional pressures (Tashman, 2020). We complement this focus by extending NIT and RDT into the ESG disclosure strategy to explain the different strategy adoption caused by corporations' stakeholders. Below, we propose how goals compatibility and resources dependence might together lead to distinctive ESG disclosure strategies adoption.

Proposition development

Research shows that addressing ESG issues has become a critical part of business strategy, and stakeholders are the critical drivers for corporations to disclose ESG reports (Cormier and Magnan, 2015; Lokuwaduge and

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Heenetigala, 2017). First, the goals compatibility between a corporation and its stakeholders is an essential factor that affects the adoption of ESG disclosure strategies. Some researchers argue that the main determinants of quality ESG reporting can be influenced by the management systems of the corporation (Romolini et al., 2014). Thus, goals compatibility determines the difficulty that a corporation faces in complying with stakeholders' ESG disclosure demands. Second, a corporation's resources dependence on its stakeholders is another critical factor that affects its ESG disclosure strategies adoption. A study finds that organizations' dependence on stakeholders is not uniform and organizations take this variable dependence into account when adopting strategies (Kassinis and Vafeas, 2006). Therefore, we propose that resources dependence determines whether a corporation conforms to its stakeholders' ESG demands actively. We first discuss NIT to explain how goals compatibility affects corporate conformation and then use RDT to explain how resources dependence affects whether corporations actively comply with stakeholders' ESG demands.

Corporate goals compatibility with stakeholders' ESG demands

In recent years, institutionalists regard institutionalization as a dynamic process, which is the interaction between institutional environment and organizational behavior (Phillips et al., 2004; Suddaby and Greenwood, 2005; Leibel et al., 2018). They believe through the mechanisms of discourse, rhetoric, and framing, the organizational field can be formed, changed, or merged to form the meaning shared by all participants in the field (Leibel et al., 2018). This process is called institutionalization. Discourse analysis focuses on the relationship between text, discourse, action, and institutionalization. The institution can be understood as the product of discourse that affects behavior (Phillips et al., 2004). Like the discourse mechanism, rhetoric is expressed through textual and visual tools but adopts a more dynamic perspective because a direct causal relationship is assumed between the use of language and the user's interests (Suddaby and Greenwood, 2005). Framing is one of the most directly involved in the formation of meaning because it operates at micro, meso, and macrolevels (Cornelissen and Werner, 2014); individuals use cognitive frames as part of their thinking and reasoning to focus on specific aspects of the environment (Kaplan, 2008).

ESG disclosure is the corporate report on ESG performance (Husted and Sousa-Filho, 2019) and carries the relevant textual information that the corporation hopes to transmit to its institutional environment, including stakeholders. In the discourse mechanism, organizations produce texts through action, some of which leave meaningful traces and are embedded in new or existing discourses. In turn, discourse provides socially constructed self-regulating mechanisms that shape institutions and actions that lead to more texts (Phillips et al., 2004). Therefore, the ESG disclosure behavior of corporations interacts with the discourse system of stakeholders in the organization field, thus affecting the dynamic process of institution formation.

From the perspective of NIT, all the actors in the institutional field have impacts on the organization, which regards these impacts as institutional pressures (DiMaggio and Powell, 1983). When an organization faces conflicting institutional pressures, it is more likely to accept the one most compatible with its goals (Pache and Santos, 2010). In the context of stakeholders, the institutional pressure refers to the stakeholders' impact (Delmas and Toffel, 2008). This means organizations may not want to comply with stakeholders' demands when compatibility is low. For corporations whose aim is to achieve profitability, for instance, a common reason for resisting stakeholders' ESG demands that conflict with their organizational goals is the loss of expected efficiency (Oliver, 1991) or an increase in expected costs. When a corporation's goals are incompatible with ESG demands, it needs to adjust its current strategy to meet these demands. However, as the organization is an organism operating under a set of decision rules, the formulation and implementation of strategic decisions follow specific behavior patterns, making the organization subject to solid inertial forces (Kaplan, 2008). Changing the current strategy means breaking the existing strategic balance, resulting in a series of operating costs and increasing uncertainty. From a cost–benefit analysis perspective, if the benefits of complying with stakeholders' ESG demands are less than the possible losses, the corporation will not fully comply with these demands. Thus, we propose the following.

Proposition 1: Goals compatibility is negatively related to the difficulty of conformity to stakeholders' ESG demands.

Resources dependence of corporations on stakeholders

While NIT is helpful to understand the difficulty of conformity to stakeholders' ESG demands, we need RDT to explain whether a corporation is willing to meet these demands actively. Frooman (1999) argues that the resources dependence relationship between an organization and its stakeholders determines the power status of both parties. If a corporation relies on stakeholders to obtain the critical resources for its survival, the stakeholders will have absolute power over the company. Furthermore, certain stakeholders will be more important than others because of their potential to satisfy critical organizational needs (Jawahar and McLaughlin, 2001). And the strategy an organization uses to deal with each stakeholder will depend on the importance of that stakeholder to the organization relative to other stakeholders (Jawahar and McLaughlin, 2001). From the RDT perspective, therefore, that importance is determined by an organization's resources dependence on stakeholders.

To date, RDT has focused on external resources controlled by other organizations in firms' institutional and industry environments and uncertainty caused by firms' interdependence with these organizations (Wry et al., 2013; Tashman and Rivera, 2016). A number of papers have examined how stakeholders create uncertainty for

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Table 1. Environmental, social, and governance (ESG) disclosure strategic postures adoption framework

Goals compatibility		High Goals Compatibility	Low Goals Compatibility
Resources dependence		Conformity	Resistance
High resources dependence	Active	Active conformity strategy: • Issuing ESG report • Implementing ESG management	Active resistance strategy: • Refusing or resisting existing ESG disclosure demands • Responding to and influencing ESG demands
Low resources dependency	Passive	Passive conformity strategy: • Selective modification and publication of ESG disclosures • Not improving ESG behavior of the corporation	Passive resistance strategy: • Not disclosing ESG information • No ESG management

firms by threatening to withhold critical resources because of poor corporate ESG performance (Sharma and Henriques, 2005; Tashman and Rivera, 2016). In order to access critical resources for reducing uncertainty, corporations can adopt suitable strategies to manage their interdependent relationships (Pfeffer and Salancik, 1978; Hillman et al., 2009).

In addition, stakeholders motivate corporations to demand legitimacy and urge them to actively fulfill social responsibilities (Jia et al., 2016). Suppose a corporation does not disclose ESG information or the level of disclosure is low. In that case, stakeholders may conclude that the corporation is not concerned about its economic, social, and environmental impact and lacks awareness of sustainable development. Thus, these stakeholders may refuse to support the corporation with critical resources, resulting in increasing uncertainty and loss of legitimacy of the corporation. For these reasons, we propose the following.

Proposition 2: Resources dependence is positively related to the activity of conformity to stakeholders' ESG demands.

In this section, we have discussed NIT and RDT to explain how goals compatibility and resources dependence affect corporate difficulty and activity of conformity to stakeholders' ESG demands. Next, we combine the 2 propositions to construct a framework for predicting how corporations adopt strategic postures regarding their corporate ESG disclosure.

Framework for ESG disclosure strategies adoption

Based on NIT, Clementino and Perkins (2020) conduct a case study to propose 4 kinds of ESG disclosure strategies. Following their study, we intend to explain why a corporation adopts one of these ESG disclosure strategies rather than the others. Specifically, we construct a theoretical framework for predicting a corporation's ESG disclosure strategies adoption, which is determined by goals compatibility and resources dependence together (**Table 1**).

Active conformity ESG disclosure

When a corporation has a high degree of resources dependence and its overall goals are compatible with the ESG demands of stakeholders, the corporation will adopt an active conformity ESG disclosure strategy. If a corporation has a high resource dependence on its stakeholders, then the corporation will have higher returns from responding to the ESG demands of its stakeholders. The positive response of corporations can bring them critical resources and effectively relieve external pressure (Pfeffer and Salancik, 1978). At the same time, as the ESG demands of stakeholders do not conflict with the corporation's overall goals, the corporation can meet these demands without making significant adjustments to their existing strategies and can respond to ESG demands at a lower cost. Based on this, active conformity becomes the ESG disclosure strategy adoption for such corporations.

Such corporations have sufficient motivation to proactively understand ESG demands put forward by stakeholders and disclose ESG information following generally accepted standards to strengthen governance. Corporations formulate strategies and develop governance practices in line with stakeholders' ESG demands. On the one hand, the corporation introduces governance concepts based on the original institutional framework, adjusts the internal management system, and establishes special departments or groups to improve the governance structure of the corporation. On the other hand, by considering the ESG evaluation system or disclosure demands item by item, the corporation strengthens the collection and detection of ESG key data. In terms of corporate information disclosure, corporations will adopt ESG reports as a means of nonfinancial information disclosure. First, the corporation will strictly abide by the ESG disclosure principle and take the initiative to fulfill the ESG disclosure obligation. Second, the corporation will modify, improve, and disclose the content of the ESG report according to the ESG demands of stakeholders. Finally, the corporation may employ third-party organizations to verify and authenticate the corporation's ESG information to improve the objectivity and credibility of the ESG report.

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Passive conformity ESG disclosure

When the corporation is less dependent on stakeholders and its overall goals are more compatible with the ESG demands of stakeholders, the corporation will adopt a passive conformity ESG disclosure strategy. On the one hand, when the corporation's dependence on stakeholders' resources is low, the returns from the corporation's positive response to stakeholders' demands are low, and stakeholders are challenged to exert external pressure on the corporation; therefore, the corporation has the initiative and tends to hold a passive attitude toward stakeholders' ESG demands. On the other hand, if the stakeholders' ESG demands are compatible with the corporation's overall goals, compliance with the ESG disclosure standards required by the stakeholders will not increase the corporation's costs excessively. Based on these considerations, passive conformity becomes the ESG disclosure strategy of such corporations. Specifically, the corporation will modify the contents of the ESG report according to the stakeholders' ESG demands but will not make any improvements or adjustments in line with the ESG philosophy in the actual operation and management of the corporation (Clementino and Perkins, 2020). Such corporations adopt the passive compliance strategy only to obtain certain legitimacy or reduce the possibility of losing legitimacy, and they only symbolically respond to ESG demands put forward by stakeholders.

"Greenwashing" behavior is a typical passive conformity ESG disclosure strategy. Greenwashing refers to selectively reporting positive environmental information while hiding negative information (Yu et al., 2020). It aims to misrepresent environmental information through confusion, disguise, and posturing (Lyon and Maxwell, 2011) and so establish a corporate image in line with ESG philosophy, so that stakeholders will recognize the ESG philosophy and capabilities of the corporation. Obviously, this kind of selective ESG disclosure behavior can seriously mislead stakeholders, and the exposure of greenwashing can greatly weaken the stakeholders' trust in the corporation and even lead to public disapproval.

Active resistance ESG disclosure

When a corporation has a high degree of dependence on stakeholders but the corporation's overall goals are less compatible with the stakeholders' ESG demands, the corporation will adopt an active resistance ESG disclosure strategy. In order to obtain the critical resources needed for survival, corporations that have a high dependence on stakeholders will try their best to meet the demands put forward by stakeholders (Hillman et al., 2009; Hayibor and Collins, 2015). However, low goals compatibility makes it difficult for corporations to implement ESG strategy adjustments. This results in a conflict of perceptions and action frameworks between businesses and stakeholders. Under such circumstances, active resistance becomes such corporations' ESG disclosure strategy. Although such corporations refuse or resist the current demands of stakeholders in ESG disclosure, they will actively participate in, respond to, and attempt to influence the ESG demands of stakeholders. Kaplan (2008) shows that when the framework for guiding participants' actions is inconsistent, they will try to influence others' views of the situation and dominate their guiding framework. In other words, the corporation will attempt to communicate and negotiate with the stakeholders to gain a deeper understanding of the details of their ESG demands and seek adjustments or concessions on them. The ESG information obtained by corporations through discussion with stakeholders helps corporations analyze substantive issues and formulate improvement measures and plans to respond to the demands and expectations of stakeholders more effectively. Generally speaking, the core of this strategy is to actively communicate and negotiate with stakeholders to promote mutual understanding and ultimately form an overall optimal solution. However, in general, a single corporation has a tiny voice and influence, and it is difficult to influence or change the overall demands of stakeholders. Therefore, corporations adopting the active resistance strategy tend to lobby the stakeholders via corporate groups or associations.

Passive resistance ESG disclosure

When a corporation does not have a high dependence on stakeholders and the compatibility between the corporation's overall goals and the ESG demands of stakeholders is low, the corporation will adopt a passive resistance ESG disclosure strategy. If a corporation does not rely heavily on the resources of its stakeholders—in other words, the corporation cannot obtain high returns by responding to the ESG demands of its stakeholders—then the corporation tends to adopt a passive attitude when considering the ESG demands of its stakeholders. If there is a big difference between the corporation's overall goals and the ESG demands of stakeholders, it will cost a lot to adjust its strategy according to stakeholders' ESG demands, so corporations often choose not to respond to them. Such corporations neither disclose ESG information to the outside world nor do they need to. Therefore, passive resistance becomes such corporations' ESG disclosure strategy choice.

However, the ESG belief has gradually become mainstream in market supervision, financial investment, and for the public (Patel, 2018). Public opposition or explicit boycott of ESG demands by corporations can be collectively condemned and may even trigger a crisis of public trust. Under such potential pressure, ignoring becomes the primary method of the passive resistance strategy. Specifically, corporations that adopt a passive resistance ESG disclosure strategy will choose to ignore the ESG demands of stakeholders and have no intention of responding to or initiating a dialogue with stakeholders. Such corporations believe that ESG disclosures or assessments do not add value to themselves, and, in some cases, there is a conflict between the corporation's priorities and the stakeholders' ESG demands. Therefore, such corporations only make management decisions based on their interests, with little or no adjustment to organizational policies, processes, and practices to align with ESG belief. However, completely ignoring the demands of stakeholders, such as ESG demands, often creates hidden

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Table 2. Comparison of environmental, social, and governance (ESG) disclosure strategies of corporations

ESG Disclosure Strategy	ESG Disclosure Behavior	ESG Management Practices	Response Mode	Strategy Outcome
Active conformity strategy	Comply with the existing ESG disclosure rules, proactively modify, improve and disclose the ESG report, and engage a third party to verify the report	Formulate ESG strategy, set up a department responsible for ESG governance, strengthen ESG management, and build a corporate ESG system	Cater to	Practice ESG belief and improve ESG rating
Passive conformity strategy	Modification or selective disclosure of part of ESG disclosure	Does not improve corporate ESG behavior	Cover-up	Misleading stakeholders could trigger a crisis of confidence
Active resistance strategy	Reject or resist stakeholders' existing ESG disclosure demands	Actively participate in, respond to and influence stakeholders' ESG claims	Consultation	Seek compromise ESG practices and disclosure solutions in communication and coordination to achieve an overall optimal solution
Passive resistance strategy	No ESG disclosure	No ESG management	Neglect	Intensifying the information asymmetry between corporations and stakeholders and creating potential development risks

dangers for corporate development and they may therefore pay a high price.

In general, according to different combinations of goals compatibility and resources dependence, corporations aptly modify their response in ESG disclosure and ESG management practices in order to achieve optimal ESG disclosure strategy (Zhao et al., 2017) (**Table 2**).

The implementation of ESG disclosure strategies: A multicase analysis

The focal phenomenon of our study is an emerging and intricate occurrence of an event. Hence, we adopt the qualitative methods because it allows us to unearth operational processes (Yin, 2009). A multicase study was chosen due to the complex nature of the phenomenon (Eisenhardt, 1989). We present 4 cases to illustrate how a corporation adopts and implements the optimal ESG disclosure strategy according to goals compatibility and resources dependence.

Yangtze Power's active conformity strategy

At present, most corporations adopt an active conformity strategy for ESG disclosure. Yangtze Power is mainly engaged in hydropower generation, electricity supply, and the operation, management, consultancy, investment, and financing of overseas power stations. It is the largest listed power company in China and the largest listed hydropower company globally. Yangtze Power adheres to the concept of harmonious win–win with stakeholders, harmonious coexistence with the environment, and harmonious coprosperity with society, reflecting its dependence on stakeholders. At the same time, Yangtze Power has integrated ESG management concepts into its corporate strategy and business operations, thus achieving high compatibility with the ESG demands of its stakeholders. Yangtze Power's ESG disclosure strategy is typical of an active conformity strategy. In accordance with stakeholders' demands, Yangtze Power strives to establish and improve a top-down ESG organization and management system; it has set up an ESG working group that is responsible for the overall deployment of the ESG work, reviewing the annual ESG report and handling significant issues in the ESG management. Its external disclosure of important ESG information is compiled according to MSCI ESG standards and released after review by the board of directors. Since the release of the first independent ESG report in 2008, Yangtze Power has published ESG reports in English and Chinese for 13 consecutive years, becoming a benchmark for corporations implementing ESG belief.

Smithfield Foods's passive conformity strategy

Smithfield Foods's strategy for dealing with the ESG belief is a typical example of passive conformity ESG disclosure. Founded in 1936 in Virginia, United States, and now owned by China-based WH Group, Smithfield Foods is the world's largest producer of live pigs and pork suppliers with annual revenues of more than US$11 billion in 2020. On the one hand, as a leading corporation in the industry, Smithfield Foods has considerable bargaining power, and its dependence on the resources of stakeholders is low. On the other hand, Smithfield Foods's stated mission, "we are keen to produce high-quality food in the right way and respect our people, animals, community and the earth," is in line with the production method

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advocated by ESG belief. Therefore, the overall objective of Smithfield Foods is highly compatible with the ESG demands of stakeholders. In response to consumers' demands for ESG belief, Smithfield Foods claims to be an "environmental protector." In various reports or advertisements, Smithfield Foods has affirmed that it has "goals to reduce damage to natural resources" and achieves these goals by "finding innovative solutions to optimize supply chains, reduce waste, and improve energy and water efficiency." On the surface, these statements respond to consumers' demands for sustainable development. Nevertheless, instead of adopting a sustainable production process, Smithfield Foods has doubled its investment in its devastating factory farm model. Its production process continuously generates many pollutants and exhaust gases, which damage the surrounding environment and the health of nearby residents. Smithfield Foods's greenwashing behavior misled its stakeholders into thinking that its pork is environmentally friendly and that the corporation is a leader in sustainable development and has led to consumers not knowing that it is one of the largest industrial polluters in the United States. In March 2021, stakeholder groups, such as farmers and environmental protectors, discovered Smithfield Foods's greenwashing behavior and filed a lawsuit with the Federal Trade Commission, which penalized Smithfield Foods.

The U.S. Chamber of Commerce's active resistance strategy

The U.S. Chamber of Commerce's participation in the U.S. Securities and Exchange Commission (SEC) discussions on ESG disclosure is a typical active resistance strategy. There is no doubt that the listed companies in the U.S. Chamber of Commerce are subject to the administration, supervision, and restriction of the SEC, so they have a substantial resource dependence on the SEC. However, owing to the nature of the industry and other factors, there is a significant difference between the development goals of some corporations in the U.S. Chamber of Commerce, especially oil producers, and the ESG philosophy. In June 2021, the SEC said it would require listed companies to disclose ESG information. In response, dissenting companies lobbied the SEC through the U.S. Chamber of Commerce, urging the SEC to give companies broader discretion in ESG disclosures. As Tom Quaadman, the executive vice president of the U.S. Chamber of Commerce, said, ESG disclosure enforcement should not be prescriptive but should remain flexible, so that disclosures can respond to changes in facts, circumstances, risks, and other developments. Similarly, the Chamber of Hong Kong Listed Companies and the Korea Listed Companies Association have also participated in discussions on mandatory ESG disclosure demands. In July 2019, The Chamber of Hong Kong Listed Companies, which includes some of Asia's largest companies, objected to the Hong Kong Stock Exchange's plan to require more disclosure of ESG issues, hoping that disclosure would be at company discretion. In August 2021, the Korea Listed Companies Association said that some member companies objected to the mandatory information disclosure demands of ESG, believing that complying would increase the unnecessary operating costs of Korean companies and reduce their competitiveness in the global market. Therefore, these companies suggest deferring the mandatory disclosure of ESG reporting until ESG disclosure becomes an internationally accepted requirement and standard. The active resistance strategy of corporate groups has influenced ESG demands and processes of stock exchanges to some extent.

Luckin Coffee's passive resistance strategy

Luckin Coffee's neglect of ESG disclosure is a typical example of adopting a passive resistance strategy. In November 2017, Corporation L, positioned as the new retail professional coffee operator, was formally established. A year and a half later, Luckin Coffee was listed on Nasdaq, becoming the world's fastest growing IPO company. Despite Luckin Coffee's rapid expansion, the outside world questioned its continuous loss-making behavior. The development of Luckin Coffee relied on the fast opening of stores, new business model, large subsidies, strong marketing capabilities, and low dependence on stakeholders. Luckin Coffee's goal was to expand rapidly and soon after its establishment, it "vowed to surpass Starbucks' 3,300 stores with 4,500 stores." This aim is incompatible with the long-term-oriented ESG belief. As a result, Luckin Coffee ignored the ESG demands of its stakeholders and did not disclose ESG information. In other words, Luckin Coffee did not care about significant ESG-related issues in the coffee industry, including environmental sustainability of retail stores, risks in the coffee production supply chain, lack of funds for small coffee farmers, protection of customer data, social influence, and corporate sustainability governance. The development strategy of Luckin Coffee was short-sighted. In April 2020, Luckin Coffee revealed its financial fraud, causing an outcry in the capital market and its reputation plunged. In May of that year, Nasdaq ordered Luckin Coffee to delist and fined it US$180 million. The consequences for Luckin Coffee of ignoring stakeholders' ESG demands highlight the importance of responsible corporate governance.

Conclusions

In the context of sustainable development, ESG disclosure, as a bridge between corporations and stakeholders, is a nonfinancial tool for corporate governance and a management method for institutionalizing corporate philosophy. Choosing an ESG disclosure strategy has become a critical issue that industry and academic circles need to answer together. However, the existing research ignores the discussion on the process and mechanism of ESG disclosure strategy adoption and cannot provide theoretical guidance on how to respond to ESG demands of stakeholders. In this regard, this article attempts to explain a corporation's internal mechanism of ESG disclosure strategy adoption based on NIT and RDT. We argue that a corporation's ESG disclosure strategy adoption depends on 2 critical factors—goals compatibility and resources dependence with its stakeholders. On the one hand, high goals compatibility between corporate strategies and

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stakeholders' ESG demands makes it easier for corporations to comply with these ESG demands. On the other hand, high resources dependence of a corporation on its stakeholders urges it to disclose ESG information actively. Considering these 2 dimensions, this article constructs a framework for ESG disclosure strategies posture adoption and classifies ESG disclosure strategies into 4 types: active conformity, passive conformity, active resistance, and passive resistance. Then, we analyze the concepts, antecedents, processes, and possible impacts of different types of ESG disclosure strategies and demonstrate them through multiple case studies. Therefore, this article has significant theoretical contributions and rich practical implications.

Theoretical contributions and practical implications

Theoretical contribution

By integrating NIT and RDT, this research promotes ESG disclosure research and expands application of the 2 theories. First, this study creatively shifts attention to exploring how corporations adopt optimal ESG disclosure strategies under institutional pressures. Specifically, we identify 2 important factors that affect a corporation's ESG disclosure strategy adoption, clarify the mechanism and types of the adoption, and construct a theoretical framework for predicting the adoption. We argue that corporations should adjust their behavior in ESG disclosure and ESG management practice according to goals compatibility and resources dependence to achieve the optimal strategy. Our findings promote ESG disclosure research and address the gaps in ESG disclosing process research.

Second, we extend research in institutionalization by regarding ESG belief as a new institutional element. A number of previous studies have focused on identifying the institutional factors that influence corporations' ESG disclosures level. We deconstruct the institutionalization process and the mechanism of corporations and stakeholders to promote ESG belief as a new institutional element.

Third, this study introduces NIT and RDT into ESG disclosure strategy research, discusses the interaction between institutional factors and resource dependence factors in corporations' ESG disclosure strategies adoption, and creatively answers how corporations respond to the multiple institutional pressures of stakeholders. Our findings provide an explanation from the perspective of resources for NIT and enrich the application of RDT in the context of organizational institutionalization.

Practical implications

ESG disclosure is an essential channel for stakeholders to understand corporate social responsibility and sustainable development behavior. Promoting high-quality ESG disclosure by a corporation is a widespread concern in the community. In this regard, this article classifies ESG disclosure strategy into 4 types based on the 2 dimensions—goals compatibility and resources dependence—that affect a corporation's ESG disclosure strategy adoption. In other words, this article provides a guiding framework and operational methods for the interactions between corporations and their stakeholders on ESG belief, which is helpful for standardizing the relevant practices of ESG disclosure and the realization of SDGs.

Research limitations and future recommendations

This study has several limitations that represent avenues for future research. First, this study does not conduct an empirical test of the proposition. Measuring the variables involved is the main challenge we face. Future research can try to address this gap. Many existing studies have included measurements of dependency (Provan et al., 1980; Skinner et al., 1987; Oliver, 1991); relevant research is also relatively mature. Future research can use public data or questionnaires to measure companies' conformity with ESG disclosure demands and their activities for ESG disclosure strategies.

Second, this study only explains how stakeholders affect ESG disclosure strategies. Future research can focus on whether managers, corporate characteristics, and quasi-institutional factors will also cause corporations to adopt different ESG disclosure strategies. Organization leaders or managers who pay attention to protecting business secrets tend to adopt passive resistance ESG disclosure strategy. Listed corporations, especially cross-listed corporations, may be more likely to adopt active conformity or active resistance disclosure strategies. Cultural similarities between organizations and stakeholders can encourage corporations to adopt passive or active conformity strategies. The research on these factors will further clarify the internal motivation of organizational response to institutional pressure.

Third, this study regards the ESG belief as an institutional factor, aiming to reveal the interaction mechanism between corporations and their stakeholders in process of institutionalization. However, this study only uses the discourse analysis mechanism and lacks the other 2 mechanisms—rhetoric and framework—to deepen the understanding of this research question. Therefore, we propose that future research can be based on the perspective of rhetoric and framework analysis, respectively, to understand more comprehensively the role that corporations play in the institutionalization of ESG belief.

Data accessibility statement

No new data were generated for this article.

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Competing interests

The authors declare no conflict of interest.

Author contributions

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Conceptualization: ZL, XJ, RZ.

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