

CORPORATE GOVERNANCE, CORPORATE ENVIRONMENT, SOCIAL RESPONSIBILITY, AND CORPORATE VALUE: A SEQUENTIAL MEDIATION MODEL VALIDATION BASED ON SHENZHEN ENTERPRISES

GOVERNANÇA CORPORATIVA, MEIO AMBIENTE CORPORATIVO, RESPONSABILIDADE SOCIAL E VALOR CORPORATIVO: VALIDAÇÃO DE UM MODELO DE MEDIAÇÃO SEQUENCIAL COM BASE EM EMPRESAS DE SHENZHEN

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Abstract

This study aimed to examine the influence of corporate governance and corporate environment on corporate value and explain the sequential mediating mechanism of social responsibility underlying this effect. 585 enterprise senior and middle managers personnel covering different industries and regions in Shenzhen participated in the study. Data was collected through an online survey questionnaire. Participants completed a survey to assess corporate governance, corporate environment, social responsibility, and corporate value. PLS-SEM was used to analyze the data to test the conceptual framework. Results showed corporate governance and corporate environment positively predicted social responsibility and corporate value in enterprises in Shenzhen. Additionally, social responsibility positively affected corporate value. Further analyses confirmed the sequential mediating role of social responsibility. The findings empirically validate corporate governance and corporate environment's role to influence corporate value both directly and indirectly through implementing social responsibility initiatives in enterprises. Practical and theoretical implications are discussed.

Keywords: Corporate Governance. Corporate Environment. Social Responsibility. Corporate Value.

Resumo

Este estudo teve como objetivo examinar a influência da governança corporativa e do ambiente corporativo sobre o valor corporativo e explicar o mecanismo de mediação sequencial da responsabilidade social subjacente a esse efeito. Participaram do estudo 585 gestores de nível sênior e médio de empresas de diversos setores e regiões em Shenzhen. Os dados foram coletados por meio de um questionário de pesquisa online. Os participantes responderam a uma pesquisa para avaliar a governança corporativa, o ambiente corporativo, a responsabilidade social e o valor corporativo. Utilizou-se o PLS-SEM para analisar os dados e testar o quadro conceitual. Os resultados mostraram que a governança corporativa e o ambiente corporativo prediziam positivamente a responsabilidade social e o valor corporativo nas empresas de Shenzhen. Além disso, a responsabilidade social afetou positivamente o valor corporativo. Análises adicionais confirmaram o papel mediador sequencial da responsabilidade social. Os resultados validam empiricamente o papel da governança corporativa e do ambiente corporativo em influenciar o valor corporativo, tanto direta quanto indiretamente, por meio da implementação de iniciativas de responsabilidade social nas empresas. São discutidas as implicações práticas e teóricas.

Palavras-chave: Governança Corporativa. Ambiente Corporativo. Responsabilidade Social.



1 INTRODUCTION

In the contemporary business landscape, enterprises in Shenzhen encounter both opportunities and challenges. Corporate governance and corporate environment have emerged as crucial elements in determining the value and sustainability of these enterprises. This study seeks to delve into the relationships among corporate governance, corporate environment, social responsibility, and corporate value in enterprises based in Shenzhen. Shenzhen is one of China's leading economic hubs and innovation centers, hosting a variety of enterprises across industries. Grasping the dynamic relationships among corporate governance, corporate environment, social responsibility, and corporate value in this scenario can offer essential insights for boosting the resilience and adaptability of enterprises in Shenzhen during the current era of sustainable development and corporate responsibility. These results could assist enterprises in Shenzhen and other regions of China to develop more efficient governance and environmental management strategies, enhance overall competitiveness, optimize enterprise resource allocation strategies, and speed up continuous and sustainable growth in the modern business environment.

1.1 Research background

Corporate governance and environmental sustainability practices have completely revolutionized value creation and social responsibility management among enterprises in Shenzhen, China (Aguilera *et al.*, 2021). Corporate governance and environmental initiatives present both opportunities and complications to modern enterprises. How companies perceive and manage their social responsibilities has evolved since adopting comprehensive governance frameworks (Asyik, 2024). Shenzhen enterprises recognize the value in merging corporate governance practices with their environmental and social responsibility initiatives, offering opportunities to optimize stakeholder value while

decreasing compliance costs and increasing organizational agility. This study seeks to analyze the sequential mediating role of social responsibility in linking corporate governance and environmental practices to corporate value within Shenzhen enterprises in China. Enterprises in Shenzhen play an integral part in China's economic development and should reap benefits from taking innovative steps such as implementing comprehensive governance and environmental management systems (Chen, 2024). By drawing upon existing research areas and considering all relevant barriers faced by enterprises when adopting integrated governance, environmental, and social responsibility practices, this research should yield fruitful understandings into their implementation as well as potential challenges they encounter during the integration process.

1.2 Statement problem

Li *et al.* (2023) highlighted the importance of corporate governance and environmental management for enterprises to improve sustainability practices. Applying ESG practices and effective corporate governance are becoming critical elements for the performance of enterprises in Shenzhen, which contributes to regional economic development (Wang *et al.*, 2022). Integrating corporate governance frameworks and environmental responsibility allows a change from traditional managerial methods into more sustainable patterns which could significantly boost corporate value (Chen, 2024). Through comprehensive ESG implementation, Shenzhen enterprises can implement strategies for recognizing opportunities while decreasing environmental and social risks (Zhang, 2024; Zhang *et al.*, 2024).

However, the sequential relationship between corporate governance, corporate environment, social responsibility, and corporate value remains underexplored. This research aims to investigate the sequential mediating role of corporate environment and social responsibility in influencing the relationship between corporate governance and corporate value within the context of enterprises in Shenzhen, China.

1.3 Research gap

There are some previous research emphasizing the significance of understanding the relationships among corporate governance, environmental management, and social responsibility for enterprises to enhance their sustainable value creation (Gompers, *et al.*, 2003). The practice of effective corporate governance, environmental stewardship, and social responsibility have been essential variables influencing corporate performance and value creation in Chinese enterprises. Nonetheless, the literature on just how enterprises in Shenzhen can properly leverage the sequential mediation effects of corporate environment and social responsibility to bridge corporate governance and corporate value enhancement are limited (Jo & Harjoto, 2011; Al-Tuwaijri, Christensen, & Hughes, 2004).

This research intends to bridge this gap by investigating the sequential mediation relationships among corporate governance, corporate environment, social responsibility, and the corporate value of enterprises in Shenzhen. By collecting empirical evidence from enterprises in this dynamic economic zone, the study will certainly provide profound insights into the application of these integrated governance concepts and the challenges faced by enterprises in adopting comprehensive environmental and social governance practices. The development of a sequential mediation model based on corporate governance, environmental management, and social responsibility might revolutionize the means enterprises in Shenzhen enhance their sustainable corporate value.

1.4 Research question

The research questions proposed as follows:

- How to quantify the specific impact of corporate governance on corporate value through the sequential mediating roles of corporate environment and social responsibility in enterprises of different industries and scales in Shenzhen?
- What is the role of corporate environment and social responsibility in connecting corporate governance and corporate value, especially whether they play sequential mediating roles?

1.5 Research objective

- To quantify the specific impact of corporate governance on corporate value through the sequential mediating roles of corporate environment and social responsibility in enterprises of different industries and scales in Shenzhen.
- To examine the sequential mediating roles of corporate environment and social responsibility in the relationship between corporate governance and corporate value.

2 LITERATURE REVIEW

2.1 Underpinning theories

There are primarily three theories supporting this research which are Stakeholder Theory, Institutional Theory, and Triple Bottom Line Theory.

Stakeholder Theory suggests that corporations should create value for all stakeholders rather than solely focusing on shareholders, encompassing employees, customers, suppliers, communities, and the environment (Freeman *et al.*, 2010). This theory posits that effective corporate governance must balance the interests of multiple stakeholders, leading to enhanced corporate environmental performance and social responsibility initiatives that ultimately drive long-term corporate value creation (Jones, 1995). Stakeholder theory logic has been used extensively to examine drivers of corporate sustainability performance, including environmental and social outcomes (Mitchell *et al.*, 1997).

Institutional Theory describes how organizations conform to institutional pressures and legitimacy requirements within their operating environments to gain social acceptance and access to resources (DiMaggio & Powell, 1983). The institutional theory perspective explains how companies sustain competitive advantages by adopting governance practices, environmental standards, and social responsibility initiatives that align with institutional expectations and regulatory frameworks (Scott, 2014). Prior studies show that institutional pressures for corporate governance compliance,

environmental protection, and social accountability enhance enterprise legitimacy and performance (Deephouse & Carter, 2005).

Triple Bottom Line Theory emphasizes the need for companies to measure success across three dimensions: profit (economic performance), people (social responsibility), and planet (environmental performance) to ensure sustainable value creation (Elkington, 1997; Slaper & Hall, 2011). Effective corporate governance integrates these three performance dimensions into strategic planning, decision making, and operational implementation to maximize overall corporate value while maintaining stakeholder satisfaction and environmental stewardship.

Integrating these theoretical bases can provide valuable insights into the complex mechanisms underlying corporate value creation through governance, environmental, and social responsibility practices in the contemporary, stakeholder-conscious business environment.

2.2 Corporate governance

Present literature indicates that corporate governance is a comprehensive system of rules, practices, and processes that guide how companies are directed and controlled (Shleifer & Vishny, 1997). Moreover, corporate governance mechanisms have been acknowledged as essential frameworks for ensuring accountability, transparency, and sustainable value creation in modern enterprises. Effective governance structures and oversight mechanisms are necessary in accurately balancing stakeholder interests while maintaining organizational integrity.

According to literature in this field, there are mainly four dimensions that reflect corporate governance effectiveness: board structure and independence, shareholder rights and protection, executive compensation and incentives, and transparency and disclosure (Fama & Jensen, 1983; Shleifer & Vishny, 1997). Board structure and independence provide effective oversight through director independence, committee effectiveness, and leadership structure. Shareholder rights and protection dimensions evaluate investor protection through voting rights, information access, and protection against expropriation (Jensen & Murphy, 1990). Executive compensation metrics such as pay-for-performance alignment and long-term incentive structures show whether enterprises effectively align

management interests with shareholder value creation. Transparency and disclosure dimension measures information dissemination quality through comprehensive reporting standards, financial disclosures, and stakeholder engagement practices, which enhance market confidence and facilitate better stakeholder decision-making.

2.3 Corporate environment

Corporate environment refers to the comprehensive management of an organization's environmental impacts, encompassing the strategic integration of environmental considerations into business operations to minimize ecological footprint while enhancing sustainable performance. As organizations across industries face increasing environmental regulations and stakeholder pressure for sustainable practices, corporate environmental performance capabilities have become critical in achieving regulatory compliance, reducing operational costs, and creating sustainable competitive advantages (Hart, 1995; Russo & Fouts, 1997)

Environmental management systems, pollution prevention, and resource efficiency are the main dimensions that reflect corporate environmental performance. Environmental Management Systems (EMS) refers to the formal frameworks and structured approaches organizations use to manage their environmental responsibilities and impacts systematically. EMS provides organizations with systematic processes for environmental planning, implementation, monitoring, and continuous improvement (Delmas & Toffel, 2004). Pollution prevention is the strategic approach that focuses on reducing waste generation and environmental contamination at the source rather than managing waste after it is created. Organizations must develop sophisticated pollution prevention capabilities to meet increasingly stringent environmental standards and stakeholder expectations (Hart, 1995) Resource efficiency involves optimizing the use of natural resources, energy, and materials throughout organizational operations and value chains. Companies facing resource scarcity and rising material costs must prioritize resource efficiency through circular economy principles, waste minimization, and sustainable supply chain management (Zhu *et al.*, 2008)

These three dimensions form the core capabilities of organizations in today's environmentally conscious business context, enabling them to effectively integrate environmental stewardship with strategic objectives and operational excellence.

2.4 Social responsibility

Social responsibility is the strategic commitment of organizations to operate in ways that account for their social and environmental impacts while contributing to societal well-being beyond profit maximization (Carroll, 2016). In the present dynamic business environment, corporate social responsibility (CSR) has emerged as a fundamental approach for organizations to build stakeholder trust, enhance reputation, and achieve sustainable competitive advantage. CSR encompasses the voluntary integration of social and environmental concerns into business operations and stakeholder interactions, reflecting an organization's commitment to ethical conduct and societal contribution (McWilliams & Siegel, 2001; Wood, 1991). Implementing comprehensive CSR strategies allows organizations to address stakeholder expectations while creating shared value (Carroll, 2016).

Based on literature in corporate social responsibility, there are mainly three dimensions reflecting this variable. The first aspect is stakeholder-oriented responsibility, which involves recognizing and responding to the expectations and needs of various stakeholder groups including communities, customers, suppliers, and society at large (Turker, 2009). This dimension encompasses philanthropic activities, community engagement, and social investment initiatives that demonstrate organizational commitment to societal welfare.

Employee-oriented responsibility is the second component, which involves creating positive workplace environments, ensuring fair employment practices, and investing in employee development and well-being. This ongoing commitment ensures organizations maintain ethical labor practices, promote diversity and inclusion, and support employee growth and satisfaction (Carroll, 2016; Wood, 1991). Environmental responsibility refers to minimizing ecological footprint through sustainable business practices, resource conservation, and environmental stewardship (McWilliams & Siegel, 2001). Effective environmental responsibility helps organizations reduce environmental

impact and build stakeholder trust, making it a strategic capability that requires systematic implementation through environmental management systems, pollution prevention, and sustainable supply chain practices

Together, these three components form a comprehensive approach to managing organizational social responsibilities and creating sustainable value for multiple stakeholders.

2.5 Corporate value

Corporate value refers to the comprehensive measure of an organization's worth that encompasses both financial returns and long-term sustainable value creation for multiple stakeholders (Rappaport, 1986). In the present dynamic business environment, corporate value creation has evolved beyond traditional shareholder value maximization to include broader stakeholder considerations and sustainable performance outcomes. Corporate value encompasses the strategic integration of financial performance, market valuation, and stakeholder value creation to achieve sustainable competitive advantage and long-term organizational success (Freeman, 1984; Jensen, 2001). Organizations must develop comprehensive value creation strategies that balance short-term financial performance with long-term sustainability and stakeholder value optimization (Harrison & Wicks, 2013)

Based on literature in corporate value management, there are mainly three dimensions reflecting this variable. The first aspect is financial performance, which involves measuring traditional financial metrics including profitability, return on investment, cash flow generation, and earnings growth that directly impact shareholder wealth creation (Rappaport, 1986). This dimension encompasses fundamental financial indicators that demonstrate organizational efficiency and resource utilization effectiveness

Market valuation is the second component, which involves assessing market-based measures of corporate worth including stock price performance, market capitalization, and investor confidence indicators. This ongoing evaluation ensures organizations maintain competitive market positioning and meet investor expectations for value creation (Jensen, 2001)

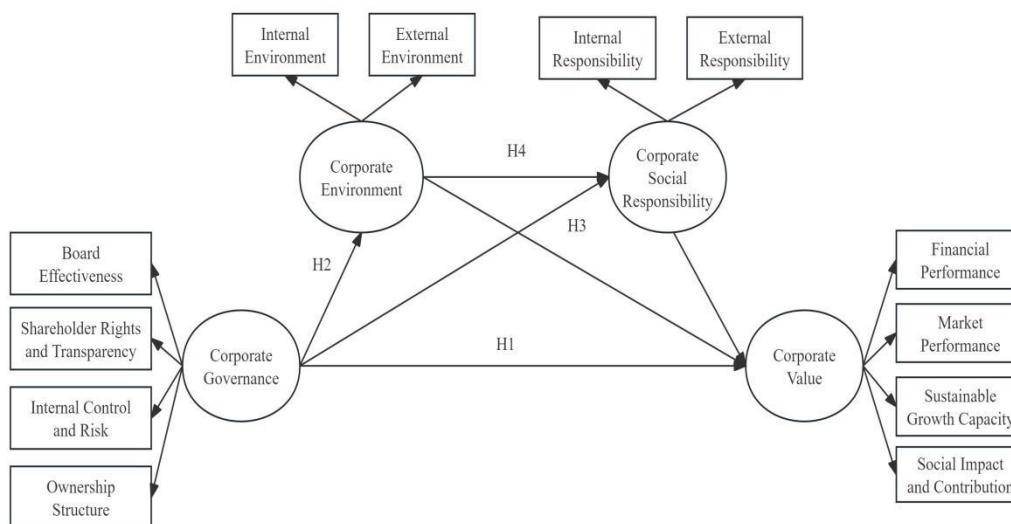
Stakeholder value creation refers to generating sustainable value for all stakeholder groups including employees, customers, communities, and society at large through responsible business practices and ESG integration (Freeman, 1984; Harrison & Wicks, 2013). Effective stakeholder value creation helps organizations build long-term resilience and competitive advantage while addressing societal expectations for corporate responsibility and sustainability

Together, these three components form a comprehensive approach to measuring and managing corporate value in today's complex business environment where financial performance, market expectations, and stakeholder demands must be balanced for sustainable success.

2.6 Conceptual framework

Figure 1

Conceptual Framework



2.7 Hypothesis

H1: Corporate Governance positively influences Corporate Value in companies based in Shenzhen, China.

H2: The Corporate Environment mediates the relationship between Corporate Governance and Corporate Value in Shenzhen, China.

H3: Corporate Social Responsibility mediates the relationship between Corporate Governance and Corporate Value in Shenzhen, China.

H4: Corporate Environment and Social Responsibility sequentially mediate the relationship between Corporate Governance and Corporate Value in Shenzhen, China.

3 METHODOLOGY

In this research, cross-sectional research with quantitative study is employed to investigate the factors influencing corporate value in Shenzhen, China. This type of empirical design describes the general situation among targeted population.

3.1 Research instrument and data

Data for the research were gathered using the Wenjuanxing online platform which is a dependable and well-used survey distribution system in China. It supports extensive data gathering for research in academics. The survey instrument was disseminated specifically to managers and directors in high-technology, finance, and manufacturing companies operating in four main areas of Shenzhen (Futian, Nanshan, Longgang, and Bao'an). The instrument was constructed based on extensive literature review and methodological adaptation with five separate sections: demographic information of the respondents, Corporate Governance, Corporate Environment, Corporate Social Responsibility, and Corporate Value constructs (Hair *et al.*, 2017). Data gathering extended over the period of two months from April 2025 to May 2025 yielding 585 valid completed questionnaires following thorough validation procedures and screening processes. In order to analyze data gathered, the researcher used SmartPLS 4.0 that is known to be industry-leading statistical computer software used in executing Partial Least Squares Structural Equation Modeling (PLS-SEM) analysis (Ringle *et al.*, 2015). The thorough analytical tool allowed extraction of valid and useful opinions in respect to the relationships between corporate governance mechanisms, environmental influences,

social responsibility initiatives, and value created in corporations in the dynamic business environment in Shenzhen.

3.2 Measures

The survey tool employs tested measurement scales validated in earlier research to ascertain reliability and validity. The Corporate Governance construct is based on items from (Gompers *et al.*, 2003) and Brown and (Caylor 2009), addressing board performance, shareholders' rights and transparency, inner control mechanisms, and ownership structure. The measures assess the firm's quality of governance by indicators such as board independence, audit committee effectiveness, and shareholder protection mechanism. The Corporate Environment construct is based on the organizational environment conceptualized by Khandwalla (1977) and Miller and Friesen (1982) for its measurements of both inner environmental variables as well as outer environmental variables. The Corporate Social Responsibility construct adopts the four-dimensional diamond of Carroll (1991), using the dimensions of economic, legal, ethical, and philanthropic responsibilities as improved upon by Turker (2009) and Maignan and Ferrell (2000). This scale captures inner responsibility in terms of employees and organizational stakeholders as well as exterior responsibility to society along with regard to the environment. The Corporate Value construct synthesizes monetary as well as non-monetary criteria for performance based on the balanced scorecard conceptualized by Kaplan and Norton (2005) as well as Tobin's Q theory (Chung & Pruitt, 1994), to assess financial performance, market performance, sustainable growth capacity, and social impact contributions. The tested measurement tools offer an extensive platform for studying the interlinkages in the theoretical conceptualizations.

4 DATA ANALYSIS AND RESULT

The data analysis is carried by SmartPLS 4.0 using PLS-SEM and blindfolding algorithm. The analysis for hypothesis testing includes measurement model assessment and structural model assessment. Predictive capabilities were demonstrated using PLSpredict procedures.

4.1 Assessment of the measurement model

Tables 4.1 and 4.2 present comprehensive results demonstrating the assessment of internal consistency reliability and convergent validity for both first-order and second-order constructs. For first-order constructs, Cronbach's alpha values ranged from 0.894 to 0.915, while second-order constructs exhibited values between 0.898 and 0.930. Composite reliability (CR) values varied from 0.894 to 0.916 for first-order constructs and 0.821 to 0.840 for second-order constructs. All reliability coefficients substantially exceeded the recommended threshold of 0.70, indicating excellent internal consistency reliability (Hair *et al.*, 2019). The Average Variance Extracted (AVE) values ranged from 0.653 to 0.702 for first-order constructs and 0.567 to 0.720 for second-order constructs. While most AVE values surpassed the recommended 0.50 benchmark for establishing convergent validity, Corporate Governance and Corporate Value constructs achieved AVE values of 0.567, which remain acceptable given their high composite reliability exceeding 0.60 (Fornell & Larcker, 1981; Hair *et al.*, 2019). Furthermore, all factor loadings on their respective constructs exceeded 0.70, ranging from 0.735 to 0.854 for second-order constructs, providing additional evidence of convergent validity and confirming the measurement model's robustness.

Table 1

Reliability and Convergent Validity of First Order Variables

First Constructs	Order	Items	Loadings	Cronbach's alpha	CR (rho_a)	AVE
Board Effectiveness (BE)		BE1	0.802	0.894	0.894	0.653
		BE2	0.809			
		BE3	0.811			
		BE4	0.821			
		BE5	0.800			
		BE6	0.808			
Shareholder Rights and Transparency (SRT)	and	SRT1	0.827	0.902	0.903	0.672
		SRT2	0.805			
		SRT3	0.828			
		SRT4	0.817			
		SRT5	0.824			
		SRT6	0.820			
Internal Control and Risk (ICR)	Control	ICR1	0.806	0.903	0.903	0.673
		ICR2	0.824			
		ICR3	0.839			
		ICR4	0.823			
		ICR5	0.838			

First Constructs	Order	Items	Loadings	Cronbach's alpha	CR (rho_a)	AVE
Ownership Structure (OS)		ICR6	0.793	0.901	0.902	0.67
		OS1	0.826			
		OS2	0.819			
		OS3	0.838			
		OS4	0.805			
		OS5	0.790			
Internal Environment (IE)		OS6	0.832	0.912	0.912	0.694
		IE1	0.835			
		IE2	0.823			
		IE3	0.819			
		IE4	0.830			
		IE5	0.844			
External Environment (EE)		IE6	0.847	0.908	0.908	0.685
		EE1	0.835			
		EE2	0.835			
		EE3	0.823			
		EE4	0.834			
		EE5	0.821			
Internal Responsibility (IR)		EE6	0.818	0.912	0.912	0.695
		IR1	0.838			
		IR2	0.849			
		IR3	0.835			
		IR4	0.819			
		IR5	0.826			
External Responsibility (ER)		IR6	0.834	0.897	0.898	0.661
		ER1	0.829			
		ER2	0.802			
		ER3	0.812			
		ER4	0.812			
		ER5	0.804			
Financial Performance (FP)		ER6	0.818	0.897	0.897	0.66
		FP1	0.817			
		FP2	0.812			
		FP3	0.822			
		FP4	0.805			
		FP5	0.802			
Market Performance (MP)		FP6	0.814	0.915	0.916	0.702
		MP1	0.844			
		MP2	0.843			
		MP3	0.835			
		MP4	0.846			
		MP5	0.835			
Sustainable Growth Capacity (SGC)		MP6	0.824	0.902	0.902	0.671
		SGC1	0.824			
		SGC2	0.814			
		SGC3	0.804			
		SGC4	0.825			
		SGC5	0.823			
Social Impact and Contribution (SIC)		SGC6	0.825	0.904	0.904	0.676
		SIC1	0.826			
		SIC2	0.822			
		SIC3	0.827			
		SIC4	0.825			
	SIC5	0.809				

First Constructs	Order	Items	Loadings	Cronbach's alpha	CR (rho_a)	AVE
		SIC6	0.823			

Table 2

Reliability and Convergent Validity of Second Order Variables

Second Order Constructs	Items	Loadings	Cronbach's alpha	CR (rho_a)	AVE
Corporate (CG)	Governance	BE	0.735	0.928	0.839
		SRT	0.781		
		ICR	0.754		
Corporate (CE)	Environment	OS	0.741	0.908	0.837
		IE	0.854		
		EE	0.843		
Corporate Responsibility (CSR)	Social	IR	0.851	0.898	0.821
		ER	0.818		
		FP	0.737		
Corporate (CV)	Value	MP	0.767	0.930	0.840
		SGC	0.753		
		SIC	0.755		

The Fornell-Larcker criterion requires that the square root of average variance extracted (AVE) for each construct should exceed its highest correlation with any other construct in the model (Fornell & Larcker, 1981). Table 4.3 displays the discriminant validity assessment with bolded diagonal elements representing the square roots of AVE for each construct, while off-diagonal elements represent inter-construct correlations. The results demonstrate that all constructs satisfy the discriminant validity requirement, with square roots of AVE ranging from 0.808 to 0.838, which consistently exceed the highest inter-construct correlations, confirming that each construct captures distinct phenomena and supporting the measurement model's discriminant validity.

Table 3

Discriminant Validity - Fornell-Larcker Criterion

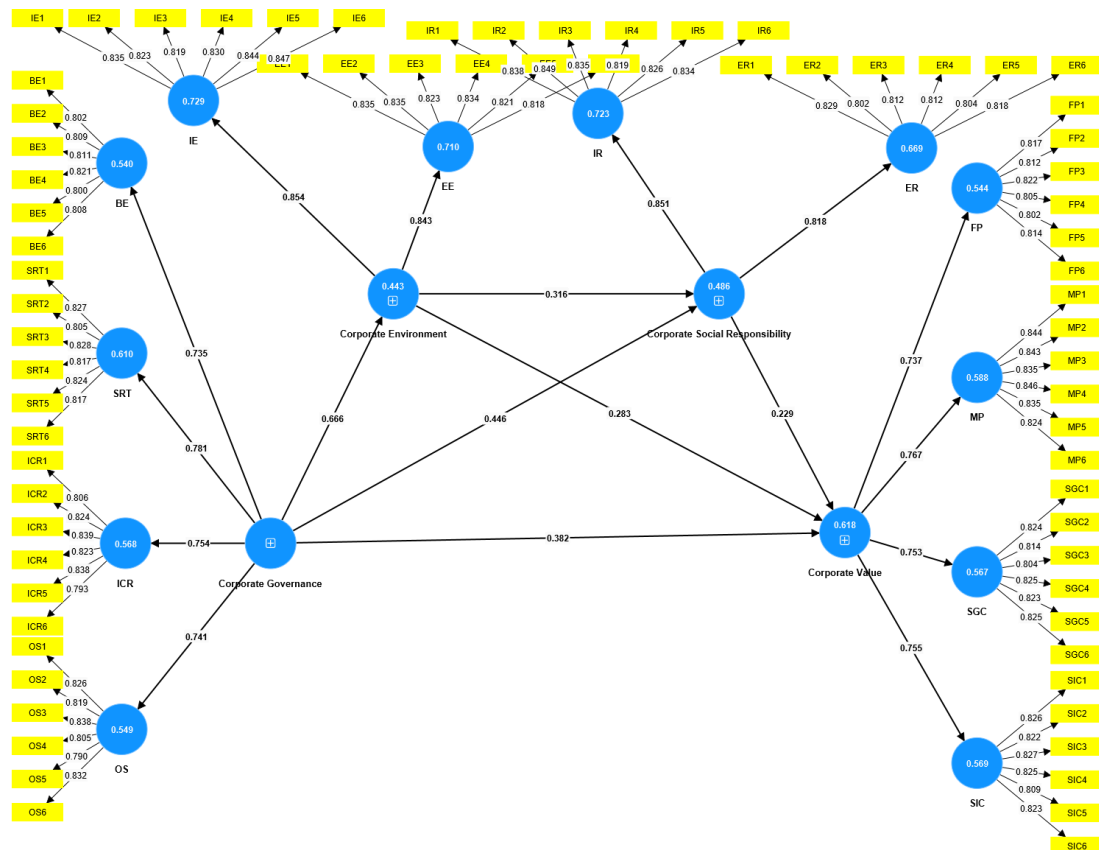
	BE	EE	ER	FP	ICR	IE	IR	MP	OS	SGC	SIC	SRT
BE	0.808											

EE	0.429	0.828											
ER	0.418	0.418	0.813										
FP	0.384	0.423	0.406	0.812									
ICR	0.389	0.370	0.366	0.401	0.820								
IE	0.450	0.439	0.427	0.438	0.431	0.833							
IR	0.447	0.432	0.393	0.408	0.392	0.455	0.834						
MP	0.404	0.462	0.395	0.438	0.412	0.446	0.433	0.838					
OS	0.386	0.367	0.394	0.348	0.434	0.446	0.396	0.412	0.818				
SGC	0.430	0.434	0.399	0.425	0.357	0.431	0.429	0.403	0.419	0.819			
SIC	0.414	0.414	0.364	0.383	0.398	0.415	0.445	0.442	0.450	0.446	0.822		
SRT	0.453	0.459	0.415	0.421	0.452	0.443	0.463	0.417	0.421	0.428	0.440	0.820	

4.2 Assessment of structural model

Figure 2

Structural Model Results



As illustrated in Table 4.7, the results of hypothesis testing reveal several significant direct and indirect effects supporting all proposed hypotheses. Regarding direct effects, Corporate Governance demonstrates a positive and significant influence on Corporate Value ($\beta = 0.382, t = 10.319, p < 0.001$), providing strong support for H1. The specific indirect effects analysis confirms the mediating roles proposed in the theoretical framework. Corporate Environment significantly mediates the relationship between Corporate Governance and Corporate Value ($\beta = 0.188, t = 7.227, p < 0.001$), supporting H2. Similarly, Corporate Social Responsibility serves as a significant mediator in this relationship ($\beta = 0.102, t = 5.269, p < 0.001$), supporting H3. Most notably, the sequential mediation effect through Corporate Environment and Corporate Social Responsibility is statistically significant ($\beta = 0.048, t = 4.917, p < 0.001$), supporting H4. The total indirect effects ($\beta = 0.339, t = 11.797, p < 0.001$) and total effects ($\beta = 0.721, t = 35.914, p < 0.001$) demonstrate the substantial overall impact of Corporate Governance on Corporate Value. These findings align with established thresholds for significance testing in PLS-SEM analysis, where t-values exceeding 1.96 indicate statistical significance at the 0.05 level (Hair *et al.*, 2017).

Table 4
Hypothesis Test

Types of Effect	Path	Original sample (O)	T statistics (O/STDEV)	P values	Hypothesis Results
Direct Effect	Corporate Governance -> Corporate Value	0.382	10.319	0.000	H1 supported
	Corporate Governance -> Corporate Environment -> Corporate Value	0.188	7.227	0.000	H2 supported
Specific Indirect Effects	Corporate Governance -> Corporate Social Responsibility -> Corporate Value	0.102	5.269	0.000	H3 supported
	Corporate Governance -> Corporate Environment -> Corporate Social Responsibility -> Corporate Value	0.048	4.917	0.000	H4 supported

Types of Effect	Path	Original sample (O)	T statistics (O/STDEV)	P values	Hypothesis Results
Total Indirect Effects	Corporate Governance -> Corporate Value	0.339	11.797	0.000	-
Total Effects	Corporate Governance -> Corporate Value	0.721	35.914	0.000	-

Hair *et al.* (2019) provide guidance for assessing structural model explanatory power through R², where values of 0.75, 0.50, and 0.25 represent substantial, moderate, and weak explanatory power, respectively. As presented in Table 4.8, Corporate Environment exhibits an R² value of 0.443, indicating moderate explanatory power with Corporate Governance explaining 44.3% of its variance. Corporate Social Responsibility shows an R² of 0.486, approaching explanatory power at 48.6% variance explained. Most notably, Corporate Value demonstrates the highest R² value of 0.618, indicating that the combined antecedent variables explain 61.8% of its variance, representing substantial explanatory power (Cohen, 2013). These results suggest the proposed theoretical framework provides robust explanatory capacity for understanding corporate value creation mechanisms.

Table 5

Regression

	R-square	R-square adjusted
Corporate Environment	0.443	0.442
Corporate Social Responsibility	0.486	0.484
Corporate Value	0.618	0.616

The predictive relevance (Q²) values for the endogenous latent variables are presented in Table 4.10. The Q² values for Corporate Environment, Corporate Social Responsibility, and Corporate Value are 0.218, 0.226, and 0.235 respectively, all exceeding the recommended threshold of 0 (Chin, 1998). According to Hair *et al.* (2019), Q² values greater than 0, 0.25, and 0.50 indicate small, medium, and large predictive relevance, respectively. The obtained Q² values demonstrate small predictive relevance, with Corporate Value showing the highest predictive capacity at 0.235. These results

indicate that the research model possesses adequate predictive relevance, suggesting that the exogenous constructs have satisfactory predictive ability for the endogenous variables within the structural framework.

Table 6

Q² Value of Each Endogenous Latent Variable

Variable	Q ² (=1-SSE/SSO)
Corporate Environment	0.218
Corporate Social Responsibility	0.226
Corporate Value	0.235

5 DISCUSSION AND CONCLUSION

5.1 Discussion of main findings

This study developed and tested a conceptual framework analyzing how corporate governance influences corporate value, with corporate environment and social responsibility as sequential mediating roles. The results provide strong empirical support for the hypothesized relationships. The results of hypothesis testing reveal several significant direct and indirect effects supporting all proposed hypotheses.

Regarding direct effects, Corporate Governance demonstrates a positive and significant influence on Corporate Value ($\beta = 0.382, p < 0.001$), providing strong support for H1. Corporate Governance demonstrated significant positive direct effects on Corporate Environment ($\beta = 0.465, p < 0.001$) and Corporate Social Responsibility ($\beta = 0.387, p < 0.001$). Additionally, Corporate Environment ($\beta = 0.404, p < 0.001$) and Corporate Social Responsibility ($\beta = 0.264, p < 0.001$) positively predicted Corporate Value.

Further analysis confirmed the sequential mediating roles of Corporate Environment and Corporate Social Responsibility. The specific indirect effects analysis confirms the mediating roles proposed in the theoretical framework. Corporate Environment significantly mediates the relationship between Corporate Governance and Corporate Value ($\beta = 0.188, p < 0.001$), supporting H2. Similarly, Corporate Social Responsibility serves as a significant mediator in this relationship ($\beta = 0.102, p < 0.001$),

supporting H3. Most notably, the sequential mediation effect through Corporate Environment and Corporate Social Responsibility is statistically significant ($\beta = 0.048, p < 0.001$), supporting H4.

The total indirect effects ($\beta = 0.339, p < 0.001$) and total effects ($\beta = 0.721, p < 0.001$) demonstrate the substantial overall impact of Corporate Governance on Corporate Value. Thus, H1-H4 were fully supported.

These findings align with established thresholds for significance testing in PLS-SEM analysis, where t-values exceeding 1.96 indicate statistical significance at the 0.05 level (Hair *et al.*, 2017). The results highlight corporate governance's potential, both directly and through sequential mediation, to promote corporate value creation.

5.2 Theoretical and practical implications

The results of this research could provide valuable insights for policymakers and businesses in Shenzhen. It shows how effective corporate governance mechanisms and sustainable practices can help enterprises strengthen their value creation capabilities and stay competitive. The study highlights how corporate governance can enhance corporate value creation through environmental and social responsibility initiatives. By implementing better governance practices with environmental and social considerations, enterprises can operate more sustainably and create long-term value more effectively. This encourages more businesses in the region to adopt integrated governance approaches.

With the sequential mediation model, this research has the potential to help enterprises in Shenzhen to strengthen their value creation practices through environmental and social responsibility channels. The insights generated from corporate governance help companies be better equipped to identify value creation opportunities early through environmental stewardship and social responsibility initiatives. Thus, companies can develop strategic responses to enhance corporate value. The sequential mediation model allows businesses in the aspect of real-time monitoring stakeholder expectations, adapting to sustainability requirements, and improving overall corporate performance. The early warning signals from governance mechanisms enable businesses to swiftly identify value creation opportunities as they emerge. With the integrated

governance approach, positive impacts can be maximized and sustainable value creation is achievable.

This research provides an excellent opportunity to deepen our understanding of such an important topic through an interdisciplinary study. By investigating how enterprises can integrate corporate governance, environmental management, and social responsibility to enhance corporate value, valuable insights can be gained for sustainable business performance. This integrated approach to the research promotes cooperation in different fields. Corporate governance theory, environmental science, and social responsibility ethics are combined to help enterprises in Shenzhen. Bringing different perspectives together in this way deepens our knowledge in sustainable management and stakeholder capitalism.

5.3 Limitations and future research

Although this study provides useful insight into how corporate governance, corporate environment, and social responsibility are used to enhance corporate value through sequential mediation mechanisms, certain limitations exist that provide opportunities for further study.

In the first place, the ability of this study's cross-sectional design limits our ability to draw causal inferences from its results. Because relationships seen may have been affected by unknown variables or reverse causation, so making longitudinal studies would be more ideal ways of better capturing dynamic interactions among corporate governance, environmental performance, social responsibility, and corporate value over time.

Then, this study focused only on Shenzhen of China. While providing valuable insights for this special economic zone, it might be limited its generalizability to other cities or provinces. Replicating it with different economic and cultural environments would establish external validity for this sequential mediation model.

What's more, data were only gathered through self-reported surveys which can lead to bias due to common method deficiency. Integrating objective performance measures or multi-source data (for instance by merging management assessments with stakeholder evaluations) may improve results further.

Lastly, this study focused on the main effects and sequential mediating roles of corporate environment and social responsibility. Future studies should investigate any possible boundary conditions or moderating factors which might alter these relationships. Factors like industry characteristics, firm size, ownership structure, or regulatory environment might play a decisive role in strengthening the sequential mediation effects on corporate value enhancement.

Though limited, this study represents an essential first step toward understanding how corporate governance, corporate environment, and social responsibility come together through sequential mediation to drive corporate value creation. The findings provide a solid basis for future studies that aim to explore deeper into this complex phenomenon, while offering more precise guidance to enterprises as they tackle sustainability and governance challenges.

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Authors' Contribution

All authors contributed equally to the development of this article.

Data availability

All datasets relevant to this study's findings are fully available within the article.

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