

**DOES ESG MATTER EQUALLY ACROSS SECTORS? AN EMPIRICAL STUDY OF
BRAZILIAN FIRMS**

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Introdução

The integration of ESG (Environmental, Social, and Governance) practices has become a competitive differentiator in the corporate landscape, positively influencing firms' market value. Investors and stakeholders increasingly value responsible actions, which help reduce risks and capital costs. While studies suggest that the impact of ESG varies across economic sectors, this heterogeneity remains underexplored in Brazil.

Problema de Pesquisa e Objetivo

Given the scarcity of Brazilian studies on the sector-specific interaction between ESG and financial performance, this research investigates: What is the impact of ESG and its environmental, social, and governance pillars on the market value of Brazilian companies across different sectors? The objective is to analyze how the overall ESG score and each pillar influence Tobin's Q and market value, and to assess how this effect varies across different industries.

Fundamentação Teórica

ESG evolved from socially responsible investing and is structured around three pillars—environmental, social, and governance—serving as a quantitative indicator of sustainability. While studies generally indicate a positive relationship between ESG and financial performance (Friede et al., 2015), the results vary depending on the metrics and industry context. Resource-intensive sectors stand out in the environmental pillar, while the relevance of the social and governance dimensions depends on regulatory and cultural factors.

Metodologia

The study utilized a sample of 560 firm-year observations from companies listed on B3 between 2012 and 2023, all of which had ESG ratings available on the LSEG platform. Market performance was measured using Tobin's Q and market value. To test the hypotheses, Ordinary Least Squares (OLS) regressions with robust standard errors and fixed effects for sector and year were estimated, including control variables such as firm size, ROA, cash flow, leverage, and a COVID-19 dummy.

Análise dos Resultados

The results confirm a positive and statistically significant impact of the overall ESG score on both Tobin's Q and market value ($p < 0.01$). The financial sector showed the most favorable response, while the utilities sector exhibited an adverse effect. Among the three ESG pillars, the social dimension proved to be the most influential. Hypotheses H1a/b through H4a/b were validated, highlighting sectoral heterogeneity in the impact of each ESG pillar.

Conclusão

This study demonstrates that ESG practices increase the value of Brazilian companies, as measured by Tobin's Q and market value, with varying effects across sectors. The social pillar is the most impactful, and the financial sector is the primary beneficiary. Despite the long-term nature of ESG benefits, the strategic adoption of ESG stands out as a competitive advantage in emerging markets.

Contribuição / Impacto

The study contributes theoretically by expanding the understanding of sectoral ESG effects in emerging markets, particularly in Brazil. It also offers practical guidelines for managers to allocate resources more efficiently by focusing on the ESG pillars most relevant to their industry. For investors, the findings provide insights into capital allocation toward firms with strong ESG practices, thereby optimizing long-term returns.

Referências Bibliográficas

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