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Are institutional investors “in love” with the sustainable development goals? Understanding the idyll in the case of governments and pension funds

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Abstract

Considering the key role that companies must play to achieve the Sustainable Development Goals (SDGs), this paper aims to analyze the effect of the presence of two types of institutional investors (governments and pension funds) in large companies' ownership structure on the alignment of their sustainability strategy towards the 2030 Agenda as well as the moderating effect that firm internationalization and industry's sensitivity to stakeholder pressures have on the influence of these two institutional investors on business commitment to the SDGs. For a sample of 4089 multinational companies from 2015 to 2018, the results show that institutional ownership does matter for business commitment to the SDGs, but in a different way depending on the type of investor. Specifically, ownership by government favors commitment to the SDGs, while ownership by pension funds has a negative impact, which is partially corrected in the case of globalized companies as well as in those firms belonging to industries, which are highly sensitive to stakeholder pressures. These findings seem to suggest that institutional investors' support the implementation of the SDGs by the companies in which they invest is mainly driven by corporate complexity.

KEYWORDS

government, institutional investors, institutional theory, pension funds, sustainable development goals

1 | INTRODUCTION

The 2030 Agenda requires that different actors -governments and public administrations, companies, and individuals—actively contribute to eradicate poverty and hunger, combat climate change, extend environmental protection and social justice, enhance education and health conditions, and favor sustainable and inclusive economic

growth (Aust et al., 2020; Opoku et al., 2021). However, the achievement of the Sustainable Development Goals (SDGs) comes with significant challenges (Grover et al., 2018). The studies carried out show that progress is being made towards achieving the SDGs (Chindasombatcharoen et al., 2021; Haughton & Keane, 2021; Lyytimäki et al., 2020; Sanchez-Planelles et al., 2022), but neither the speed nor the scale are adequate to improve the current levels of

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poverty, hunger, education, and health that characterize certain territories as well as to reduce climate emergency or discrimination (United Nations, 2019, 2020).

The private sector can (and should) play an active role in the implementation and achievement of the SDGs (Jha & Rangarajan, 2020; Tsalis et al., 2020). Nevertheless, from a financial perspective, SDG engagement may imply a lower financial return (Jonsdottir et al., 2021). Therefore, considering that private listed firms' core goal is loosely or not related to many of the 2030 Agenda's targets, it is worth asking what can promote business commitment to the SDGs (van der Waal & Thijssens, 2020). In this sense, as Yamane and Kaneko (2021) showed, raising stakeholder awareness of the SDGs leads private companies to engage in SDG implementation. In particular, due to the increase in the institutional investors' participation in listed companies' ownership, which ascends to more than 40% (Organisation for Economic Co-operation and Development - OECD, 2020), they significantly influence corporate strategies, including SDG engagement and reporting (Calza et al., 2016; García-Sánchez, Rodríguez-Ariza, Aibar-Guzmán, & Aibar-Guzmán, 2020; Hadro et al., 2021; Jonsdottir et al., 2021; Melón-Izco et al., 2021).

Indeed, introduced in April 2006, the United Nations Principles for Responsible Investment (UN PRI) establish commitments to incorporate social, environmental, and governance criteria into investment decisions (Cohen et al., 2011), encouraging Socially Responsible Investment (SRI) and investors' activism to promote sustainability in the companies in which they invest (García-Sánchez, Aibar-Guzmán, & Aibar-Guzmán, 2020). Institutional investors represent a high percentage among the UN PRI signatories, leading "a new form of SRI shareholder pressure" (Sparkes & Cowton, 2004, p. 45) and becoming a driving force behind corporate social responsibility (CSR) strategies and practices by the companies in which they invest (Dyck et al., 2019).

This paper aims to contribute to the knowledge about the role institutional investors are playing in guiding the companies' sustainability strategy towards the Sustainable Development Goals. Specifically, we focus on the presence of two types of institutional investors, namely governments and pension funds, in the ownership structure of large companies. Both types of investors are characterized by a long-term orientation (García-Sánchez, Aibar-Guzmán, & Aibar-Guzmán, 2020; García-Sánchez, Rodríguez-Ariza, Aibar-Guzmán, & Aibar-Guzmán, 2020) providing firms "patient capital" for funding long-term investments and costly projects (Aguilera et al., 2021). Additionally, considering the influence of the industry and the institutional country setting in which a company operates on its level of SDG engagement (Pizzi et al., 2021; Rosati & Faria, 2019; van der Waal & Thijssens, 2020; van Zanten & van Tulder, 2018) and the stakeholder pressures that it faces to engage in pro-sustainable behaviors (García-Sánchez, 2021), we complete the analysis by considering the moderating effect that firm internationalization and industry's sensitivity to stakeholder pressures have on the effect of ownership by these two institutional investors on business commitment to the SDGs.

Based on an unbalanced panel made up of 12,404 observations corresponding to 4089 multinational companies from 2015 to 2018,

the results show that while ownership by government favors commitment to the SDGs, ownership by pension funds has the opposite effect. However, the negative impact of ownership by pension funds is partially corrected when considering the level of internationalization of business investment and its environmental impacts. Furthermore, the evidence obtained suggests that institutional investors' interest in restructuring business sustainability strategies towards the SDGs is mainly driven by corporate complexity, assessing the advantages that the 2030 Agenda approach entails in globalized companies as well as in those firms belonging to industries, which are highly sensitive to stakeholder pressures.

This paper contributes to literature in several ways. Firstly, we advance knowledge of the drivers of business commitment to the SDGs by analyzing whether and under what circumstances two types of institutional owners (i.e., government and pension funds) act as drivers for SDG engagement. Specifically, we show that SDG engagement is positively influenced by government ownership and that the initial opposition of pension funds to aligning the sustainability strategies of the companies in which they invest with the SDGs is corrected in the case of globalized companies. Furthermore, we contribute to literature by extending prior studies' results regarding the influence of some factors (e.g., firm size, origin country, industry, and CSRcommittee). Secondly, from a theoretical point of view, we analyze the determining factors of SDG reporting from the lens of institutional theory. In this sense, our findings lend empirical support to the contention made by van Zanten and van Tulder (2018) that, although the institutional pressures on CSR that characterize business environment are not the only determinant of SDG engagement, they are the most important driver.

This paper contains six sections. After this introduction, the next section briefly outlines business commitment to the SDGs. The third section presents the development of the research hypotheses in which we first discuss the effect of ownership by government and pension funds as a driver engagement with the SDGs and then analyze the mediating role of the moderating effect that firm internationalization and industry's sensitivity to stakeholder pressures have on the impact of ownership by these two institutional investors on business commitment to the SDGs. The fourth section sets out the empirical framework, after which we present and discuss the main findings of the study. In the last section, the main conclusions of the study are drawn and the implications of the findings are discussed.

2 | BUSINESS CONTRIBUTION TO THE 2030 AGENDA

The establishment of the SDGs was the result of an extensive process of consultation and negotiation on a global level that gave rise to the 2030 Agenda in 2015 which, under the slogan "Transforming Our World," is structured on five central axes (referred to as the 5 Ps): planet, people, prosperity, peace, and partnership. Thus, the SDGs define the roadmap established by the UN to curb inequality, climate change and the lack of opportunities by 2030 to achieve sustainable

TABLE 1 Examples of business initiatives related to Sustainable Development Goals (SDGs)

SDGs	Initiatives
1	Social action and volunteer programs in general through alliances with NGOs, in favor of groups at risk of social exclusion. Agreements with public administrations to avoid supply cuts and the promotion of alternative energy sources. Development of products and services with advantageous conditions for certain groups.
2	Collaboration in food donation campaigns through NGOs. Offer of products with favorable conditions to promote sustainability in the agri-food sector. Donations in the face of natural disasters and in crisis situations to provide food to the most affected areas. Awareness and public awareness campaigns in the media and social networks.
3	Support for programs related to well-being and health through collaboration with specialized NGOs. Funding for researchers, research groups and centers through grants, projects and scholarships that promote disease research. Programs to promote health, sport and healthy lifestyle habits of employees. Awareness campaigns and promotion of health, sport and healthy lifestyles in the media and social networks.
4	Alliances and programs of social action and volunteering, generally through NGOs and private and public educational centers, for groups at risk of social exclusion. Programs that promote the internationalization of teaching—study and mobility grants for study abroad, associated research, and so forth. Financial education programs.
5	Social programs to reconcile professional and family life through teleworking and flexible schedules. Setting of objectives regarding the incorporation of women onto the boards of directors and in managerial positions. Financing or development of specific products such as microcredit programs for women who want to start a business.
6	Implementation of tools to calculate the Direct Water Footprint of the organization to know the company's impact on water resources. Implementation of plans and programs aimed at optimizing the use, reuse and purification of water. Design of products that favors a lower consumption of water when used.
7	Implementation of plans and programs aimed at optimizing the use of clean, sustainable and emission-free energy. Development of more sustainable energy products. Offer employees more sustainable alternatives to go to their job. Social action programs that guarantee access to energy for socially excluded groups. Awareness and sensitization campaigns for the use of clean, sustainable and emission-free energy.
8	Hiring programs for young people and groups at risk of social exclusion. Financing and development of social action programs for training and job search for groups at risk of social exclusion. Programs to promote entrepreneurs through incubators, awards and contests.
9	Internal investment in R&D and technology. Creation of innovation observatories, start-up accelerators, and incubators for entrepreneurial ideas. Development of digitalization plans and sustainable urban mobility. Promotion and participation in innovation associations.
10	Diversity policies within companies. Agreements with public administrations and other organizations to reduce the wage gap. Financing and development of support and job placement programs for people at risk of social exclusion. Financing and development of financial inclusion and digital inclusion programs for all groups. Awareness and awareness campaigns on diversity.
11	Development of mobility plans for employees to promote sustainable transport. Development of sustainable construction projects. Implementation of emission reduction plans. Investment in internal innovation oriented towards efficient processes.
12	Training, awareness and sensitization campaigns among employees for responsible production and consumption. Eco-efficiency and waste management plans. Prioritization of local suppliers based on environmental and social criteria. Training and awareness campaigns for responsible consumption in the media and social networks.

(Continues)

TABLE 1 (Continued)

SDGs	Initiatives
13	<p>Implementation of strategic plans against climate change, including specific commitments and measurement indicators.</p> <p>Implementation of pilot projects regarding the TCFD recommendations.</p> <p>Financing renewable energy projects and innovation projects that respect the environment as well as carbon neutrality objectives.</p> <p>Implementation of circular economy projects and plans.</p> <p>Sustainable mobility plans for employees.</p>
14	<p>Collaboration programs with initiatives promoted by NGOs specialized in coastal cleaning and the protection of marine species.</p> <p>Plans to reduce the packaging used.</p> <p>Awareness campaigns for cleaning the coasts and the protection of marine species in the media and social networks.</p>
15	<p>Use of recycling techniques.</p> <p>Corporate guidelines on biodiversity with preventive measures for its conservation.</p> <p>Awareness programs for the protection, restoration and promotion of the sustainable use of terrestrial ecosystems, the sustainable management of forests and the importance of combating desertification.</p> <p>Awareness campaigns for the prevention and conservation of terrestrial ecosystems in the media and social networks.</p>
16	<p>Increase in corporate transparency, especially with regard to good governance and sustainability.</p> <p>Implementation of ethical codes and anti-corruption policies.</p> <p>Plans to respect human rights throughout the value chain.</p> <p>Support for cooperation programs, field analysis and financial inclusion programs for communities in danger of social exclusion due to being in conflict or post-conflict territories.</p>
17	<p>Alliances with universities to promote research, education and internationalization.</p> <p>Collaboration with competitors to solve common problems at the sector level.</p> <p>Collaboration in international cooperation projects with local governments through the intermediation of NGOs.</p> <p>Participation in events where experiences with the SDGs are shared.</p> <p>Investment in developing countries according to sustainable criteria.</p>

Source: Own elaboration based on Deloitte (2017, 2018) and PwC (2017, 2018).

economic, environmental, and social development. They comprise a common agenda for all actors, aimed at distributing and using resources ecologically and in defense of human rights, promoting the necessary innovation to drastically change the current management of the planet. For each objective, 169 integrated and indivisible goals are defined.

In this regard, the private sector must be willing to implement sustainable business models that allow firms to create value for the different stakeholders (investors, clients, society), by integrating the SDGs into their corporate strategies (Jha & Rangarajan, 2020; Pérez-Calderón et al., 2021). According to a worldwide survey conducted by Accenture and UN Global Compact into CEOs' attitudes towards SDGs, CEOs think that the SDGs represent an opportunity to reconsider corporate approaches to sustainable value creation and consider that the SDGs provide a good framework to structure their firms' sustainability efforts (Accenture & UN Global Compact, 2019).

The actions that companies can carry out in relation to the 2030 Agenda are very diverse, with direct and indirect implications. Table 1 shows various examples of business initiatives and their contribution to the different SDGs.

However, these practices are representative of a small number of companies. Thus, although the studies carried out to date show that approximately 72% of the 700 largest companies worldwide include a

mention of the SDGs in their sustainability reports, only 27% have integrated them into their strategies. In addition, there are significant differences between sectors (Deloitte, 2017, 2018; PwC, 2017, 2018).

3 | BACKGROUND AND RESEARCH HYPOTHESES

3.1 | Institutional ownership and business commitment to the SDGs

According to instrumental stakeholder theory (Jones, 1995), firms use CSR as a means of managing their relationships with powerful stakeholders in order to obtain support or resources from them (García-Sánchez et al., 2016). As a result, a firm's CSR policies are affected by the existence of greater interest of key stakeholders for sustainable development and, consequently, higher pressures on companies to adopt ethical and sustainable practices (García-Sánchez, 2021). Given the major role they have on capital markets (Ferreira & Matos, 2008; Oh et al., 2011), institutional investors are considered a key stakeholder group that can exert significant impact on CSR strategies (García-Sánchez, Rodríguez-Ariza, Aibar-Guzmán, & Aibar-Guzmán, 2020).

Several authors showed that there is a significant relationship between a company's CSR performance and the presence of institutional investors in its stock capital (Dyck et al., 2019; Oh et al., 2011). To the extent that institutional investors are interested in knowing the efforts and progress of companies in complying with the SDGs (Aust et al., 2020; Schramade, 2017), they can use their ownership positions in companies to foster business commitment to the SDGs (García-Sánchez, Rodríguez-Ariza, Aibar-Guzmán, & Aibar-Guzmán, 2020).

As responsible for a broad set of social and environmental issues (Wilson & Game, 2011; GRI, 2015), governments take ethical and social criteria into consideration when selecting their portfolio investment (Rees & Rodionova, 2013). Government institutions not only pursue business objectives linked to enhanced firm value but also social objectives related to societal welfare and environmental protection (Aguilera et al., 2021; Jonsdottir et al., 2021). Therefore, it is reasonable to assume that, as owners, governments may impose these objectives on the companies in which they invest by promoting the adoption of socially and environmentally responsible practices (Li & Zhang, 2010). Besides, governments are responsible for translating the 2030 Agenda into national priorities and institutional arrangements, which may favor the implementing of the SDGs by the companies.

Pension funds also adopt SRI criteria in the selection of their investment portfolio (Jansson & Biel, 2014) favoring investments in firms with high CSR performance (Dyck et al., 2019; Johnson & Greening, 1999) and, conversely, avoiding investments in companies linked to industries such as gambling, liquor, tobacco, or weapons (Hong & Kacperczyk, 2009). Furthermore, pension funds exert active ownership on environmental and social issues by encouraging the adoption of socially responsible actions by their portfolio companies (Oh et al., 2011).

Based on the above arguments, the following hypothesis is stated:

H1. Institutional ownership fosters SDG engagement, so that both government ownership and ownership by pension funds will be positively related to business commitment to the SDGs.

3.2 | The moderating effect of firm internationalization

According to institutional theory, firms respond to institutional pressures by adopting strategies and policies that allow them to obtain legitimacy and greater resources or to avoid social and/or economic costs (DiMaggio & Powell, 1983). To the extent that institutional pressures affect organizational behavior, they may boost or hamper the adoption of new business practices and routines (Slack & Hinings, 1994).

Institutional pressures related to national culture' values and legislative requirements of each country affect the preferences and actions of the members of such a country, including those related to corporate transparency and social and environmental responsibility (García-Sánchez et al., 2016; Monteiro & Aibar-Guzmán, 2010). In this sense, differences among countries in terms of cultural and social

contexts, economic and environmental conditions, governance systems, institutional and regulatory frameworks, and stakeholder concerns, make the 2030 Agenda "highly contextual in terms of its setup" (Jha & Rangarajan, 2020, p. 1020).

When a firm operates on foreign markets it must face new and different institutional pressures to which it may respond through increased CSR engagement (Liou et al., 2021; Zhang et al., 2021). Thus, according to van der Waal and Thijssens (2020), the low level of SDG engagement observed in companies from some countries (such as the fast-growing emerging economies) can be explained by the fact that they perceive little public pressure in this regard. In a similar vein, García-Sánchez et al. (2021) state that engagement with SDGs is influenced by the institutional pressures that companies face in regard to sustainable development at the country level.

Institutional pressures not only have a direct effect on a firm's CSR strategies and policies but also affect them indirectly through their influence on stakeholder pressures in this regard (García-Sánchez, 2021). Given that, as Cox et al. (2011) noted, institutional investors' behavior is affected by institutional and social pressures, internationalization of business investment may play a moderating role in the relationship between institutional ownership and business commitment to the SDGs.

Thus, it can be expected that the influence of institutional investors will be higher in the case of companies that operate on international market and, therefore, the following hypothesis can be stated:

H2. Internationalization of business investment positively moderates the effect of institutional ownership on business commitment to the SDGs.

3.3 | The moderating effect of the industry's sensitivity to stakeholder pressures

Within the context of institutional theory, industries can be considered organizational fields (DiMaggio & Powell, 1983), so the fact that a firm belongs to a certain industry affects the institutional pressures to which it is exposed, leading to the adoption of similar patterns of behavior. Indeed, firms operating in the same industry are subjected to similar regulations and policies and face similar stakeholder pressures which cause mimetic isomorphism (Amor-Esteban et al., 2018; Amor-Esteban, Galindo-Villardón, García-Sánchez, & David, 2019; Cubilla-Montilla et al., 2020). As regards the SDGs, van Zanten and van Tulder (2018, p. 213) found that companies tend to engage with those SDGs that "fall in a company's sphere of influence", considering this fact indicative of the influence of industry setting in SDG engagement.

As noted by Monteiro and Aibar-Guzmán, companies operating in industries characterized by negative externalities and/or higher environmental sensitivity face greater stakeholder pressures related to environmental concerns than companies belonging to other industries and, consequently, they have greater incentives to enhance their environmental performance. Additionally, prior studies observed that reporting on the business contribution to the SDGs varies across

industries (Pizzi et al., 2021; van Zanten & van Tulder, 2018), which seems to confirm the influence of the industry to which a firm belongs on its decision to report on the SDGs and, in particular, that the fact that a firm operates in industries characterized by negative externalities and/or higher environmental sensitivity is associated to a higher level of SDG engagement.

Therefore, it is reasonable to expect that the industry's sensitivity to stakeholder pressures may play a moderating role in the relationship between institutional ownership and business commitment to the SDGs so that the influence of institutional investors will be higher in the case of companies belonging to industries characterized by greater sensitivity to stakeholder pressures. Therefore, the following hypothesis can be stated:

H3. The industry's sensitivity to stakeholder pressures positively moderates the effect of institutional ownership on business commitment to the SDGs.

Figure 1 represents the proposed model.

4 | METHOD

4.1 | Analysis models

Equations (1)–(3) have been designed in order to test the three proposed hypotheses. Equation (1) reflects the model devised to test the Hypothesis 1 regarding the impact that the presence of institutional investors -governmental ownership and pension funds- in a firm's capital stock has in relation to its commitment to the 2030 Agenda.

$$\begin{aligned}
 \text{SDG}_{i,t} = & \varphi_0 + \varphi_1 \text{GovernmentVR}_{i,t} + \varphi_2 \text{PensionVR}_{i,t} \\
 & + \varphi_3 \text{WorldInvestment}_{i,t} + \varphi_4 \text{ICMT}_{i,t} + \varphi_5 \text{Size}_{i,t} \\
 & + \varphi_6 \text{CAPEX}_{i,t} + \varphi_7 \text{R\&D}_{i,t} + \varphi_8 \text{ROA}_{i,t} + \varphi_9 \text{Leverage}_{i,t} \\
 & + \varphi_{10} \text{Visibility}_{i,t} + \varphi_{11} \text{Cash}_{i,t} + \varphi_{12} \text{dLoss}_{i,t} + \varphi_{13} \text{Accruals}_{i,t} \\
 & + \varphi_{14} \text{Analyst}_{i,t} + \varphi_{15} \text{CSRCommitte}_{i,t} + \varphi_{16} \text{BOARDIndep}_{i,t} \\
 & + \varphi_{17} \text{TMTdiversity}_{i,t} + \varphi_{18} \text{BOARDdiversity}_{i,t} + \varphi_{19} \text{NCSRPI}_i \\
 & + \varphi_{20} \text{ICSRPI}_i + \varphi_{21} \text{Country}_i + \varphi_{22} \text{Industry}_i + \varphi_{23} \text{Year}_t \\
 & + \varepsilon_{it} + \eta_i.
 \end{aligned}
 \tag{1}$$

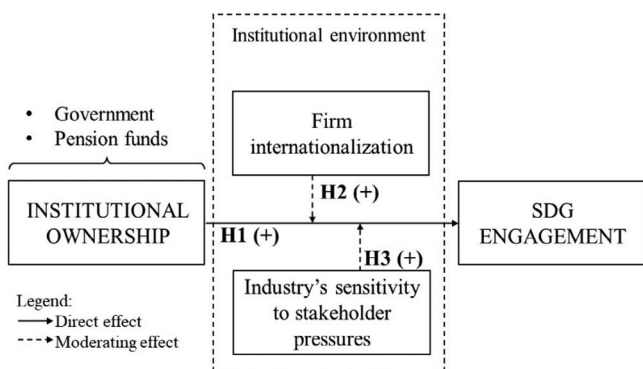


FIGURE 1 Proposed model

Equation (2) refers to the moderating role that the globalization of business investment plays in the relationship between institutional ownership and business commitment to the SDGs (hypothesis 2).

$$\begin{aligned}
 \text{SDG}_{i,t} = & \varphi_0 + \varphi_1 \text{GovernmentVR}_{i,t} + \varphi_2 \text{PensionVR}_{i,t} \\
 & + \varphi_3 \text{WorldInvestment}_{i,t} + \varphi_4 \text{GovernmentVR} \\
 & \times \text{WorldInvestment}_{i,t} + \varphi_5 \text{PensionVR} \times \text{WorldInvestment}_{i,t} \\
 & + \varphi_6 \text{ICMT}_{i,t} + \varphi_7 \text{Size}_{i,t} + \varphi_8 \text{CAPEX}_{i,t} + \varphi_9 \text{R\&D}_{i,t} + \varphi_{10} \text{ROA}_{i,t} \\
 & + \varphi_{11} \text{Leverage}_{i,t} + \varphi_{12} \text{Visibility}_{i,t} + \varphi_{13} \text{Cash}_{i,t} + \varphi_{14} \text{dLoss}_{i,t} \\
 & + \varphi_{15} \text{Accruals}_{i,t} + \varphi_{16} \text{Analyst}_{i,t} + \varphi_{17} \text{CSRCommitte}_{i,t} \\
 & + \varphi_{18} \text{BOARDIndep}_{i,t} + \varphi_{19} \text{TMTdiversity}_{i,t} \\
 & + \varphi_{20} \text{BOARDdiversity}_{i,t} + \varphi_{21} \text{NCSRPI}_i + \varphi_{22} \text{ICSRPI}_i \\
 & + \varphi_{23} \text{Country}_i + \varphi_{24} \text{Industry}_i + \varphi_{25} \text{Year}_t + \varepsilon_{it} + \eta_i.
 \end{aligned}
 \tag{2}$$

Lastly, Equation (3) reflects the model designed to test the effect that the firm's sensitivity to stakeholder pressures, determined by its activity sector, can play (hypothesis 3).

$$\begin{aligned}
 \text{SDG}_{i,t} = & \varphi_0 + \varphi_1 \text{GovernmentVR}_{i,t} + \varphi_2 \text{PensionVR}_{i,t} \\
 & + \varphi_3 \text{WorldInvestment}_{i,t} + \varphi_4 \text{ICMT}_{i,t} + \varphi_5 \text{GovernmentVR} \\
 & \times \text{ICMT}_{i,t} + \varphi_6 \text{PensionVR} \times \text{ICMT}_{i,t} + \varphi_7 \text{Size}_{i,t} + \varphi_8 \text{CAPEX}_{i,t} \\
 & + \varphi_9 \text{R\&D}_{i,t} + \varphi_{10} \text{ROA}_{i,t} + \varphi_{11} \text{Leverage}_{i,t} + \varphi_{12} \text{Visibility}_{i,t} \\
 & + \varphi_{13} \text{Cash}_{i,t} + \varphi_{14} \text{dLoss}_{i,t} + \varphi_{15} \text{Accruals}_{i,t} + \varphi_{16} \text{Analyst}_{i,t} \\
 & + \varphi_{17} \text{CSRCommitte}_{i,t} + \varphi_{18} \text{BOARDIndep}_{i,t} \\
 & + \varphi_{19} \text{TMTdiversity}_{i,t} + \varphi_{20} \text{BOARDdiversity}_{i,t} + \varphi_{21} \text{NCSRPI}_i \\
 & + \varphi_{22} \text{ICSRPI}_i + \varphi_{23} \text{Country}_i + \varphi_{24} \text{Industry}_i + \varphi_{25} \text{Year}_t \\
 & + \varepsilon_{it} + \eta_i.
 \end{aligned}
 \tag{3}$$

The dependent variable (SDG) takes values between 0 and 50 points and is configured as an aggregate indicator of 50 responsible practices related to the SDGs, identified according to the studies carried out by PwC (2017, 2018) and Deloitte (2017, 2018). Table 2 shows the items considered to compute the SDG variable. A value of 1 or 0 was assigned to each practice depending on whether or not the company carries out such a practice. The result of the addition of all the values generated the score (SDG variable). This procedure does not entail biases with respect to other more complex procedures (Amor-Esteban et al., 2020).

The independent variables proposed to test Hypothesis 1, GovernmentVR and PensionVR, are numerical variables that represent the voting rights held by governmental institutions and pension funds, respectively. Following García-Sánchez, Aibar-Guzmán, and Aibar-Guzmán (2020), a participation of institutional investors in the company's stock capital greater than 5% was considered.

The World Investment variable is a proxy of firms' globalization level. This variable is measured by the percentage of firm's total assets in countries other than the firm's origin country. The interaction between this variable and the two typologies of institutional investors, GovernmentVR × WorldInvestment and PensionVR × WorldInvestment, allows us to determine the moderating role that globalization plays on the effect of institutional ownership on the companies' commitment to the SDGs. Additionally, in order to obtain robust results, this variable is substituted for a dummy variable, Delocalization, which refers to the fact that a company has delocalized its production activities in different countries.

TABLE 2 Items of SDG_Score

1	The company devises and produces technologies for water treatment or that improve water-use efficiency
2	The company produces or sells products and services that bring health/safety benefits for consumers (e.g., healthy, organic or nutritional food, safer cars, etc.)
3	The company produces environmentally-friendly products
4	The company provides flexible working hours or programs that promote a work–life balance
5	The company has a diversity and equal opportunity policy
6	The company has a policy for maintaining a well-balanced membership of the board
7	The board has women directors
8	The company's compensation policy is performance-oriented to attract and retain senior executives and directors
9	The company favors internal promotion
10	The company encourages its employees' skills training and career development
11	The company has an employee benefits policy and ensures good employee relations within the supply chain in order to maintain employment growth and stability in the long term
12	The company has a health & safety policy which covers both its own employees and those in the supply chain
13	The company reports on HIV/AIDS policies and programs
14	The company provides its employees with pension plans, health care, etc.
15	The company provides a bonus plan to most employees
16	The company provides daycare services for its employees
17	The company follows environmental criteria (ISO 14000, energy consumption, etc.) in the selection of its suppliers and sourcing partners
18	The company complies with human rights criteria in the selection and monitoring of its suppliers and sourcing partners
19	The company guarantees the freedom of association universally independently of local laws. Child labor, forced labor, or compulsory labor are forbidden
20	The company is ready to end a partnership with a sourcing partner if human rights criteria are not met
21	The company reports on the percentage of independent directors on the board
22	The company reports on the percentage of non-executive members on the nomination committee
23	The company reports on the percentage of non-executive members on the audit committee
24	The company has an audit committee with at least three members and at least one “financial expert” as stated by the Sarbanes-Oxley law
25	The company has a policy for ensuring equal treatment of minority shareholders, facilitating shareholder engagement, or limiting the use of anti-takeover devices
26	The company's statutes require that stock options be only granted with a vote at a shareholder meeting
27	There is a CSRcommittee on the board
28	The company's CSR report is carried out in accordance with the GRI guidelines
29	The company openly reports about the challenges or opportunities of integrating financial and extra-financial issues, and the dilemmas and trade-offs it faces
30	The company's extra-financial reports take into account its global activities
31	The company assures its non-financial reports
32	The company reports on its crisis management systems or reputation disaster recovery plans
33	The company has a policy to respect business ethics –ethics code, codes of conducts, compliance policies, etc. - or has signed the UN Global Compact or follows the OECD guidelines
34	The company has a policy to reduce emissions
35	The company uses renewable energy
48	The company has a commitment towards being a good citizen or has endorsed the Global Sullivan Principles
49	The company has a policy in order to improve stakeholder engagement
50	The company has integrated the SDG Compass

Source: Own elaboration based on Deloitte (2017, 2018) and PwC (2017, 2018).

In a similar vein, the ICMT variable is a proxy of the firm's sensitivity to stakeholder pressures determined by its activity sector. This variable is measured according to the ICMT industry classification

proposed by Amor-Esteban, Galindo-Villardón, García-Sánchez, and David (2019). This index classifies each industry according to the social and environmental impact of its activity. To develop the ICMT

industry classification, Amor-Esteban, Galindo-Villardón, García-Sánchez, and David (2019) firstly assigned each dimension (social impact and environmental impact) the values 1, 2, and 3 depending on whether the firm's activities have a low, medium or high impact on such a dimension, respectively. Later, they aggregated both scores into five typologies or levels of impact (Schreck, 2009) (see Figure 2).

The interaction between the ICMT variable and the two typologies of institutional investors, GovernmentVR \times ICMT and PensionVR \times ICMT, allows us to determine the moderating role that this factor plays on the effect of institutional ownership on the companies' commitment to the SDGs. Furthermore, in order to confirm the robustness of our results, we will conduct additional analyses with individualized social and environmental impact indicators.

A broad set of control variables was included in Equations (1), (2), and (3) to avoid biased results. These variables refer to companies' resources and capabilities, monitoring mechanisms, and institutional pressures (García-Sánchez, Aibar-Guzmán, & Aibar-Guzmán, 2020). Thus, Size represents the size of the company, measured by the logarithm of total assets; CAPEX and R&D, represent the firm's annual investments in capital and R&D, respectively; ROA is the economic profitability; Leverage is the level of leverage with respect to total assets; Visibility is a proxy of business visibility associated with spending on advertising with respect to sales; Cash, represents short-term investments and cash holding over total assets; dLoss is a dummy variable that assigns the value 1 to those companies that have obtained losses during the year; Accruals, result; Analyst is the number of analysts following the company; CSRCommitte, is a dummy variable that takes the value of 1 if there is a CSR committee on the board of directors; BOARDIndep reflects the independence of the board of directors, measured by the percentage of independent directors. The diversity of the management team (TMTdiversity) and the board of directors (BOARDdiversity) are measured by the percentage of female managers in the company's management team and female directors on the board, respectively. Institutional pressures at the country and sector level related to the business commitment to sustainable development are controlled by the NCSRPI and ICSRPI indicators (Amor-Esteban et al., 2018; Amor-Esteban, Galindo-Villardón, & García-Sánchez, 2019).

Finally, the variables Country, Industry, and Year are included to control the effect of country, sector, and time, respectively. The description of the control variables is shown in Table 3.

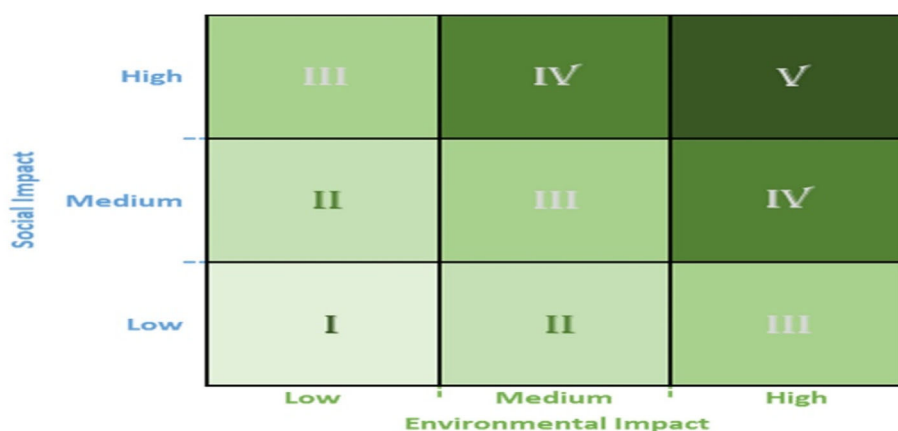
4.2 | Methodology

The dependent variable presents a censored nature taking values between 0 and 50, both values being the lower and upper limits, and there may be observations outside these censoring limits that we are unable to identify due to the information restrictions. This situation determines the use of a Tobit regression for panel data in the estimation of the proposed equations, which allows us to consider that there is a latent variable Y^* , unobservable, and an observable Y variable, made up of the uncensored part of Y^* .

The use of this technique for panel data implies the consideration of η , the control term for unobservable heterogeneity, and ε , the disturbance. Causality problems are controlled by using a lag in the explanatory and the control variables. The multicollinearity derived from the interactions is corrected by including centering variables.

4.3 | Population and sample

In order to contrast the research hypotheses, the companies belonging to the Thomson Reuters EIKON database were selected as the population. Once those companies that do not have the necessary information to construct the variables designed for the analysis were eliminated, the final sample corresponds to an unbalanced panel made up of 12,404 observations, corresponding to 4089 multinational companies from 2015 to 2018. These multinational companies' head offices are located in 65 countries, characterized by different institutional and economic settings, and operate in 10 different sectors. There is a bias in favor of countries such as the USA, Australia and the UK, whereas companies belonging to financial and real estate sectors, industrial sector, and consumer services sector have the larger presence in the sample.



Source: Amor-Estebal et al. (2019a, p. 131)

FIGURE 2 ICMT levels of impact [Colour figure can be viewed at wileyonlinelibrary.com]

TABLE 3 Control variables definition

Variable	Definition and measurement	Studies
Size	The size of the firm measured by logarithm of total assets	García-Sánchez et al. (2021); Pizzi et al. (2021)
CAPEX	Investment in physical capital with respect to total sales	García-Sánchez, Rodríguez-Ariza, Aibar-Guzmán, and Aibar-Guzmán (2020); García-Sánchez, Aibar-Guzmán, and Aibar-Guzmán (2020); Aibar-Guzmán and Frías-Aceituno (2021)
R&D	Investment in R&D with respect to total sales	García-Sánchez, Rodríguez-Ariza, Aibar-Guzmán, and Aibar-Guzmán (2020); Aibar-Guzmán and Frías-Aceituno (2021)
ROA	Economic profitability represented by the return on assets ratio	García-Sánchez, Rodríguez-Ariza, Aibar-Guzmán, and Aibar-Guzmán (2020); García-Sánchez, Aibar-Guzmán, Aibar-Guzmán, and Rodríguez-Ariza (2020); García-Sánchez et al. (2021); Parra-Domínguez et al. (2021)
Leverage	Level of leverage with respect to total assets	Amorelli and García-Sánchez (2020); Orazalin and Baydauletov (2020)
Visibility	A proxy of business visibility associated with spending on advertising with respect to sales	
Cash	Short-term investments and cash holding over total assets	Aibar-Guzmán and Somohano-Rodríguez (2021)
dLoss	Dummy variable that assigns the value 1 if the company has obtained losses during the year, and 0 otherwise	García-Sánchez and García-Meca (2018)
Accruals	Result	
Analyst	The number of analysts following the firm	García-Sánchez, Rodríguez-Ariza, Aibar-Guzmán, and Aibar-Guzmán (2020); García-Sánchez, Aibar-Guzmán, Aibar-Guzmán, and Rodríguez-Ariza (2020); García-Sánchez et al. (2021); Melloni et al. (2020)
CSRCommitte	Dummy variable that takes the value 1 if there is a CSRcommittee on the board of directors, and 0 otherwise	García-Sánchez et al. (2021); Melloni et al. (2020); Pizzi et al. (2021)
BOARDIndep	Board independence measured by the percentage of independent directors on the board	García-Sánchez et al. (2021); Pizzi et al. (2021)
BOARDdiversity	Board diversity measured by the percentage of female directors on the board	García-Sánchez et al. (2021); Pizzi et al. (2021); Rosati & Faria, 2019
TMTdiversity	Diversity of the management team measured by the percentage of female managers in the management team	Monteiro et al. (2021)
NCSRPI	Stakeholder orientation level of the firm's origin country (Amor-Esteban, Galindo-Villardón, & García-Sánchez, 2019)	García-Sánchez et al. (2021)
ICSRPI	Aggregated indicator of institutional pressures at the sectoral level (Amor-Esteban et al., 2018)	Cubilla-Montilla et al. (2020); García-Sánchez, Rodríguez-Ariza, Aibar-Guzmán, and Aibar-Guzmán (2020); García-Sánchez, Aibar-Guzmán, Aibar-Guzmán, and Rodríguez-Ariza (2020); García-Sánchez et al. (2021)

Figure 3 depicts the evolution of the voting rights associated with the shares held by the two types of institutional investors considered in this study, government and pension funds. As can be seen, the voting rights held by both types of institutional investors slightly increased from 2015 to 2016, showing a downward trend from that year. Firstly, investment shows a slight decrease (from 2016 to 2017), which is higher in the last year analyzed (from 2017 to 2018). Furthermore, the decrease is more pronounced in the case of voting rights held by government than in the case of pension funds.

Figure 4 shows the dynamic evolution of the total investments in both tangible and intangible assets made by the sample companies, differentiating between the investments carried out in the company's country of origin (CountryInvestment) and the investments carried out in other countries (WorldInvestment). As depicted by Figure 4, throughout the period of analysis there is a disinvestment in tangible and intangible assets, which mainly takes place in the country where the parent company is located (country of origin). Moreover, in all cases the disinvestment is more pronounced in the last analyzed year (from 2017 to 2018).

Figure 5 depicts the sectoral distribution of the sample companies according to the level of sensitivity to stakeholder pressure, determined by the social and environmental impact of business activity. As can be seen, the sample companies show a medium-high global sensitivity, although this global value is mainly due to environmental sensitivity since social sensitivity is medium-low.

5 | RESULTS

5.1 | Descriptive statistics

Table 4 shows the descriptive statistics for the variables designed to test the research hypotheses. As regards business commitment to the SDGs, as can be seen, on average companies obtain 19.885 out of 50 possible points, with a standard deviation of 8.998 points. The voting rights of government are 2.35%, and those of pension funds are 0.416%. The percentage of a firm's total assets in countries other than the firm's origin country is 14.632%. In terms of profitability, the average value of ROA is 4.165%.

Table 5 shows the bivariate correlations that exist among the variables. As can be seen from the analysis of the coefficients, there are no problems of collinearity.

5.2 | Main results

Table 6 summarizes the results obtained for the three empirical models developed to test the research Hypotheses H1, H2, and H3, relative to the impact of institutional investors on business commitment to the 2030 Agenda (Equation 1), the moderating role that the globalization of business activity has on this relationship (Equation 2) and the moderating role played by the activity sector's sensitivity to stakeholder pressure, determined by the social and environmental impact of business activity (Equation 3).

As regards Equation (1), on the basis of the results in Table 6, it can be seen that government ownership positively affects business commitment to the SDGs but such an effect is only marginal from an econometric point of view (coeff. = 0.0231; $0.1 < p \text{ value} > .05$). This result is in line with the positive albeit not statistically significant relationship between ownership by governmental institutions and SDG reporting documented by García-Sánchez, Rodríguez-Ariza, Aibar-Guzmán, and Aibar-Guzmán (2020). However, our finding contradicts the results of Wang and Jin (2007), Dam and Scholtens (2013), and Van Der Zee (2012), who found a negative relationship between ownership by governmental institutions and CSR. It also disagrees with the evidence obtained by Earnhart and Lizal (2006), Calza et al. (2016), and García-Sánchez, Aibar-Guzmán, and Aibar-Guzmán (2020)

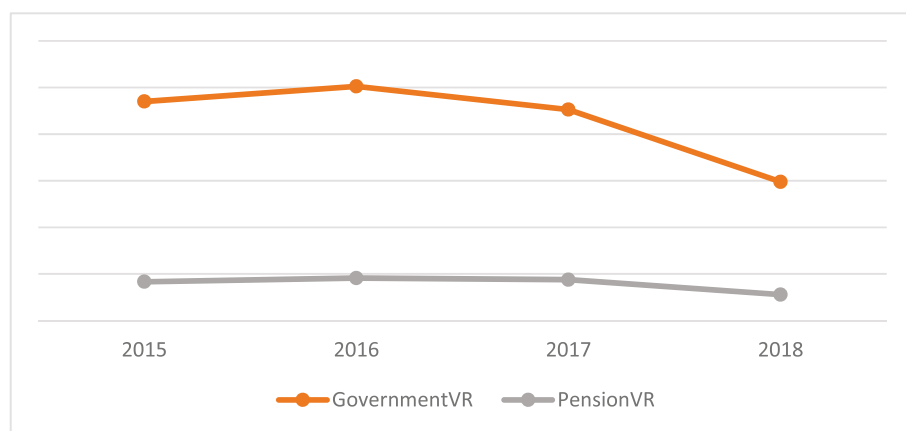


FIGURE 3 Institutional investors voting rights evolution (2015–2018) [Colour figure can be viewed at wileyonlinelibrary.com]

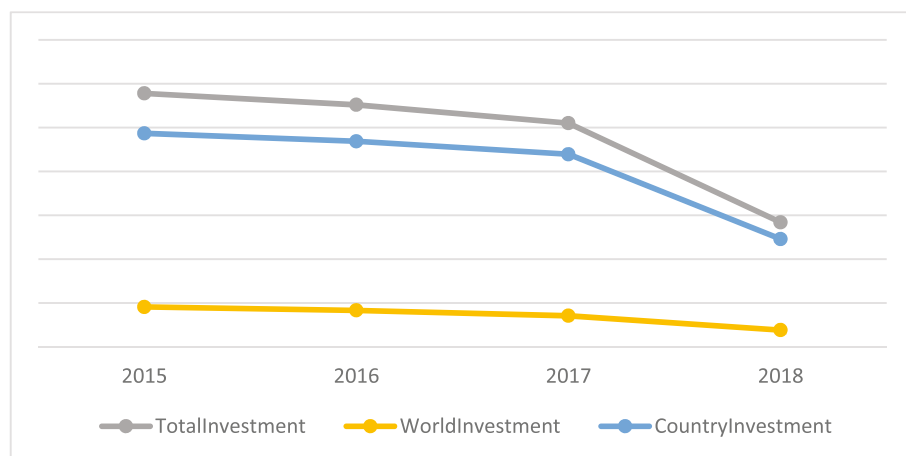


FIGURE 4 Investment evolution (2015–2018) [Colour figure can be viewed at wileyonlinelibrary.com]

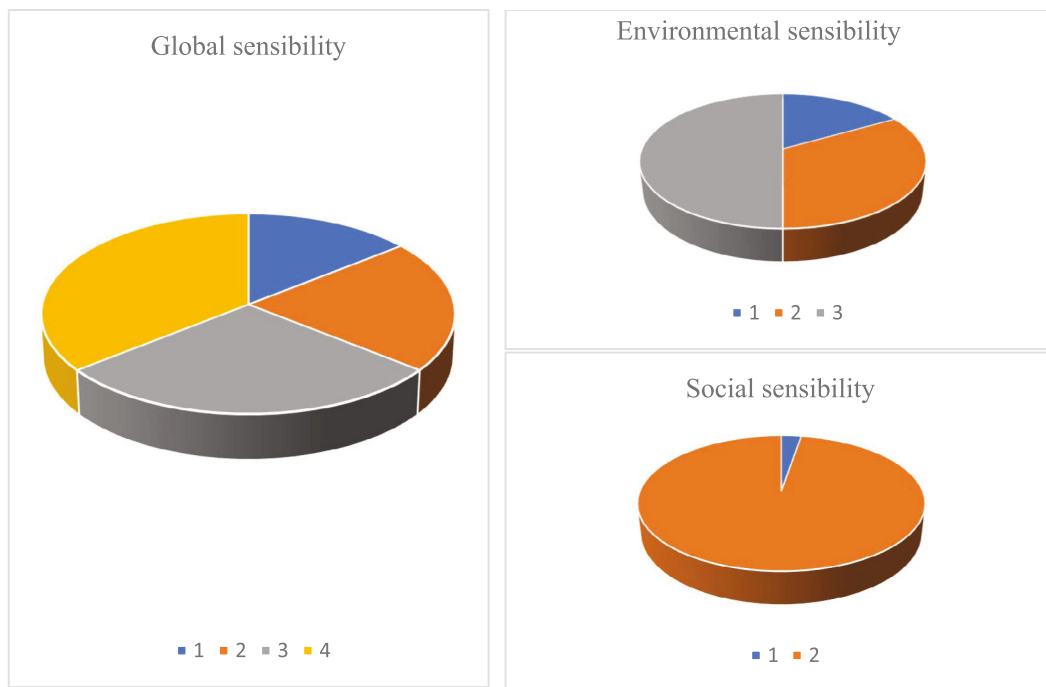


FIGURE 5 Industry sensibility [Colour figure can be viewed at wileyonlinelibrary.com]

TABLE 4 Descriptive statistics

Variable	Relative frequency		
CSRCommittee	0.475		
Delocalization	0.665		
Variable	Mean	Std. dev.	
SDG	19.885	8.998	
GovernmentVR	2.350	10.589	
PensionVR	0.416	2.456	
WorldInvestment	14.632	27.424	
ICMT	3.738	0.803	
ICMTenv	2.470	0.650	
ICMTsocial	2-268	0.443	
Size	16.717	2.936	
ROA	4.165	16.800	
Leverage	0.258	0.241	
CAPEX	5.531	5.986	
R&D	0.159	10.871	
Visibility	0.002	0.113	
Cash	86.700	100.000	
dLoss	0.088	0.283	
Accruals	-4.659	12.156	
Analysts	12.787	8.956	
BOARDIndep	0.503	0.304	
TMTdiversity	26.508	14.374	
BOARDdiversity	14.822	12.603	
NCSRPI	-0.625	9.059	
ICSRPI	0.047	3.060	

regarding a statistically significant effect of governmental institutions on environmental proactivity by the firms in which they invest.

On the contrary, the presence of pension funds in a company's stock capital has a negative and significant impact on business commitment to the SDGs (coeff. = -0.171; p value <.01). This result is in line with García-Sánchez, Aibar-Guzmán, and Aibar-Guzmán (2020), who found a negative effect of ownership by pension funds on environmental proactivity, although it contradicts the findings obtained by Oh et al. (2011), Rees and Rodionova (2013), Jo and Harjoto (2014), Dyck et al. (2019), and García-Sánchez, Rodríguez-Ariza, Aibar-Guzmán, and Aibar-Guzmán (2020) documenting a positive impact of these institutional investors on business sustainability and corporate transparency regarding the 2030 Agenda. Therefore, the empirical evidence obtained does not allow us to accept *Hypothesis 1* that posited the existence of a positive relationship between the presence in a company's stock capital of both types of institutional investors and business commitment to the SDGs.

In relation to Equation (2), the results in Table 6 confirm the effects observed in the previous model (Equation 1) for each analyzed institutional investor. Furthermore, firms' globalization level (WorldInvestment) has a positive impact on business commitment to the SDGs, significant from the statistical point of view (coeff. = -0.0219; p value <.01). Additionally, the interaction between globalization and institutional ownership is significant for the case of pension funds (coeff. = -0.00878; p value <.01), but not for government ownership. This effect would suppose that globalization acts as a moderator of the impact that pension funds have on the alignment of the firm's sustainability strategy with the SDGs, correcting the initial opposition that these investors showed.

TABLE 5 Bivariate correlations

		1	2	3	4	5	6	7	8
1	SDG	1							
2	Government VR	0.07***	1						
3	Pension VR	-0.03***	0.00	1					
4	World Investment	0.20***	-0.02*	-0.03***	1				
5	ICMT	0.15***	0.00	0.00	0.14***	1			
6	ICMTenv	0.12***	-0.03***	0.01	0.12***	0.83***	1		
7	ICMTsocial	0.09***	0.05***	-0.01	0.09***	0.59***	0.04***	1	
8	Deslocalization	0.28***	0.00	0.02**	0.45***	0.08***	0.08***	0.04***	1
9	Size	0.25***	0.16***	0.11***	-0.03***	-0.07***	-0.04***	-0.08***	0.11***
10	ROA	0.06***	0.00	0.00	-0.01	-0.10***	-0.05***	-0.11***	0.03***
11	Leverage	0.03***	0.01	-0.02**	0.00	0.06***	0.05***	0.03***	-0.08***
12	CAPEX	-0.01	0.00	0.00	-0.01	0.00	0.01	-0.01	-0.01
13	R&D	-0.01	0.00	0.00	-0.01	0.00	0.01	-0.01	-0.02**
14	Visibility	-0.01	0.00	0.00	-0.01	0.01	0.01	-0.01	-0.02***
15	Cash	0.02*	0.13***	0.06***	-0.02***	-0.01	0.00	-0.01	-0.01
16	dLoss	-0.05***	-0.01	-0.01	0.01	0.15***	0.06***	0.18***	-0.02***
17	Accruals	0.01	0.00	0.00	0.01	-0.01	0.00	-0.02	0.01
18	Analysts	0.44***	0.06***	0.05***	0.07***	-0.04***	-0.06***	0.03***	0.15***
19	CSRCommittee	0.40***	0.05***	0.00	0.07***	0.05***	0.05***	0.02**	0.07***
20	BOARDindep	-0.01	-0.05***	-0.02*	0.00	-0.01	-0.02***	0.01	-0.01
21	TMTdiversity	-0.11***	-0.04***	-0.04***	-0.06***	-0.40***	-0.26***	-0.34***	-0.12***
22	BOARDdiversity	0.15***	-0.01	-0.04***	0.01	-0.04***	-0.02***	-0.04***	0.00
23	NCS RPI	0.19***	-0.04***	0.04***	0.20***	0.04***	0.06***	-0.01	0.07***
24	ICS RPI	0.20***	0.03***	-0.01	0.15***	0.89***	0.71***	0.58***	0.14***
		9	10	11	12	13	14	15	16
8	Deslocalization								
9	Size	1							
10	ROA	0.07***	1						
11	Leverage	0.01	-0.21***	1					
12	CAPEX	-0.01	0.00	0.01	1				
13	R&D	-0.01	-0.02***	-0.01	0.00	1			
14	Visibility	-0.01	-0.04***	-0.01	0.00	0.99***	1		
15	Cash	0.23***	0.00	-0.02	0.00	0.00	0.00	1	
16	dLoss	-0.13***	-0.29***	0.05***	0.03***	0.02*	0.02***	-0.01	1
17	Accruals	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
18	Analysts	0.32***	0.08***	-0.02**	-0.01	0.00	-0.01	0.05***	0.01
19	CSRCommittee	0.15***	0.02**	0.00	-0.01	-0.01	-0.01	0.02**	-0.03***
20	BOARDindep	-0.21***	0.00	0.01	-0.01	0.01	0.01	-0.02**	0.04***
21	TMTdiversity	-0.27***	0.03***	0.02***	0.03***	0.01	0.01	-0.07***	-0.02***
22	BOARDdiversity	-0.13***	0.04***	0.00	-0.01	0.00	0.00	-0.04***	-0.02***
23	NCSRPI	-0.12***	0.00	-0.11***	0.01	-0.01	-0.01	-0.03***	-0.06***
24	ICSRPI	-0.06***	-0.08***	0.06***	0.00	0.00	0.01	-0.01	0.12***
		17	18	19	20	21	22	23	24
17	Accruals	1							
18	Analysts	0.01	1						
19	CSRCommittee	0.00	0.12***	1					

TABLE 5 (Continued)

		17	18	19	20	21	22	23	24
20	BOARDindep	-0.01	0.04***	-0.09***	1				
21	TMTdiversity	0.00	-0.02**	-0.09**	0.17***	1			
22	BOARDdiversity	0.01	0.05***	0.13***	0.26***	0.16***	1		
23	NCSRPI	-0.01	-0.13***	0.10***	-0.13***	-0.12***	0.08***	1	
24	ICSRPI	-0.01	-0.01	0.06***	-0.03***	-0.52***	-0.06***	0.03***	1

* $p < 0.1$. ** $p < 0.05$. *** $p < 0.01$.

TABLE 6 Regression results

	Equation (1)	Equation (2)	Equation (2)	Equation (3)	Equation (3)
	Coeff.	Coeff.	Coeff.	Coeff.	Coeff.
	(std. error)	(std. error)	(std. error)	(std. error)	(std. error)
Government VR	0.0231* (0.0126)	0.0229* (0.0134)	0.0226 (0.0160)	-0.0732 (0.0480)	-0.0614 (0.0655)
Pension VR	-0.171*** (0.0430)	-0.269*** (0.0511)	-0.277*** (0.0649)	-0.536** (0.219)	-0.568** (0.284)
World Investment	0.0228*** (0.00321)	0.0219*** (0.00326)		0.0230*** (0.00321)	0.0230*** (0.00321)
Government VR × World Investment		-2.81e-05 (0.000431)			
Pension VR × World Investment		0.00878*** (0.00246)			
Delocalization			2.481*** (0.238)		
Government VR × Delocalization			0.0193 (0.0245)		
Pension VR × Delocalization			0.159** (0.0804)		
ICMT	-1.071*** (0.347)	-1.071*** (0.347)	-0.592* (0.342)	-1.335*** (0.366)	
GovernmentVR × ICMT				0.0236** (0.0114)	
PensionVR × ICMT				0.0950* (0.0560)	
ICMTenv					-1.345*** (0.401)
GovernmentVR × ICMTenv					0.0456** (0.0209)
PensionVR × ICMTenv					0.133* (0.0688)
ICMTsocial					-1.367*** (0.449)
GovernmentVR × ICMTsocial					-0.0128 (0.0312)

(Continues)

TABLE 6 (Continued)

	Equation (1)	Equation (2)	Equation (2)	Equation (3)	Equation (3)
PensionVR × ICMTsocial					0.0238 (0.0954)
Size	0.711*** (0.0519)	0.718*** (0.0519)	0.684*** (0.0510)	0.710*** (0.0519)	0.708*** (0.0526)
CAPEX	0.00528 (0.00399)	0.00546 (0.00399)	0.00499 (0.00400)	0.00511 (0.00399)	0.00520 (0.00399)
R&D	0.00328 (0.00267)	0.00335 (0.00267)	0.00299 (0.00267)	0.00326 (0.00267)	0.00328 (0.00267)
ROA	3.94e−08 (3.64e−08)	3.94e−08 (3.64e−08)	3.75e−08 (3.67e−08)	3.93e−08 (3.65e−08)	3.93e−08 (3.65e−08)
Leverage	6.92e−05 (4.78e−05)	6.90e−05 (4.78e−05)	5.80e−05 (4.68e−05)	6.85e−05 (4.78e−05)	6.84e−05 (4.78e−05)
Visibility	−0.00701 (0.00467)	−0.00699 (0.00467)	−0.00578 (0.00457)	−0.00694 (0.00467)	−0.00693 (0.00467)
Cash	0.00001 (1.96e−10)	0.00001 (1.96e−10)	0.00001 (1.95e−10)	0.00001 (1.97e−10)	0.00001 (1.98e−10)
dLoss	−0.543*** (0.197)	−0.532*** (0.197)	−0.504** (0.197)	−0.541*** (0.197)	−0.540*** (0.197)
Accruals	2.83e−05 (1.82e−05)	2.83e−05 (1.82e−05)	2.82e−05 (1.83e−05)	2.82e−05 (1.82e−05)	2.82e−05 (1.82e−05)
Analysts	0.261*** (0.0130)	0.261*** (0.0130)	0.255*** (0.0128)	0.261*** (0.0130)	0.261*** (0.0131)
CSRCommittee	1.314*** (0.123)	1.319*** (0.123)	1.346*** (0.123)	1.322*** (0.123)	1.322*** (0.123)
BOARDIndep	0.00105 (0.00230)	0.00123 (0.00230)	0.000969 (0.00230)	0.00110 (0.00230)	0.00113 (0.00230)
TMTdiversity	0.0445*** (0.00880)	0.0445*** (0.00880)	0.0484*** (0.00874)	0.0450*** (0.00881)	0.0454*** (0.00890)
BOARDdiversity	0.0245*** (0.00509)	0.0244*** (0.00509)	0.0245*** (0.00510)	0.0244*** (0.00509)	0.0246*** (0.00509)
NCSRPI	0.198*** (0.0122)	0.198*** (0.0122)	0.195*** (0.0121)	0.198*** (0.0122)	0.198*** (0.0122)
ICSRPI	0.956*** (0.0960)	0.956*** (0.0958)	0.823*** (0.0945)	0.990*** (0.0973)	1.005*** (0.0999)
Year, country, and industry controlled					
Constant	5.497*** −1.667	5.381*** −1.665	2.745* −1.648	6.547*** −1.726	7.940*** −2.042
Rho	0.927	0.927	0.927	0.927	0.927
Log likelihood	−16091.21**	−16084.85***	−16029.427***	−16087.65***	−16086.39***

* $p < 0.1$. ** $p < 0.05$. *** $p < 0.01$.

These results are confirmed in Equation (2), in which we replace the World Investment variable with the Delocalization variable, thus supporting the robustness of our evidence. Therefore, these findings allow us to accept Hypothesis 2 regarding the existence of a

moderating effect of the internationalization of business investment on the relationship between institutional ownership and business commitment to the SDGs, implying that the influence of institutional investors is higher in the case of companies operating on the

international market. These results are in line with those obtained by van der Waal and Thijssens (2020) and García-Sánchez et al. (2021), who found that institutional pressures regarding sustainability at the country level positively affect SDG engagement and reporting. However, our findings contrast with empirical evidence documented by Rosati and Faria (2019).

Regarding Equation (3), the findings in Table 6 again confirm the negative impact of pension funds on business commitment to the SDGs (coeff. = -0.536 ; $0.01 < p$ value $< .05$), disappearing the marginal positive effect of government ownership. Regarding the effect that the firm's sensitivity to stakeholder pressures, determined by its activity sector, play, we observe that it is negatively associated with a corporate sustainability strategy more focused on the 2030 Agenda (coeff. = -1.335 ; p value $< .01$). This finding contradicts the positive effect of industry affiliation on SDG engagement and reporting documented by prior studies (Izzo et al., 2020; Pizzi et al., 2021; van Zanten & van Tulder, 2018). In this regard, it should be noted that the negative effect of the industry's sensitivity to stakeholder pressures on business commitment to the SDGs may be due to the fact that companies operating in highly sensitive industries prefer to address direct, specific demands from their stakeholders instead of the overall challenges of the 2030 Agenda.

However, this negative effect is corrected by the presence of the two types of institutional investors analyzed in this study, suggesting that these investors' behavior with regard to corporate sustainability is affected by stakeholder pressures that companies face associated with the activity sector to which they belong. Therefore, we can accept Hypothesis 3. In this sense, our findings seem to indicate that stakeholder pressures associated with the firm's activity sector modify their perceptions regarding the firm's SDG-related actions. Furthermore, it can be observed that the interest that government, as an institutional investor, has in contributing to the SDG is greater (coeff. = -0.0236 ; $0.01 < p$ value $< .05$) than that of pension funds (coeff. = -0.0950 ; $0.05 < p$ value $< .1$).

The breakdown of the effect of the industry's sensitivity to stakeholder pressures into the social and environmental dimensions, Equation (3), corroborates the results obtained for Equation (3), confirming the robustness of our previous findings. In addition, it allows us to identify that the impact of social sensitivity is greater than the impact of environmental sensitivity. Thus, in those industries with greater social impact, both types of institutional investors show slightly greater interest in aligning the corporate sustainability strategy with the global challenges established in the 2030 Agenda (Government: 0.0456 vs. 0.0236 ; Pension: 0.133 vs. 0.0950).

Regarding the control variables, we observe that business contribution to the SDGs is higher in larger companies (García-Sánchez et al., 2021; van der Waal & Thijssens, 2020), which have more open governance structures and are alienated from society, with more diversified teams and specialized CSR committees (Melloni et al., 2020; Pizzi et al., 2021). Likewise, in line with García-Sánchez, Aibar-Guzmán, Aibar-Guzmán, and Rodríguez-Ariza (2020); García-Sánchez et al. (2021) pressures derived from greater monitoring by analysts promote a restructuring of the corporate sustainability strategy towards the challenges of the millennium.

6 | DISCUSSION

Based on the above results we can confirm that, although institutional ownership does matter for business commitment to the SDGs, its effect varies depending on the type of institutional investor and, more importantly, it can be strengthened or nuanced by the pressures derived from the institutional environment in which the company operates. Thus, the findings seem to suggest that institutional investors' support for the implementation of the SDGs by the companies in which they invest is mainly driven by corporate complexity and, specifically, by the internationalization of business investment (i.e., the fact that the company operates on international markets). Furthermore, stakeholder pressures that companies face associated with the activity sector to which they belong affect institutional investors' behavior with regard to corporate sustainability, mainly in the case of companies operating in industries with greater social impact.

Thus, van Zanten and van Tulder (2018) showed that engagement with SDGs by multinational companies is influenced by institutional pressures derived from their home and host-country contexts and the industry sector to which they belong. In this sense, we complete these findings documenting that such institutional pressures also have an indirect effect on business commitment to the 2030 Agenda through their moderating impact on institutional investors' behavior and the influence that these investors can exert on companies' SDG involvement.

7 | CONCLUSIONS

Considering the key role that companies must play in the implementation and achievement of the SDGs, this paper aims to analyze the effect that the presence of two types of institutional investors (i.e., governments and pension funds) in the ownership structure of large companies has on the alignment of their sustainability strategy towards the SDGs, also analyzing the moderating effect that firm internationalization and industry's sensitivity to stakeholder pressures have on the effect of ownership by these two institutional investors on business commitment to the SDGs.

For a sample of 4089 multinational companies from 2015 to 2018 (12,404 observations), we found that institutional ownership does matter for business commitment to the SDGs, but in a different way depending on the type of investor. Specifically, we show that ownership by government favors commitment to the SDGs, while ownership by pension funds has the opposite effect. However, this negative impact is partially corrected when considering the level of internationalization of business investment and its environmental impacts. In this sense, our findings seem suggest that institutional investors' support to the implementation of the SDGs by the companies in which they invest is mainly driven by corporate complexity and, in particular, their presence in the companies' stock capital is beneficial for SDG engagement in the case of globalized companies as well as in those firms belonging to industries which are highly sensitive to stakeholder pressures.

These results shed further light on the drivers of business commitment to the SDGs by analyzing whether and under what circumstances two institutional owners value and promote SDG engagement. From a theoretical viewpoint, our findings add to institutional theory by showing that, besides a direct effect on business contribution to the SDGs, institutional pressures both at country and sector level also have an indirect effect through their moderating impact on institutional investors' behavior and, consequently, on their influence on the implementation and achievement of the SDGs by the companies in which they invest. By demonstrating that institutional investors do not always behave in the same way regarding corporate sustainability, but that their preferences and objectives may be affected by the pressures that characterize the institutional environment in which a company operates, our results offer a more complete view of the influence of institutional ownership on business commitment in relation to the 2030 Agenda and its effects.

Regarding the practical implications of the results, they are important for companies, regulators, and the investors themselves as they show their potential impact on the 2030 Agenda. Thus, by showing that government ownership is positively related to SDG engagement, our findings provide a guide for companies interested in obtaining resources for funding long-term investments and costly projects necessary to implement the SDGs at the business sphere. Moreover, knowing the sensitivity and interest that certain types of institutional owners show towards business contribution to the 2030 Agenda and how business complexity can affect them could help companies to articulate their CSR strategies in line with them. Finally, although in most countries the SDGs are at the top of national agendas, there are differences regarding the priorities/targets to be pursued depending on each country's specific conditions (Forestier & Kim, 2020; Halıççelik & Soytas, 2019), therefore the international perspective provided by our results is useful for regulators interested in reinforcing business commitment to the SDGs.

This study is subject to some limitations, which must be considered in the analysis of its results and conclusions. First, the fact that the analysis has been restricted to two types of institutional investors (government and pension funds) and two types of pressures from the institutional environment (those derived from internationalization of business activity and by the company's activity sector), so there are other categories of institutional investors and other types of institutional pressures that have not been considered. In addition, the results only reflect the global impact of these variables. Future studies could complete the analysis by delving into the characteristics of these variables, for example, considering different types of government ownership (such as sovereign wealth funds, state-owned enterprises, and state pension funds) or the interplay among the institutional pressures. Similarly, future studies could complete the study by adding new variables and using alternative research designs and samples.

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