ESG RESILIENCE AND DIVIDEND PAYOUT PROPENSITY: A MICRO-MESO-MACRO INVESTIGATION

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Study purpose
This study investigates how firm-, sector-, and country-level ESG performance influences dividend payout propensity among European non-financial firms, with particular emphasis on firm resilience to ESG-related risks measured by the ESG controversies score.

Relevance / originality
The study addresses three research gaps by examining dividend payout propensity instead of payout level, adopting a micro–meso–macro ESG framework, and employing the ESG controversies score as a proxy for companies' resilience to ESG-related risks.

Methodology / approach
The analysis uses an unbalanced panel of 321 non-financial STOXX Europe 600 firms covering 2010–2024. Logistic regression models estimate the effects of firm-, sector-, and country-level ESG performance, complemented by robustness tests using alternative financial control variables.

Main results
Firm-level ESG performance consistently increases dividend payout propensity. Sector-level ESG performance shows a weaker, context-dependent effect, while country-level ESG performance loses significance in the comprehensive model, indicating that corporate ESG resilience predominates over broader sustainability context.

Theoretical / methodological contributions
The study extends ESG–dividend literature by introducing a multi-level sustainability framework and shifting attention from payout magnitude to payout propensity. It also demonstrates the usefulness of ESG controversies score as an alternative indicator of corporate ESG performance.

Social / management contributions
The findings suggest that effective ESG-related risk management strengthens firms' credibility and supports dividend decisions. Managers should integrate ESG resilience into financial strategy, while policymakers may enhance policy effectiveness by promoting sector-specific ESG frameworks alongside national sustainability initiatives.

Keywords: dividend payout propensity, dividend policy, ESG scores, sustainability, European companies