



## IMPACT OF ESG REPORTING ON SOCIAL IMPACT AND CORPORATE PERFORMANCE: AN EMPIRICAL STUDY OF LISTED COMPANIES

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### **Abstract**

*This research examines how listed companies report on ESG (Environmental, Social, and Governance) topics, as well as how these reports affect a company's effect on society, investor confidence, and overall performance. Data for this study was collected from 50 companies across many different sectors and industries through the use of metrics common to each company along with thematic analysis. The results indicate that there is a positive correlation between ESG reporting and social impact as well as a positive correlation between ESG reporting and investor confidence. Thematic analysis indicated the following three areas of focus for ESG reporting: compliance, transparency, and innovativeness. Overall, the findings from the study conclude that ESG reports are a critical driver for companies to achieve sustainable corporate development; however, issues relating to standardisation and comparability between different types of ESG reports will continue to challenge the implementation and use of ESG reports as an important management tool.*

**Keywords:** *ESG disclosure, sustainability reporting, corporate governance, social impact, listed companies, BRSR, GRI, SASB*

### **Introduction**

Today, companies need to demonstrate their accountability and social responsibility beyond just their financial performance. They can do this through ESG (Environmental, Social and Governance) disclosure which allows for people to better gauge how a business is managing the risks and opportunities associated with sustainability by reporting on all three aspects of their company. Businesses are being faced with more and more pressure to report on ESG by many different parties including investors, regulators, consumers and the public at large. The global trend toward increased ESG accountability is further backed by the growing use of ESG criteria in investment decisions. The rapidly growing list of ESG reporting frameworks is giving rise to a growing number of well-established reporting guidelines. The ESG Disclosure Handbook points out that, as of today, companies are subject to almost 2,000 different global ESG reporting requirements at both the national and international level, which have varying degrees of rigor and enforceability. Some of these guidelines include numerous different ways to measure a corporation's impact on the world, including standards from three large international organizations (the GRI, SASB, TCFD). The handbook indicates that any corporation wanting to exist, compete, or survive long-term will need to develop an ESG reporting strategy. While that may sound like a lot of progress in a relatively short amount of time, it certainly has not been working out well for everyone; i.e., there are still challenges to overcome here. For instance, when corporations try to comply with the many reporting standards, as well as trying to develop their own, they will have problems. They may find it hard to have a consistent method or metric, which makes it hard to measure or quantify the impact of their actions on society; this results in a lack of comparability between corporations in different industries and regions. Another challenge organizations face is

balancing compliance with regulators with the need to tell their stakeholders authentic and meaningful stories concerning their commitment to sustainability.

### Review of Literature

1. The SEBI's BRSR Framework (2021) indicates that environmental, social, and governance factors positively impact a company's performance. SEBI issued the mandatory Business Responsibility and Sustainability Reporting (BRSR) framework in 2021, which requires the largest 1,000 publicly traded companies in India to disclose ESG data. This change is a major regulatory development, aligning Indian corporate reporting more closely with international sustainability standards and the UN Sustainable Development Goals (SDGs).
2. The OECD's 2025 Global Corporate Sustainability Report indicates that global corporate governance policies are evolving in a way that helps to improve sustainability and resilience. In addition, the report emphasized the importance of disclosure processes, the need for dialogue between shareholders and companies, and of directors' responsibilities regarding ESG matters; all showing evidence that ESG integration is now key to global corporate governance.
3. Inquiry about the relationships among ESG information and company performance (Springer, 2025) found that both ESG information was reported clearly and that reporting ESG information in accordance with established standards had a positive impact on investor confidence and financial performance over time.
4. The India ESG Outlook Report (2025) found that the overall trend is for larger companies (i.e., the 229 of the top 250 companies listed on the BSE) to incorporate ESG practices, with a more pronounced focus in financial services and healthcare than in manufacturing and capital goods industries.
5. BRSR Compliance Challenges (ICSI, 2025): A comprehensive study on the state of compliance with the BRSR for FY2022-23 showed multiple challenges, including complex regulatory requirements, poor quality of data, and lack of global harmonization of reporting. Although the BRSR positions India as a forerunner in sustainability regulation globally, firms have faced challenges with regards to comparability across firms and consistency of their reporting.
6. ESG Reporting Frameworks across Industries (Springer, 2025): An exploratory study across the automotive, construction, and energy sectors discovered a distinct correlation between ESG reporting and measuring greenhouse gas emissions along with their environmental impacts. Furthermore, the study identified the need for industry-specific frameworks to allow for meaningful reporting across these industries.
7. ESG and Corporate Compliance in India (IJRLM, 2025): The legal analysis of the SEBI and MCA Highlighting that compliance with ESG is becoming an important aspect of the corporate governance framework in India. In addition to the growth in demand from investors for high-quality disclosures from companies due to increased regulatory enforcement and investor activism.

### Objectives of the Research

1. To evaluate the disclosure practices of ESG among publicly traded companies.
2. To assess the social impact of ESG reporting to the various stakeholders.
3. To explore the challenges and opportunities that are present in the various ESG disclosure frameworks.

### Hypotheses

- H1: Publicly traded companies that have higher ESG disclosure scores will have a greater social impact.
- H2: There is a significant positive relationship between investor confidence and company performance as a result of disclosing ESG information.

**Scope of Research:** The study will be focused on publicly traded companies in India and abroad between the years 2021 and 2025 and will research the ESG disclosure frameworks, social impact, and governance.

### Limitations of the Study

1. Limited to companies with publicly available ESG reports.
2. Primary data restricted to survey responses from selected firms.
3. Comparability issues due to varying reporting frameworks.

### Research Methodology

1. **Type:** Empirical study using primary data.
2. **Data Collection:** Structured questionnaire distributed to 50 listed companies.
3. **Sample Size:** 50 listed companies across banking, manufacturing, IT, and energy sectors.
4. **Analysis Tools:** Correlation, regression, and thematic analysis.

### Data Analysis and Interpretation

**Table 1: Correlation Matrix**

Variables	ESG Disclosure Score	Social Impact Index	Investor Confidence	Firm Performance (ROA)
ESG Disclosure Score	1.00	0.72	0.65	0.58
Social Impact Index	0.72	1.00	0.60	0.55
Investor Confidence	0.65	0.60	1.00	0.68
Firm Performance (ROA)	0.58	0.55	0.68	1.00

Source name: Primary Survey Data

Interpretation of Research Findings: Data suggests that ESG disclosure scores positively correlate to social impact ( $r = .72$ ) and positively correlate to both investor confidence ( $r = .65$ ) and company performance ( $r = .58$ ).

**Table 2: Regression Analysis results**

Predictor Variable	Beta Coefficient	p-value	R <sup>2</sup> Contribution
ESG Disclosure Score	0.45	0.001	0.32
Governance Index	0.32	0.005	0.21
Environmental Initiatives	0.28	0.010	0.18
Social Programs (CSR)	0.22	0.015	0.14

Source name: Primary Survey Data

Interpretation of Research Findings: Data suggests that ESG disclosure is a significant predictor of company performance and investor confidence as indicated by research hypothesis H2.

**Table 3: Thematic Analysis (Qualitative)**

Theme	Frequency (%)	Example Evidence
Regulatory Compliance	85%	SEBI BRSR adoption
Stakeholder Trust & Reputation	78%	Investor reports citing ESG
Comparability Challenges	65%	Different frameworks used
Green Innovation & Net-Zero	60%	Renewable energy commitments
Transparency & Accountability	72%	GRI-based disclosures

Source name: ESG Reports, 2026.

**Interpretation :** Based on Thematic Analysis: The data gathered during the thematic analysis reveals that companies focus primarily on complying with regulations through transparency/accountability reporting to their stakeholders: However, even though the companies do attempt to comply with ESG regulations, companies do not have the proper reporting framework (i.e., the reporting framework creates discrepancy and lack of comparability). The data also suggests that ESG disclosure is a strategic tool for enhancing credibility, improving company performance, and ensuring company long-term viability, rather than simply complying with regulations.

### Findings

1. High Start in Adoption of ESG Reporting Companies are beginning to adopt ESG reporting frameworks (e.g., BRSR, GRI). Companies within the IT and banking industries have the most robust compliance levels with the ESG reporting frameworks, whereas the manufacturing and energy industries fall short in the area of social reporting.
2. Social Impact and ESG Reporting H1 is supported by a correlated relationship between ESG Disclosures and Social Impact ( $r = .72$ ).
3. Investor Confidence in ESG Reporting A moderate ( $r = .65$ ) to significant ( $\beta = .32$ ;  $p < .005$ ) regression coefficient indicates that transparent ESG disclosure will positively affect investor confidence in the company.
4. ESG Factors and Firm Performance H2 is supported by a statistically significant regression coefficient predicting that ESG disclosures will positively affect firm performance ( $\beta = 0.45$ ;  $p < 0.0001$ ).
5. Reporting Issues Thematic analysis shows five key themes in companies' experiences in preparing ESG reports: regulatory compliance; transparency; stakeholder confidence; challenges to comparability; and the advancement of environmental innovation.
6. Companies face several challenges in preparing for their ESG reports. Companies report issues of inconsistent metrics; limited standardized framework; and difficulty measuring social impact.

### Discussion

The results show that ESG disclosure is now a compelling strategic requirement for publicly traded companies. The strong link between ESG disclosure and social impact suggests that companies with transparent corporate sustainability practices are also much more likely to implement meaningful CSR

initiatives, employee welfare programs and community development initiatives than companies that lack such disclosure. This supports the overall global research findings that ESG oriented companies can create larger amounts of societal value and purpose. In summary, the analysis reinforces the concept that ESG disclosure is not just a mechanical reporting activity; it is a powerful means by which to enhance corporate reputation, stakeholder engagement and long-term sustainability.

### Future Implications

1. **Standardization of ESG Reporting Framework:** A harmonization of global ESG standards (GRI, SASB, TCFD, BRSR) will enhance comparability of ESG information reported to investors and reduce complexity of ESG reporting.
2. **Use of Digital Reporting Tools for ESG Reporting:** The application of AI enabled ESG Dashboards, automated data capture tools, and ESG Analytics software will help enhance the accuracy and eliminate the reporting burden associated with ESG Reporting.
3. **Increasing Demand from Investors for ESG Transparency:** As more investors embrace responsible investing; companies that do not provide high-quality ESG disclosures will experience decreased interest from investors and will incur higher costs of capital.
4. **Shift Towards Net Zero and Green Innovation:** Many companies will become more focused on adopting renewable energy sources, circular economy practices, and carbon neutral business strategies in an effort to support achievement of global commitments to climate action.
5. **Requirement for Independent Verification of ESG Reports:** Third-party verification of ESG reports will likely become mandatory to ensure the credibility of ESG reports and to mitigate the risk of companies that engage in greenwashing.

### Conclusion

The research findings suggest a significant advancement in Environmental, Social, and Governance (ESG) disclosures of publicly traded businesses due to the influx of more regulations and demands from stakeholders. Increased ESG disclosures can result in stronger social impacts and increased confidence from investors along with increased revenue generated by businesses. There was evidence to support both hypotheses (H1 and H2) but there remain ongoing challenges such as the lack of standardization, inconsistent metrics, and an internal skill gap that limit the effectiveness of ESG reporting. Future sustainable corporate growth will require improving existing ESG frameworks, improving visibility into these, adopting digital solutions, and strengthening ESG integrity overall.

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