

EXPLORING THE NEED FOR ENVIRONMENTAL, SOCIAL, AND GOVERNANCE DISCLOSURE STRATEGY FROM THE SHAREHOLDERS' PERSPECTIVE

Vineet Chouhan ^{*}, Raj Bahadur Sharma ^{**}, Shubham Goswami ^{***},
Najeeba Al-Zaimoor ^{****}, Anjali Sharma ^{*****}

^{*} Institute of Law, Nirma University, Ahmedabad, Gujarat, India

^{**} *Corresponding author*, College of Business Administration, University of Bahrain, Sakhir, Bahrain
Contact details: College of Business Administration, University of Bahrain, P. O. Box 32038, Sakhir, Bahrain

^{***} Institute of Management, Nirma University, Ahmedabad, Gujarat, India

^{****} College of Business Administration, University of Bahrain, Sakhir, Bahrain

^{*****} Gujarat National Law University, Gandhinagar, Gujarat, India



Abstract

How to cite this paper: Chouhan, V., Sharma, R. B., Goswami, S., Al-Zaimoor, N., & Sharma, A. (2024). Exploring the need for environmental, social, and governance disclosure strategy from the shareholders' perspective. *Corporate & Business Strategy Review*, 5(3), 81–93.
<https://doi.org/10.22495/cbsrv5i3art8>

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ISSN Online: 2708-4965
ISSN Print: 2708-9924

Received: 03.10.2023
Accepted: 25.06.2024

JEL Classification: M410, M12, O13, O44, O47
DOI: 10.22495/cbsrv5i3art8

Corporations are now integrating environmental, social, and governance (ESG) disclosure and sustainability into their business strategy to enhance their reputation, win the trust of stakeholders, and build a more resilient and sustainable future for both themselves and the world. The paper aims to measure ESG disclosure by Indian companies and the perspective of stakeholders. To meet the research objectives and understand the stakeholder perspective on the three ESG disclosure norms, and ESG reporting including environmental factors, social factors and governance factors on 10 aspects, the data from 569 individuals were collected from accountants, managers, employees, investors, and other beneficiaries in different parts of India. The data were analysed using multiple regression techniques to determine whether stakeholders' perspectives were met and achieved widespread recognition of the inclusion of ESG disclosures and sustainability enhancements. As a result, it was discovered that the cost of disclosing information should be as low as possible to support businesses dedicated to ESG reporting and sustainability. However, the attraction of working for organizations that are good stewards of the environment and society serves to increase interest in ESG reporting among other stakeholders, such as employees. The relevance of the study is that it provides an outcome that the corporation should invest in new technology or platforms to provide more timely data and high-quality disclosure processes for ESG disclosure practices.

Keywords: ESG Disclosure, Environmental, Social, Governance, Integrated Reporting

Authors' individual contribution: Conceptualization — V.C.; Methodology — V.C.; Software — R.B.S.; Investigation — V.C., S.G., N.A.-Z., and A.S.; Writing — Original Draft — V.C.; Writing — Review & Editing — N.A.-Z. and A.S., Supervision — R.B.S. and S.G.

Declaration of conflicting interests: The Authors declare that there is no conflict of interest.

1. INTRODUCTION

Environmental, social, and governance (ESG) reporting refers to the practice of disclosing an organization's performance and practices related to ESG factors (Mohammad & Wasiuzzaman, 2021). It provides stakeholders, including investors, employees, customers, and the general public, with information on how a company manages and addresses sustainability issues. ESG reporting provides transparency and accountability to stakeholders by disclosing relevant information about an organization's ESG performance, policies, goals, and initiatives (Zaid & Issa, 2023; Alsayegh et al., 2020). It helps investors assess the sustainability and long-term viability of a company, supports informed decision-making, and encourages companies to improve their ESG practices. Because independent directors should be appointed based on their past performance, corporate governance is increasingly emphasizing the ratio of independent directors to all board members (Sharma et al., 2022; Chouhan, 2022; Chouhan & Goswami, 2022a, 2022b; Chouhan, Sharma, Vasita, et al., 2021; Chouhan, Sharma, Goswami, et al., 2021a, 2021b).

Environmental sustainability reporting under the ESG criteria refers to the disclosure of an organization's environmental performance and its commitment to addressing environmental issues (Ojha et al., 2021; Chouhan et al., 2020; Khan et al., 2014). ESG reporting has gained significant importance in recent years as investors, stakeholders, and regulators seek more transparency and accountability from companies regarding their environmental impact and sustainability efforts (Almeida & Darmansya, 2019). Environmental sustainability is the practice of using resources in a way that satisfies the requirements of the current generation without compromising future generations' ability to satisfy their own needs (Jimenez & Kabachnik, 2023). It entails making intentional judgments and efforts to reduce environmental impact, conserve resources, and safeguard ecosystems (Thompson, 2023). It is critical for solving urgent global issues, including climate change, biodiversity loss, and resource depletion. It requires the integration of sustainable practices into various sectors, including energy, agriculture, transportation, industry, and urban planning. By prioritising environmental sustainability, we can create a more resilient and balanced planet for current and future generations (Bills & Klinsky, 2023).

Social sustainability within the framework of ESG refers to an organization's commitment to upholding human rights and promoting fairness. This encompasses the organization's interactions with individuals, its policies, and its activities that affect both individuals and society as a whole (Nutbeam & Muscat, 2021). Within a commercial framework, it scrutinises all interpersonal exchanges in light of ethical standards, fairness, and concern for the welfare of individuals. It may range from the way they handle their staff to the broader effects they have on consumers, partners, and other stakeholders. It encompasses subjects such as working conditions, occupational health and safety, ethical standards and adherence, human rights,

product safety, community engagement, transparency, and other related areas (Becchetti et al., 2022). The objective of these elements is to assess the extent to which the organisation is fulfilling its ethical responsibilities in its operations, global supply networks, and local communities.

ESG governance refers to the specific kind of corporate governance that encompasses a company's management of its ESG activities, opportunities, controls, and risks (Becchetti et al., 2022). This includes aspects such as ethics and compliance, business ethics policy, anti-bribery ethics policy, and political donations. Although environmental concerns such as climate change and social themes like diversity and human rights tend to get greater public attention, governance ultimately determines the operational framework of a corporation in relation to ESG and other parts of its business (Becchetti et al., 2022; Whitelock, 2019). ESG governance establishes frameworks and guidelines, including essential regulations that both individuals and an organisation may adhere to, such as a comprehensive code of ethical conduct policy for staff.

Sharing the commitment of the companies with their stakeholders in the form of a document is called ESG reporting (Parikh et al., 2022; Prakash, 2020). ESG reporting can take various forms, such as standalone sustainability reports, integrated annual reports, dedicated ESG sections within financial reports, or online disclosures. The aim is to provide consistent, reliable, and comparable information that allows stakeholders to assess an organization's ESG performance and progress over time (Marczys et al., 2023; Alkaraan et al., 2022). As ESG considerations continue to gain prominence in investment decision-making and regulatory requirements, more companies are recognising the importance of robust ESG reporting to demonstrate their commitment to sustainability and responsible business practices (Parikh et al., 2022; Parikh, 2018, 2019).

ESG reporting typically covers a wide range of ESG factors, but this study is limited to nine aspects of ESG: environmental compliance, greenhouse gas emissions, energy consumption, water management, waste management, air quality/pollution and emissions control, social diversity, health and safety, governance disclosure. These aspects were selected based on the most common area of ESG expenditure by Indian companies, according to data from Bloomberg.

ESG reporting can take various forms, including standalone sustainability reports, integrated annual reports, or disclosures within financial reports (Maniora et al., 2023). Organizations often align their reporting with globally recognized frameworks, such as the Global Reporting Initiative (GRI) or the Sustainability Accounting Standards Board (SASB) standards, to ensure consistency and comparability of information across different companies. By providing transparent and comprehensive environmental sustainability reporting, organizations can demonstrate their commitment to sustainable practices, enhance stakeholder trust, attract socially responsible investors, and proactively manage environmental risks and opportunities (Khan et al., 2014).

Previous studies in the area have discussed

only ESG disclosure with financial variables such as financial models, assets pricing, sustainability transition, chief executive officer (CEO) genuinely, or company-specific studies, often omitting the important dimension of stakeholders' perceptions as crucial aspects of ESG transparency. The research question for this study is whether ESG disclosure is required in Indian companies and if the disclosure of environmental practices, social parameters, governance, and compliance practices required under ESG is a requirement from the company stakeholders. Thus, this study aims to develop an ESG disclosure model based on stakeholders' requirements by using a perception model. The study uses data gathered from 569 responses from accountant, management, and employees working in industrial areas across various parts of India, including RIICO, Sonipat industrial area, Firozabad, Moradabad, Bareilly industrial area, Kandla free trade zone, Gujarat and Mumbai export-oriented units, Kolkata trade, Chennai industrial area, and selected companies from Hyderabad. The results identify the disclosures required by the company respondents who provide details on the necessary disclosure.

This paper presents clear information on ESG disclosure and its contents in the first part, detailing the same in the literature review. The methodology section outlines the work done in the study, including primary data collection details, and the data analysis section uses the gathered data to measure the study's objectives. The paper concludes with a summary of findings.

The paper is structured as follows. Section 1 provides the details of the theoretical conceptual framework applied. Section 2 presents the detailed literature review. Section 3 proposes the methodology used in the study. Section 4 includes the results in detail with the demographics of the respondents. Section 5 discusses the findings. Section 6 presents the conclusion of the study.

2. LITERATURE REVIEW

ESG measurement is the process of assessing a company's ESG performance (Rajesh & Rajendran, 2020). This information is used by investors, lenders, and other stakeholders to assess the risks and opportunities associated with investing in or doing business with a company. There are various methods for measuring ESG performance, and no single standard is universally accepted (Zaid & Issa, 2023). However, some of the most common methods include using ESG ratings from third-party providers, conducting their own ESG assessment, and focusing on specific ESG issues (Zaid & Issa, 2023). It is important to note that ESG measurement is still evolving, and there are a number of challenges associated with it. Despite these challenges, ESG measurement is becoming increasingly important for investors, lenders, and other stakeholders (Raghunandan & Rajgopal, 2022; Chodnicka-Jaworska, 2021). As investors become more focused on sustainability, they are increasingly looking for companies that are committed to ESG practices.

The further review synthesizes the key findings, methodologies, and theoretical framework employed in the literature, while identifying gaps

and areas for future research. It highlights the importance of ESG reporting as a tool for sustainable development and stakeholder engagement, offering insights into the challenges and opportunities associated with ESG reporting practices. This literature review aims to provide a comprehensive analysis of existing research and scholarship on ESG reporting. ESG reporting has gained significant attention in recent years as a means for companies to communicate their sustainability performance and impacts to stakeholders (Zaid & Issa, 2023; Raimo et al., 2021). The history of ESG reporting can be traced back to the early 1970s when environmental and social concerns began to gain prominence in the public eye (Singhania & Saini, 2023; Saini et al., 2022). In 1971, the Dow Jones Sustainability Index (DJSI) was launched, marking the first index to track the performance of companies considered leaders in ESG performance (Kilic et al., 2022). While the environmental and social pillar scores were not statistically significant, governance and ESG ratings had a favourable impact on a company's market value. Additionally, a significant correlation between ESG ratings and all ESG disclosures. (Sharma et al., 2022).

In the 1990s, there was a growing interest in ESG investing, which is the practice of investing in companies that are considered to be good stewards of the environment and society (Singhania & Saini, 2023). In 1999, the United Nations Principles for Responsible Investment (UNPRI) was launched, establishing a set of principles for investors who want to integrate ESG factors into their investment decisions (Fan et al., 2022; Gasperini, 2020). In the 2000s, interest in ESG reporting and ESG investing continued to grow (Bhatia & Marwaha, 2022; Ellili, 2022). In 2004, the GRI released its first sustainability reporting guidelines, providing a framework for companies to report on their ESG performance (E-Vahdati & Aripin, 2023). In 2006, the Carbon Disclosure Project (CDP) launched its annual climate change disclosure survey, which has become the world's largest climate change disclosure initiative. In the 2010s, there was an explosion of interest in ESG reporting and ESG investing due to several factors: increasing awareness of environmental and social issues, the growing importance of ESG factors to investors, and the increasing availability of ESG data and tools (Caby et al., 2020).

Today, ESG reporting is standard practice for many companies. It can help companies attract and retain investors who are interested in sustainability (Helfaya et al., 2023), improve their reputation and brand image (Meng-tao et al., 2023; Salvi et al., 2022), reduce their risk (Reber et al., 2022; Raimo et al., 2021), and improve their long-term sustainable performance (Sinha & Goel, 2023; Abdi et al., 2022). The development of ESG reporting has been driven by several factors, including increasing awareness of environmental and social issues (Bolognesi & Burchi, 2023; Alsayegh et al., 2020), the growing importance of ESG factors to investors, and the increasing availability of ESG data and tools (Bolognesi & Burchi, 2023; Helfaya et al., 2023).

As interest in ESG issues continues to grow, so too will the demand for ESG reporting. Its future importance will be significant. ESG reporting can help companies improve their sustainability

performance and better understand the risks and opportunities associated with ESG issues (Helfaya et al., 2023; Arvidsson & Dumay, 2022). This information can help companies make better decisions that will benefit their stakeholders and the environment (Arvidsson & Dumay, 2022). ESG reporting is the process of disclosing information about a company's ESG performance (Drempetic et al., 2020). This information can be used by investors, customers, employees, and other stakeholders to assess a company's sustainability and make informed decisions (Arvidsson & Dumay, 2022; Lashitew, 2021). The motivations for ESG reporting vary from company to company. The growing body of literature on ESG reporting has examined a variety of topics, including the motivations for ESG reporting (Kimbrough et al., 2024), the content of ESG reports (Darnall et al., 2022), the quality of ESG reporting (Arvidsson & Dumay, 2022), and the impact of ESG reporting on sustainable performance (Abdi et al., 2022; Chen & Xie, 2022). Some companies report on ESG issues because they believe it is the right thing to do. Others report on ESG issues because they want to attract and retain investors who are interested in sustainability (Chang et al., 2022; Chen & Mussalli, 2020). Still, others report on ESG issues because they are required to do so by law or regulation (Cruz & Matos, 2023). The content of ESG reports can vary widely. Some companies report on a wide range of ESG issues, while others focus on a few key issues. The content of ESG reports is also influenced by the company's industry, size, and location. Further, the quality of ESG reporting can also vary widely (Alkaraan et al., 2022; Drempetic et al., 2020). Some companies produce high-quality ESG reports that are comprehensive, accurate, and transparent (Cruz & Matos, 2023). Others produce low-quality ESG reports that are incomplete, inaccurate, or misleading (Arvidsson & Dumay, 2022).

Overall, the literature on ESG reporting is growing and evolving. This body of work provides valuable insights into the motivations for, content of, quality of, and impact of ESG reporting. The information is helping companies to improve their ESG reporting and to better understand the relationship between ESG reporting and stakeholder requirements (Ellili, 2022). The key findings from the literature on ESG reporting include: increasingly interested from investors in ESG issues (Arvidsson & Dumay, 2022); ESG reporting may assist businesses in attracting and retaining investors who care about sustainability (Hill, 2020); it can help companies improve their reputation and brand image (Arvidsson & Dumay, 2022); ESG reporting can assist businesses in lowering risk and enhancing long-term financial success (Arvidsson & Dumay, 2022).

By conducting a thorough review of the literature on ESG reporting, this study provides a comprehensive overview of the current state of knowledge, identifies research gaps, and offers valuable insights to researchers, practitioners, policymakers, and other stakeholders interested in the field of sustainable reporting and accountability (Arvidsson & Dumay, 2022). Furthermore, interest in ESG reporting has gained significant momentum due to stakeholder pressure (Lavin & Montecinos-Pearce, 2021). For companies, ESG reporting may help them become more sustainable and better understand

the risks and opportunities related to ESG concerns (Arvidsson & Dumay, 2022). This information can help companies make better decisions that will benefit their stakeholders and the environment.

3. RESEARCH METHODOLOGY

The methodology adopted for the current study includes the survey of respondents focusing on nine criteria of ESG: environmental compliance, greenhouse gas emissions, energy consumption, water management, waste management, air quality/pollution and emissions control, social diversity, health and safety, and governance disclosure. Additionally, disclosing ESG information's impact on the financial performance of corporations is more noticeable in firms with ESG investors, longer-established companies, those with significant media attention, and high agency expenses. Investors prioritizing ESG factors significantly influence the relationship between ESG disclosure and financial success; thus, the financial performance of companies is also considered for ESG items and their disclosure. The study data was gathered via structured questionnaires in Google Documents format to obtain responses from accountant, management, employees, investors, and other beneficiaries in India. A total of 2,000 questionnaires were distributed to select respondents. Due to inappropriate responses — where respondents were not aware of or did not know any ESG reporting standards — manual sorting of the initial data was conducted. This process extracted the list of companies consistently rated on their ESG scores over a 5-year window. Firms with any missing values for any of the ESG indicators were excluded from the analysis, resulting in a final sample of 569 respondents being included in the study. The study variables are divided into three segments of ESG: environment, social and governance.

Further, for data collection, strata of 2,000 respondents were made by dividing the country into four parts. The companies included small and medium enterprises (SMEs) and micro, small and medium enterprises (MSMEs) situated in industrial area, such as RIICO, Sonipat industrial area, Firozabad, Moradabad, and Bareilly industrial area, Kandla free trade zone, Gujarat and Mumbai export-oriented units, Kolkata trade, Chennai industrial area, and selected companies from Hyderabad. Proper care was taken while sampling to ensure that the overall impact could be measured. For developing the structured model, two approaches were considered: structured equation modelling (SEM) and multiple regression analysis. SEM may be used when the independent factors need to be identified and the independent data is available. However, its limitation is that it cannot be used with the well-structured, proven relationship between the dependent and independent variables. Thus, the multiple regression approach was used, which relies on the well-established relationship between the dependent and independent data within the already established factors, namely environmental, social, and governance. This method was used to find out the views of respondents regarding their overall satisfaction with the existing ESG policies, processes, and systems in India.

4. RESULTS

The data gathered from the 569 qualified respondents is analysed in this part. The demographical profile of the respondents is presented first in Table 1.

Table 1. Demographical profile of stakeholders

Scale used	Frequency	Percent	
Age			
18 to 28 years old	192	33.7	
29-38 years old	195	34.3	
above 38 years old	182	32.0	
Gender			
Male	285	50.1	
Female	284	49.9	
Qualification			
Graduate	127	22.3	
Postgraduate	243	42.7	
Professional	199	35.0	
Stakeholder's type			
Accountant	164	28.8	
Management	171	30.1	
Employee	174	30.6	
Investors and other stakeholders	60	10.5	
Awareness of respondents with the dimension of ESG			
Environment	Partially	248	43.6
	Fully	321	56.4
Social	Partially	252	44.3
	Fully	317	55.7
Governance	Partially	271	47.6
	Fully	298	52.4
Awareness of ESG framework (ESG_AW_1)			
GRI	154	27.1	
Triple bottom line reporting (TBL reporting)	269	47.3	
Task Force on Climate-Related Financial Disclosures (TCFD)	96	16.9	
SASB	38	6.7	
EU Taxonomy regarding Sustainable Finance alignment	12	2.1	
Up to what extent are the ESG-related metrics/KPIs included in overall company performance measurement (ESG_com_perf)			
Fully	64	11.2	
Partially	454	79.8	
Up to small extent	27	4.7	
Not required	24	4.2	
Every company must publish ESG report in their annual report or sustainability reports (ESG_repo_pub)			
Yes	287	50.4	
Up to some extent	85	14.9	
No	197	34.6	
Total	569	100.0	

The demographical profile shows that there is almost equal participation of all the age groups, with similar percentages across genders and educational levels. According to the final scrutiny, accountants represent 28.8%, management 30.1%, employees 30.6%, and investors and other stakeholders 10.5%. The representation in the research is higher for employees and management as they had a better understanding of the various frameworks. In the case of investors and other stakeholders, many responses were removed as the respondents were not aware of ESG or its existing framework. Further, the triple bottom line (TBL) framework (47.3%) and the GRI framework (27.1%) are the most commonly known among respondents. Despite being large firms, accountants and management were also aware of the Task Force on Climate-Related Financial Disclosures (TCFD), SASB, and EU taxonomies. The respondents believed that they were partially aware of the ESG-related metrics/key performance indicators (KPIs) included in overall company performance measurement. Over half (50.4%) of the respondents believed that every company must publish an ESG report in their annual report or sustainability reports.

To create an impact model aligned with the objective, stakeholder's requirement from ESG disclosure is measured by gathering the views of accountant, management, employees, investors, and other stakeholders. In the second stage, to develop a stakeholder requirement model, the respondents' views on the various ESG areas are assessed with the following broader hypotheses:

H1: Environmental practices are significantly required under ESG disclosure by Indian companies.

H2: Disclosure of social parameters is significantly required in ESG disclosure by Indian companies.

H3: Disclosure of governance and compliance practices are significantly required in ESG disclosure by Indian companies.

To identify critical variables from stakeholders' perceptions regarding ESG disclosure, multivariate regression analysis was utilized. The results are presented in Table 3, which first shows the demographical profile, followed by the results of linear regression and coefficients for the nine dimensions under three parts of ESG disclosure, as shown in Table A.1.

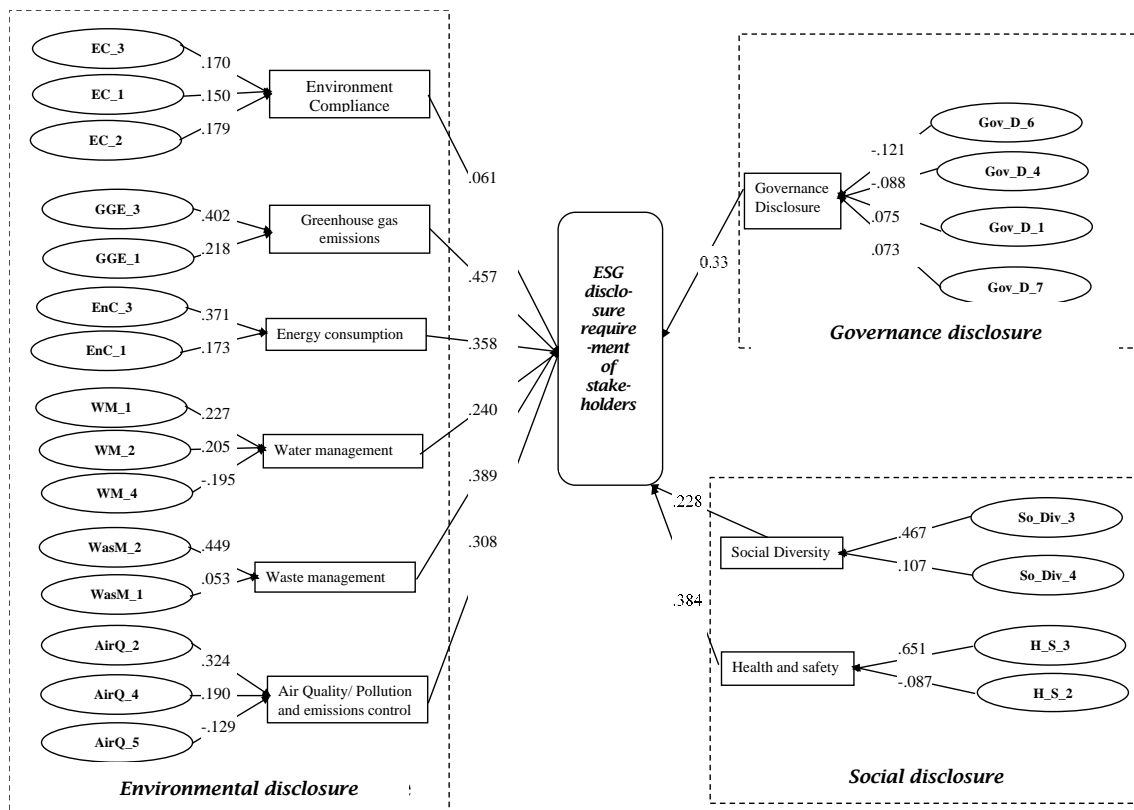
Table 2. Result of linear regression

Main factors	R ²	Adj. R ² value	Standard error of the estimate	ANOVA (F-value)	Sig.
Environment compliance	0.061	0.056	0.73542	12.257	0.000d
Greenhouse gas emissions	0.457	0.455	0.55867	238.387	0.000c
Energy consumption	0.358	0.356	0.60737	158.134	0.000c
Water management	0.240	0.236	0.66150	59.595	0.000d
Waste management	0.389	0.386	0.59297	179.817	0.000c
Air quality/Pollution and emissions control	0.308	0.304	0.63141	83.783	0.000d
Social diversity	0.228	0.225	0.66645	83.388	0.000c
Health and safety	0.384	0.382	0.59527	176.245	0.000c
Governance disclosure	0.033	0.026	0.74719	4.742	0.001e

Table 3. Coefficients

Main factors	Selected variables	B	Standard error	t	p
Environment compliance	(Constant)	1.803	0.213	8.445	0.000
	EC_3	0.170	0.047	3.585	0.000
	EC_1	0.150	0.041	3.641	0.000
	EC_2	0.179	0.056	3.200	0.001
Greenhouse gas emissions	(Constant)	1.140	0.102	11.225	0.000
	GGE_3	0.402	0.024	16.671	0.000
	GGE_1	0.218	0.026	8.362	0.000
Energy consumption	(Constant)	1.390	0.110	12.589	0.000
	EnC_3	0.371	0.026	14.025	0.000
	EnC_1	0.173	0.028	6.081	0.000
Water management	(Constant)	2.228	0.126	17.705	0.000
	WM_1	0.227	0.025	9.209	0.000
	WM_2	0.205	0.032	6.456	0.000
	WM_4	-0.195	0.031	-6.350	0.000
Waste management	(Constant)	1.609	0.120	13.359	0.000
	WasM_2	0.449	0.024	18.947	0.000
	WasM_1	0.053	0.027	1.983	0.048
Air quality/Pollution and emissions control	(Constant)	2.065	0.147	14.092	0.000
	AirQ_2	0.324	0.028	11.564	0.000
	AirQ_4	0.190	0.024	7.763	0.000
	AirQ_5	-0.129	0.034	-3.797	0.000
	(Constant)	1.379	0.153	8.999	0.000
Social diversity	So_Div_3	0.467	0.037	12.618	0.000
	So_Div_4	0.107	0.039	2.747	0.006
	(Constant)	1.271	0.118	10.797	0.000
Health and safety	H_S_3	0.651	0.041	16.000	0.000
	H_S_2	-0.087	0.041	-2.138	0.033
	(Constant)	3.236	0.224	14.471	0.000
Governance disclosure	Gov_D_6	-0.121	0.044	-2.783	0.006
	Gov_D_4	-0.088	0.040	-2.177	0.030
	Gov_D_1	0.075	0.034	2.235	0.026
	Gov_D_7	0.073	0.037	1.974	0.049
	(Constant)	2.228	0.126	17.705	0.000

Figure 1. ESG disclosure model as per the stakeholder's requirement



The regression results in Table 3 indicate that for environmental disclosure, stakeholders prioritize the following variables: environment compliance, greenhouse gas emission disclosure, energy

consumption disclosure, water management disclosure, waste management disclosure, and air quality pollution and emission control.

5. DISCUSSION

In the first part of the results for environmental compliance, the adjusted R-squared value is 5.6%, with the independent variable including company compliance with environmental policy, rules, and regulations (*EC_1*), company has environmental management certification (*EC_2*), and maintains a comprehensive environmental management regulation (*EC_3*). The model fit analysis of variance (ANOVA) F-ratio (Table 2) is 12.257, which was found significant at $p < 0.05$. The results revealed that stakeholders require companies to comply with environmental policy, rules, and regulations, have environmental management certification, and maintain comprehensive environmental management regulation for disclose under the environmental disclosure of ESG reporting in India. For part two, greenhouse gas emissions, the adjusted R-squared value is 45.5%, with independent variables including company-reported carbon footprint data (*GGE_1*) and whether the company has a timeline for achieving carbon neutrality or net zero (*GGE_3*). The model fit ANOVA F-ratio is 238.387 with was found to be significant at $p < 0.05$. The results revealed that stakeholders require companies to report carbon footprint data (*GGE_1*) and have a timeline for achieving carbon neutrality or net zero for disclosure under the greenhouse gas emissions related environmental disclosure of ESG reporting in India. For the next part, energy consumption, the adjusted R-squared value is 35.6%, with the independent variables including whether the company has a clear target for energy conservation (*EnC_1*) and how well it presents the energy efficiency policy in their ESG disclosure (*EnC_3*). The model fit ANOVA F-ratio is 158.134, with was found to be significant at $p < 0.05$. The results revealed that stakeholders require companies to have a clear target for energy conservation and to present the energy efficiency policy well in their ESG disclosure under the energy consumption related environmental disclosure of ESG reporting in India. In the further part, water management, the adjusted R-squared value is 23.6%, with the independent variables including whether the company has water conservation or recycling technologies in their ESG disclosure (*WM_1*), whether wastewater treatment-related information is well presented in their ESG disclosure (*WM_2*), and whether net water consumption is well presented in their ESG disclosure (*WM_4*). The model fit ANOVA F-Ratio is 59.595, with was found to be significant at $p < 0.05$. Results revealed that stakeholders required companies to disclose water conservation or recycling technologies, wastewater treatment-related information, and net water consumption in their ESG disclosure related to environmental disclosure in India. For waste management, the adjusted R-squared value is 38.6%, with independent variables including whether the company presents its waste reduction policy well in its ESG disclosure (*WasM_1*) and whether the company has waste reuse technology and systems (*WasM_2*). The model fit ANOVA F-ratio is 179.817, which was found to be significant at $p < 0.05$. The results revealed that that stakeholders require companies present their waste reduction policy well in their ESG disclosure and to waste reuse technology and systems in their

environmental disclosures. For air quality/pollution and emissions control management, the adjusted R-squared value is 30.4%, with independent variables including information about pollution reduction and control (*AirQ_2*), reaching pollution emissions standards (*AirQ_4*), and presenting air emissions reduction initiatives well in their ESG disclosure (*AirQ_5*). The model fit ANOVA F-ratio is 83.783, with was found to be significant at $p < 0.05$. The results revealed that stakeholders require detailed data on pollution reduction and control, reaching pollution emissions standards, and presenting air emissions reduction initiatives well in their ESG disclosure related to environmental disclosure in ESG reporting in India.

Under social disclosure and social diversity management, the adjusted R-squared value is 22.5%, with the independent variables being the company's good women participants in the workforce (*So_Div_3*) and the company's fair remuneration policy (*So_Div_4*). The model fit ANOVA F-ratio is 83.388, which was found to be significant at $p < 0.05$. The results revealed that stakeholders require detailed data on the company's women participants in the workforce and the company's fair remuneration policy related to social disclosure in ESG reporting in India. For health and safety management, the adjusted R-square value is 38.2%, with the independent variables being the company's workplace security training policy (*HS_2*) and the company's workplace safety policy (*HS_3*). The model fit ANOVA F-ratio is 176.245, with was found to be significant at $p < 0.05$. The results revealed that stakeholders required the company to have a workplace security training policy and a workplace safety policy under health and safety-related social disclosure in ESG reporting in India.

According to governance disclosure, the adjusted R-squared value is 2.6%, with the independent variables of the company enjoying environment-related tax preference (*Gov_D_1*), the company having rules and training in place that cover the hotline, whistle-blower protection, and employee complaints management process (*Gov_D_4*), the company having rules and training for a safe working environment in place (*Gov_D_6*), and the company having a corporate code of ethics (*Gov_D_7*). The model fit ANOVA F-ratio is 4.742, with was found to be significant at $p < 0.05$ (Cohen & Cohen, 2023; Benjamin et al., 2023). The results revealed that stakeholders require the company to have rules and training for a safe working environment, including workplace security training and a corporate code of ethics, under the health and safety-related governance disclosure of ESG reporting in India.

ESG reporting is the process of disclosing information about a company's ESG performance. This information can be used by investors, customers, employees, and other stakeholders to assess a company's sustainability and make informed decisions (Sood et al., 2023; Welch & Yoon, 2023). Although stakeholder concerns are more focused on environmental disclosure under ESG disclosure, the study concludes with the stakeholder's requirement to strongly measure environmental compliance (He et al., 2023), greenhouse gas emission disclosure (Tomar, 2023), energy consumption disclosure (Yin et al., 2023),

water management (Cohen & Cohen, 2023), waste management disclosure (Benjamin et al., 2023), and air quality pollution (Meng et al., 2023), and emission control (Zhang et al., 2023). Further, under social disclosure, stakeholders require women participants in the workforce and a fair remuneration policy under social diversity management and health and safety management. Stakeholders also emphasize the necessity of a workplace security training policy and the company has a workplace safety policy. Furthermore, governance disclosure needs to include a workplace security training policy disclosure as required by stakeholders under ESG reporting in India.

6. CONCLUSION

This study presents a noble perspective on the need for ESG disclosure from the shareholders' perspective. The study identifies the areas where disclosure is essential. It was found that stakeholders have a variety of perspectives on ESG reporting and are interested in ESG reporting because it can help them make better investment decisions. Some stakeholders, such as accountants, require the bare minimum information to be provided. Management believed that the cost of providing the disclosure should be as low as possible. Other stakeholders, such as customers, are interested in ESG reporting because they want to support companies that are committed to sustainability (Benjamin et al., 2023). It was further found that other stakeholders, such as employees, are interested in ESG reporting because they want to work for companies that are good stewards of the environment and society (Meng et al., 2023). Thus, it can be concluded that the time has come now for companies to invest in new technology or tools to enable timely information and high-quality disclosure practices under the ESG disclosure practices (Meng et al., 2023).

This study found key perspectives and implications of stakeholders on ESG reporting for investors, customers, employees, and other stakeholders. Investors are increasingly interested in ESG reporting because they believe that ESG factors can impact a company's sustainable performance. For example, companies that have a strong commitment to environmental sustainability may be less likely to be exposed to environmental risks, such as fines or lawsuits (Benjamin et al., 2023). Companies with a strong commitment to social responsibility may be more likely to attract and retain top talent. Companies with a strong commitment to social responsibility may be more likely to attract and retain top talent. Companies with a strong commitment to good governance may be less likely to be involved in scandals or corruption (Welch & Yoon, 2023). Customers are increasingly interested in ESG reporting because they want to support companies that are committed to sustainability. For instance, Nielsen research (as cited in "Why investing in sustainability", 2023) revealed that 66% of consumers worldwide are

prepared to pay more for goods and services from businesses that are dedicated to sustainability. The second section is regarding employees. Employees are increasingly interested in ESG reporting because they want to work for companies that are good stewards of the environment and society. For example, a study by Deloitte (2024) found that 87% of millennials believe that corporate social responsibility is important to them when choosing a job. For other stakeholders, such as suppliers, local communities, and governments, ESG reporting may also be of significant interest. For example, suppliers may be interested in ESG reporting because they want to ensure that they are doing business with companies that are committed to sustainability. Local communities may be interested in ESG reporting because they want to ensure that companies are not harming the environment or the community. Governments may be interested in ESG reporting because they want to ensure that companies are complying with environmental and social regulations.

ESG performances of the firm contribute more or less equally while formulating ESG performance scores for firms. This indicates that organisations should allocate equal attention to their ESG challenges in order to improve their overall ESG performance. According to many studies in the literature (Aras et al., 2018; Odell & Ali, 2016; Whelan & Fink, 2016), it has been shown that the economic performance of a corporation can be positively influenced by its ESG practices in the long term. Furthermore, several studies have shown that CSR activities may enhance a firm's financial position in the long term by attracting shareholders and investors who prioritise sustainable investment (Petry et al., 2011; Siew, 2015; Zhao et al., 2018). Additionally, we see a substantial and adverse moderating impact of ESG performances, regardless of the other two variables, on their association with ESG performances. Overall, ESG reporting is becoming increasingly important to a wide range of stakeholders. Companies may also benefit from ESG reporting by enhancing their sustainability performance and better understanding the risks and opportunities related to ESG concerns. This information can help companies to make better decisions that will benefit their stakeholders and the environment.

Based on our study, future research could explore the mediating or moderating role of other variables on the successful implications of ESG in Indian companies. Additionally, further studies may compare ESG disclosure and investment behaviour or its financial impact on companies. Moreover, while this study focused on the need for disclosure, future research could involve computing and utilizing the disclosure score as a variable. However, given that the authentic source of ESG disclosure data, Bloomberg, is no longer permitted to present ESG data of Indian companies as per Securities and Exchange Board of India's (SEBI's) guidelines since 2024, there is concern about how disclosure can be improved.

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APPENDIX

Figure A.1. Sample's age characteristics

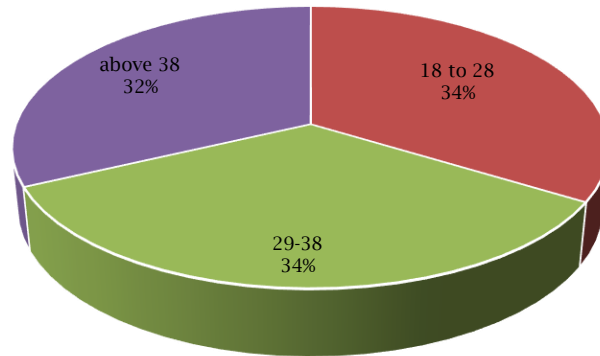


Figure A.2. Stakeholders type

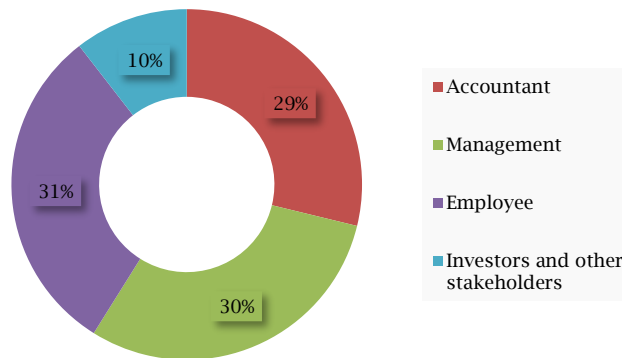


Figure A.3. Awareness of respondents with the dimension of ESG

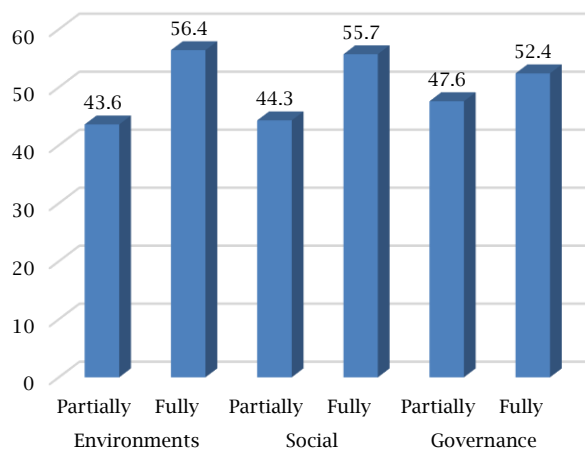


Figure A.4. Awareness of ESG framework

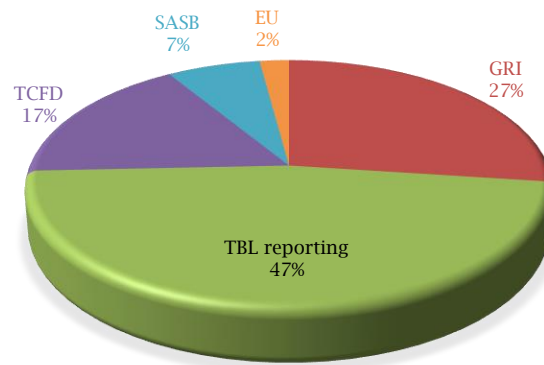


Table A.1. Demographics of stakeholder's perception (Responses)

Variable	SPSS code	Mean	SD
Company compliance with environmental policy, rules, and regulations.	EC_1	1.9789	0.75730
The company has environmental management certification.	EC_2	2.8243	0.56360
Maintain a comprehensive environmental management regulation.	EC_3	2.7118	0.67230
Recorded the costs associated with managing environmental projects properly.	EC_4	2.6766	1.26331
The company reported carbon footprint data.	GGE_1	3.6714	0.94528
To reduce its carbon footprint, the company employs renewable energy sources.	GGE_2	3.8330	1.01324
The company has a timeline for achieving carbon neutrality or net zero.	GGE_3	2.8067	1.02154
The corporation does an excellent job of detailing the emissions reduction initiatives.	GGE_4	2.6520	0.83613
Climate change opportunities to be showcased properly with ESG disclosure.	GGE_5	3.4359	1.25591
The company has a clear target of energy conservation.	EnC_1	3.6485	0.94357
The company has detailed data on energy consumption (electricity and fuel used).	EnC_2	3.8682	0.99569
The company is presenting the energy efficiency policy well in their ESG disclosure.	EnC_3	2.8207	1.01200
The company has water conservation or recycling technologies in their ESG disclosure.	WM_1	3.3902	1.19372
Waste water treatment-related information's well in their ESG disclosure.	WM_2	3.5536	1.00756
Water policy well in their ESG disclosure.	WM_3	3.3796	0.99824
Net water consumption well in their ESG disclosure.	WM_4	3.3849	1.00062
The company is presenting the waste reduction policy well in their ESG disclosure.	WasM_1	3.4622	0.93206
Have waste reuse technology and a system.	WasM_2	2.8366	1.05132
Utilize materials conservation technologies during the project's creation, modification, or expansion.	WasM_3	3.6098	1.00648
Implement recycle economy and establish cleaner production system.	WasM_4	2.5413	1.50075
A definite reduction goal for air pollution.	AirQ_1	2.5993	1.27036
Information about pollution reduction in detail control of pollution.	AirQ_2	2.7838	0.98440
It is necessary to reveal the pollution control facilities.	AirQ_3	2.6046	0.73162
Reach the pollution emissions standards.	AirQ_4	2.9279	1.11175
Presented air emissions reduction initiatives well in their ESG disclosure.	AirQ_5	3.5378	0.79106
The company has an equal opportunity policy for employees.	So_Div_1	3.8243	0.96453
Company has equal gender pay gap breakout.	So_Div_2	2.6467	1.44500
The company has good women participants in workforce.	So_Div_3	3.0176	0.75506
Company has a fair remuneration policy.	So_Div_4	2.5958	0.71826
The company has health and safety policy.	H_S_1	2.6731	1.25961
The company has a workplace security training policy.	H_S_2	3.2531	0.77772
The company has a workplace safety policy.	H_S_3	3.1968	0.78043
The company has anti-discrimination policies and training in place.	H_S_4	2.0562	0.85395
The company enjoys environment-related tax preference.	Gov_D_1	2.4060	0.94125
Company benefits from government funding for energy conservation and emissions reduction.	Gov_D_2	2.6011	0.72728
The company has anti-discrimination and anti-harassment policies and training in place.	Gov_D_3	2.6538	1.25793
The company has rules and training in place that cover the hotline, whistle-blower protection, and employee complaints management process.	Gov_D_4	3.5378	0.79106
The business has policies and training in place that handle concerns relating to human rights, such as preventing labour exploitation.	Gov_D_5	3.8243	0.96453
The business has put rules and training for a safe working environment in place.	Gov_D_6	2.1195	0.73623
The company has a corporate code of ethics.	Gov_D_7	2.9684	0.86951
The company has anti-bribery ethics policy.	Gov_D_8	4.1125	0.72287