

A REVIEW OF THE EVOLUTION OF ESG CONTROVERSIES LITERATURE WITH A FOCUS ON THE ADO-TCM INTEGRATIVE FRAMEWORK

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Abstract

The current business environment is characterized by globalization, geopolitical instability and rapid changes created by technological advancements, especially in the area of artificial intelligence and automation. In this complex and volatile environment, events associated with corporate actions with potential negative impact on environmental, social and governance (ESG) practices pose significant risks to enterprises, as well as to society. The purpose of this study is to provide a comprehensive review of ESG controversies applying a systematic literature and bibliometric analysis. Principles of PRISMA 2020 and SPAR-4-SRL were utilized to study a sample of 137 articles derived from the Scopus database for the period 2018–2025, in the dimensions of publication performance and trends, science mapping and content analysis. First results reveal a rapid scientific development of the field and a strong interdisciplinary nature. ESG controversies are directly linked to the financial performance, reputation and sustainability of companies. Enterprises with strong corporate governance mechanisms, gender diversity and transparent accountability processes demonstrate greater resilience and ability to manage ESG crises.

1. INTRODUCTION

Environmental, social and governance (ESG) controversies, i.e., incidents that challenge a company's commitment to sustainability principles, are an emerging and rapidly growing area of research. These phenomena include environmental violations, labor scandals, corporate governance deficiencies and corruption, which affect the reputation, credibility and value of companies (Shakil, 2024). The strengthening of social and investment sensitivity towards transparency and responsibility issues has made ESG controversies a central issue for both the literature and corporate strategy (Chytis & Mitroulia, 2025).

The existing research knowledge, although growing, remains fragmented. Studies are heterogeneous in terms of samples, institutional settings and methodological approaches, making it difficult to formulate generalizable conclusions (Hampl & Vágnerová Linnertová, 2024). Therefore, the need for a comprehensive review emerges, which will integrate theoretical, empirical and methodological dimensions of the field. The present study attempts this synthesis, combining systematic literature review (SLR) and bibliometric analysis within the framework of the single theoretical framework Antecedents-Decisions-Outcomes and Theory-Context-Methodology (ADO-TCM).

2. METHODOLOGY

The methodological approach follows the principles of PRISMA 2020 (Page et al., 2021) and SPAR-4-SLR (Paul et al., 2021). The research was based on the Scopus database and included articles from the period 2018–September 2025, which explicitly address ESG controversies. The search terms included combinations such as “ESG controversies”, “CSR controversies”, and “environmental social governance controversies”. From the initial group of 158 studies, after checking validity and relevance criteria, 137 articles were selected for further analysis.

The analysis was carried out in three stages:

1) Performance analysis — publication trends, in which countries, authors, journals and subject areas were examined.

2) Science mapping — keyword, in which co-occurrence analysis was applied via VOSviewer. Similar approaches are found in other studies in the relevant literature (Chytis et al., 2024; Mitroulia et al., 2023), which strengthens the validity of the present analysis.

3) Content analysis based on the ADO-TCM framework, which allowed the grouping of factors into causes (Antecedents), decisions (Decisions) and outcomes (Outcomes), as well as their connection to theories, frameworks and methodologies. The choice of ADO-TCM (Lim, 2025) allows for a holistic mapping of the field. ADO explains the life cycle of ESG conflicts, from causes to impacts, while TCM captures

the theoretical, institutional and methodological background of the research. The combination of the two approaches ensures multi-level analysis and scientific consistency (Mukhtar et al., 2025).

3. RESULTS

3.1. Bibliometric analysis

The analysis shows an explosive increase in publications after 2022, peaking in 2025 (67 articles). The phenomenon is linked to the strengthening of European Sustainability Reporting Standards (ESRS) standards and the demand for transparency from markets (Gillan et al., 2021). The studies come from 46 countries, led by Italy, France, India, Malaysia and the United Arab Emirates (UAE), which demonstrates the global dimension of the field.

The most active authors are Agnese, Taddeo, Cerciello and Shakil, confirming the research mobility of Southern Europe. 55% of the articles are in the Business-Management-Finance fields, while there is also increased interest in Social and Environmental Sciences. Leading journals are *Finance Research Letters*, *Business Strategy and the Environment*, *Corporate Social Responsibility and Environmental Management*, and *Corporate Governance (Bingley)*.

The high citation indices demonstrate the transformation of ESG controversies into an autonomous field with theoretical and empirical maturity. Keyword analysis revealed four main thematic associations: Cluster 1 is characterized by keywords such as sustainability strategy, greenwashing, and cost of capital. Cluster 2 encompasses keywords related to social/environmental impacts and corporate value. Cluster 3 includes keywords such as corporate governance, gender diversity and ESG performance. Cluster 4 revolves around concepts such as the banking sector, risk management, and sustainability.

Overall, the results demonstrate that the discussion on ESG controversies is shifting from descriptive analysis to synthetic, theoretically grounded and empirically documented approaches.

3.2. Analysis based on ADO-TCM framework

3.2.1. ADO framework

The main factors that cause ESG controversies are corporate governance weaknesses, culture and institutions, as well as market pressure (Shakri et al., 2025). Low participation of women on boards and lack of institutional democracy increase the frequency of incidents, while innovation in governance acts as a deterrent. Furthermore, the active

presence of institutional investors is associated with fewer violations (Treepongkaruna et al., 2024).

Companies respond to ESG crises through confidence-building mechanisms: the creation of sustainability committees (Aini et al., 2025), board redesign (Iannuzzi et al., 2023), external assurance of ESG reporting (García-Sánchez et al., 2025), and strengthening internal controls (Agnese et al., 2023). Responses vary depending on the institutional environment: in mature markets, substantive reforms dominate, while in emerging countries, communication strategies are preferred (Beckmann & Rogmann, 2024).

The outcomes are mainly negative: a decline in stock market value (De Franco, 2020), an increase in the cost of capital, and a loss of investor confidence (La Rosa & Bernini, 2022). The severity depends on the type of incident — social and intergovernmental violations have a greater impact (Faure et al., 2025). However, strong governance structures limit damage (Wu et al., 2023), while external reporting assurance helps to restore reputation (García-Sánchez et al., 2025).

3.2.2. TCM framework

The geographical distribution shows a focus on Europe and the United States of America (USA), but also a growing interest in Asia and emerging markets (Ma & Ma, 2025). Banking is the most studied field, while limited studies focus on industry and energy.

Methodologically, the research is mainly based on quantitative panel regression models and mixed methods. This review comprehensively maps the intellectual structure and research directions of the field of ESG controversies, highlighting its gradual evolution into a mature and autonomous area of the international literature. The findings demonstrate that in the period 2022–2025, the field experienced explosive growth, characterized by strong interdisciplinarity and increasing research scope. Subjects expanded significantly, linking ESG controversies not only to sustainable development and corporate responsibility, but also to critical economic variables such as financial performance, reputation and long-term viability of businesses.

4. CONCLUSION

This review comprehensively captures the structure and evolution of the literature on ESG controversies, highlighting the rapid scientific development of the field in the period 2022–2025 and its strongly interdisciplinary nature. ESG controversies are directly linked to the financial performance, reputation and sustainability of companies, while at the same time expressing a deeper breach of trust between a company and its stakeholders.

The literature shows that companies with strong corporate governance mechanisms, gender diversity and transparent accountability processes demonstrate greater resilience and ability to manage ESG crises. The ADO-TCM framework has proven effective in understanding and unifying a previously fragmented field, connecting the causes, decisions and outcomes of ESG controversies with their theoretical, institutional and methodological foundations. Through this synthesis, the study contributes to the establishment of a coherent research model for the future study of ESG conflicts.

Future research could focus on the comparative analysis of different sectors beyond the financial sector, on the investigation of the individual sub-dimensions of ESG (E, S, G), as well as on the connection of conflicts with issues of tax transparency, institutional differences and cultural specificities. At the same time, qualitative approaches can shed light on the internal mechanisms of decision-making and crisis management.

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