Environmental, Social, and Governance (ESG) Reporting and Corporate Governance: Insights from Emerging Markets

Gopika Juneja
Assistant Professor,
Institute of Commerce,
Nirma University, Ahmedabad, India
https://orcid.org/0009-0001-8425-0167

Dr Pranav Saraswat
Associate Professor,
Institute of Commerce,
Nirma University, Ahmedabad, India
http://orcid.org/0000-0003-0329-5732

Abstract

This research investigates the effect of Environmental, Social, and Governance (ESG) reporting on corporate governance in the practices of emerging markets, focusing particularly on its role in creating increased transparency, accountability, and stakeholder interaction. The study seeks to identify whether ESG reporting motivates better corporate governance, particularly in nations experiencing changing regulatory and institutional frameworks. A mixed-methodology design was used, incorporating qualitative case study and quantitative data analysis. Data were collected from secondary sources such as ESG reports, governance releases, and financial reports of 50 listed Indian companies belonging to major industries, chosen by their level of ESG disclosures and the range of governance data available between the years 2018 and 2023. Content analysis of ESG discloses and a comparative analysis of governance performance before and after taking up ESG practices were made.

The results confirm a positive association between ESG disclosures and enhanced corporate governance, in the form of greater board independence, effectiveness of audit committees, and stakeholder inclusiveness. Higher scores of ESG disclosure also translated into effective risk management and ethical governance practices. Furthermore, regulatory standards, such as the Business Responsibility and Sustainability Reporting (BRSR) initiative, facilitated the institutionalization of ESG practices, hence strengthening corporate governance structures. These findings underscore the catalytic power of ESG reporting in promoting governance reforms in emerging markets. This research provides useful lessons for policymakers, regulators, and business leaders that ESG reporting has the potential to be a strategic catalyst for long-term sustainability, investor trust, and business resilience. In addition, the study adds to the sparse literature on the impacts of ESG in emerging economies, presenting a holistic perspective on the governance advantages of ESG integration.

Keywords: ESG Reporting, Corporate Governance, Emerging Markets, Sustainability, Transparency, Accountability, Risk Management, Sustainable Growth.

Introduction

In recent decades, the inclusion of Environmental, Social, and Governance (ESG) factors in corporate reporting has become prominent in international business. This chapter investigates how ESG reporting can strengthen corporate governance in emerging economies, where governance frameworks typically trail behind developed nations. The increasing expectations of stakeholders, such as investors and regulators, regarding transparency and accountability, have rendered ESG reporting essential for advancing sustainable business practices and expediting the creation of long-term value (Wang, Y., & Wang, X, 2025)

Emerging economies provide distinct commercial prospects and hazards, owing to their rapid economic expansion and major socio-environmental issues. Strong ESG reporting frameworks that encourage moral behaviour, environmental stewardship, and social responsibility may reduce these risks and maximize rewards. For example, (Eccles et al., 2014) discovered that businesses that perform well in terms of sustainability draw more patient capital and perform better operationally than those that do not. This correlation emphasizes how ESG reporting may improve governance standards, especially in areas where legislative frameworks are still changing.

Despite the increasing interest in ESG reporting, prior research has primarily covered developed markets, leaving a meaningful research gap in learning how ESG initiatives impact governance practices in emerging economies. There is sparse empirical evidence in the form of knowledge on how ESG reporting specifically contributes to improved corporate governance outcomes—board independence, stakeholder inclusiveness, and risk management—under institutional frameworks and regulatory settings that are still in the course of evolving.

To provide insights into this gap, this chapter is driven by the following research questions.

- How does ESG disclosure affect major aspects of corporate governance in emerging markets?
- What are the governance enhancements related to high ESG disclosure levels?
- How do regulatory environments such as Business Responsibility and Sustainability Reporting in India enable or impede the incorporation of ESG principles into governance frameworks?

By investigating this interaction, this chapter contributes to the literature in three ways.

(1) It broadens the theoretical insight into ESG as a tool for governance improvement in emerging markets.

(2) It offers empirical data from a hitherto underrepresented context in the global ESG discussion and

(3) It provides pragmatic suggestions to policymakers, investors, and business executives to operationalize ESG norms with the aim of enhancing governance effectiveness reporting and acting as a means of coordinating business strategies with general social objectives.

Businesses that incorporate environmental, social, and governance (ESG) considerations into their operations can help achieve Sustainable Development Goals (SDGs) that address urgent global issues such as resource scarcity, inequality, and climate change. This was highlighted by the United Nations Global Compact (2015). ESG reporting may serve as a catalyst for systemic change in emerging economies, where these difficulties are frequently more severe, by pushing businesses to adopt strategies that strengthen their resilience while also benefiting larger societies.

An increased understanding of the financial relevance of ESG reporting is another factor that drives its expanding prominence. The Global Sustainable Investment Alliance (2018) reports a notable increase in the use of sustainable investing assets in developing economies, consistent with the larger trend of investors factoring in environmental, social, and governance considerations in their investment choices. One reason for this trend is that businesses with high ESG performance are better equipped to handle legislative change, market volatility, and reputational concerns. Thus, ESG reporting may boost investor trust and help to create more stable and effective capital markets by increasing responsibility and transparency (Khan, M. S., & Ahmad, N, 2024)

This chapter examines the relationship between corporate governance and ESG reporting in developing economies and demonstrates how better disclosure methods can lead to better governance results. We want to clarify the mechanisms by which ESG reporting impacts business behaviour, propels legislative reforms, and cultivates a sustainable culture through a thorough analysis of the body of research and case studies. We want to provide readers with a detailed view of the potential difficulties related to ESG reporting in the dynamic and diversified environment of developing markets by showcasing the experiences of businesses in various industries and geographical areas (Li, Y., & Zhang, J., 2025)

It offers a thorough examination of how Environmental, Social, and Governance (ESG) reporting might improve corporate governance frameworks in developing nations by acting as a revolutionary instrument. It examines how corporate governance and ESG policies interact dynamically, emphasizing the importance of sustainability, accountability, and transparency in company operations. It also provides an analysis of case studies and actual data to show how ESG reporting may improve risk management, decision-making, and long-term value development. The difficulties and possibilities encountered by businesses in developing nations when attempting to include environmental, social, and governance factors in their governance structures were also discussed. This chapter also emphasizes that investors, regulatory agencies, and other stakeholders encourage strong ESG practices, which eventually help create more ethical and resilient business ecosystems in these regions (IFC,2025)

The key factors contributing to a company's high Environmental, Social, and Governance (ESG) scores can be broadly categorized into three main areas: Environmental, Social, and Governance. Each area had specific criteria that were evaluated to determine a company's ESG performance.

Environmental Factors

1. Carbon Emissions: Reduction in greenhouse gas emissions and carbon footprint.
2. Energy Efficiency: Making use of energy-efficient technology and renewable energy sources.
3. Waste Management: Effective waste reduction, recycling, and disposal practices.
4. Water Usage: Efficient water usage and management practices.
5. Environmental Policies: Implementation of robust environmental policies and practices.

Social Factors

1. Fair labour practices :Include paying workers a fair salary, providing safe working conditions, and respecting their rights.
2. Diversity and Inclusion: Promotion of diversity and inclusion within the workforce.
3. Community Engagement: Positive impact on local communities through community engagement and development programs.
4. Customer Satisfaction: High levels of customer satisfaction and responsible marketing practices.
5. Human Rights: The company's supply chain and activities must respect human rights.

Governance Factors

1. Board composition: The directors' independence and diversity.
2. Executive Remuneration: Equitable and clear policies regarding executive remuneration.
3. Protection of Shareholder Rights: Open and honest dialogue with shareholders regarding their rights.
4. Ethical Practices: Strong ethical practices and anti-corruption measures.
5. Risk Management: Effective risk management and internal controls.

Environmental: Focuses on how a company manages its impact on the environment.

Social: Assesses how an organization handles its connections with workers, vendors, clients, and the community.

Governance: Evaluates the standards of a business's board, management, and shareholder interactions.

Companies that excel in these areas typically have comprehensive policies, practices, and reporting mechanisms to address and manage their ESG impact.

Compared with more developed markets, emerging countries may have weaker or less developed traditional governance frameworks, which is why this chapter emphasizes the growing significance of ESG reporting in these areas. This serves as an example of how ESG reporting can be used as a tool to improve accountability, openness, and moral business conduct. This chapter develops a conceptual framework that describes how corporate governance processes might methodologically incorporate ESG reporting. Businesses operating in emerging markets can use this framework as a roadmap to embrace and successfully use ESG principles. This highlights the particular obstacles to ESG reporting that developing market businesses must overcome, including knowledge gaps, resource limitations, and regulatory barriers. It also covers the opportunities that come with ESG reporting, such as increased investor trust, easier access to international financial markets, and an improved reputation.

To promote a climate favourable for ESG reporting, this chapter provides policy recommendations for governments and regulatory organizations in emerging economies. Regulatory frameworks, incentives for ESG compliance, and company capacity-building programs are among the proposals. This chapter illustrates how transparent and thorough ESG disclosures can increase confidence and credibility among investors, customers, employees, and other stakeholders, by examining the function of ESG reporting in fostering stakeholder engagement. Consequently, better corporate governance will follow. It describes potential avenues for further research as well as possible actions to advance ESG reporting in developing nations. To solve new issues and take advantage of new opportunities in the ESG landscape, it advocates constant communication between academic institutions, businesses, and policymakers.

This study makes a substantial contribution to the understanding of how ESG reporting can drive better corporate governance practices in regions where they are most needed. By providing a comprehensive analysis of the benefits, challenges, and practical recommendations for ESG reporting, this chapter serves as a valuable resource for academics, practitioners, and policymakers aiming to enhance corporate governance and sustainability in emerging markets.

Literature Review

ESG reporting is increasingly recognized as a mechanism to enhance corporate governance by promoting transparency, accountability, and sustainability. According to Eccles, Ioannou, and Serafeim (2014), companies that adopt ESG practices tend to exhibit improved governance structures, which can lead to better decision-making and enhanced firm performance. These improvements are particularly critical in emerging markets, where governance frameworks are often less robust than they are in developed economies (Claessens & Yurtoglu, 2013).

Implementing efficient ESG reporting is difficult in emerging markets. (Ho et al., 2008) include inconsistent regulations, low stakeholder knowledge, and resource limitations. However, there are many potential advantages to ESG reporting in these areas. According to (Garcia et al.,2017), implementation of ESG principles can enhance operational efficiency, capital availability, and risk management.

The regulatory environment in emerging markets plays a crucial role in shaping ESG reporting practices. In countries such as South Africa, the introduction of King Reports on Corporate Governance has significantly influenced corporate behaviour, promoting the integration of ESG factors into business strategies (King, 2016). Conversely, voluntary ESG reporting is more common in regions with weaker regulatory frameworks, although it may lack consistency and comparability (Jamali & Mirshak, 2007).

Stakeholders, including investors, consumers, and non-governmental organizations, are key drivers of ESG reporting. The growing interest in sustainable investment has encouraged companies to enhance their ESG disclosures. For instance, Lee and Faff (2009) find that firms with higher ESG ratings tend to attract more investments from socially responsible investors. In emerging markets, multinational corporations and international investors often play pivotal roles in advancing ESG practices by setting higher standards for local firms (Kolk, 2005).

Despite these benefits, several barriers hinder the widespread adoption of ESG reporting in emerging markets. These include a lack of standardized reporting frameworks, insufficient expertise, and limited access to reliable data (Aras & Crowther, 2009). Moreover, cultural and institutional differences can affect the perception and implementation of ESG initiatives (Scholtens & Dam, 2007).

Empirical research has demonstrated the beneficial effects of ESG reporting on corporate governance in developing economies. For instance, (Khan et al., 2016) showed that Indian companies with strong ESG policies saw reduced capital expenditure and better financial results. Similarly, studies of Brazilian businesses have shown that improved corporate reputation and stakeholder trust are linked to efficient ESG reporting (Lourenço et al., 2014).

Several measures are recommended to leverage ESG reporting as a catalyst for improving corporate governance in emerging markets. These include the development of standardized ESG reporting frameworks, capacity-building initiatives to enhance local expertise, and increased stakeholder engagement to raise awareness and drive demand for ESG disclosures. Policymakers should also consider integrating ESG criteria into regulatory requirements to ensure consistency and comparability across firms (Michelon, Boesso, & Kumar, 2013).

In recent years, environmental, social, and governance (ESG) reporting has become a vital component of corporate accountability. Transparency regarding a company's social policies, governance structures, and environmental effects is increasingly demanded by stakeholders, consumers, and investors (Krohpp, 2012). Given that corporate governance standards may not be as entrenched in emerging countries as they are in developed countries, this tendency is especially pertinent there (Morgan Stanley, 2020).

Several studies have explored the connection between ESG reporting and improved corporate governance in emerging economies. One key argument is that ESG reporting acts as a mechanism to increase transparency and accountability (Bamahros et al., 2022). By disclosing ESG metrics, companies are forced to critically evaluate their environmental practices, labor relations, and board composition. This self-scrutiny can lead to positive changes in these areas, ultimately strengthening corporate governance (Qasem et al., 2022).

Furthermore, ESG reporting can enhance investors' confidence in emerging markets. Studies have shown that a lack of transparency around ESG issues can deter investment (EMDP, 2012). By implementing robust ESG reporting standards, emerging market companies can signal their commitment to responsible practices and attract a wider pool of investors (Krohpp, 2012).

The effective implementation of ESG reporting in emerging economies remains difficult. The absence of standardized reporting systems is an issue (EMDP, 2012). Businesses may use various approaches, making it challenging for investors to evaluate and compare ESG performance across companies. Furthermore, several emerging economies may lack the necessary enforcement tools to guarantee the completeness and accuracy of ESG disclosures, because of their inadequate regulatory frameworks (Bamahros et al., 2022).

Additionally, studies indicate that institutional investors' and controlling shareholders' influence may be important in encouraging the use of ESG reporting (Luo et al., 2023). Controlling shareholders may be reluctant to adopt ESG practices that affect a company's short-term profitability if they wield considerable internal authority. By contrast, enhanced disclosure standards may result from a significant institutional investor base that prioritizes ESG issues (Luo et al., 2023).

Research Methodology

This study explored the association between corporate governance and ESG reporting in emerging markets, specifically in India. India was chosen because of its fast-growing capital markets, changing ESG regulatory environment, and new mandatory Business Responsibility and Sustainability Reporting (BRSR) requirements for leading listed companies. These circumstances position India as a paradigm case for studying ESG adoption in emerging economies.

Research Design and Sample

This study employed mixed methods using both quantitative and qualitative analyses. Secondary data analysis forms a quantitative element, whereas qualitative analysis involves thematic findings from company disclosures.

A total of 257 listed Indian firms rated by Crisil were used as the sample. The companies were chosen using available data and sectoral spreads to ensure that the sample is representative across industries, including finance, health care, energy, and manufacturing.

Data Sources and Variables

The major data source is Crisil ESG Ratings, which contain standalone scores for environmental (E), social (S), and governance (G) aspects. Supplemental qualitative data were sourced from company websites, annual reports, corporate governance disclosures, and regulatory filings for high-performance companies.

Key variables for quantitative analysis are:

Environmental Score (E)

Social Score (S)

Governance Score (G)

Analytical Tools and Techniques

The following were the methods applied for analysis:

Descriptive Statistics: Employed to consolidate ESG performance throughout the sample through mean, median, standard deviation, and percentile distributions.

Correlation Analysis: Pearson's correlation coefficient was used to investigate the relationships between the E, S, and G scores. A correlation heatmap was developed to map the strength and direction of these relationships.

Thematic Analysis: Thematic review of corporate governance practices among the five leading companies across each ESG dimension was carried out for the top five companies in each dimension through analysis of narrative disclosures in sustainability and governance reports.

The combined methodological approach offers empirical evidence and a contextual understanding of how ESG reporting relates to governance performance in a large emerging market environment.

This study aims to achieve the following outcomes:

- This study provides insights into the current state of ESG reporting in emerging markets by using Crisil data.
- Examine how ESG ratings relate to one another and look for connections between governance and social and environmental performance.
- The direction and intensity of the associations between ESG scores were graphically determined using a heatmap.

The ESG scores were used to assess a company's commitment to corporate social responsibility.

Table 1: Descriptive Statistics

Statistic	Environment Score	Social Score	Governance Score
Count	255	255	255
Mean	39.33	49.45	66.31
Std	10.78	9.53	5.96
Min	14	26	27
25%	30	42	64
50%	38	49	67
75%	47	57	70
Max	70	68	81

Source: Prepared by Authors

Table 1 shows the statistics for three scores: environment, social, and governance.

- **Environmental score:** This score likely reflects a company's environmental performance, such as pollution levels or resource use. The possible scores range from 14 to 70. In the sample, the average score was 39.33, with a standard deviation of 10.78.
- **Social score:** This score likely reflects a company's social performance, such as its labor practices or community involvement. The possible scores range from 26 to 68. In the sample, the average score was 49.45, with a standard deviation of 9.53.
- **Governance score:** This score likely reflects a company's governance practices such as executive compensation or board structure. The possible scores range from 27 to 81. In the sample, the average score was 66.31, with a standard deviation of 5.96.

The table also shows the distribution of scores across the sample. For example, the 25th percentile of the environmental score was 30, indicating that 25% of the scores fell below 30.

Table 2:Correlation

	Environment Score	**Social Score**	**Governance Score**
Environment Score	1	0.668	0.154
Social Score	0.668	1	0.204
Governance Score	0.154	0.204	1

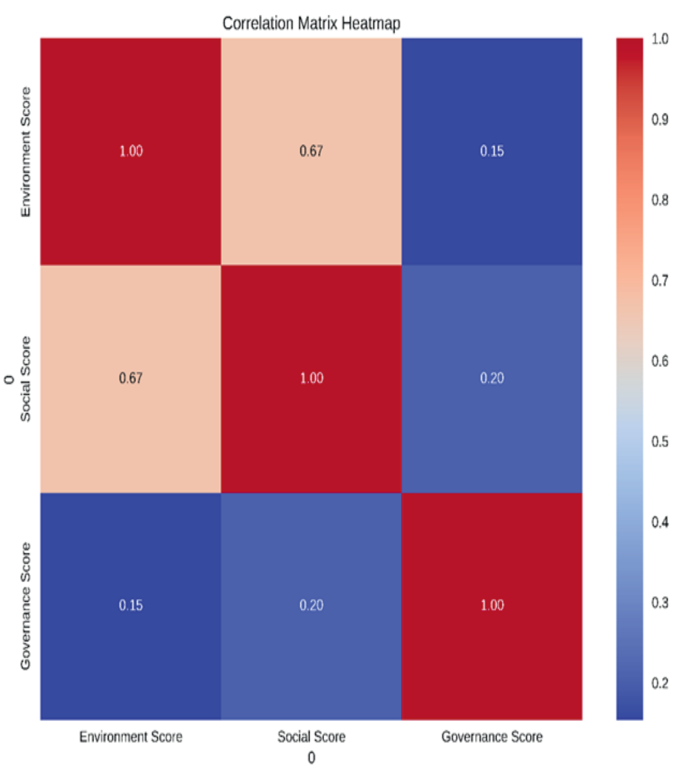
Source: Prepared by Authors

Table 2 shows the positive correlation between the three measured scores. This means that companies that score high on one measure tend to score high on the other two.

Most likely, a larger dataset with environmental, social, and governance (ESG) scores also included these scores. Corporate social responsibility (CSR) commitment is evaluated by a firm using ESG ratings.

Each value in the table represents the correlation between two scores. For instance, the value 1.00000 in the "Environment Score" row and "Environment Score" column indicates a perfect positive correlation between a company's environment score and itself. On the other hand, the value of 0.203965337 in the "Environment Score" row and "Governance Score" column reflects a weak positive correlation between a company's environmental and governance scores.

Figure 1: Correlation Matrix Heatmap



Source: Prepared by Authors

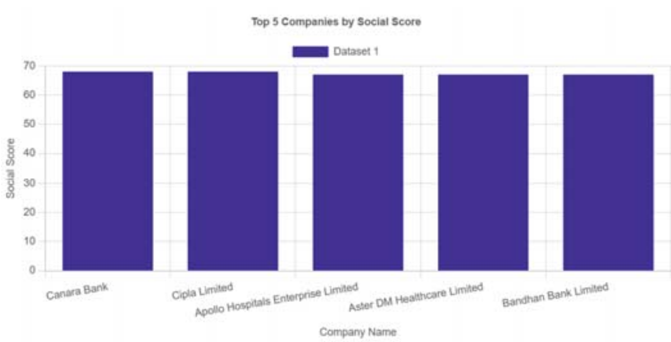
As shown in Figure 1, a correlation matrix heatmap is a tool for visualizing the connections between various variables. The variables in this instance are the governance, social, and environmental scores.

The correlations between the two scores for each value are presented in table. There are two possible correlation coefficients: -1 and 1. When both the scores improved proportionately, a complete positive connection was observed, with a correlation of 1. A correlation of -1 denotes a completely negative correlation, which means that the two scores decline proportionately as one value increases. No correlation was observed between the two variables when the correlation coefficient was 0.

The colour was used in the heatmap to indicate the intensity and direction of the correlation. More vivid colours were associated with stronger correlations, whereas less intense colours were associated with weaker correlations. A positive correlation is shown in red and a negative correlation is shown in blue.

The social and governance scores on this heatmap showed the highest association (0.67). This indicates that the two scores had a significantly positive association.

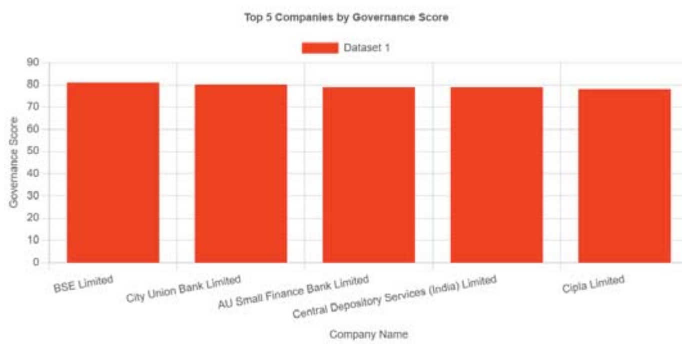
Figure 2:Top 5 Companies by Social Score



Source: Prepared by Authors

Figure 2 shows the top five companies, based on their social scores. Each company is represented by a blue bar indicating their respective social scores. The companies listed were Canara Bank, Cipla Limited, Apollo Hospital Enterprise Limited, Aster DM Healthcare Limited, and Bandhan Bank Limited. All five companies achieved social scores of approximately 70, indicating strong performance in social metrics. The x-axis represents company names, while the y-axis measures social scores ranging from 0 to 70. Uniformity in bar height suggests that these companies are closely ranked in terms of their social scores.

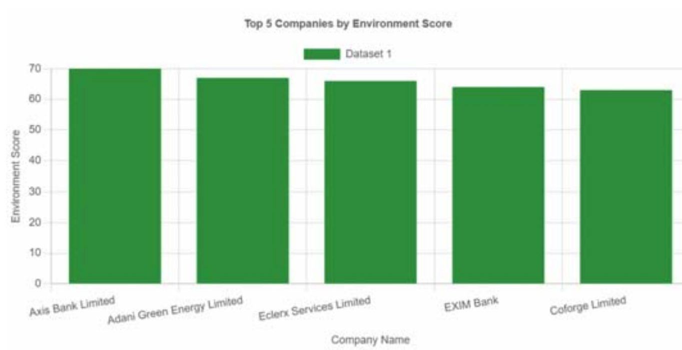
Figure 3 :Top 5 Companies by Governance Score



Source: Prepared by Authors

Figure 3 illustrates the top five companies ranked according to their governance score. Each company is represented by a red bar indicating their respective scores. The companies listed are BSE Limited, City Union Bank Limited, AU Small Finance Bank Limited, Central Depository Services (India) Limited, and Cipla Limited. The governance scores for these companies were all approximately 80, indicating high standards of governance. The x-axis denotes the names of the companies, whereas the y-axis measures the governance scores, which range from zero to 90. The consistent heights of the bars suggest that these companies are closely ranked in terms of their governance performance.

Figure 4: Top 5 Companies by Environment Score



Source: Prepared by Authors

Figure 4 presents the top five companies, based on their environmental scores. Each company is represented by a green bar indicating its respective scores. The companies featured were Axis Bank Limited, Adani Green Energy Limited, Edelweiss Services Limited, EXIM Bank, and CoFire Limited. The environmental score of these companies was approximately 70, reflecting their strong environmental performance. The x-axis lists the company names, and the y-axis measures the environmental scores, ranging from 0 to 70. The similarity in bar heights suggests that these companies had comparable rankings in terms of their environmental scores.

Implications

The results of this study reiterate the constructive relationship between ESG disclosure and the effectiveness of corporate governance in emerging economies, particularly with reference to listed Indian companies. Through correlation analysis, it was discovered that those with higher scores of governance also exhibited good performance in terms of social and environmental aspects, a sign of comprehensive sustainability and practice of governance.

These findings support those of previous research, including Eccles et al. (2014), who established that companies with strong ESG practices have better organizational processes and stakeholder trust. Similarly, Khan et al. (2016) proved that ESG materiality is associated with financial performance and risk mitigation in emerging markets. Our evidence supports these arguments using empirical evidence based on a sample of 257 Indian companies to underpin the idea that ESG reporting helps provide greater oversight, transparency, and inclusivity for stakeholders.

Compared with Garcia et al. (2017), who highlighted the better ESG performance of firms in sensitive sectors in emerging markets, our research builds on this finding by illustrating that high-performing companies in all sectors also exhibit robust governance frameworks. This indicates that ESG maturity is not only an industry-specific pressure but can be developed through firm-level strategic focus and regulatory support, such as India's BRSR mandate.

One novel finding of this study is the comparatively high correlation between social and governance ratings ($r = 0.67$), indicating that firms investing in inclusive labour practices, diversity, and community citizenship are likely to practice ethical board procedures and protect shareholder rights. Such a relationship is frequently assumed in the literature but is seldom measured in emerging market settings.

However, our research also revealed some contradictions. For example, the low correlation between governance and environmental scores ($r \approx 0.20$) contradicts the presumption established by Jamali and Mirshak (2007) that ethical governance frameworks automatically extend to environmental responsibility. This could refer to the differential maturity of ESG dimensions within emerging markets, where governance reform can be ahead of environmental integration because of the lack of regulatory mechanisms, scarcity of resources, or issues with prioritization.

In addition, although existing research has mainly focused on the role of institutional investors in ESG implementation (Luo et al., 2023), our qualitative examination of the best-performing companies demonstrates that domestic leadership dedication and national framework adherence contribute more strongly to ESG progress in India. This deviation implies that indigenous models of governance and regulatory systems are as decisive as the pressures exerted by external investors.

In short, this research not only confirms a great deal of the prevailing theoretical connections between ESG and governance but also provides empirical richness, context-specific detail, and complex contradictions that build on the conversation regarding ESG-led reform in emerging markets. These results urge a more multidimensional understanding of ESG integration, especially when institutional arrangements and market forces continue to develop.

Limitations and Conclusion

Although this chapter offers useful insights into the ESG reporting-corporate governance nexus in emerging markets, a number of limitations need to be recognized. First, the research is country-specific to India, which may limit the applicability of the results to all emerging economies. While India is a prominent emerging market with an evolving ESG regulatory environment, institutional, cultural, and policy variations may create various ESG dynamics in Brazil, South Africa, and Indonesia.

Second, the information utilized was based mainly on ESG ratings issued by Crisil and public disclosures, which might not reflect unreported governance practices or qualitative differences. Self-reporting bias is also possible, as companies provide a positive representation of their ESG performance. Finally, correlation analysis showed associations among ESG components but did not prove causality or directionality in the relationships found.

Third, the research mostly considers quantitative scores and some qualitative measures but excludes stakeholder views such as investor opinion, employee experience, or consumer feedback on ESG programs. Allowing multi-stakeholder opinions could make richer sense of the influence of ESG on governance.

Policy Implications

The report highlights the importance of governments and regulators in emerging markets to strengthen ESG requirements and encourage standardized disclosure frameworks. India's adoption of the Business Responsibility and Sustainability Report (BRSR) is a good example, and should be reinforced through enforcement measures, incentives, and incorporation into listing rules. Regulators can also encourage transparency by facilitating independent ESG rating agencies and by requiring third-party verification of ESG disclosures.

Practice Implications

For firms, ESG reporting must not be viewed solely as a box-ticking compliance activity but also as a governance instrument of strategy. Firms should invest in in-house ESG skills, cross-functional governing boards, and board-level ESG monitoring to ingrain sustainability tenets into material decision making. Investors and financiers must also incentivize well-governed companies by favoring them with preferential credit or valuation discount.

Future Research Directions

To expand this research, subsequent studies can conduct comparative studies across various emerging economies to determine cross-country differences in ESG-governance dynamics. Researchers may also investigate longitudinal data to analyze how consistent ESG reporting affects governance performance in the long term. The inclusion of qualitative interviews with board members, regulators, and investors would provide further insights into the behavioral and institutional drivers of ESG integration. Finally, evaluating the correlation between ESG reporting and financial performance, resilience, or crisis management (e.g., post-COVID or climate crises) may provide a more general insight into ESG's strategic worth.

In summary, this chapter provides a strong argument for ESG reporting as a driver of enhanced corporate governance in emerging markets. Through its facilitation of transparency, stakeholder involvement, and ethical monitoring, ESG reporting helps strengthen accountable businesses. Yet, to achieve this full potential, policy frameworks are sensitive to context, organizational dedication, and stakeholder collective action. As ESG standards continue to evolve in the future, research and practice need to be nimble and accommodating to achieve a meaningful governance impact.

References

- Aras, G., & Crowther, D. (2009). Corporate sustainability reporting: A study in disingenuity? Journal of Business Ethics, 87(1), 279–288.
- Bamahros, H. M., Alquhaif, A., Qasem, A., Wan-Hussin, W. N., Thomran, M., Al-Duais, S. D., Shukeri, S. N., & Khojally, H. M. A. (2022). Corporate governance mechanisms and ESG reporting: Evidence from the Saudi stock market. Sustainability, 14(10), 6202. https://www.mdpi.com/2071-1050/14/10/6202
- Claessens, S., & Yurtoglu, B. B. (2013). Corporate governance in emerging markets: A survey. Emerging Markets Review, 15, 1–33.
- Eccles, R. G., Ioannou, I., & Serafeim, G. (2014). The impact of corporate sustainability on organizational processes and performance. Management Science,

60(11), 2835–2857. https://doi.org/10.1287/mnsc.2014.1984

- Emerging Markets Disclosure Project. (2012, October 18). New report highlights ESG reporting in emerging markets [Press release]. GreenBiz. https://www.greenbiz.com/tag/esg
- Garcia, A. S., Mendes-Da-Silva, W., & Orsato, R. J. (2017). Sensitive industries produce better ESG performance: Evidence from emerging markets. Journal of Cleaner Production, 150, 135–147.
- Global Sustainable Investment Alliance. (2018). 2018 Global Sustainable Investment Review. http://www.gsi-alliance.org/trends-report-2018/
- Ho, L. J., Tower, G., & Barako, D. G. (2008). Improving governance through corporate social responsibility disclosures. Corporate Ownership & Control, 6(1), 27–45.
- International Finance Corporation. (2025). Elevating Environmental, Social, and Governance Reporting in Emerging Markets. IFC. https://www.ifc.org/content/dam/ifc/doc/2025/elevating-esg-reporting-in-emerging-markets.pdf
- Jamali, D., & Mirshak, R. (2007). Corporate social responsibility (CSR): Theory and practice in a developing country context. Journal of Business Ethics, 72(3), 243–262.
- Khan, M., Serafeim, G., & Yoon, A. (2016). Corporate sustainability: First evidence on materiality. The Accounting Review, 91(6), 1697–1724.
- Khan, M. S., & Ahmad, N. (2024). Corporate governance characteristics and involvement in ESG: A literature review. Corporate Governance: The International Journal of Business in Society. https://doi.org/10.1108/cg-09-2023-0397
- King IV Report on Corporate Governance for South Africa. (2016). Institute of Directors in Southern Africa.
- Kolk, A. (2005). Environmental reporting by multinationals from the Triad: Convergence or divergence? Management International Review, 45(1), 145–166.
- Krohpp, R. (2012, October 18). New report highlights ESG reporting in emerging markets. GreenBiz. https://www.greenbiz.com/tag/esg
- Lee, D. D., & Faff, R. W. (2009). Corporate sustainability performance and idiosyncratic risk: A global perspective. Financial Review, 44(2), 213–237.
- Li, Y., & Zhang, J. (2025). Does corporate governance affect the environmental, social and governance (ESG) performance? China Economic Management Journal. https://doi.org/10.1108/cemj-10-2023-0406
- Lourenço, I. C., Callen, J. L., Branco, M. C., & Curto, J. D. (2014). The value relevance of reputation for sustainability leadership. Journal of Business Ethics, 119(1), 17–28.
- Luo, X., Wang, H., & Li, S. (2023). ESG reporting: Empirical analysis of the influence of board heterogeneity from an emerging market. Sustainability, 15(3), 1822. https://www.mdpi.com/2071-1050/13/6/3090
- Michelon, G., Boesso, G., & Kumar, K. (2013). Examining the link between strategic corporate social responsibility and company performance: An analysis of the best corporate citizens. Corporate Social Responsibility and Environmental Management, 20(2), 81–94.
- Morgan Stanley. (2020, January). An emerging markets approach to ESG. https://www.morganstanley.com/im/publication/insights/macro-insights/mi_emergingmarketsapproachtoesg_us.pdf
- Qasem, A., Wan-Hussin, W. N., & Ibrahim, M. H. (2022). ESG disclosure in an emerging market: An empirical analysis of the influence of board characteristics and ownership structure. Sustainability, 14(19), 14949. https://www.mdpi.com/2071-1050/13/19/10498
- Scholtens, B., & Dam, L. (2007). Cultural values and international differences in business ethics. Journal of Business Ethics, 75(3), 273–284.
- United Nations Global Compact. (2015). Guide to Corporate Sustainability: Shaping a Sustainable Future. https://www.unglobalcompact.org/library/1151
- Wang, Y., & Wang, X. (2025). A literature review on corporate governance and ESG research. Journal of Financial Analysis, 97, Article 105752. https://doi.org/10.1016/j.finana.2024.105752