Abstract

This research examines the impact of Environmental, Social, and Governance (ESG) factors on corporate financial performance, using a multi-method approach to provide a comprehensive analysis of how these non-financial factors influence business outcomes. As sustainability and ethical practices become increasingly important to stakeholders, this study aims to explore whether firms with strong ESG performance experience superior financial results compared to those with weaker ESG practices.

In the quantitative phase, the study analyzes data from publicly listed companies across various industries, evaluating the correlation between ESG scores and key financial performance indicators such as profitability, return on assets (ROA), and stock market performance. Using regression analysis, the research tests whether high ESG ratings are associated with better financial performance, and whether this relationship holds across different sectors and market conditions. The study also considers how individual ESG factors—environmental sustainability, social responsibility, and governance quality—contribute to financial outcomes.

The qualitative component includes interviews with corporate executives, ESG analysts, and investors to gain deeper insights into the strategic importance of ESG factors. These interviews explore how companies implement ESG initiatives and how stakeholders perceive their impact on long-term financial success. By integrating both quantitative and qualitative methods, this study seeks to offer actionable recommendations for firms seeking to enhance their ESG strategies while improving financial performance.