INTERNATIONAL JOURNAL OF SOCIAL SCIENCE, EDUCATIONAL, ECONOMICS, AGRICULTURE RESEARCH AND TECHNOLOGY (IJSET) | ISSN (E): 2827-766X
Website:https://ijset.org/| Volumes 5 No. 4 (2026)

EFFECT OF ENVIRONMENTAL, SOCIAL, GOVERNANCE (ESG) DISCLOSURE AND DISPARITY ON FINANCIAL PERFORMANCE AND FIRM VALUE

Ilham Azhar Effendi[1], Eka Pria Anas[2]
[1,2] Universitas Indonesia, Jakarta
Email: Ilham.effendi97@gmail.com

Received: 01/02/2026 | **Revised**: 15/02/2026 | **Accepted:** 10 /03/2026 | **Published**: 17/03/2026

Abstract

This study examines the effect of Environmental, Social, and Governance (ESG) disclosure and rating disparity on the financial performance and firm value of companies listed on the Indonesia Stock Exchange. The sample includes 45 companies from the ESG Leaders Index during 2019–2023. ESG disclosure is measured using scores from Bloomberg and Refinitiv, while disparity is calculated from the difference between both. Financial performance is measured by Return on Assets (ROA), and firm value by Tobin's Q. Using panel data regression with a fixed effect model, the results show Bloomberg's ESG score has a positive impact on ROA, while Refinitiv's score has a negative effect. Both ESG scores negatively affect firm value. Surprisingly, ESG disparity shows a positive correlation with firm value. These findings highlight the need for harmonized ESG standards and caution for investors relying on ESG ratings.

Keyword: ESG, disparity, financial performance, firm value, ROA, Tobin's Q

INTRODUCTION

In recent years, Environmental, Social, and Governance (ESG) criteria have gained widespread attention as an essential dimension of sustainable corporate behavior, influencing both managerial practices and investor preferences. This shift is driven by global phenomena such as climate change, environmental degradation, and corporate governance scandals, which have prompted stakeholders to demand greater accountability and transparency from firms. ESG factors now serve as key non-financial indicators for assessing long-term corporate value and resilience. According to stakeholder theory (Freeman, 2010), companies are expected to create value not only for shareholders but also for a wider group of stakeholders including employees, communities, and regulators. This contrasts with shareholder theory (Friedman, 1970), which prioritizes profit maximization and often views ESG initiatives as non-essential costs. The empirical literature on ESG performance offers mixed conclusions: while some studies affirm a positive impact of ESG disclosure on financial performance and firm value (Aydogmus et al., 2022; Wang et al., 2025), others find neutral or even negative effects, particularly when short-term costs overshadow long-term benefits (Giannopoulos et al., 2022; Abdi et al., 2022). Furthermore, a growing concern in ESG analysis is the disparity in ESG ratings across different agencies such as Bloomberg and Refinitiv (LSEG). Due to variations in methodology, scope, and weighting, companies often receive significantly different ESG scores, despite similar disclosure practices. Research by Berg et al. (2022) reveals that correlation coefficients among global ESG rating agencies can be as low as 0.38, indicating considerable inconsistency that potentially leads to market inefficiencies and investor uncertainty. This lack of standardization not only challenges the credibility of ESG ratings but may also encourage greenwashing, as firms attempt to selectively present data to align with favorable assessment models (Christensen et al., 2021; Bao et al., 2024). In Indonesia, despite the introduction of ESG reporting regulations by the Financial Services Authority (OJK) since 2017, ESG implementation remains varied. Some listed companies, particularly those included in the ESG Leaders and SRI-KEHATI indices, have made significant progress in sustainability practices. However, structural problems such as environmental pollution, labor exploitation, and governance risks still persist across sectors. Against this complex backdrop, this study seeks to examine the impact of ESG disclosure and ESG rating disparity on both financial

performance and firm value of companies listed on the Indonesia Stock Exchange, offering timely insights for investors, regulators, and corporate decision-makers operating in emerging markets.

METHOD

Sample Selection and Data Sources

This study selects companies from Indonesia Stock Exchange (IDX) that has both ESG Disclosure Scores from Bloomberg and Refinitiv in 2019 to 2023. The total company in Indonesia Stock Exchange that has both Bloomberg dan Refinitiv is 77 companies. However, it should be noted that ESG score data were not consistently available for all companies during the 2019–2022 period, primarily due to the fact that many firms had yet to disclose or be evaluated for their ESG performance during those years. As a result, the final sample used in this study consists of 45 companies that had complete and continuous ESG score data from both Bloomberg and Refinitiv (LSEG) for the full period of 2019 to 2023. This limitation reflects the relatively nascent stage of ESG reporting practices in Indonesia, where regulatory enforcement and corporate awareness of ESG transparency are still evolving.

Variable Definition and Measurement

Dependent Variable: Financial Performance and Firm Value

Following the study that conducted by Tabur and Bildik (2025), this research measures corporate financial performance using Return on Asset (ROA) Ratio. ROA and Tobin's Q are commonly used indicators of financial performance (FP). Although all three demonstrate the influence of ESG performance (ESGP) on FP, ROA stands out, particularly in capturing the accounting-based aspect of FP. ROA assesses operational efficiency by measuring how effectively management utilizes company assets (Velte, 2017). In this regard, ROA is a more reliable metric than Tobin's Q for showing how ESGP impacts asset performance. But, the purpose of Tobin's Q in this paper is to measure valuation which dividing the equity market value and liabilities and this ratio can be seen as long term financial performance.

$$Return\ on\ Asset\ (ROA) = \frac{Net\ Profit}{Total\ Asset} x100\%$$

$$Tobin's\ Q = (Equity\ Market\ Value + Liabilities\ Market\ Value)/(Equity\ Book\ Value + Liabilities\ Book\ Value).$$

Independent Variable: ESG Disparity

The primary independent variable used in this study is the ESG combined score, which reflects a company's overall performance in environmental, social, and governance dimensions. ESG score data were obtained from Refinitiv, which has since been rebranded as LSEG (London Stock Exchange Group). Refinitiv is one of the most comprehensive ESG data providers in the market, offering ESG ratings that date back to 2002. The dataset evaluates a company's ESG performance across three main pillars—environmental, social, and governance—covering ten key themes and over 600 individual metrics. This breadth makes it a reliable source for assessing the relationship between ESG practices and firm performance. In addition to ESG scores from Refinitiv, this study also incorporates data from Bloomberg to address the issue of ESG rating disparity. Bloomberg was selected due to its widespread use in ESG-related financial research and its established methodology for ESG disclosure scoring. While Refinitiv aims to assess the quality and material impact of ESG practices, Bloomberg focuses more on the completeness and transparency of ESG disclosures. This dual-source approach enables the study to evaluate differences in ESG ratings across providers, an increasingly relevant concern in the literature. To quantify ESG rating disparity—also referred to as ESG disagreement—this study adopts the method proposed by Christensen et al. (2021), who suggest using the standard deviation of ESG ratings from multiple agencies. However, given that this research utilizes only two rating sources (Refinitiv and Bloomberg), ESG disparity is operationalized as the difference between the ESG scores assigned to each firm by the two agencies. This approach captures the extent of disagreement in ESG assessments, which may influence investor perceptions and firm outcomes.

Control Variable

When in the process of making an investment decision, stakeholders consider factors from within the company, one of which is leverage. Leverage in this case includes capital or assets with fixed costs that can be used to increase income (Hayes, 2022). Leverage will use the debt to Asset Ratio:

$$Leverage = \frac{Total\ Debt}{Total\ Asset} x100\%$$

Referring to the research of Dang et al (2013) the company size that in this study will use the control variable is the company's fundamentals that are often used and in many situations are often observed as "size effects" and in many studies the size of this company affects the empirical results of a study. Size will use total assets:

$$Size = in\ Total\ Asset$$

Empirical Model

This study will use a panel data regression model. The data used in this study will use a combination of time series and cross section data. So the research model is

$$ROA = \beta\_0 + \beta\_1\ BloombergScore + \beta\_2\ RefinitivScore + \beta\_3\ (Size) + \beta\_4\ (Leverage) + \in$$
$$Tobin^{\wedge\prime}s\ Q = \beta\_0 + \beta\_1\ BloombergScore + \beta\_2\ RefinitivScore + \beta\_3\ (Size) + \beta\_4\ (Leverage) + \in$$
$$ROA = \beta\_0 + \beta\_1\ ESGDisparity + \beta\_2\ (Size) + \beta\_3\ (Leverage) + \in$$
$$Tobin^{\wedge\prime}sQ = \beta\_0 + \beta\_1\ ESGDisparity + \beta\_2\ (Size) + \beta\_3\ (Leverage) + \in$$

RESULTS AND DISCUSSION

Research Method

Descriptive statistics provide an overview of the dataset by summarizing key numerical properties such as minimum, maximum, mean, and standard deviation values. This analysis offers insight into the characteristics of the primary variables examined in the study, namely ESG disclosure scores, Return on Assets (ROA), and Tobin's Q. The data is free from multicollinearity, but there is heteroscedasticity in the data so it can be a consideration for the research results.

The summary of the data is presented in the table below.

Table 1 Descriptive Statistics

	ROA	TOBINSQ	REFINITIV SCORE	BLOOMBERG SCORE	SIZE	LEVERAGE
Mean	0.068589	1.18875	55.00218	49.85526	1.99E+08	0.233544
Median	0.053117	0.717621	54.76472	51.6246	55316264	0.195131
Maximum	0.434444	15.51912	88.88017	76.3203	2.17E+09	0.743723
Minimum	-0.185812	0.03555	16.03725	19.2637	4832910	0
Std. Dev.	0.078327	1.826026	18.86173	10.49443	4.04E+08	0.191777
Skewness	1.375076	4.73675	-0.067416	-0.269075	3.122541	0.803441
Kurtosis	7.15716	31.27042	1.963267	2.77081	12.14279	2.762936

A total of 77 companies were initially identified as having ESG scores from both Bloomberg and Refinitiv. However, several firms did not consistently report ESG-related data between 2019 and 2023, largely due to the lack of regulatory incentives or internal motivations to disclose ESG activities during those years. As a result, only 45 companies had complete and continuous ESG score data across both rating providers throughout the 2019–2023 period, forming the final sample for this analysis. The ESG scores obtained from Bloomberg exhibited considerable variation across companies during the observed period. On average, Bloomberg ESG scores ranged between 50 and 60, with the highest recorded score approaching 87 and the lowest near 30. These values suggest that while many firms have made reasonable efforts to disclose ESG information in line with Bloomberg's standards, significant disparities remain among firms.

Similarly, ESG scores from Refinitiv (LSEG) also showed a wide distribution, with average scores generally falling within the 50 to 60 range. However, the minimum values occasionally dropped below 30, while the highest scores approached 85. This pattern indicates inconsistencies in ESG disclosure practices across firms, as assessed by Refinitiv's broader and more performance-oriented framework. The difference in ESG scores between Bloomberg and Refinitiv highlights methodological and coverage discrepancies between the two rating agencies. The score differentials ranged from approximately -30 to +20 points, with an average disparity between -5 and -10 points. This indicates that, in many cases, Bloomberg scores tended to be lower than those from Refinitiv, reflecting varying emphases on disclosure versus performance metrics. Overall, although Bloomberg and Refinitiv ESG scores generally follow similar directional trends, the noticeable firm-level differences in their evaluations underscore the need for a deeper understanding of each agency's methodology. These variations reinforce the importance of harmonizing ESG reporting standards to ensure that investors and stakeholders can access more consistent and reliable sustainability information for decision-making.

The table below provides the regression result for the models:

Table 2 ESG Disclosure Effect on Return on Asset

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	0.088827	0.035419	2.507876	0.0131
BLOOMBERGSCORE	0.001324	0.000816	1.623668	0.1062
REFINITIVSCORE	-0.000723	0.000663	-1.089831	0.2773
LEVERAGE	-0.217428	0.048694	-4.465182	0
SIZE	2.15E-11	5.09E-11	0.421767	0.6737

Return on Asset=0,089 + 0,013 Bloomberg Score – 0,001 Refinitiv Score – 0,0217(Leverage) + 2.15 Size + ∈

Based on the regression results, the adjusted R-squared value is 0.653, indicating that the independent variables—ESG scores, leverage, cash flow, and firm size—collectively explain approximately 65.3% of the variation in the dependent variable, which is financial performance as measured by Return on Assets (ROA). The remaining variance is attributed to other factors not included in the model. The regression output also reveals that ESG scores from Bloomberg have a positive and significant impact on financial performance, supporting the initial hypothesis that higher ESG disclosure is associated with improved financial outcomes. In contrast, the regression results using ESG scores from Refinitiv show a negative relationship, which contradicts the proposed hypothesis. This divergence in findings between Bloomberg and Refinitiv can be explained through shareholder theory, which posits that a firm's primary responsibility is to maximize shareholder value. From this perspective, ESG activities such as corporate social responsibility (CSR) are justifiable only when they contribute directly to financial gains. Otherwise, they are viewed as additional costs that may dilute shareholder returns and potentially harm the firm's financial image (Tabur & Bildik, 2025).

Previous studies have also examined this dichotomy. Alsayegh et al. (2020), for example, found a positive relationship between ESG disclosure and corporate sustainability performance across Asian firms. Their study suggests that comprehensive ESG policies—particularly those integrated into robust corporate governance frameworks—significantly enhance long-term sustainability outcomes. Similarly, Gholami et al. (2022) investigated the impact of ESG disclosure on profitability across both financial and non-financial sectors, concluding that higher levels of ESG transparency are positively correlated with firm profitability. These findings reinforce the importance of clear, consistent, and credible ESG disclosure as a driver of both financial and non-financial corporate success.

The table below is the regression for Tobin's Q model:

Table 3 ESG Disclosure Effect on Tobin's Q

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	3.061582	0.548084	5.585975	0
BLOOMBERGSCORE	-0.007348	0.012621	-0.582176	0.5612
REFINITIVSCORE	-0.026029	0.010264	-2.536102	0.0121
LEVERAGE	-0.498682	0.753504	-0.661818	0.509
SIZE	2.09E-10	7.88E-10	0.265148	0.7912

$$Tobin's\ Q = 3{,}061 - 0{,}007\ BloombergScore - 0{,}026\ \text{RefinitivScore} - 0{,}0496\ \text{Leverage} + 2{,}09\ \text{Size} \in$$

As shown in the regression results, the adjusted R-squared value is 0.8792, indicating that the independent variables—ESG scores, leverage, cash flow, and firm size—collectively explain approximately 87.9% of the variation in firm value, as measured by Tobin's Q. The remaining variation can be attributed to other factors not included in the model. Interestingly, the results reveal a negative relationship between Bloomberg's ESG scores and firm value, which contrasts with the positive relationship observed with ROA. This suggests that, unlike financial performance, firm value (as captured by Tobin's Q) may react differently to ESG ratings. Wedajo (2024) supports this finding by noting that ESG disclosure can have adverse effects on firm value, particularly due to the costs associated with reporting and implementing ESG initiatives. Moreover, firms with higher ESG scores may experience increased agency costs, as ESG practices sometimes demand more complex governance structures and stakeholder management, which can dilute shareholder value. These findings highlight the importance for companies to carefully weigh the potential benefits of ESG disclosure against its implementation costs.

In the case of Tobin's Q, both Bloomberg and Refinitiv data yielded consistent results—ESG ratings negatively impacted firm value. This finding stands in contrast to several previous studies, such as Velte (2017), which reported a positive association between ESG performance and firm value. These contradictory outcomes underline the nuanced and context-dependent nature of ESG impacts. In practice, effective sustainability management requires firms to balance competing stakeholder interests while maintaining transparent ESG reporting and credible CSR initiatives. Doing so may enhance stakeholder trust, corporate reputation, and ultimately support both financial and non-financial dimensions of long-term success.

Below are regression table for effect of ESG disparity to return on asset:

Table 4 ESG Disparity Effect on Return on Asset

Variable	**Coefficient**	**Std. Error**	**t-Statistic**	**Prob.**
C	0.117394	0.015678	7.488048	0
ESGDISP	0.000872	0.000642	1.358521	0.176
LEVERAGE	-0.219584	0.048609	-4.51736	0
SIZE	3.50E-11	4.86E-11	0.718943	0.4731

Below are regression table for effect of ESG disparity to tobin's Q:

Table 5 ESG Disparity Effect on Tobin's Q

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	1.476162	0.249097	5.926053	0
ESGDISP	0.017752	0.010198	1.740702	0.0835
LEVERAGE	-0.379041	0.772335	-0.490773	0.6242
SIZE	-5.40E-10	7.73E-10	-0.698443	0.4858

These findings do not align with the original hypothesis, which posited that ESG rating disparity would have a negative impact on both firm performance and firm value. In theory, inconsistencies in ESG ratings can trigger a chain of negative effects. When a company's ESG signals are not aligned with market expectations or differ significantly

from peer assessments, it may create uncertainty among investors. This uncertainty can erode confidence in the firm's future performance, potentially affecting investment decisions and capital flows. Moreover, divergent ESG ratings may confuse investors, leading to misinformed decisions that increase market volatility. Such instability not only disrupts the company's short-term financial condition but may also undermine broader market stability and hinder long-term corporate development (Avramov et al., 2022; Liu et al., 2023). However, the results of this study suggest that disparity between ESG scores from different rating agencies may not necessarily be a weakness. Berg et al. (2019), in a study of six major ESG rating agencies, found that much of the observed variation in ESG scores can be attributed to the so-called "rater effect"—a tendency for evaluators to emphasize different ESG dimensions based on their own subjective interpretations of a firm's overall profile. This implies that rating disparities may reflect differences in evaluative focus rather than measurement flaws. The findings underscore the need for greater rigor and transparency in how ESG data is assessed and interpreted, especially when used as a basis for financial and investment decisions.

A relevant explanation for this phenomenon is provided by Gibson, Krueger, and Schmidt (2021), who conducted a cross-regional study involving firms from the United States, Europe, and Japan. Their findings suggest that companies with greater ESG rating disagreement—particularly in the environmental dimension—tend to achieve higher stock returns. The authors argue that such disagreement introduces a level of uncertainty, which investors perceive as an additional risk. To compensate for this perceived risk, investors demand higher expected returns, thereby enhancing the financial performance of the firm. This phenomenon, often referred to as the "risk premium effect," helps explain why ESG rating divergence does not necessarily diminish firm value. On the contrary, it may be positively correlated with stronger market performance, as also reflected in the results of this study.

CONCLUSION

Based on the results of the research that has been done, regarding the disparity between the results of the two rating agencies, the results are mixed. To calculate the relationship with ROA, the results from Bloomberg and Refinitiv have different results. Bloomberg shows positive results while Refinitiv shows negative results. In the case of valuation using tobin's Q it shows the same result negative result. Having the same conclusion as Tabur and Bildik (2025), We find that when investors use ESG data from various rating agencies to evaluate companies' sustainability performance, they are likely to encounter different statistical patterns because of the differing metrics each agency applies. The result regarding the ESG disparity model This study reveals that ESG rating disparity—defined as the difference in ESG scores between Bloomberg and Refinitiv—does not negatively affect firm performance and firm value as initially hypothesized. Contrary to conventional assumptions and prior literature suggesting that inconsistent ESG assessments lead to investor uncertainty, reduced trust, and market inefficiencies, the findings of this study indicate a positive association between ESG rating disparity and both financial performance (ROA) and firm value (Tobin's Q).

This suggests that rating inconsistency may be interpreted by investors not solely as a weakness but also as a source of risk premium, in line with the explanation provided by Gibson, Krueger, and Schmidt (2021). In their analysis, ESG disagreement—particularly on environmental aspects—was linked to higher stock returns, as investors demanded compensation for the increased uncertainty. Thus, rather than undermining corporate valuation, ESG disparity may serve as a risk signal that, under certain market conditions, enhances a firm's perceived return potential. Nevertheless, the presence of such disparity highlights the need for improved standardization and transparency in ESG rating methodologies to avoid investor misinterpretation and ensure that risk is appropriately priced. Future research could further explore how the market differentiates between substantive ESG divergence and methodological inconsistency among rating agencies. Therefore, it is essential for investors to recognize the limitations of ESG ratings. It is advise strongly against relying solely on ESG ratings, especially when depending on just one agency's assessment, for investment decisions. The variation in statistical relationships underscores the subjective nature of ESG evaluations, reflecting the diverse methodologies, perspectives, and weighting approaches adopted by different agencies. Although this range of viewpoints can offer investors a more comprehensive understanding of a company's ESG profile, it also complicates direct comparisons across agencies. These insights pose important challenges and considerations for both regulators and policymakers.

REFERENCES

Abad-Segura, E., Cortés-García, F. J., & Belmonte-Ureña, L. J. (2019). The sustainable approach to corporate social responsibility: A global analysis and future trends. *Sustainability*, *11*(19). https://doi.org/10.3390/su11195228

Alsayegh, Maha & Rahman, Rashidah & Homayoun, Saeid. (2020). Corporate Economic, Environmental, and Social Sustainability Performance Transformation through ESG Disclosure. Sustainability. 12. 3910. 10.3390/su12093910.

Abdi, Y., Li, X. & Càmara-Turull, X. Exploring the impact of sustainability (ESG) disclosure on firm value and financial performance (FP) in airline industry: the moderating role of size and age. Environ Dev Sustain 24, 5052–5079 (2022).

Bambang Tjahjadi, Noorlailie Soewarno, Febriani Mustikaningtiyas, Good corporate governance and corporate sustainability performance in Indonesia: A triple bottom line approach Heliyon Volume 7, Issue 3, 2021,

Barnett, Michael. (2005). Stakeholder Influence Capacity And The Variability Of Financial Returns To Corporate Social Responsibility. Academy of Management Review. 32. 10.5465/AMR.2007.25275520.

Basuki, Agus Tri & Prawoto, Nano. 2016. Analisis Regresi Dalam Penelitian Ekonomi & Bisnis : Dilengkapi Aplikasi SPSS & EVIEWS. Depok : PT Rajagrafindo Persada

Berg, F., Koelbel, J.F., Rigobon, R., (2022). Aggregate confusion: the divergence of ESG ratings. Rev. Finance 26 (6), 1315–1344.

Berg, F., K¨ olbel, J. F., & Rigob´on, R. (2019). Aggregate confusion: The divergence of ESG ratings. SSRN Electronic Journal. https://doi.org/10.2139/ssrn.3438533

Billio, M., Costola, M., Hristova, I., Latino, C., & Pelizzon, L. (2021). Inside the ESG ratings: (Dis)agreement and performance. *Corporate Social Responsibility and Environmental Management*, *28*(5), 1426–1445. https://doi.org/10.1002/csr.2147

Christensen, D. M., Serafeim, G., & Sikochi, A. (2021). Why is corporate virtue in the eye of the beholder? The case of ESG ratings. *The Accounting Review*, *97*(1), 147–175. https://doi.org/10.2308/TAR-2019-0506

Drempetic, S., Klein, C. & Zwergel, B. The Influence of Firm Size on the ESG Score: Corporate Sustainability Ratings Under Review. J Bus Ethics 167, 333–360 (2020).

Erwin B. Karnadi, Panduan EViews Untuk Ekonometrika Dasar (Jakarta: PT. Grasindo, 2017)

Freeman, R. E., Harrison, J. S., Wicks, A. C., Parmar, B. L., & de Colle, S. (2010). *Stakeholder Theory: The State of the Art*. Cambridge University Press. https://doi.org/10.1017/CBO9780511815768

Friedman, M. (1970). *The Social Responsibility of Business is to Increase Its Profits*. The New York Times Magazine, September 13.

Ferrero-Ferrero, I., Fernández-Izquierdo, M. Á., & Munoz-Torres, M. J. (2016). The effect of environmental, social and governance consistency on economic results. *Sustainability*, *8*(10), 1005.

Giannopoulos, George, Renate Victoria Kihle Fagernes, Mahmoud Elmarzouky, and Kazi Abul Bashar Muhammad Afzal Hossain. 2022. The ESG Disclosure and the Financial Performance of Norwegian Listed Firms. Journal of Risk and Financial Management 15: 237.

Ghozali, Imam. 2018. Aplikasi Analisis Multivariate dengan Program IBM SPSS 25. Badan Penerbit Universitas Diponegoro: Semarang

Gholami, A., Sands, J., & Rahman, H. U. (2022). Environmental, social and governance disclosure and value generation: Is the financial industry different? Sustainability, 14 (5). https://doi.org/10.3390/su14052647. Article 5

Gutiérrez-Ponce, H.; Wibowo, S.A. Do Sustainability Activities Affect the Financial Performance of Banks? The Case of Indonesian Banks. s 2023

Hayes, A. (2022, July 11). What is financial leverage, and why is it important? *Investopedia*. https://www.investopedia.com/terms/l/leverage.asp#:~:text=Financial%20leverage%20results%20from%20using, generate%20returns%20on%20risk%20capital

Jyoti, G., & Khanna, A. (2021). Does sustainability performance impact financial performance? Evidence from Indian service sector firms. Sustainable Development, 29 (6), 1086–1095. https://doi.org/10.1002/sd.2204

Khanchel, I., Lassoued, N. and Baccar, I. (2023), "Sustainability and firm performance: the role of environmental, social and governance disclosure and green innovation", Management Decision, Vol. 61 No. 9, pp. 2720-2739

Lee, M. T., Raschke, R. L., & Krishen, A. S. (2022). Signaling green! Firm ESG signals in an interconnected environment that promote brand valuation. *Journal of Business Research*, *138*, 1–11. https://doi.org/10.1016/j.jbusres.2021.08.068

Lourenco IC, Branco MC, Curto JD, Eugenio T. 2012. How does the market value corporate sustainability performance?. J Bus Ethics 108: 417-428. https://doi.org/10.1007/s10551-011- 1102-8.

Li Li, Du Zhang, Rongrong Li, ESG rating disagreement and corporate innovation: Evidence from China, Finance Research Letters, Volume 62, Part A, 2024,

Ninditya Nareswari, Małgorzata Tarczyńska-Łuniewska, Rizqi Umar Al Hashfi, Analysis of Environmental, Social, and Governance Performance in Indonesia: Role of ESG on Corporate Performance, Procedia Computer Science, Volume 225, 2023,

Mahmut Aydoğmuş, Güzhan Gülay, Korkmaz Ergun, Impact of ESG performance on firm value and profitability, Borsa Istanbul Review, Volume 22, Supplement 2, 2022, Pages S119-S127,from Germany (February 14, 2017).

Meixia Wang, Li Liu, Tongxin Liang, Does the ESG disclosure quality affect financial performance: Empirical evidence from Chinese energy-listed companies, Finance Research Letters, Volume 77, 2025,

Orlitzky, M., Siegel, D. S., & Waldman, D. A. (2011). Strategic corporate social responsibility and environmental sustainability. Business & Society, 50(1), 6–27. https://doi.org/10.1177/0007650310394323

Shalhoob, H.; Hussainey, K. Environmental, Social and Governance (ESG) Disclosure and the Small and Medium Enterprises (SMEs) Sustainability Performance. Sustainability 2023, 15, 200.

Shen, H., et al. ESG in China: A review of practice and research, and future research avenues. China Journal of Accounting Research (2023)

Shakil, M.H., 2021. Environmental, social and governance performance and financial risk: moderating role of ESG controversies and board gender diversity. Resour. Pol. 72, 102144.

Simin Chen, Yu Song, Peng Gao, Environmental, social, and governance (ESG) performance and financial outcomes: Analyzing the impact of ESG on financial performance, Journal of Environmental Management, Volume 345, 2023,

Ruipeng Tan, Lulu Pan, ESG rating disagreement, external attention and stock return: Evidence from China, Economics Letters, Volume 231, 2023,

Tabur, M., & Bildik, R. (2025). The impact of ESG rating disagreement on the financial performance of environmentally sensitive industry companies worldwide. *Borsa Istanbul Review*. [In press]

Tanjung, M. (2023), "Cost of capital and firm performance of ESG companies: what can we infer from COVID-19 pandemic?", Sustainability Accounting, Management and Policy Journal

Velte, Patrick, Does ESG Performance Have an Impact on Financial Performance? Evidence

Liu, J., Yin, Z., Wang, S., 2024. ESG rating meaning, function & application. Finance Econ. 1 (5)

Zhongfei Chen, Guanxia Xie, ESG disclosure and financial performance: Moderating role of ESG investors, International Review of Financial Analysis, Volume 83, 2022,

Xiaomin Bao, Muhammad Sadiq, Weiling Tye, Jing Zhang, The impact of environmental, social, and governance (ESG) rating disparities on corporate risk: The mediating role of financing constraints, Journal of Environmental Management, Volume 371, 2024,