

Investigating the integration of ESG factors into financial markets and its influence on sustainable economic growth in emerging Asian economies

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Abstract: It is increasingly obvious the huge improvement caused in loss of habitat and degradation in environment. Various nations are prone to natural disasters if this issue is not addressed. The development of finance has been hailed as significant in alleviating environmental concerns due to its part as a source of cash for the development of green technology. The primary goal of this research is to satisfy an acquaintance vacuum by investigating the relationship amongst economic growth and ESG (Environmental, Social and Governance) concert throughout Asia. This analysis made use of country-level data from 2010 to 2015. Economic growth is positively connected to ESG routine, due to examination upon the pooled normal least squares method, the immovable impact logistic method, these two-phase least squares technique, and the structure's generalised approach of moments estimator. Additionally, additional tests including financial sector growth subcomponents (financial platforms and financial institutions) reveal that the conclusion is consistent and resilient under multiple model settings. Financial development, when combined, is an essential catalyst for promoting ESG performance in Asia.

Keywords: ESG performance; economic growth; financial sector; least squares

1. Introduction

Growing public awareness about global warming and other environmental issues has raised public interest in company disclosure of additional data relating to sustainability plans and practices in recent years. Identifying the value of disclosures in building trust amongst firms and consumers, new broadcasting methodology have been established to generate "sustainability reports" that include ESG (environmental, social, and governance) information. Though, the limited distribution of information through these reports, particularly on uncertainties and risks (Cabedo et al., 2004), has emphasized the requirement of complete reporting network that fosters associated thinking by merging economic and non-financial data. As a result, integrated reporting (IR) has arisen as a critical problem for improving the superiority of data required to produce long-term rate via a combined thinking method.

The primary goal of IR is to improve responsibility in the use of six different types of investment: economic, produced, cognitive, human, societal and relational capital, and the environment (Busco et al., 2013). These many types of investment have a through influence on short-, medium-, and permanent positive and negative consequences across the rate chain, which includes corporate events and outputs. Consequently, IR is critical to the way a business operates and management, as these characteristics are inextricably linked to its potential and hazards, efficiency, strategy and allocation of resources, and potential futures. Disclosing these fundamental elements of value creation aids users of IR in making decisions by providing them

with a thorough picture of the company's total social effect. Globally, the profession of IR is gaining pace and garnering the attention of politicians and academics. Following the introduction of a mandated system based on the "apply or explain" approach by South Africa in 2011, several nations are now voluntarily implementing IR, with the assistance of professional organisations and big international corporations.

The first type of ESG investments, known as ESG integration, aims to improve the characteristics of high returns. The secondary phase includes the investor required to analyse the belief and norms. The third type is known as impact capitalizing, in which investor utilize the economy to promote communal or ecological deviation, such as hastening the saving's decarbonization (Giese). While some investors utilise data from ESG assessment organisations, indexes, and funds created using some of these methodologies, others rely their selections on their own due diligence. Institutional investors are growing more and more interested in ESG investments as government funding, local governments, and politicians put greater moral pressure on businesses to adopt environmentally responsible practices. The acceptance of responsible investment has increased as a result of the economic meltdown of 2007 and the following implementation of new laws and guidelines. SRI has emerged as an alluring alternative investment strategy since it has shown itself to be a harmless asset in declining marketplaces and has given investors some moral gratification (Pasquini-Descomps et al., 2017). The worldwide economic recession driven on by the 2007 credit glut led businesses and economical markets to reevaluate their vulnerability to systemic risk.

The need of incorporating ESG considerations as well as sustainability converted to business and trying to make decision rather than, has become clear to important stakeholders as a result. Organizations, economic market participants, and supervisors are analysing new problems, identifying new threats, and looking for new possibilities in future market. ESG considerations are flattering more significant in the pursuit of long-term shareholder value creation, demanding new strategies that demand both businesses and investors to include the long-term ramifications of their monetary actions. For instance, the market value of ESG-driven assets has surpassed \$40 trillion, and big investors (such the World Business Council on Sustainable Development) are increasingly emphasising ESG problems to increase future profits (Mouss et al., 2021). These revaluations promote capital transfers from risky assets to ESG portfolios as such approaches are likely to overcome the economy in situations of situation (Helfaya and Bui, 2022). The S&P 500 ESG gauge, the Morgan Stanley Capital International (MSCI) developing economies ESG leader directory, and the MSCI Asia ESG leader directory, for instance, outrages their values by 0.6%, 0.5%, and 3.83%, individually at the initialize during pandemic period (Muñoz-Torres et al., 2019).

Businesses are more likely to "comply and implement" if key stakeholders, such as banks and investors who control significant company resources, give ESG ratings adequate consideration. According to the risk theory of management, banks are more likely to regulate and lower the information asymmetrical decision-making risk through mandated information disclosure (Tarmuji et al., 2016). Additionally, when the degree of asymmetry in information declines, investors' willingness to give capital would likewise increase (Raimo et al., 2021). According to the Signaling Theory, this

sort of behaviour sends a favourable message from the corporation that it is eager to engage in charitable endeavours in the community for the implied benefit of all stakeholders (Ioannis and Serafeim, 2012). In this sense, financial companies (i.e., banks) would be encouraged to provide loans/credit under certain circumstances by their ecological and social information disclosure.

The association between ESG ratings and financial success, however, is either negative or irrelevant, likely as a result of the fact that spending on external concerns like the natural world and ethical behaviour cannot assist businesses financially (Liao et al., 2015). Increasing financial investment with decreasing financial performance will necessarily result in increased environmental and social investment. Both consumers and investors will pay enough consideration to these ESG methods as long as ESG performance remains to have an impact on investment strategies, just as the increasing need for ESG strategies has been the driving force behind this market trend. As a result, businesses and investors are attempting to forecast future growth directions based on factors related to the environment, society, and governance. For instance, professional financial institutions may view ESG ratings as a guarantee that their investment risks would be minimised. Patent regulations vary between nations and areas; for example, some start counting from the moment of implementation, while others start counting from the period of authorisation. In China, the date of the patent application is used to determine the length of the maintenance period (Shaukat et al., 2016). The desire for innovations and scientific discovery of Chinese listed businesses is continually boosted against the backdrop of fast economic expansion, which is most visibly demonstrated by the rapidly increasing patent award in recent years. According to Moussa (2017), a useful predictor of the quality of an innovation is the patent's maintenance duration. Additionally, concluded that the maintenance time or longevity of a patent is clearly connected to the forward references of patents.

The “stakeholder values” expectations of investors and banks have created new hurdles for businesses and financial systems and have even passively incorporated ESG considerations into their financial choices. As more and more businesses use the ESG evaluation, the recent appearance of multiple Sustainability Rating Agencies (SRAs) suggests that the evaluation method of ESG rating has increasingly come into the spotlight of financial companies, investors, and authorities globally. China's listed firms have improved their grasp of ESG performance since the MSCI Index started to conduct ESG evaluations on China's A-shares markets in recent years, and the amount of disclosure of ESG data has also continued to rise. To strengthen the disclosure of ESG data while communicating with stakeholders, regulatory organisations have currently incorporated ESG demands into every step of granting bank credit. They have also established mandatory disclosure of environmental data standards for all listed companies. Many listed firms even use core resources to enhance ESG competitiveness and associated performance using ESG-based growth plans, which supports their sustainable growth.

2. Literature review

As a result of the significant disruption, it causes to social and economic well-being, climate change is dominating headlines (Hewston, 2018; Sengupta and

Popovich, 2018). With the enhancement of the economical network praised as initial parameter to reducing the supplementary significance of worldwide warming, research on factors affecting the health of the environment has exploded recently (e.g., Shahbaz et al., 2016; Tamazian et al., 2009; Yuxiang and Chen, 2011). Even though ESG is now widely used in investment evaluation and management, there is little research tying financial growth to ESG practices. Due to the validity of the link between monetary growth and environmental performance, this study mostly relied on previous investigations.

2.1. Financial enhancement

Financial institutions and financial markets are the two sub-components that make up a financial system in the broadest sense. Each sector has a special responsibility to offer investors, financiers, and borrowers a range of financial services and facilities. Svirydzienka (2016) noted that although banks—the huge group of economical standards—are frequently acknowledged as essential to addressing economical needs, various institutes—such as insurance businesses, asset banks, bond funds, and pension funds—are becoming more significant today. The securities and stock markets, on the other hand, are important marketplaces in many nations because they give people and companies options for diversifying their savings and raising money. As stated by Fase and Abma (2003), the financial scheme keeps track of financial activity and promotes the process of cash accumulation and deployment amongst the extra items and the deficit families. Numerous lawmakers have examined financial development due to its crucial functions that greatly influence how society and the economy advance. Financial markets and institutions play significant roles in each category, meeting different but complementary demands for a country.

Levine (2005) gave four crucial financial system functions a lot of attention. The financial industry first collects savings from families with spare funds. The financial sector also generates attractive investment opportunities. Third, a reliable monitoring system is connected to financial development. Financial experts have provided several justifications for the significance of financial growth within the economy. The lack of advancement in financial activities has an impact on resource allocations and financial flows, which in turn restrains economic growth, according to Sahay et al. (2015) suggested that, to the enhance the economical markets gather savings, between others, a small amount of savings as a result of financial domination, for example, may source inefficiency in the distribution of funds to investment activities.

Rendering to Fase and Abma (2003), monetary growth can narrow the informational gap amongst borrowers and lenders, which converts results in a more significance and fruitful distribution of resources. According to this perspective, a more advanced financial system will boost economic productivity and raise standards of living. There is still another possible way that money might influence the state of finances and civilization. For instance, Sahay et al. (2015) expanded on this concept by emphasising how financial growth encourages risk diversification, which affects how well firms and families can withstand shocks. How financial development is assessed is becoming even more difficult due to the financial system's multifunctional responsibilities, which also include transactions, risk diversification, savings, and

investment. This problem is complicated and poses a big difficulty. Sahay et al. (2015) questioned the use of solitary metrics on the grounds that the growth of economics should encompass a larger area such as the cost of funding and financial provisions and should not be limited to the size of the banking sector. According to the concept put forward, the three primary elements that determine the economic growth in this study are: (1) depth—market size and liquidity; (2) access—enhanced use of economic facilities and resources; and (3) productivity—provision of financial needs at competitive prices with long-term profitability.

2.2. Environmental, social and governance (ESG) routine

Sustainable savings are those that include ESG elements into the collection creation and decision-making processes. The amount of corporate ESG activity is tremendous. Kell (2018) gave various illustrative instances of ESG schemes that businesses may want to take into consideration, such as how to deal with environmental degradation, how to manage water, how to improve employee health and safety, and how to effectively engage the supply management. ESG material, a non-financial statistic that is gaining popularity around the globe, is widely lauded as the triple bottom-line strategy that encourages the growth of the economy, environment, and social and ethical values. Contrary to such conversations, which are frequently centred on the environment and social issues, the question of responsible investment and governance has generated less fervent public attention.

Busch et al. (2016) noted in their research that when addressing environmentally friendly and communal problems, the management measurement must be included as an appropriate system of domination can absolutely donate to the accessibility of organizations and thereby encourage more well-organized resource distribution to the environment and culture. The properties of ESG are briefly reviewed in the following paragraphs. The areas that require attention are changing the climate, ecosystems, energy significance, water management contamination, desertification, and the handling of waste (Chartered Financial Analyst Institute, 2008, 2015). According to Limkriangkrai et al. (2017), green initiatives represent the duties and responsibilities carried out by corporations to minimise their environmental effects through compliance with ecological regulations. Furthermore, Busch et al. (2016) classified ecological activities as significant projects addressing improved resource efficiency, the utilization of economic resources and recycle programmes, and the viability of ecological schemes across nations.

Implementing pollution management metrics, making reserves in eco-efficient technology, and supporting corporate social accountability policies are crucial environmental factors. As stated by Limkriangkrai et al. (2017), socially acceptable acts entail treating close stakeholders fairly and safeguarding the social ecology in which the firm works. They are the actions taken by businesses to deal with problems affecting stakeholders from the inside out. Social welfare, in its most basic form, is concerned with people's rights, welfare, and stake in a communal which includes but not incomplete to labour standards, gender variety, satisfaction with work, interactions with the community, and rights for individuals. Other social programmes include initiatives aimed at enhancing cultural, social, and human resources. For two distinct

motivations, namely self-interest and solidarity, corporate firms have historically worked to satisfy the requirements of the general public. In contrast to the former, which promotes social peace and mutual assistance, the latter is predicated on the idea that bettering social circumstances may increase the business as a result. For a variety of reasons, it is crucial for firms to care for and support community.

Given their strong linkages to investors' requirements and interests, governance practices—one of the three activities—have drawn the most attention in the prior research. According to Sultana et al. (2018), governance is a strategy for resolving disputes between management and shareholders. According to Limkriangkrai et al. (2017), these are safeguards and management of risks, information symmetry and transparency, corporate ethics, and shareholder rights. Businesses are more likely to make wise results in favour of the owners when there is effective governance in place.

3. Research model and design

The specific time period of 2010 to 2015 was chosen for this research model and design because it corresponds to a period of substantial economic growth and development in emerging Asian economies. This period also aligns with the growing focus on ESG factors in financial markets and the implementation of various policies and regulations aimed at fostering sustainable economic growth. The research utilized country-level data from 2010 to 2015 to explore the correlation between economic growth and ESG performance across Asia. The main objective was to address a knowledge gap by analyzing the influence of ESG factors on sustainable economic growth in emerging Asian economies. The research ensures that the work is conducted in accordance with applicable ethical guidelines and regulations. The research was conducted with integrity and in accordance with ethical principles. The research has been approved by the institutional review board of Beijing International Bilingual Academy and adhered to all applicable ethical guidelines and regulations.

The 73 firms that make up the study's chosen sample, which is organised by nation of origin in Asia and spans a geographical region of 17 nations, are drawn from all over the world. 40 out of the 73 companies in the sample are from the United States and Asia, while the remaining nations each contribute less than 10% to the whole sample. Below 5% share, most of the other nations are evenly dispersed. The six-year research period, which runs from 2010 to 2015, covers the outcome of the global financial calamity. Use of the chosen time is justified for several reasons. First, investors gave more significance to ESG variables during this time dated since there may be a positive association amongst the production of lasting worth and the routine of ESG indicators. Second, more and more businesses have been asked to be assessed and added to the index's calculations during this time, and the criteria for inclusion and exclusion have changed.

Semenova et al. (2010) found a favourable association amongst ecological sustainability and economic values of the enterprises using the Ohlson valuation model. The research suggests that the incorporation of the additional financial range amongst standard investment examination gives a deeper picture on how investments perform over time and that the company's social and environmental ratings are meaningful to investors. In a related study, Galbreath (2013) used information from an

independent, third-party ESG ratings organisation to analyse the degree to which ASX300 corporations over a period of eight years had demonstrated ESG performance. The primary factors employed in this study’s descriptive statistics are listed in **Table 1**. The variables’ means, standard deviations, minimums, and maximums are listed in the table. The table displays that the range of MTBV principles is 0.450 to 25.980 with a mean value of 2.90886; the range of ROA data is -0.087 to 0.120 with a mean value of 0.04479; the range of environmental scores (ENV) is 1.417 to 77.721 with a mean value of 26.72145; the range of social scores (SOC) is 13.148 to 80.131 with a mean value of 31.18155 which is illustrated in **Table 2**.

Table 1. Expressive statistics.

	<i>M</i>	Minimum	Maximum	Mean	Std. deviation
ROA	424	0.450	25.980	2.90886	4.58874
ENV	424	-0.047	0.120	0.04578	0.032051
SOC	424	1.428	97.732	37.93267	25.27744.5
GOC	424	12.713	81.130	37.73104	17.824323

Table 2. Constant predictors for coefficients.

	Std. error	<i>t</i>	Sigma
ROA	0.422	0.828	0.023
ENV	4.228	13.205	0.001
SOC	0.015	-0.326	0.025
GOC	0.011	2.511	0.002

dMTBV = 0.42 + 52.06; ENV: -0.02 ROA: -0.08; SOC: +0.07GOV.

Contrary to what we expected, we discovered that social (SOC) and environmental (ENV) components had an indirect or inverse effect on dMTBV, as shown by the unfavourable sign of their coefficients. Considered, we can determine that the data that have been analysed are accurate. coefficients and the rule of the confidence level are correlated. Likewise, as anticipated, the firms’ market values are significantly influenced by ROA.

4. Applying the framework for Asian based firms

Table 3 gives descriptive data for the key factors that were examined in relation to the subset of businesses with European origins. The variables’ means, standard deviations, minimums, and maximums are listed in the table. The range of values for MTBV is 0.530 to 7.360, with a mean charge of 2.89258; the range of values for ROA is -0.097 to 0.153, with a mean value of 0.05297; the range of values for environmental value (ENV) is 7.831 to 98.832, with a mean value of 47.74964; the range of values for social value (SOC) is 17.937 to 84.376.

Table 3. Descriptive analysis (Asia).

	<i>M</i>	Minimum	Maximum	Mean	Std. Deviation
ROA	95	0.430	6.260	1.78147	1.412171
ENV	95	-0.087	0.143	0.04287	0.028134
SOC	95	6.721	88.732	37.63953	16.193123
GOV	95	16.827	74.276	36.81875	18.341723
MTBV	95	27.018	81.140	42.87050	18.255144

The method of various linear technique that depicts the association amongst descriptive analysis (Asia) and its four different parameters are given below:

$$\text{Environmental coefficient} = 1.07 + 24.67\text{ENV} + 0.02\text{ROA} - 0.04\text{GOV} - 0.01\text{SOC}$$

The change of the constant ecological (ENV) and government (GOV) ratings from the worldwide model is particularly notable for the Asian enterprises sub-set. Therefore, it appears that investors on the European market will be more impacted by these criteria when determining the score of the market, respectively.

5. Experiential results and discussion

The study examines the link between economic growth and ESG performance in emerging Asian economies using country-level data from 2010 to 2015. The analysis employs multiple model settings, including the pooled normal least squares method, the fixed effects logistic method, the two-stage least squares technique, and the system’s generalised method of moments estimator. Furthermore, the study delves into the subcomponents of financial sector growth (financial platforms and financial institutions) to demonstrate the robustness of the findings. By adopting a comprehensive approach and employing various methods, the proposed research offers a more in-depth understanding of the relationship between economic growth and ESG performance in Asia.

We may first draw focus on the ethical standards of the gathered ESG scores after identifying the enhancement of variables and classifying several current influences among the appreciation of properties and ESG variables on the market price of the registered firms’ shares. In terms of descriptive data for recorded ecological scores, it can be shown that the smallest values (nominal and average) were discovered in the subset data related to Asian-originating enterprises. Within this information is the lowermost reported value for all the firms in our study (1.417) and the average score that is lowest of those assessed region (21.07555). since the component rating’s the lowest amongst the investigated regions, it seems that Asian investors place the minimal weight on ESG deliberations in their actions. One such cause might be the region’s existing regulatory construction in terms of ecological contemplations, which does not give adequate incentives to justify associated expenditures or does not provide strong penalties for noncompliance.

The sustainability score for European-based enterprises is at the opposite end of the range from Asian-based firms, with the best values (both absolute and average) observed across geographies. Additionally, the firms in the Europe area had the smallest ENV score (7.831) and the highest score (98.832) of all the results of the

businesses evaluated. As is widely known, the current environmental regulatory framework at the EU level places several requirements on businesses, and stakeholders are aware of the significance of adhering to these rules.

Though, it is important to note in this instance that, according to the model that measures the impact of ROA and ESG variables on the market worth of US companies, nominees appear to penalise in some way the companies’ environmental initiatives through the adverse relationship among ENV and MTBV value. These findings are supported by the possibility that the company’s efforts in environmental preservation may be expensive, which would reduce its profitability and, indirectly, its market value.

The following variables are considered in this study:

- Market capitalization (MC): a significant indicator that represents a firm’s size and is used by shareholders to evaluate a company when making an investment choice.
- Several financial signs: the overall asset (TA) a firm has, the total equity (TE) indicating the owners’ remaining stake, and the total revenue (TR) showing the company’s ability to sell.

Publishing a CSR report, a human resources report, an investor report, or a report on sustainability is one way to measure sustainability reporting. Another way is to use the ESG score. Based on the calibre of the released data on corporate governance, social issues, and the environment. **Figure 1** illustrates capitalization of market.

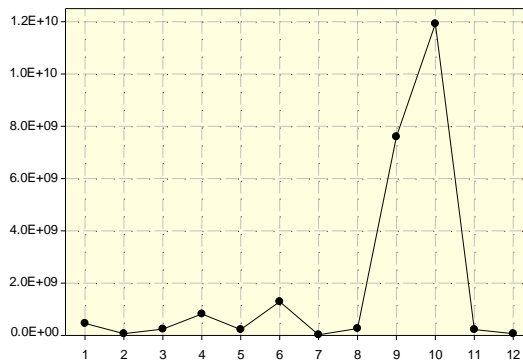


Figure 1. Capitalization of market.

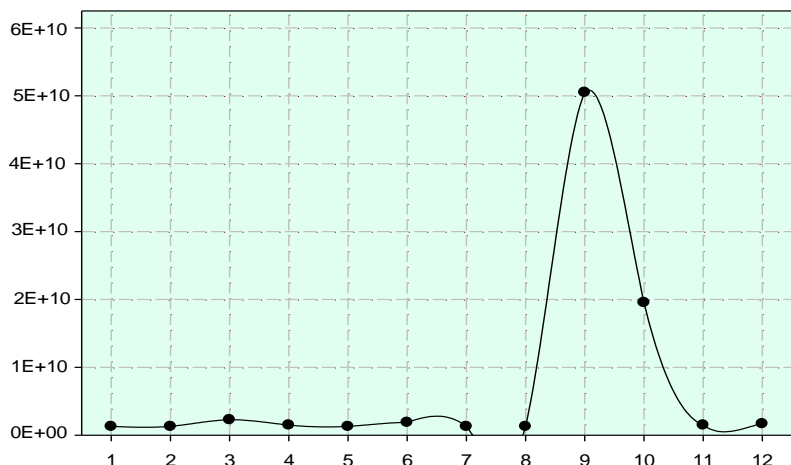


Figure 2. Asset of overall Asian companies.

Figure 2 showcase the overall asset of the Asian companies and **Figure 3** illustrates the overall equity of the Asian companies.

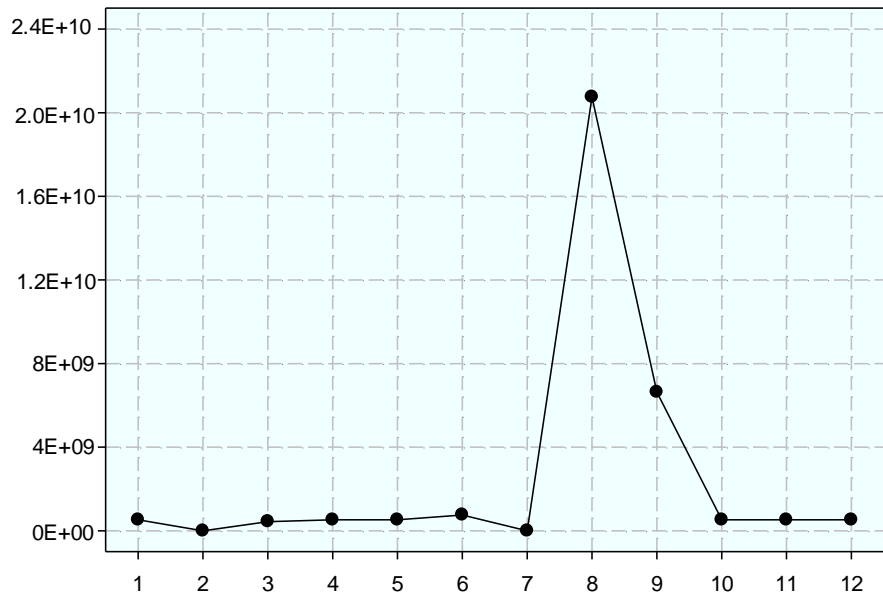


Figure 3. Overall Asian companies' equity.

The ESG score shows a company's management practises for avoiding hazards to the environment and capitalising on environmental possibilities. It also reflects the company's capacity to instill confidence and loyalty in its workers, customers, society, and its systems and procedures, ensuring that the company's directors and managers behave in the best benefit of its shareholders over the long term. The average ESG score of firms in the solar power equipment and services category is 44.45, with the top ratings going to Siemens Gamesa Renewable Energies SA, Grenergy Renovables SA, and Siemens Renewable Energy AG (**Figure 4**). According to CSR sustainability reporting, the firm should issue an additional extra-financial statement or an integrated yearly report on the social and environmental effect of its activities. In 2021, 58% of the firms in our survey released a CSR sustainability analysis (**Figure 5**).

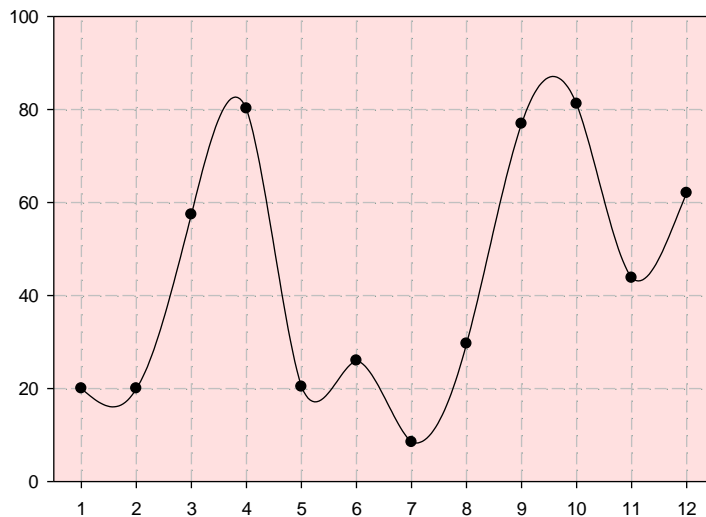


Figure 4. ECG value.

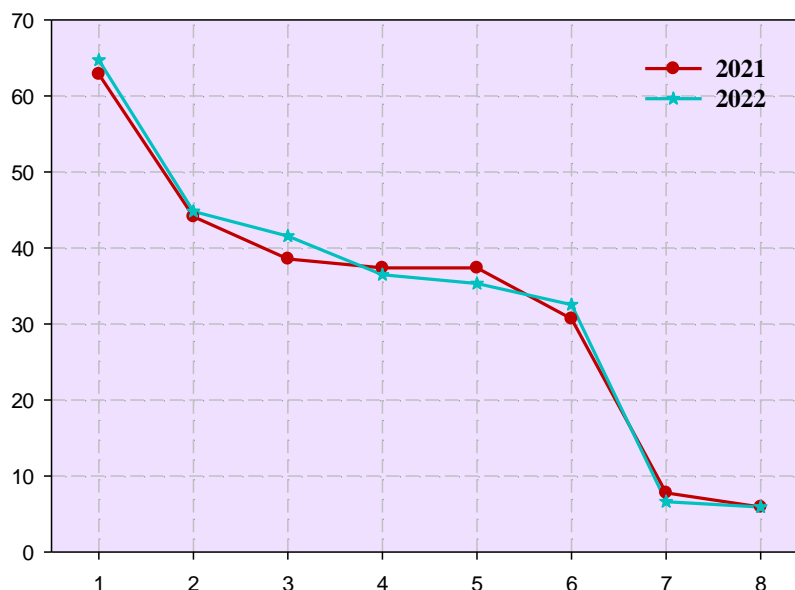


Figure 5. Sustainability assessment.

Figure 1—Capitalization of market: This figure represents the market capitalization (MC) of the firms in the study, which is a significant indicator of a company’s size and is used by shareholders to evaluate a company when making an investment decision. This figure shows the relationship between MC and ESG performance in emerging Asian economies. **Figure 2**—Asset of Asian companies overall: This figure illustrates the overall assets (TA) of Asian companies in the study. It shows the distribution of asset values across firms and provides insights into their financial health. **Figure 3**—Overall Asian companies’ equity: This figure shows the overall equity (TE) of the Asian companies in the study. It provides insights into the owners’ remaining stake in companies and their ability to generate profits. **Figure 4**—ESG value: This figure represents the ESG scores of the firms in the study. It shows the distribution of scores across firms and provides insights into the ethical standards of companies. **Figure 5**—Sustainability assessment: This figure illustrates the sustainability assessment of firms in this study. This shows the relationship between sustainability and ESG performance in emerging Asian economies. This figure provides insights into firms’ commitment to sustainable practices and their ability to create long-term value.

The research indicates a positive correlation between economic growth and ESG performance in Asia. This suggests that companies that prioritize ESG factors and incorporate them into their operations are likely to achieve higher economic growth. This is because ESG performance can result in cost savings, enhanced brand reputation, and increased investor confidence. Consequently, companies with robust ESG performance are expected to have a higher market value due to their potential for improved financial performance and reduced risk. Furthermore, financial institutions that promote the advancement of ESG performance in Asia are likely to witness growth in their own operations, leading to increased market value.

Previous studies have also explored the relationship between economic growth and ESG performance in both developed and developing economies (Ahmad et al., 2023; Aldowaiash et al., 2023; de Souza Barbosa, 2023). Some studies have found a

positive correlation between economic growth and ESG performance, while others have found a negative or insignificant relationship. The findings of this study indicate that economic growth and ESG performance are positively related in emerging Asian economies. This relationship is consistent and robust across multiple model settings, including the pooled normal least squares method, the fixed-effects logistic method, the two-phase least squares technique, and the system's Generalised Method of Moments estimator. These results suggest that financial development, when combined with ESG performance, can act as a catalyst for promoting sustainable economic growth in Asia. The positive relationship between economic growth and ESG performance is consistent with previous studies that have found a similar correlation in developed economies (Arora & Sharma, 2022; Barbosa et al., 2023). However, this study focuses specifically on emerging Asian economies, where the relationship between economic growth and ESG performance is less explored. Our study provides valuable insights into the potential for sustainable economic growth in this region, given the positive relationship between financial development and ESG performance.

While this research provides valuable insights into the relationship between economic growth and ESG performance in Asia, it also has some limitations. One limitation is that only country-level data from 2010 to 2015 was used, which may not be sufficient to capture the full range of economic and environmental factors that influence sustainable growth. Additionally, the study focuses specifically on emerging Asian economies, which may not be representative of other regions or developed economies. Another limitation is that the research only examines the relationship between economic growth and ESG performance in the financial sector and does not explore other industries or sectors. Finally, the study relies on quantitative analysis and does not take into account qualitative factors that may also impact ESG performance.

There are several opportunities for future research in ESG performance and economic growth. One area of research could focus on examining the impact of ESG performance on specific industries or sectors, beyond just the financial sector. Another avenue for future research could be to explore the role of government policies and regulations in promoting ESG performance and sustainable economic growth. Additionally, there is scope for qualitative research that can provide a more nuanced understanding of the factors that influence ESG performance and sustainable growth. A comparative analysis of ESG performance and economic growth in different regions could also be a valuable area for research.

6. Conclusion

Nowadays, a company's success is measured not only by financial metrics (such as revenue, return rate, margin of profit, solvency, or liquidity), but also by its capacity to support long-term growth and maintain business resilience. ESG precises have become an intrinsic aspect of corporate policies governing operational activities and commercial strategy. Continuing this pattern, the annual report frequently includes both monetary results and CSR data. The findings also reveal an important point regarding the relationships between the standard underpinning ESG pillars. Biological, social, and governance concerns all have a beneficial influence on economic sustainability, but in various manners. The social pillar has more clout,

implying that corporations should pay regard to these specific challenges (but the environmental and political pillars should not be overlooked). These final findings can help policymakers determine reform priorities based on desired outcomes. Sustainability metrics and reporting on CSR are relatively new concepts among firms and investors, but they will undoubtedly grow in the future. The current shortfall is in discretionary corporate social responsibility and ESG disclosure. Integrated reporting that incorporates financial information and sustainability reporting, in our opinion, is critical to ensure openness and accountability for businesses and organisations. As a result, the need for legislation and standards governing corporate social responsibility and ESG disclosure, as well as a clearly defined methodology for presenting sustainability data, was established.

Conflict of interest: The author declares no conflict of interest.

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