International Journal of Economic Practices and Theories (IJEPT)
ISSN: 2247-7225
Volume 2025 Issue 1

Impact of Sustainability Reporting on Corporate Performance– A Systematic Literature Review

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ABSTRACT

Holistic corporate performance reporting which includes a firm's financial, environmental and social performance has been the mandate, especially for large size listed companies' world over. ESG reporting (Environmental, social and governance) framework from GRI (Global reporting initiatives) is the pioneer in this regard, and it has a comprehensive framework for showcasing the performance of a firm on all three said parameters. Numerous all-inclusive reporting frameworks are available in different countries and firms are expected adopt reporting framework that fulfils the regulatory and compliance requirements. Sustainability reporting is an important element in corporate performance reporting and draws attention from all the stakeholders. Understanding and investigating the relationship between sustainability reporting and firm's financial performance has been a significant focus of academic research. Research patterns adopted in such studies include different dimensions and brings out interesting and substantial observations, yet findings are inconclusive. This study undertakes a comprehensive and systematic review of existing literature on sustainability reporting and its impact on corporate performance to understand the various dimensions of current body of knowledge. Researchers highlight important insights of the study and identify notable research gaps which will pave the way for future research.

KEY WORDS: Corporate performance reporting, Sustainability reporting, financial performance, ESG reporting, Regulatory and compliance requirements

1.Introduction:

Global warming and climate change due to presence of excessive greenhouse gases (GHG) is a matter of grave concern since past few decades. This has led to devasting environmental consequences. Climate change conditions have worsened in the recent past due to presence of excessive greenhouse gases (GHG) in the atmosphere since industrialization. This is leading to irreversible climate changes (Wadanambi et al., 2020). The industrial revolution which began in 1750 is considered as the main reason for climate change (Wandana et al., 2020). Industrial revolution not only led to technological innovations, but it also brought in social/economic transformation. Industrialization brings lot of opportunities and at the same time many challenges to counter.(Mgbemene et al., 2016). The practice

of financial reporting focussing only on accounting performance underwent significant changes as there was considerable pressure on the companies to show their contribution towards society and planet during late 19th century. Many companies started publishing social reports in 1970s and by 1990s the trend was streamlined though the process of regulations and compliance. (Kolk, n.d.). Companies in the USA and Western Europe were the early adopters of social reporting in 1970s. Though many companies started adopting social reporting enthusiastically, the process lost its momentum in a decade as social reporting was not institutionalized. Due to recession and its widespread impact on the economy, focus of companies as well as governments shifted towards expansion of businesses, market-oriented policies and employment generation. Social and environmental issues became less important and took a back seat. In late 1980s reporting on non-financial parameters like social and environmental components became increasingly important due to external factors like pressure from NGOs. Companies started publishing separate sustainability reports along with annual reports. Since then, this practice has become a norm world over, and most listed companies publish reports for sustainability and CSR. Sustainability reporting is the practice adopted by companies to disclose their performance in non-financial metrics such as environmental, social and governance factors (ESG). KPMG survey reveals the following data with regards to status of
sustainability reporting as of 2024. (KPMG Survey of Sustainability Reporting, 2024)

Table-1
KPMG Sustainability Reporting Survey – Major Takeaways

Particulars	Largest 250 companies of the world	Total number of companies surveyed (5800)
Sustainability report publishing	96%	79%
Publish a carbon target	95%	80%
Appointed a sustainability leader	56%	46%
Sustainability as a component in leadership pay	41%	30%

(source: KPMG Survey of Sustainability Reporting, 2024)

The survey results clearly indicate how sustainability reporting has become an important parameter in measuring the overall corporate performance, especially in big establishments. In the initial years, sustainability reporting was considered as a tool to project the initiatives of the organization towards society and planet. But slowly and steadily it has become an important parameter for prospective investors to analyse the viability of their investments in a company. This holds true for both institutional and individual investors. Rational investors always evaluate prospects of a company while making informed decisions for their investments. Publishing a sustainability report highlighting the contribution of companies towards society and planet will add value to the firm’s good will and brand. Investors behaviour will be greatly influenced by the volume and nature of the information disclosed by the companies.(Sumiyati & Suhaidar, 2020). The term corporate performance is evolving from time to time and moving towards assessing the holistic performance of the company. While financial metrics are an indicator of the performance of the business during current period, sustainability reporting shows how businesses are committed towards long-term goals of the firm – contribution towards society and environment. Profit is a short-term objective whereas wealth creation is an all-inclusive and long-term objective. Sustainability reporting helps in wealth creation by creating good will and value for investors. Social performance disclosures have shown significant association with the corporate performance(Hayatun et al., 2012a). Understanding impact of sustainability reporting on financial performance is crucial as it aids in improving brand image and reputation. Holistic reporting which includes disclosure of financial and non-financial metrics like contribution towards society and sustainability will lead to reduction in risks, increase in opportunities and reduction in costs for a business. There are numerous studies being conducted both in academics and industry to understand and validate the relationship between sustainability reporting and corporate performance. However, there is no consensus on whether sustainability reporting leads to improved financial performance(Shaban & Barakat, 2023). In 2023, businesses spent close to $38 billion on sustainability initiatives and the same is expected to grow to $65 billion resulting in a growth rate (CAGR) of 15%. There is an immense pressure on the companies to act and incorporate sustainability initiatives in the businesses. External stakeholders would need validation of the same through comprehensive disclosures in the sustainability report. If companies and failing in this regard, they face an imminent risk of losing good will and brand image, financial losses and risk of losses due to extreme weather conditions. (Dan Versace, IDC report, 2023)

Since sustainability reporting has become an important tool in the business ecosystem and companies are spending considerable amount of money on this, it is logical to study to impact the impact of sustainability reporting on the corporate performance. Considerable research has been undertaken in this area since couple of decades. The objective of this research paper is to conduct a thorough literature review on impact of sustainability reporting on corporate performance from the year 2015 to 2025. The goal is also to identify specific patterns in the studies with regards to geographical areas, industry, size and nature of the businesses. This will help in identifying the gap and prospects for future research in sustainability reporting and corporate performance.

2. Research Methodology:

2.2 Research Design:

This study employs systematic review techniques to identify the research articles, review and summarize the findings of the existing academic research papers related to the topic 'Sustainability reporting and corporate performance'. The authors have adopted structured process in selecting the research articles from the year 2015 to 2025 for the study. The year 2015 was chosen as the starting point for this study, as it coincides with the launch of the UN Sustainable Development Goals (SDGs). The main objective of this paper is to integrate the findings from articles published during this period, identify the research gaps and pave way for future research which can be conducted on the same topic. The research also endures objectivity and comprehensiveness in the review process.

2.2 Search Strategy

The existing research papers were searched on databases like Springer, Taylor and Francis, Elsevier, Sage, Emerald, Research gate and Google Scholar for the given study period using the keywords 'Sustainability reporting and "Corporate Performance', 'Sustainability and Firm's Profitability', 'Sustainability and Economic Performance', ESG reporting and Corporate Performance'.

2.3 Inclusion and Exclusion Criteria

The papers were selected on the basis of their quality and relevance. The inclusion criteria is based on the following points:

- The articles should be from peer-reviewed journals.
- The articles should have measured sustainability reporting and tested its impact on corporate performance.
- Studies should be conducted between 2015 and 2025.
- The articles must be written and published in English language only.

The exclusion criteria cover:

- The articles which are conference proceedings, book chapters, thesis and unpublished are excluded from the purview of this study.
- Articles covering only one aspect of sustainability reporting such as social (CSR) or environmental and measured its impact on corporate performance are not considered.

2.4 Data Extraction

The data required for the 'systematic review of literature' was extracted from the existing papers and a matrix was prepared which contained the following columns like Country, Year of publishing, Author names, Sectors, Scores, Sample size, Variables, Key findings, Database, Period of the study, Limitations, Future research, Statistical tools used and Type of study. The extracted data were then classified, to find out the year-wise, country-wise and sector-wise contribution towards literature.

3. Results and Discussion

This section of the paper focuses on the insights drawn from the research papers which were published during the study period. To meet the objective of this study, the authors have analyzed various aspects such as the databases where the studies were published, type of the research paper, contribution to literature country-wise, number of papers published during each year of the study and the targeted sectors.

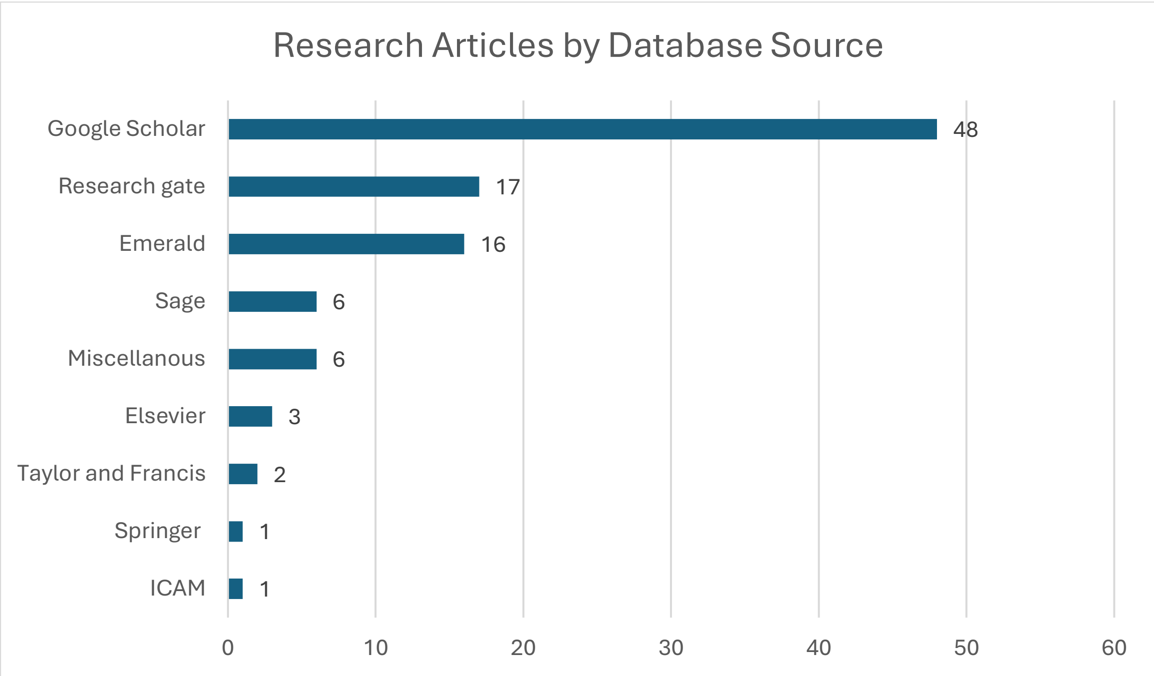

Figure 3.1: Database of research articles.

Source: Author derived

As represented in Figure 3.1, the majority of the research papers (around 48 papers) were derived from 'Google scholar', 17 papers from Research gate, 16 papers from Emerald, 6 papers from Sage, 6 papers from other sources, 3 from Elsevier,2 from Taylor & Fransis and 1 paper each from Spinger and ICAM, which makes the total number of research articles as 100.

After the selection of research articles, the papers were categorized based on the type of research conducted by the authors.

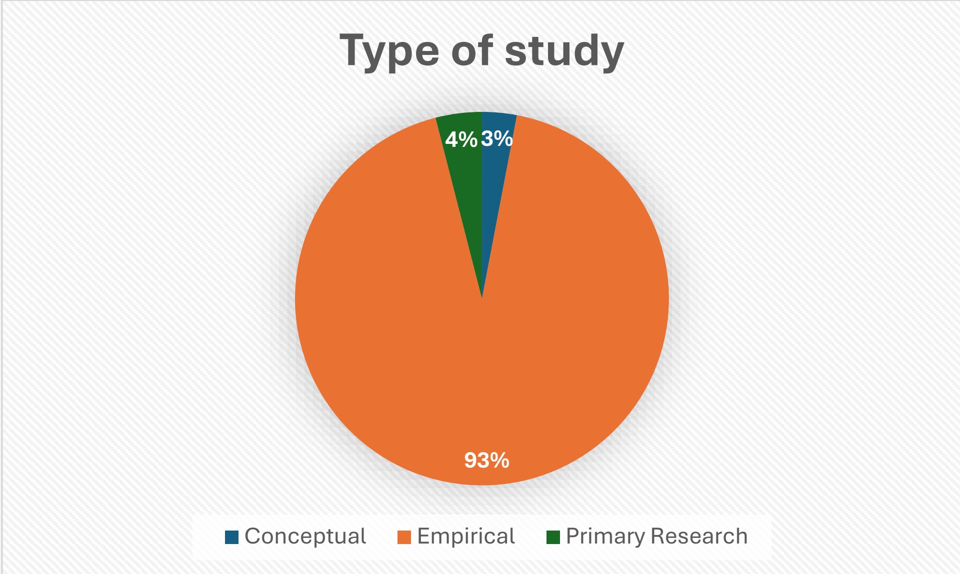

Figure 3.2: Type of study

Source: Author derived

Figure 3.2 exhibits the distribution of research articles based on the type of study, where 3% of the total research articles are conceptual which defines the terms sustainability reporting and corporate performance and the relationship between the two. 4% is based on primary research, either survey or interview conducted to understand the perception of stakeholders and corporate officials and remaining 93% is empirical where the data related to sustainability initiatives and financial performance are collected from secondary sources such as annual reports, sustainability reports, websites etc. and they have been tested with various statistical tools such as correlation, panel regression, logistic regression, multiple regression etc.

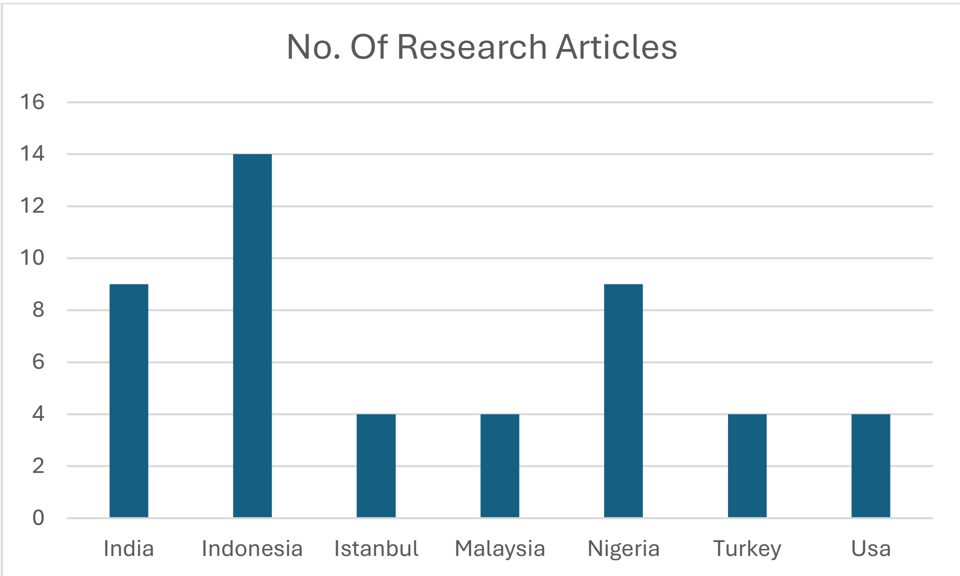

Figure 3.3: Country contributed to literature

Source: Author derived

It can be inferred from the Figure 3.3 that, Indonesia has the highest number of papers published around 14, followed by India and Nigeria with 9 papers, Turkey, Indonesia, Malaysia and USA has 4 papers published during the study period. The remaining papers which were reviewed belong to countries like

Africa, Australia, Bahraini, Bangladesh, Brazil, China, Colombia, Italy, Jordan, Malaysia, New Zealand, Nigeria, Pakistan, Romania, Saudi, Singapore, Slovenia, South Africa, Sri Lanka, Sweda, Thailand and Uk has about 1 or 2 papers and therefore not included in the graph.

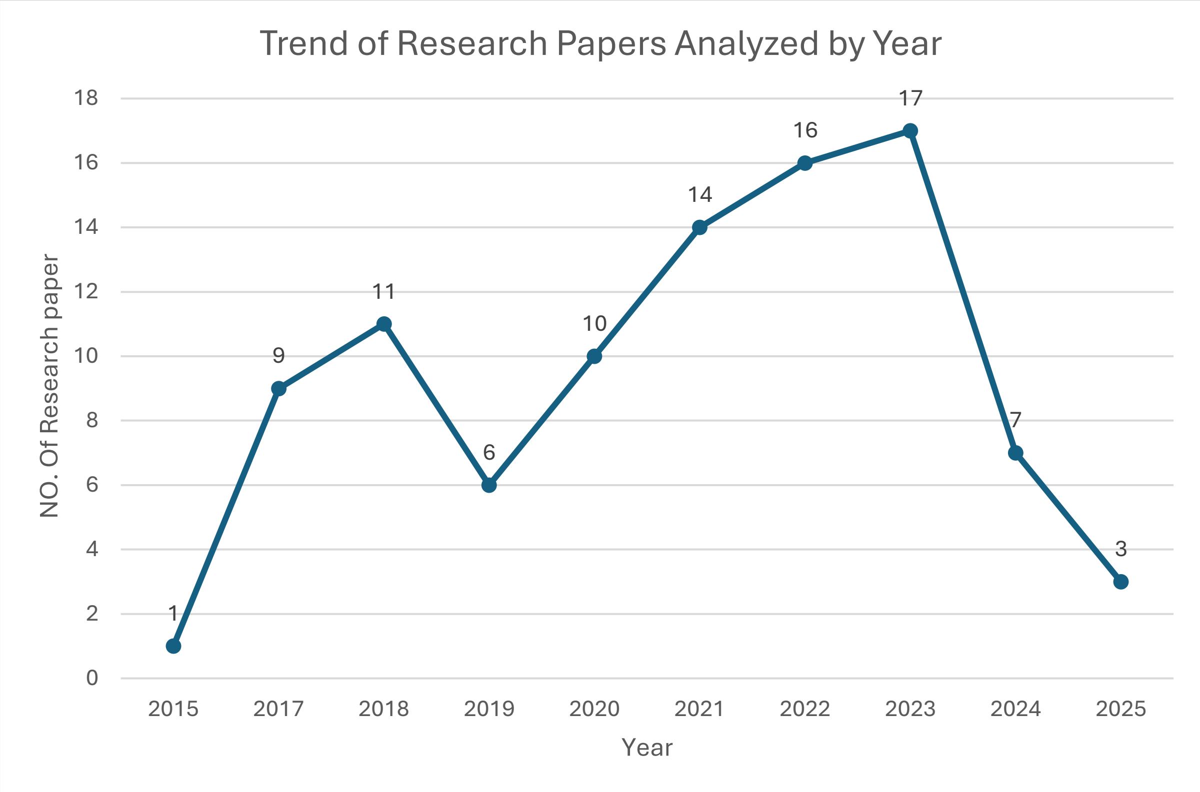

Figure 3.4: Research papers published year-wise

Source: Author derived

The year 2023 has the highest number of research papers published on the selected topic, followed by 2022 and 2021. The least number of papers published is found in the year 2015. We presume that the awareness about the topic has increased after the introduction of SDGs.

Table 2: Research papers based on Sectors

SECTOR	RESEARCH PAPERS
AUTOMOTIVE	2
BANKING	4
FINANCIAL SERVICES	20
MANUFACTURING	3
MINING	3
NON-FINANCIAL	5
OIL & GAS	1
OTHER	54
PUBLIC SECTOR	2
SERVICES	5
TECHNOLOGY	1

Source: Author derived

Most of the literature chosen for the study has not focused on any specific sector. Instead, they have selected the listed companies on the respective country's stock exchange. It could be based on convenient sampling as collection of data will not be a challenge. While looking at the remaining for sector-specific study, it was found that around 20 papers were published on the financial services sector, 5 papers on other services and non-financial sectors. Very few research articles were found in Oil and Gas and Technology sectors.

4. Findings and inferences:

This study aims to explore the trends in research and exploration in academic and industry spheres on the topic of sustainability and its impact on financial performance in businesses. A systematic literature review provides an in-depth analysis of the overall themes of the research and highlights research gaps. This provides an opportunity for prospective researchers to explore future scope of research, and meaningful contribution to the existing body of knowledge. Sustainability is a very critical aspect for all stakeholders of the society, as the future of planet Earth depends on how well the environment is protected and nurtured in a holistic manner. 17 sustainable development goals (SDGs) adopted by United Nations in 2015 aims to achieve peace and prosperity for people and planet by 2030. Active participation from all stakeholders – government, Private sector corporations, non-government organisations, public and other allied institutions is non-negotiable to accomplish SDGs. Many countries across the globe including emerging economies have made sustainability reporting mandatory for large cap and stock market listed companies. Sustainability reporting necessitates companies to report the actions points undertaken in the broader theme of climate change like reduction in carbon emission, waste management, consumption of renewable energy, water conservation and so on. Business houses have embraced this reporting requirement in letter and spirit. It is a common practice especially in large companies to put forward extensive sustainability reports detailing steps and measures undertaken in the sustainability space including impact assessment. The process of sustainability reporting involves significant investment in the form of time and resources. Similarly, it also adds goodwill and reputation as society will perceive such businesses as companies with conscious capitalism. This might help businesses in achieving higher financial results. Research under the broad theme of sustainability has attracted huge traction in the recent past. Researchers are actively studying and investigating the various facets of sustainability and one of the most researched topics is impact of sustainability reporting on financial performance of listed companies. This topic is important from the perspective of all stakeholders as a positive relationship between sustainability reporting and financial performance will be an incentive for the businesses to pursue the cause of climate change with more rigor and commitment. Around 100 articles were reviewed, and the study brings out interesting perspectives and facts. Study conducted on Indonesian listed companies (Hayatun et al., 2012b) infers that environmental performance disclosures does not significantly influence the financial performance of the companies whereas social performance disclosures impact the results of the business significantly. Research titled 'Sustainability reporting and firm performance' conducted on 155 automotive firms' samples being drawn from 13 different countries too brings out same findings as the previous study that no significant relationship was established between sustainability reporting and financial performance (return on assets and Tobin's Q). Statistical results established that only CSR performance has a positive relationship with financial performance in terms of firm size. (Akbulut & Kaya, 2019). Study conducted in Africa on banks to investigate the relationship between sustainability reporting and financial performance highlights very thought-provoking conclusions.(Botchwey et al., 2022). It observes that the impact of sustainability is felt more in the long run than in the short run. The study also highlights that the sustainability reporting should focus on information disclosure. Any increment in sustainability reporting disclosures will positively impact the market performance indicators (Tobin's Q) than accounting performance indicators like return on assets (ROA). Authors opine that this pattern observed in the study supports the theory of efficient market hypothesis. Another significant finding of the study is that businesses tend to disclose information which are mandatory – financial and governance related whereas large firms take an effort to disclose information voluntarily on sustainability measures undertaken. Since large firms are financially stable, they have the necessary resources to absorb the cost invested on the sustainability reporting. Research conducted on

Hong Kong stock exchange listed companies explores the relationship between environmental, social and governance (ESG) disclosures on firm financial performance (Chung et al., 2024). The results show a positive relationship between ESG scores and financial performance whereas when the total scores are divided into sub scores like environmental and social, only social scores are value relevant. The results also demonstrate that both social and environmental scores are significant when return on assets (ROA) is used as a dependant variable. In case of share prices only qualitative ESG information is relevant whereas for ROA both qualitative and quantitative ESG information is important. The study concludes that disclosure quality in annual reports alone is good in explaining the relationship between sustainability reporting and financial performance. A study conducted on Chinese listed firms reveals that inefficient investment in sustainability impacts corporate performance negatively. This will lead to more complex issues as more research will be conducted to investigate the issues, and this may highlight the lack of investment for climate change and sustainability components. The study also highlights that state owned firms perform better than private firms when it comes to ESG transformation(Gao et al., 2024). Research titled 'Impact of corporate sustainability reporting on firm performance: an empirical examination in Asia' draws samples from Japan, India, South Korea and Indonesia. Analysis of the same states that Japan tops the list in the level of disclosure (95%) followed by India (88%) and South Korea (85% whereas Indonesia stands at 72%. The study also highlights that there is a significant positive relationship between sustainability reporting and financial performance. The level of significance is more in developed countries than in emerging economies of Asia (Laskar, 2018) The reason for high level disclosure can be attributed to many countries making sustainability reporting mandatory. Numerous researchers have established a positive impact of sustainability disclosure and financial performance. It is a great insight from the perspective of businesses as they will be motivated to adopt sustainability measures in full spirit. Financial performance is key for a firm's continuity, expansion and existence and at the same time sustainability measures are inevitable. So, establishing a positive relationship between sustainability reporting and financial performance is a win-win situation for both. A study conducted during COVID-19 reveals that companies that disclose sustainability practices exhibit higher market valuation compared to other firms. Especially, loss making companies showed higher resilience during COVID-19 and enjoyed good market valuations by reporting vibrant sustainability practices. Furthermore, the same study emphasised that the positive relationship between sustainability reporting and firm value is more evident among companies where there is a higher level of annual reports readability. This establishes that not just adopting sustainability practices, but it is important for firms to spread awareness about the same by reporting such practices and taking adequate measures to ensure sustainability reports are read by the stakeholders. Several studies have tried to measure the impact of sustainability measures on financial performance by including various other related components of sustainability. One such study reveals that significant investments in green innovation leads to higher financial performance. While considering the joint effect of ESG and innovation, the results disclose that firms with a higher investment in green innovation establish greater impact on the financial performance compared to firms with moderate investment in green innovation. (Khanchel et al., 2023). It is a very important finding as this can hugely impact firms spending on green innovation since firms will benefit in terms of financial performance. Research titled 'Board of directors and firm performance in mining companies: Mediating analysis of intellectual capital and sustainability reporting' conducted on mining companies in Indonesia (Arniati & Muslichah, n.d.) elucidates the mediating role played by independent directors and sustainability reporting on financial performance. The study emphasises the crucial role played by independent directors in maintaining high quality of ESG reporting and in turn quality sustainability reports impact the financial performance of the business. Research conducted on non-financial firms in Indonesia opines that quality sustainability is the outcome of 5 dependent variables - Profitability, Leverage, institutional ownership, audit committees, independent commissioners, and company size (Nurdin & Riyadi, n.d.) This research takes a different approach and tries to analyse factors influencing the quality of sustainability rather than sustainability disclosures influencing the profitability. The findings also support the theory that firms with detailed sustainability disclosures attract more investors as it establishes credibility and gives legitimacy to the company's good value from the investor's perspective. Significant relationship has been established between firm size and environmental performance which will indirectly impact the corporate performance in a study conducted on

Indonesian companies. (Made et al., n.d.). Larger the size of the company, number of items disclosed are higher is an important observation in the study. This may be due to an obvious fact that larger companies will be in a better position to fund the sustainability in a robust manner. A study conducted to investigate the role of firm liquidity on ESG performance infers that liquidity is significant factor that influences ESG disclosures of a firm. Study also suggests that augmenting the ESG performance of listed companies will enhance the financial performance (Dsouza et al., 2024a). Extensive research has been conducted on studying the relationship between sustainability and corporate performance. The review of various research articles leads to inconclusive conclusions as few results show positive impact whereas few studies reveal negative or no impact (Hayatun et al., 2012b) ESG reporting has been adopted by many large firms in the last 2 decades. There are many studies which show significant impact of CSR reporting on financial performance, but no significance of sustainability reporting on financial performance. (Akbulut & Kaya, 2019) Further research on CSR by firms reveals that companies need not shoulder the responsibility of CSR alone; they can look for well-fitting and reliable partners to effectively work on social missions. (Bouncken et al., 2024a). There are studies who have found significant and positive relationship between corporate sustainability disclosures and sustainability considering financial performance indicators such as return of assets (ROA), Tobin's Q, return of equity (ROE), return on investment (ROI), earnings and per share (EPS) and return on invested capital(Bodhanwala & Bodhanwala, 2018,Alodat et al., 2024 Yilmaz, 2021)Sustainability disclosures not only impact financial performance but it also mediates the relationship between financial performance and corporate governance (Alodat et al., 2022) The impact of sustainability disclosures on financial performance can be different for different industries. A study conducted on tourism industry covering transportation, hotel and leisure reveals that hotel industry maintains the highest compliance for ESG followed by transportation. But the fails to establish any positive impact of ESG reporting on financial performance(Bodhanwala & Bodhanwala, 2022a) Few studies highlight that overall ESG score has a positive impact but individual scores (environmental, social and governance) shows significant positive impact only on operational performance but not on accounting performance. Stduy shows a negative impact of ESG scores on market performance (Lunawat & Lunawat, 2022a) A similar study indicates that there is no evidence to establish the relationship between availability or non-availability of sustainability reporting on the volatilities of quarterly profits of the firms. (Ogundare, 2013) Company size, leverage and board size with sustainability reporting as an intervening variable highlights interesting inferences. Leverage has a significant impact on sustainability reporting and the results reveal that sustainability reporting has a significant impact on the financial performance of the firms(Fuadah et al., 2019) Significant negative relationship (non-linear u-shaped relationship) was established in a study conducted on companies listed on NSE 500 index between ESG scores, Tobin's Q and ROA.(Dwibedi et al., n.d.) Research conducted gas firms gives a different perspective. The paper analyses the impact of reduced discount rate on at least partially covering the green transition costs. (Rojo-Suárez et al., 2024) A study conducted on the banks to measure the impact of sustainability scores and ownership structure on financial performance highlights that sustainability scores have no impact on the financial performance whereas ownership structure shows a significant impact (Doğan & Kevser, 2021). Andania and Yadnya (2020) examine the impact of ESG scores on ROA, the study infers that only economic and social scores have a statistically significant impact while environmental dimension did not affect the ROA.

Summary: On completion of exhaustive literature review on a critical and contemporary topic of the relationship between Sustainability and corporate performance, the following key points emerge:

- The outcome of existing research remains inconclusive. Some studies show positive impact of sustainability reporting on accounting and market performance of a firm, whereas few studies highlight that there is no impact or even negative impact. These inconsistencies may stem from differences in size of the business, geographical locations, type of the industry, period of study, regulatory environment, type of research tools uses and so on.
- There are many studies revealing that social performance of a firm has much more weightage and impact on financial performance rather than environmental scores and overall ESG score

scores well while measuring the impact on financial performance rather than individual scores such as environmental, social and governance scores

- Size of the business is an important component in this study. Bigger firms establish positive impact of sustainability reporting on financial performance as they will be in a better position to use sustainability measures in a strategic manner
- Important dependent variables used in the study for financial performance are ROA, ROE, ROI, Tobin's Q, and price to book ratio. Independent variable is sustainability disclosures measured in scores. The scores popularly adopted in the studies are - Refinitiv Eikon database- ESG scores, GRI's Sustainability Disclosure Database and the Orbis database, Thomson Reuters ESG Scores and Bloomberg ESG score. Rest of the authors have used self-developed ESG scores based of GRI or any other country specific sustainability disclosure norms.
- Significant studies have used sustainability reporting as a mediating factor to measure the impact on financial performance along with leverage, liquidity, board size, audit committee, independent directors, women CEO and so on.

5. Research Gaps and Future Directions:

5.1 Summary of Limitations in Reviewed Studies

The systematic review of literature of the existing studies has enabled the authors to identify some of the major limitations and research gasps. Many of the research papers have recognized geographical limitations which affect the generalization of the results of the studies. Restricting the studies to one country or a region will not result in valuable findings (Alodat et al., 2024; Al-Shaer & Hussainey, 2022; Bouncken et al., 2024; Jorgji et al., 2024; Laskar & Gopal Maji, 2018). Several studies have also identified industry-specific limitations such as focusing only on non-financial companies, banking sector firms, automobiles etc., has led to excluding other sectors (Al-Shaer & Hussainey, 2022; Dsouza et al., 2024; Lunawat & Lunawat, 2022).

The long-term impacts have not been studied much in past literature, as many studies have only looked at very short-period data and studied the impact of sustainability disclosure on corporate performance. Longitudinal studies are much needed in the area of sustainability reporting to test its impact in the long run (Alodat et al., 2024; Bodhanwala & Bodhanwala, 2022; Hayatun et al., 2012; (Gao, Li, & Zhou, 2024)

Some of the studies also opine that their sample size was limited because of the unavailability of data or narrow selection criteria (Chung et al., 2022; Gao et al., 2024; Bouncken et al., 2023; Bodhanwala & Bodhanwala, 2022). However, including companies belonging to large-cap, index-listed etc., can bring a sample bias.

(Al-Shaer & Hussainey, 2022)have observed data sources as a limitation, where in most cases the data are only collected from the annual or sustainability reports and not taken from any of the company websites or other social media platforms. There were also missing ESG scores for most of the firms in the sample.

Relying heavily on the GRI framework or BRR framework for content analysis technique of data collection may be sometimes misleading, as many firms do not follow GRI. Binary scoring methods reduce depth and accuracy in disclosure assessments (Hidayah, n.d.; Johari, n.d.; Laskar & Gopal Maji, 2018; Oware & Worae, 2023)The subjectivity in interpreting the qualitative data can be sometimes misleading.

Furthermore, some studies also reported that instead of using a panel/data approach, they have used cross-sectional analysis. The variables used to measure corporate performance include either accounting ratios or market performance ratios and not both. Many studies ignore key determinants of corporate performance like R&D, taxes, dividends, macroeconomic factors, etc.

In terms of measuring the ESG score, the metrics may differ from country to country. There could be inconsistencies and bias in the ratings, which are difficult to address (Chung et al., 2024b; Gao et al., 2025; Ngamtampong & Sukprasert, 2025; Pulino et al., 2022).

Most of the researchers determined that governance and ownership dimensions have been overlooked. Ignoring board attributes, stakeholder power and governance committees may result in invaluable findings.

5.2 Future research directions

Despite the growing body of literature in the area of sustainability reporting and corporate performance, there are several research gaps which need to be addressed. This section highlights the future research avenues that are derived from the systematic review of 100 research papers. First and foremost, the researchers can now look at opportunities to study and compare the sustainability reporting practices of different countries and regions and test their impact on corporate performance. Cross-country analysis helps in identifying the best practices and ensures more attention drawn towards sustainability issues, mostly in emerging economies. Secondly, more longitudinal studies are required to be conducted because of the fact that sustainability only shows an impact on corporate performance in the long-run and very rarely in the short-run. Furthermore, increasing the sample size and adding more diverse samples can result in improved generalizability of the results and findings. Instead of only looking at sustainability reports, analyzing the Integrated reports and its impact on corporate performance can add a different perspective to this study area. It will be more interesting to examine the relationship between sustainability reporting and corporate performance using both financial ratios such as ROA, EPS and non-financial metrics such as HR, marketing, and operational performance. Investigating the perception of investors, comparing the impact of local v/s foreign institutional investors and activist investors on ESG and value creation can be another are which can be researched on. GRI is a common framework used by many researchers in the past studies. In the further studies other frameworks such as UNGC (United Nations Global compact), CDP (Climate Disclosures Protocol), TFCD (Task Force on climate Disclosures) etc can be used to measure the extent and quality of reporting on sustainability issues by corporates. Future studies can apply mixed methods approaches (both qualitative and quantitative) and exploratory research designs, to get more clarity on their findings. Instead of relying solely on aggregate sustainability or ESG scores, future research could benefit from conducting company-wise or sector-specific analyses. This gives insights into how sustainability practices vary across industries and firms. When the results of the impact of sustainability reporting on corporate performance are negative, the further studies can examine the mediation or moderation effect of corporate governance mechanisms, stakeholder power, CEO characteristics, board composition, ownership style and check if there is a difference in the results. Majority of the papers reviewed were empirical in nature. Case studies research could be conducted to understand sector-specific sustainability challenges and practices.

6. Conclusion

The systematic review of research articles aimed to explore the relationship between sustainability reporting and corporate performance. This research tried to synthesize the existing evidence related to the topic, highlighting the importance of Sustainability/ESG scores and its impact on the financial performance of a company. In this study, the authors reviewed 100 research papers published during the year 2015-2025. The articles were selected using key words related to sustainability reporting and corporate performance and the search was conducted through various databases. The findings of the study underline the inconsistencies in the results exhibited by the research papers because of various factors such as size of the business, geographical locations etc. Social performance shows a positive impact on corporate performance in most of the papers, which shows in many companies the CSR initiatives are leading to profit maximization. Moreover, If Large cap companies are taken as sample, they have resulted in mostly positive impact on corporate performance. This shows the level of adoption of sustainability initiatives is relatively more in the case of large companies. Many research appears have pointed out that focusing on only one country will not lead to better results and suggestions. Therefore, future research can look at inter-country comparisons. Furthermore, some researchers have opined that including corporate governance mechanisms as a mediator or a moderator in the relationship between sustainability reporting and corporate performance can bring changes in the findings. This study has also reported some of the under-researched topics and methodologies which can be used for future research. Overall, this research underscores the pivotal role of sustainability reporting and its impact on corporate performance among several sectors of the economy. Sustainability reporting continues to be an evolving strategic tool and warrants to be researched more in depth to understand its long-term impact on corporate performance. These findings provide a foundation for future research and policy discussions aimed at integrating sustainability into the core of corporate performance measurement.

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