

Examining the Environmental, Social, and Governance of Fintech Companies: A framework of sustainability reporting

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Abstract

The study examined the relationship between environmental, social and governance (ESG) disclosures and company performance (finance and non-financial) from the perspectives of integrated reporting and sustainability reporting. We estimate an OLS model using firm performance as the dependent variable, and use item-level disclosure ratings (0–3) aggregated into pillar indexes for 11 fintech and related financial service organisations. Results suggest that ESG scores jointly explain a small proportion of the variation in performance. Only social disclosure has a positive marginally significant association to performance, with environmental and governance disclosures being statistically insignificant. These findings demonstrate that social information on employees, consumers and communities is especially decision-useful in this environment and should be important to sustainability and integrated reporting narratives. Simultaneously, the small, context-specific sample and disclosure-based performance measure limit predictability and provide motivation for bigger, longitudinal investigations employing financial and market outcomes.

Keywords: ESG, Financial Services, Fintech, Integrated reporting, Sustainability,

1. Introduction

The worldwide shift to sustainable business methods has dramatically impacted the corporate – reporting scene, extending beyond just the financial statements to a broader depiction of value creation (PwC India, 2018). “Financial blind spots” can hide important sustainability concerns since traditional financial reporting typically does not sufficiently address the connection between an organization’s financial performance and its environmental, social and governance (ESG) implications (Appolloni et al. 2026). To address this gap, Integrated Reporting has arisen as a multi-capital strategy that integrates financial, human, intellectual, social and natural capitals into a single, coherent narrative (Ackers and Grobbelaar, 2022).

In India, regulatory bodies have hastened the move to transparent non-financial disclosure. In 2017, the top 500 listed firms were encouraged by SEBI (Securities and Exchange Board of India) to voluntarily embrace the framework (CII, 2020). The drive received more momentum with the advent of the Business Responsibility and Sustainability Report (BRSR) that required comprehensive ESG disclosures from the top 1,000 listed businesses (Bhatia et al. 2023). Such frameworks seek to increase the quality of disclosure, minimise information asymmetry and indicate “future-readiness” to global investors (Agostini et al. 2026; Colak and Sarioglu 2025).

The Fintech

The financial services business in India is a fast-growing technology driven industry that encompasses banking, insurance, fintech and investment services. Digital payment methods and fintech (e.g. Paytm, PhonePe) are gaining ground with online banking adoption anticipated to reach 50% by 2025 according to Statista whereas bank account access has already exceeded 75%. Major competitors like Paytm and PhonePe have demonstrated considerable growth in operational revenue from 2017 to 2024 (STATISTA, 2025). Fintech, the use of modern technology in the provision of financial services, represents a fast-growing industry in India. India, the second

largest country in terms of internet users, was quick to adapt to the realm of financial technology. It is now one of the most rapidly rising fintech markets in the world. The main segments of fintech sector in India are digital loans, electronic payments, insurtech, wealth management tech, blockchain etc. (STATISTA, 2025a).

Research Problem and Objectives

Despite the growth of the Fintech sector, reporting quality remains uneven, and many firms continue to treat ESG and financial data as fragmented silos (Hamad et al. 2020). This research aims to examine the impact of adopting IR on the quality and transparency of sustainability disclosures among Indian Fintech companies. By analyzing how integrated thinking influences the reporting of "capitals"—specifically intellectual and social capital—this study seeks to determine if IR serves as a catalyst for genuine sustainable development or merely acts as a tool for corporate signalling.

2. Review of Literature

2.1 Sustainability

ManesRossi et al. (2021) define sustainability as the ability to meet current demands without sacrificing future requirements. Research indicates that organisations are progressively implementing Integrated Reporting frameworks to manage intricate risks—financial, operational, and cybersecurity—that affect sustainability in the long run (Raimo et al., 2022). Hamad et al. (2023) revealed a substantial and significant impact of IR quality on the disclosures of sustainable development goals (SDGs) from sustainability viewpoints.

The current academic conversation on sustainability can be classified into three broad domains. The initial study focuses on sustainability concepts, addressing the formulation of essential guidelines for ESG and sustainability reporting as well as procedures overall. The second category investigates ESG as well as sustainability practices, emphasising how organisations disclose and leverage sustainability matters. The third category investigates ESG and sustainability reporting, disclosure, and established norms, together with the frameworks and standards utilised or suggested for reporting sustainability metrics. These guidelines aim to improve the ‘content, transparency, and comparability of sustainability disclosures’, while also instituting mandatory independent assurance to guarantee the trustworthiness of disclosed information (Caputo et al., 2021; Odobasa and Marosevic, 2023).

2.2 Sustainability Reporting

In recent years company reporting has gone beyond the typical financial disclosures to incorporate environmental, social and governance (ESG) information. The change is being led by growing stakeholder demands for openness, accountability and sustainable business practices. Sustainability reporting and integrated reporting are key frameworks which allow organisations to report on their financial and non-financial performance. Such reporting procedures have been globally shaped by institutions such as the Global Reporting Initiative (GRI, 2022) and the International Integrated Reporting Council (IIRC, 2021). Sustainability disclosures enhance business openness with standardised ESG performance reporting. Such disclosures decrease information asymmetries and enable stakeholders to better assess corporate accountability, as noted by the GRI (GRI, 2022). Integrated reporting increases accountability by connecting financial performance with sustainability outcomes providing a holistic view of organisational effectiveness (IIRC, 2021). Sustainability disclosures are important to detect and manage risks, especially those associated with climate change and compliance with regulations. The ‘Task Force on Climate-related Financial Disclosures framework’ (TCFD) underscores the financial impact of climate-related risks and opportunities and urges organisations to incorporate them into strategic planning (TCFD, 2023). This can help organisations to be more resilient and better long-term performance. The global campaign for standardised environmental reporting has gained momentum in recent years. ‘The International Financial Reporting standards’ (IFRS) Foundation set up the ISSB to create a single set of global sustainability disclosure requirements. The purpose of these projects is to increase the comparability, consistency and reliability of data related to ESG across organisations and jurisdictions (IFRS Foundation, 2023).

Sustainability and integrated reporting disclosures are now a major part of modern company reporting. They boost transparency, meet stakeholder information needs, enable long-term value development and improve risk management. As the demand for global standardisation and regulatory compliance grows, these reporting techniques will likely become more crucial in helping to mould sustainable corporate plans and governance structures.

3. Theoretical Framework

3.1 Stakeholder Theory

Stakeholder Theory claims that corporations have obligations not only to shareholders but also to a wide range of stakeholders including customers, employees, regulators, investors and the society at large. This perspective suggests that corporations provide Environmental, Social and Governance (ESG) disclosures that fulfil the information expectations and requirements of these distinct categories of stakeholders. For fintech organisations, stakeholders are increasingly demanding transparency on data privacy, moral use of technology, financial stability, and environmental responsibility.

Sustainability reporting frameworks (e.g., the Global Reporting Initiative) help to standardise ESG disclosures, which allows corporations to convey their social and environmental impacts effectively. Transparent reporting of stakeholder issues can help firms build trust, deepen connections and obtain long-term support. Empirical evidence suggests that companies with stronger stakeholder engagement are more likely to provide more extensive ESG information (Freeman, 1984; Donaldson & Preston, 1995).

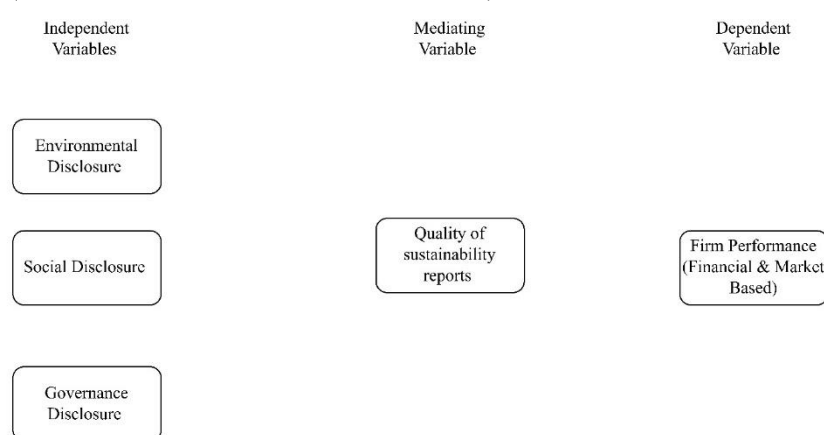


Fig. 3.1 Theoretical Framework

3.2 The legitimacy Theory

The theory of legitimacy posits that organisations are constantly striving to ensure that their activities are viewed as legitimate according to the standards and principles of the society within which they function. Sustainability reporting is a strategic instrument for companies to match their actions with public expectations and to preserve or regain legitimacy, particularly in periods of scrutiny or crisis.

Fintechs, due to their disruptive characteristics and dependence on digital technologies, confront specific difficulties of legitimacy linked to data security, algorithmic bias and regulatory compliance. Structured reporting frameworks, proposed by the International Integrated Reporting Council, let companies demonstrate accountability and openness in both financial and non-financial areas. ESG disclosures function as a signalling mechanism, suggesting that the firm is operating within acceptable social and ethical norms (Suchman, 1995; Deegan, 2002).

3.3 Institutional Theory

Institutional Theory focuses on how external variables such as legislative requirements, industry norms and cultural expectations impact organisational conduct. These forces, coercive, normative and mimetic, push firms to implement sustainability reporting systems for legitimacy and competitiveness.

Regulatory authorities, together with global standard-setting bodies such as the International Sustainability Standards Board, play a key role in the ESG area to ensure sustainability disclosures are consistent and comparable. Such problems are especially important for fintech companies functioning in heavily regulated financial markets. Compliance with these growing standards, especially those linked to the ‘Task Force on Climate-related Financial Disclosures’, fulfils regulatory requirements and global best practices. Companies may also imitate the behaviour of leading firms in their field (mimetic isomorphism) or conform to professional standards (normative isomorphism) that promote the broad adoption of ESG reporting (DiMaggio & Powell, 1983; Scott, 2008).

In general, we believe that reporting, governance, and (non)financial performance will encourage a company to develop IR and improve its quality. This is predicated on both stakeholder theory and legitimacy theory. Additionally, we anticipate that IR adoption and quality will boost stakeholder confidence and reduce conflicts of interest, which will increase firm value (Velte, 2021). Consequently, we developed the framework in accordance with concepts from theory and supported by previous study findings (Fig. 3.1).

3.4 Hypotheses development

The diagram depicts the proposed model and analyses the influence of ESG characteristics on firm-level outcomes in fintech companies (Fig. 3.2).

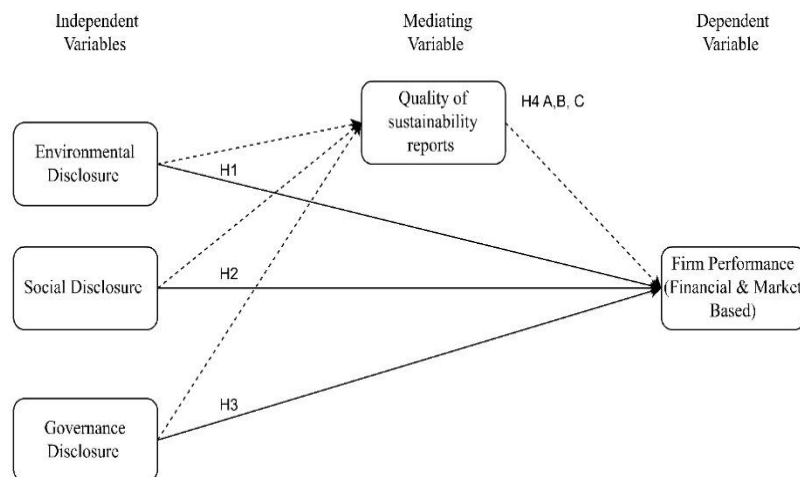


Fig 3.2 Conceptual Model

The following hypotheses were framed to assess the proposed model

H1: Environmental disclosures significantly influence the firm performance

H2: Social disclosures significantly influence the firm performance

H3: Governance disclosures significantly influence the firm performance

H4a: The quality of Sustainability reporting positively mediates the relation between environmental disclosures and the firm performance

H4b: The quality of Sustainability reporting positively mediates the relation between social disclosures and the firm performance

H4c: The quality of Sustainability reporting positively mediates the relation between governance disclosures and the firm performance

4. Methodology

4.1 Sample

The sample is taken from the Bombay Stock Exchange Sensitivity Index, which represents fintech firms in the financial services industry that are listed as Large and Mid-Cap on the Bombay Stock Exchange (BSE). These businesses are essential to the financial services industry. There are eleven fintech companies that report sustainability IR (Table 4.1). The study's time frame is the fiscal year (FY) 2020–2025. According to market regulator SEBI, integrated reporting was voluntary for the top BSE businesses in 2017 and 2018, and companies accepted it far less in the early years. For firm-level factors, Sustainability IR data was gathered from the Prowess IQ database, while data was personally gathered via the company's websites (Banik & Chatterjee, 2021).

Table 4.1 List of Fintech Companies that report sustainability

S.No.	Name	Mar Cap Rs.Cr.
1	PB Fintech.	77533.35
2	One 97	71320.43
3	Pine Labs	22452.04

4	AvenuesAI	4785.87
5	Seshaasai Tech.	3910.04
6	One Mobikwik	1678.29
7	MOS Utility	332.1
8	Finbud Financial	251.36
9	WSFX Global	79.6
10	Suvidhaa Info.	62.75
11	AGS Transact	33.27

4.2 Data analysis procedure

During the data gathering phase, we discovered 11 fintech corporations that issued sustainability-integrated reports, encompassing both non-financial as well as financial information within a single document. We created a disclosure index for gathering sustainability IR data, grounded in the content aspects of the IR framework (IIRC, 2021), employing the methodology established by Zhou et al. (2017) to guarantee the constructs' validity and reliability. This IR index was developed by content analysis, in which each report was meticulously examined and evaluated against each content aspect:

- Environmental disclosures, Social disclosures, Governance disclosures
- Firm performance (Financial and Market oriented)
- The quality of Sustainability reporting (IIRC, 2021)

In order to address issues related to differences in report structure, language, and information distribution, we implemented a comprehensive coding guideline and verified all scores to guarantee consistency and reliability throughout the five IR content sections. Each element was evaluated using a binary coding system (3 = disclosed, 1 = Partially disclosed, & 0 = not disclosed), and the overall score was computed as a ratio of the maximum attainable score (Table 4.1, 4.2, 4.3, & 4.4).

These variables capture the firm's management of its environmental imprint. These include energy use, efficiency improvements, water efficiency, biodiversity, greenhouse gas and air emissions, hazardous waste, recycled materials and spills, and environmental practices of suppliers.

These are proxies for the treatment of employees, communities, customers and human rights. These include employee turnover, labour relations, health and safety, injuries, training and development, pay equity, discrimination, freedom of association, child and forced labour policies, community donations and impacts, political contributions, human rights, customer safety, product labelling, privacy, and workforce diversity.

These variables are measure of the board structure, monitoring and accountability systems. These are: the governance structure; the nomination and selection process; whether the chair is a senior executive; the role of executives in sustainability; how the firm manages economic, environmental and social impacts; sustainability reporting; board skills and experience; performance evaluation; remuneration policies; relevance of sustainable development; stakeholder engagement; and collective bargaining arrangements.

These variables measure the organization's performance and its reaction to its surroundings. They encompass key performance indicators, the association between financial and gross performance, links between current and past performance, associations between outlook and actual performance, regulation impact, expectations about the external environment, foresight on future changes, organisational preparedness for uncertainties and risks and opportunities related to strategic expectations.

Table 4.2 Environmental disclosures on sustainability reporting

Variables	PB Fintech.	One 97	Pine Labs	AvenuesAI	Seshaasai Tech.	One Mobikwik	MOS Utility	Finbud Financial	WSFX Global	Suvidhaa Info.	AGS Transact
Environmental Disclosures	18	18	13	17	14	18	13	15	14	14	14
Energy consumption	3	2	3	3	3	2	3	2	3	3	2
Reduction in energy consumption (efficiency)	2	0	3	0	0	3	0	3	2	2	3
Water use efficiency	3	3	0	2	0	0	0	3	2	0	3
Biodiversity	0	3	3	2	0	0	2	0	0	0	0
Greenhouse emissions gas	2	3	2	2	2	0	2	0	0	2	0
Air emissions	2	3	0	2	2	2	2	0	2	2	0
Reduction in emissions (efficiency)	0	2	0	0	2	2	0	0	0	2	2
Hazardous waste	3	0	0	2	0	3	0	2	2	0	2
Recycled materials and spillages	3	0	2	2	2	3	2	2	0	0	0
Supplier activity on the environment	0	2	0	2	3	3	2	3	3	3	2

Table 4.3 Social Disclosures on sustainability reporting

Variables	PB Fintech.	One 97	Pine Labs	AvenuesAI	Seshaasai Tech.	One Mobikwik	MOS Utility	Finbud Financial	WSFX Global	Suvidhaa Info.	AGS Transact
Social Disclosures	35	29	37	41	31	43	37	32	36	33	34
Employee turnover by gender	2	3	3	3	2	3	3	3	3	3	3
Trade unions and employment conditions	0	0	0	3	2	2	0	0	3	0	2
Committee on employee health, work and environment	3	2	0	2	0	3	3	0	2	0	2
Occupational accidents and diseases	3	2	0	3	3	0	0	2	3	2	2

Work-related injuries	3	2	2	0	0	0	0	2	0	2	0
Number of employee training hours	3	2	2	2	0	0	3	2	2	2	3
Employee skills upgrade programmes	2	0	2	2	0	2	2	0	2	0	2
Employee career development performance review	0	2	0	0	2	2	3	0	0	0	3
Employee salary and remuneration by gender/age	0	2	2	3	2	3	0	2	3	2	0
Discrimination-related issues	2	2	3	3	2	3	2	2	3	2	2
Collective bargaining and freedom of association	3	2	3	0	0	3	2	0	0	0	2
Child labour exclusion policies	0	0	0	2	2	0	0	2	0	2	0
Forced and compulsory labour policies	0	0	2	2	3	3	3	2	0	3	3
Community impacts by business operations	0	0	2	0	0	3	3	3	0	0	3
Community intervention projects/donations	2	0	2	3	0	3	0	3	0	0	0
Impacts of intervention projects/donations	2	2	2	3	0	3	3	3	2	0	0
Political contributions/donations	2	2	0	3	0	2	2	0	2	2	0
Human rights	0	3	2	3	2	0	3	0	3	2	0
Customer health and safety	2	0	2	2	2	0	2	2	2	3	0
Product information and labelling	3	0	2	0	3	2	0	2	2	3	2
Consumer privacy	3	0	3	0	3	3	0	2	2	3	2
Diversity of governance bodies and employees	0	3	3	2	3	3	3	0	2	2	3

Table 4.4 Governance Disclosures on sustainability reporting

Variables	PB Fintech.	One 97	Pine Labs	AvenuesAI	Seshaasai Tech.	One Mobikwik	MOS Utility	Finbud Financial	WSFX Global	Suvidhaa Info.	AGS Transact
Governance	19	20	24	21	24	19	23	16	22	20	24
Governance structure	3	2	3	2	3	2	2	2	0	2	3
Nomination and selection	0	0	2	0	2	3	2	2	2	0	2
Chair as a senior executive	2	2	3	3	2	0	0	0	3	2	3
Sustainable development role of executives	2	3	0	3	2	2	3	2	3	3	0
Managing impacts on the economy, environment and people	2	0	0	3	0	2	3	2	0	0	2
Sustainability reporting of highest governance	2	0	0	3	3	0	0	2	2	0	2
Collective knowledge skills and experience	0	0	2	2	2	3	3	2	2	0	0
Performance evaluation of the highest governance body	2	0	2	0	3	3	2	0	2	0	3
Remuneration policies	2	2	3	0	0	0	3	0	2	2	3
Remuneration policies design	2	2	3	2	2	0	2	0	0	2	0
Relevance of sustainable development	2	3	3	3	2	0	0	0	2	3	2
Stakeholder engagement	0	3	0	0	0	2	0	2	2	3	2
Employee collective bargaining arrangements	0	3	3	0	3	2	3	2	2	3	2

Table 4.5 Firm Performance on sustainability reporting

Variables	PB Fintech.	One 97	Pine Labs	AvenuesAI	Seshaasai Tech.	One Mobikwik	MOS Utility	Finbud Financial	WSFX Global	Suvidhaa Info.	AGS Transact
Firm Performance	15	17	15	23	14	19	17	16	16	15	16
Key performance indicators	3	3	3	3	3	3	3	3	2	3	3
Combining financial and gross performance	0	0	2	3	0	0	2	3	3	0	3
The linkages between the current and past performance	2	3	3	3	3	2	2	0	3	2	3
The linkages between organization's outlook and current performance	2	0	0	0	0	2	2	3	0	2	2
Impact of regulations have a significant effect on performance	0	2	0	3	0	0	0	2	2	2	0
Expectations about the external environment that the organization is likely to face	3	2	0	3	3	3	3	3	2	2	0
Foresight on the impact of future changes in external environment on the organization	3	2	2	3	2	3	2	2	2	0	2
Organizational preparedness to react to the critical uncertainties and challenges that are expected to arise	0	3	2	3	3	3	3	0	2	2	3
Risks and opportunities related to expectations, aspirations and intentions	2	2	3	2	0	3	0	0	0	2	0

5. Results

5.1 Descriptive Statistics

Dataset consists of 11 organisations in fintech and allied sector with composite ratings for four dimensions including Environmental Disclosures, Social Disclosures, Governance and Firm Performance. Each construct is the total of several underlying disclosure items evaluated from 0 to 3 including energy use, personnel concerns, governance structure and performance metrics.

The totals give firm-level indices. For example, PB Fintech has Environmental = 18, Social = 35, Governance = 19, and Performance = 15, and AvenuesAI has Environmental = 17, Social = 41, Governance = 21, and Performance = 23. So the regression is essentially linking an overall performance index to three ESG pillar indices for 11 companies.

The calculated model $Perf = -3.49 + 0.47Env + 0.35Soc + 0.03Gov$ with 3 predictors and 11 observations. The constant term of around -3.49 is not statistically significant and largely just centers the regression line; it doesn't have a direct substantive interpretation as a corporation with zero ESG scores is outside the observed data range.

The Environmental coefficient (≈ 0.47 , $p \approx 0.27$) indicates that, for given values of Social and Governance, a one-point increase in environmental disclosure is associated with a 0.47-point increase in the performance index on average, but the effect is imprecisely estimated and statistically non-significant. However, the small t-statistic (≈ 1.20) and broad confidence interval (approximately -0.46 to 1.39) suggest that there is a lot of ambiguity regarding the true magnitude and even the sign of this effect.

The Social coefficient (≈ 0.35 , $t = 2.25$, $p \approx 0.059$) is positive and marginally significant at the 10% level, implying that larger social disclosures are related with improved performance, *ceteris paribus*. In substantive terms, a 5-point increase in the Social score (e.g., more detailed reporting on employee, community, and customer issues) is connected with an approximate 1.75-point increase in the performance index, *ceteris paribus*.

The governance coefficient is quite close to zero (≈ 0.03 , $p \approx 0.92$) with a very wide confidence range, suggesting no significant linear relationship between governance disclosure ratings and performance index in this sample. This is not to say governance does not matter, but may suggest limited variation, measurement problems and/or inadequate sample size to find effects.

5.2 Discussions

H1 suggests that increased environmental disclosure enhances the quality of sustainability reports and, subsequently, firm performance. In the regression, the environmental score shows a positive, non-significant coefficient and a broad confidence range, suggesting no strong direct relationship with performance in this tiny fintech sample. Thus, H1 finds no empirical support here. This could mean that environmental reporting in these organisations is still more generic or compliance-driven and hence less visible in short-term performance outcomes, even though theory predicts long-term risk-management benefits.

H2: Higher social transparency improves the quality of sustainability report and performance. The data show a weakly significant positive coefficient for social transparency, which is the only ESG pillar that has a clear relationship with performance. This lends partial support to H2, in that reporting of precise information on employees, consumers, communities and human rights, results in more decision-useful sustainability reports, which is evidenced by improved performance scores. This finding is consistent with both stakeholder and resource-based approaches that highlight the value-creating function of social activities in service- and knowledge-intensive enterprises.

H3 posits that governance disclosure positively affects report quality and performance. The empirical governance coefficient is a very modest and very non-significant one and hence implies no apparent direct performance influence in the model. A possible explanation is that the governance narratives in these reports are fairly standardised and less differentiated across firms, so that variation in governance scores is not enough to explain cross-sectional performance differences, even if governance structures matter in a wider sense.

H4 suggest that the quality of sustainability reports mediates the links between environmental, social and governance disclosures and business performance. The current study does not clearly estimate this mediation channel because report quality is not individually evaluated and tested. The only meaningful direct link with performance is social disclosure. This means that social information may be the main driver of perceived report quality and its performance implications under The scoring framework, while environmental and governance disclosures may not yet translate into higher quality, value-relevant reporting. Formal testing of H4 would need the development of a separate verified construct of "quality of sustainability reporting" (e.g., based on compliance, materiality, balance, and connectedness to reporting standards) and mediation analysis in a larger sample.

5.2 Explanatory Power and Model Fit

The R^2 of the model is around 0.555. This indicates that the three ESG disclosure indices together account for 55.5% of the variation in company performance scores. The corrected R^2 is roughly 0.365, a penalty for utilising 3 predictors with just 11 observations and suggesting that the explanatory power is limited after adjusting for model complexity.

This gives an F-statistic of around 2.91 with $p = 0.11$. The null hypothesis that all three slope coefficients are collectively zero cannot be rejected at the 5% level, but is close to being rejected at the 10% level. That is, there is some evidence that ESG disclosures, in aggregate, have explanatory power for performance, but the evidence is not robust at traditional 5% significance thresholds.

The social disclosures in the context of fintech and associated financial service organisations include employee turnover, training, health and safety, human rights, client privacy, and community interventions. The positive and marginally significant coefficient on Social indicates that firms with better performance on these social dimensions tend to report better performance outcomes as measured by the performance index (KPIs, linkage of outlook and performance, anticipation of external environment, etc.).

This pattern is compatible with stakeholder and legitimacy perspectives, in which attention to employees, communities and customers may improve reputation, trust and internal capabilities, which in turn may lead to better reported performance. In contrast, environmental and governance disclosures, albeit conceptually essential, do not display obvious performance relationships here, maybe because effects are more long-term, less noticeable in short run indexes, or more homogeneous across these organisations.

6. Implications

6.1 Theoretical implications

The results show that the “S” in ESG (social disclosures) is more strongly correlated to company performance than environmental or governance disclosures in this fintech/financial services sample. This is consistent with the assumption that the relative relevance of ESG dimensions is sector-specific. In human-capital intensive, consumer facing, digital firms, social practices concerning employees, customers and communities might be the main channel via which ESG effects performance.

The positive and marginally significant coefficient on social disclosures can be explained by stakeholder theory and legitimacy theory. Firms that invest more on employee welfare, community engagement, human rights and customer safety/privacy seem to perform better in reported outcomes. This means that if you meet or beat stakeholder expectations on social issues, The internal capabilities (skills, motivation, less turnover) and external legitimacy could improve, which subsequently show up in the composite performance index.

The fact that Social, not Environmental or Governance scores, are most strongly associated with performance is consistent with the resource-based view of the firm. Social initiatives, such as training, fair remuneration, diversity, and community programs, develop intangible resources, such as human capital, relational capital, and reputation, which can be valuable, rare, and difficult to copy, and so contribute to performance benefits. Many conceptual frameworks see ESG as a composite indicator. The results reveal that combining E, S, and G might conceal important variations between pillars. The non-significant coefficients for Environmental and Governance scores show that not all ESG aspects contribute equally to performance, at least in this context and measurement method, thereby supporting the theoretical rationale for a disaggregated examination of ESG components.

The moderate R-Square (≈ 0.56) with only marginal overall significance (F-statistic $p \approx 0.11$) suggests that ESG disclosures explain some but not all variation in performance and that the link is context sensitive. The paper is not a universal law, but rather specifies boundary constraints under which ESG–performance correlations appear to be less or more strongly driven by the social pillar. Small sample size and concentrate on Indian or similar fintech/financial enterprises. The application of precise disclosure-based scores (0-3 per item, summed into pillar totals) illustrates a means to capture ESG practices beyond simplistic binary indicators or third-party assessments. In theory, this underscores the importance of how ESG is operationalised: rich disclosure-based indices may capture subtle practices that help explain performance trends in emergent sectors such as fintech.

6.2 Practical Implications

The findings suggest that, for managers in fintech and similar financial service firms, social practices and disclosures – employee health and safety, training, fair pay, diversity, human rights, customer safety/privacy and community projects – should be central pillars of ESG strategy, as they show the clearest association with better performance scores. This is not to say ignoring E and G rather it implies that in a resource-constrained situation social activity may deliver more evident performance gains.

Managers should focus on social acts that create capabilities and stakeholder trust, not just the amount of disclosures. For example, comprehensive training programmes, effective workplace safety systems and genuine community interventions are likely to underpin both higher social ratings and stronger operational and reputational performance, which the model reflects in the performance index. The ESG scores are item-level and then aggregated, meaning that organisations can use the underlying matrices as internal diagnostic tools to uncover specific shortcomings in Environmental, Social, and Governance procedures. Even if the coefficients of Environmental and Governance are not statistically significant in the regression, the underlying items (e.g., greenhouse gas emissions, hazardous waste management, governance structure, remuneration policies) do show potential risk and compliance gaps that managers should address for longterm resilience.

The link between social ratings and performance shows that stakeholders (workers, customers, communities, regulators) may prefer transparency and substance in social domains more than in other domains in this sector. In practice, corporations must ensure that their ESG reporting frameworks authentically and clearly showcase social policies and outcomes, for example, by reporting on particular metrics on training hours, injury rates, diversity and community impact, rather than making social issues an afterthought.

The results suggest that social metrics may provide useful signs of broader organisational quality and performance potential for investors evaluating fintech or financial service firms, at least in this sample. Analysts might pay particular attention to the quality of social disclosures (not only the availability of a sustainability report) when assessing the ESG risks and possibilities of such companies.

Regulators and standard establishing bodies interested in improving the quality of ESG reporting in the financial/fintech area may want to explore placing a focus on social disclosure requirements (employee, customer, community, human rights) alongside environmental and governance standards. The findings implies that social dimensions are more closely linked to performance and hence more stringent and more uniform social disclosure requirements could both promote transparency and offer stakeholders with more decision-useful information.

7. Conclusion

This study provides indicative evidences from an integrated reporting and sustainability reporting perspective showing ESG disclosures, especially social dimensions, are substantially linked to the business performance in fintech and similar financial service firms. The OLS model accounts for a substantial fraction of variation in firm performance by disclosure depending indices over Environmental, Social, Governance and Firm Performance, with only social disclosures as the sole pillar with a clear, positive and marginally significant link. This finding is consistent with the stakeholder and resource-based perspectives, which argue that employee, customer and community-related actions create intangible assets and legitimacy that support value creation. In contrast, environmental and governance ratings show weaker, statistically insignificant correlations with performance, highlighting the need for stronger outcomes-oriented, decision-useful metrics and narratives in these parts of sustainability reports. Overall, the results are supportive of the core objective of integrated reporting, which is to connect ESG information to the main discussion on performance, rather than considering it as an independent disclosure.

Limitations

The study suffers from a very limited sample of only 11 fintech and related financial organisations. This lowers statistical power, raises sensitivity to individual observations and restricts generalisability beyond this context. All dimensions are indexes based on disclosure rather than market or accounting metrics. This means that findings are more reflective of reporting procedures and narratives rather than real financial outcomes. The cross-sectional approach does not allow to capture lagged or dynamic effects of ESG on performance and cannot address endogeneity problems like reverse causation or omitted variables (e.g. business size, age or risk profile).

Further research directions

Future research should expand the analysis to bigger, multi-year panel datasets across a wider range of fintech and traditional financial organisations, which will allow the use of panel models that better adjust for unobserved heterogeneity and analyse dynamic ESG-performance links. Including objective financial and market performance metrics (ROA, ROE, stock returns, risk measures) in addition to disclosure-based indices would provide a richer understanding of value generation. Further work could disaggregate the ESG pillars to identify which specific social, environmental or governance sub-dimensions drive performance and use causal designs (instrumental variables, matching, natural experiments) to deal with endogeneity and strengthen policy and managerial implications.

Conflict of Interest statement

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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