RESEARCH PAPER

ESG Disclosure and Sustainable Business Performance: A Conceptual Model of Stakeholder Trust and Corporate Reputation

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ABSTRACT

Environmental, Social and Governance (ESG) reporting has become an essential part of listed Indian companies. However, it has been found that ESG reporting does not always have a positive effect on business performance due to differences in quality of reporting, perception and reputation amongst businesses. In this paper we provide a conceptual model which explains how ESG reporting can affect sustainable business performance. This is by looking at how reporting influences stakeholders, increases stakeholder trust and improves business reputation.

This study draws on several theories including Stakeholder Theory, Signalling Theory, Legitimacy Theory, Resource-Based View and Institutional Theory. The conceptual model will differentiate between actual ESG performance and what is reported in sustainability reports. The model will show that high quality, complete, relevant and comparable ESG reporting will improve stakeholder perception. This will in turn lead to increased stakeholder trust and improved reputation. This helps to contribute towards sustainable business in the long run. ESG assurance will help to increase the credibility of disclosure. Financial resilience will help to convert stakeholder trust and reputation to sustainable business.

This research has been conducted using a conceptual approach and therefore no primary data has been collected or any statistical analysis performed. The framework will provide theoretical insights into the linkages between ESG disclosure and sustainable business performance in India. It will also provide useful practical insights for companies, investors and regulators to improve the quality of disclosure, assurance, stakeholder trust and sustainable business.

Keywords: ESG disclosure, stakeholder trust, financial resilience and sustainable business performance

Introduction

The disclosure of ESG-related information is crucial for the communication of the listed firms about their responsibilities toward the environment, society and corporate governance. Over time, the concept has been changed from viewing sustainability reporting as a part of CSR to a special mechanism that connects sustainability with finance and performance (Nguyen et al., 2026). In India, this change is particularly important as listed companies work in the changing environment of reporting that is influenced by law regarding CSR, securities market requirements and BRSR (Panda, 2026). The problem here is that disclosure is not the same as performance. It is possible for a firm to engage in numerous ESG initiatives while remaining non-compliant with ESG obligations. Thus, investors will not react in a mechanical manner to ESG disclosures. Rather, they will scrutinize the information to determine its relevance, comparability, consistency, materiality and substantiation. The latest theoretical research highlights the lack of connection between the notions of credibility, disclosure quality and greenwashing, which are central to the impact that information can have on companies (Nguyen et al., 2026). The paper fills this gap with a sequential model that states: ESG disclosure shapes stakeholder interpretations; interpretations shape stakeholders' trust; trust enhances corporate reputation; and reputation boosts sustainable business results. The model also incorporates ESG performance, ESG assurance and financial sustainability into the sequential chain. Such a sequence is in line with the evidence showing that trust serves as a mediator for the relationship between ESG results and financial performance in the setting of listed companies (Guo et al., 2025), that corporate

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reputation mediates multiple relations between ESG information and financing costs (Maaloul et al., 2021) and that stakeholder trust and company reputation provide the necessary channel for the effects of ESG integration on the accounting and market results in developing economies (Srinivasan et al., 2026).

The Indian listed company scenario should not be seen as simply a replication of what has been witnessed in developed economies. Indian companies are characterized by levels of ownership concentration, levels of influence of family and promoters, levels of institutional investors' involvement, levels of exposure by sector or industry, levels of government involvement, regulatory capability and sophistication of ESG information systems that differ from those of developed economies. Indian corporate ESG performance literature paints a contradictory picture. An analysis has pointed to significant and positive relationships between ESG disclosures and the corporate financial performance of Indian companies but did not achieve the same results with social variables (Kumar & Firoz, 2022). Further studies, however, showed that corporate governance was indeed the component that had a significant impact on the performance measures with the effect being moderated by industry-specific factors (Maji & Lohia, 2024). According to studies of Indian evidence, the quality of disclosures has increased in relation to BRSR in many cases, while causes have yet to be explored due in part to the limited research on assurances (Panda, 2026). In sum, the paper makes four points. Firstly, it differentiates between ESG disclosures and ESG performance and shows that stakeholder perception is the direct cognitive process linking them. Secondly, it proves that stakeholder trust and corporate image function as timed mediators and not interchangeable. Thirdly, it views ESG assurance as an above-mentioned linear condition of credibility and resilience in finance as the outcome and moderator. Fourthly, it converts the model into a framework.

2. Objectives of the Study

1. To identify the possible different ways in which the quality, materiality, completeness and credibility of ESG disclosure can influence the way the stakeholders interpret the information provided by Indian listed companies.
2. To create a sequential mediation model that envisions an impact of variations in stakeholder interpretation on stakeholder trust and development of corporate reputation, which will influence sustainable business performance.
3. To analyze how ESG performance and ESG disclosure can be complementary in mitigating the information asymmetry and strengthening the legitimacy of organizations in general.
4. To analyze if ESG assurance has a moderating effect on the relationship between disclosure and stakeholder trust and whether financial resilience will moderate the relationship between stakeholder-based assets and sustainable performance.
5. To provide suggestions and practical recommendations for Indian listed companies, investors and regulators.

3. Review of Literature

3.1 ESG disclosure and ESG performance

ESG performance is about what the firm does and reaches, while ESG disclosure involves communicating this performance and achievement. The difference is significant, since ratings and measures of disclosure refer to different aspects. Studies on sustainability ratings approach measurement issues, as well as warning about non-equivalence of ratings combining performance with regulation and transparency (Saira Baloch, 2026). Thus, we can regard disclosure as a channel and not a replacement of basic performance. Various studies show that ESG–performance relationships are positive but not uniform. A summary of over 2000 empirical studies showed that ESG practice does not have negative influence on the businesses' financial performance but effects various outcomes depending on the measure, sector of operation and circumstances (Saira Baloch, 2026). Research involving more than 3500 global corporations established that ESG performance is positively related to corporate results, with more pronounced effects on well-established businesses and in more risky situations (Chen et al., 2023). Besides that, research focuses on different relationships, both inverse and nonlinear one and mentions such processes influencing it as asymmetry of information, innovation, media coverage and taxation (Huang et al., 2024).

The evidence from India emphasizes the importance of having a mediation model in place. Research undertaken with a sample of 77 firms in India indicates that ESG disclosures collectively and most of the constituent variables significantly correlate with the financial performance of the companies when measured in accounting terms while social disclosure was an exception in this regard (Kumar & Firoz 2022). A study of 100 BSE-listed companies in the non-financial sector also revealed an overall positive contribution of ESG disclosure, however, it is only in the governance dimension that the relation was statistically significant and it was strongest in the industry of companies which are least sensitive to climate change (Maji & Lohia 2024). However, the findings of resource-based studies of companies in

India resulted in an opposite outcome showing the negative impact of total ESG disclosures on some performance indicators along with the positive effect of social disclosure and mediation of the firm's size in translating social performance into a competitive benefit of firms (D. Sharma et al., 2019). These discrepancies indicate that the model cannot be assumed to operate in the same way in all cases.

3.2 Stakeholder interpretation

Stakeholder interpretation refers to the way the investors, employees, customers, regulators, lenders, suppliers, communities and civil-society participants evaluated the ESG information. Interpretation refers to the understanding about relevance, authenticity, comparability, completeness, managerial capability and the gap between commitments declared in the report and actions taken. Stakeholder theory ensures that the disclosure is made to more stakeholders than just the owners of the firm since there are many sources of resources and legitimacy needed by firms (Saira Baloch, 2026).

According to signalling theory, disclosure may diminish information asymmetry if it provides information that is difficult for others to imitate and consistent with observable corporate actions. However, a signal does not validate itself. Factors such as institutional conditions influence the interpretation of the signal by stakeholders. Evidence from different countries shows that the financial benefit of ESG disclosures is higher in jurisdictions in which auditing and accounting regulations, media independence and social capital provide a more solid credibility basis for reporting (Pham & Tran, 2026). This idea has a crucial implication for India because it suggests that although BRSR compliance will improve comparability, the stakeholder response will depend on the information value and credibility of disclosures.

The theory of legitimacy provides an additional point of view. Disclosing information is necessary for businesses to show their compliance with social rules and regulations and prove that they have the right to operate. Thus, companies can make significant, symbolic, or combined disclosures. The legitimacy view can clarify why firms can enhance their communications concerning ESG issues after a social pressure event, controversy, or changes in regulations without changing their real practice (Saira Baloch, 2026). It is important to note that the model suggested in accordance with this idea solves this issue by treating how stakeholders interpret the data as a filter so that disclosure creates trust only when it matches the operations of the company.

3.3 Stakeholder trust

Recent studies show evidence that trust is functioning as a process, not just an end result. A study on Chinese publicly listed companies found that ESG success was linked to improvement in financial performance through the trust variable, with the impact being stronger where there is greater interest among the public and the media and where ESG performances were more consistent (Guo et al., 2025). Similarly, in a study on developing countries, it was found that stakeholder trust was functioning as a mediator for ESG integration and financial performance (Srinivasan et al., 2026). In another study about ESG assurance, it has been reported that assurance has improved the general level of trust in disclosures and companies' legitimacy, however, trust did not always lead to higher willingness to act (Tsentides, 2025). Expectations gaps can compromise trust. Evidence emerging from Vietnam reveals that poor performance, inadequate standards **and** valid expectations gaps have the power to diminish trust since trust acts as the mediator of the relationship between the expectations gap for assurance and the perceived credibility of the stakeholders (Hoai, 2026). Thus, assurance cannot solve the problem of poor performance permanently.

3.4 Corporate reputation

Corporate reputation can be seen as the assessment of the people who know the company as a group. It forms through the experience gained with the help of various sources of information and evaluation done by others. While a trustworthy company operates openly, reputation is wider than trust. Responsible actions of the business will create a good reputation in the eyes of the stakeholders and the companies that practice ESG policies in India have been found to show that reputation and sustainability practices moderate the relationship between the CSR practices of the organization and its competitive performance (Dash & Mohanty, 2023). Both ESG performances and disclosure led to a good reputation of the business according to global research conducted on ESG information and reputation has been shown to reduce the cost of debt and mediate the relationship between ESG and cost of debt (Maaloul et al., 2021). Studies from the companies listed on Indian NSE suggest that the controversies regarding ESG in the companies lead to bad reputation but the governance structure and the ESG practices help to mitigate the deterioration of reputation (Didwania & Garg, 2025).

Good reputation can create conditions also. In some contexts, having a high reputation can increase the expectations of the stakeholders, which makes having low performance even worse. Research conducted on Chinese public companies has shown that ESG investment may rather worsen performance when reputation is low, but when the reputation has reached a certain level ESG investment leads to performance improvement (Wan et al., 2026).

3.5 ESG assurance

Assurance theory is relevant in the sense that it modifies the perception of credibility in the signal. Assurance can serve as a tool to allow the stakeholders in identifying the evidence-backed disclosure from the unverifiable statement. According to recent research, assurance acts as an instrument of gaining more confidence, trust, legitimacy perceptions as well as positive financial results but it notes that mechanisms as well as stakeholder-specific impact are underexplored (Tsentides, 2025). Effects of assurance levels and types of providers may vary among investors, consumers and employees, which suggests that the model should ensure stakeholder differences rather than assume one effects of assurance. The literature of India highlights assurance, data quality, greenwashing and capabilities of smaller firms as key challenges to the implementation of BRSR (Gupta, 2026). This validates the theory that assurance would strengthen the relationship between disclosure and interpretation most effectively if it covers material indicators and is perceived to be independent. A narrow assurance statement can have little impact in case observers think that material omissions fall outside its scope.

3.6 Financial resilience and corporate financial outcomes

Financial resilience refers to an organization's ability to withstand shocks, sustain liquidity and access finances, keep operations going and bounce back while ensuring future viability. This concept is more comprehensive than profitability. Corporate financial results include ROA, ROE, profits and the firm's market value, costs of debts, costs of capital, stock returns, cash flow stability and others. Sustainable performance combines all financial results with operational continuity and innovation, stability of human capital, stakeholder relations and environmental and social performance. The ESG can affect financial stability via multiple methods such as better risk analysis, better stakeholder relationships, more efficient operations, reduced costs of financing, innovations and protection from reputational damages. In the Asian markets, ESG disclosures were positively correlated with profitability, valuation, market trust and lower capital costs though no general causality has been proved (Saira Baloch, 2026). Moreover, it is argued that literature on corporate sustainability showcases differences in processes between firms that reach high-performance levels vs. those that are less sustainable, which may have effects on practice beyond disclosure (Saira Baloch, 2026).

In India, caution is needed. Research conducted on the leading companies found no distinct ESG premium, as far as overall returns as well as risk-adjusted returns are concerned, although companies with an excellent ESG standing were resilient (Agarwal, Unknown Year). This difference is crucial as resilience might imply either lesser downside vulnerability or better restoration ability. Hence, since this framework defines financial resilience as an independent concept, it does not associate ESG with immediate outperformance.

4. Theoretical Foundations

4.1 Stakeholder theory

Stakeholder theory is the main basis for this approach. Companies succeed in creating and sustaining value through their stakeholder relations rather than only relying on shareholder returns. As a result, ESG disclosure can be seen as a mechanism of accountability and coordination. If it is focused on substantial issues and proves its responsiveness to stakeholders, then it can gain their trust and reduce clashes. The model also develops stakeholder theory by revealing a psychological chain through which disclosure evolves into performance: meaning, trust, reputation and resources.

4.2 Signalling theory

As per signalling theory, disclosure is described as a sort of communication signal in a situation of information asymmetry. In order for an ESG signal to be credible, it must be infused with information that is specific, comparable, useful for decision making and difficult to imitate in the absence of any actions. Moreover, ESG assurance enhances the signal by adding an extra internal confirmation cue through an external verification process. The theory states that the effectiveness of the signals is going to be increased by assurance, consistency and materiality while vague claims, selective metrics, or controversies will weaken it.

4.3 Legitimacy theory

Legitimacy theory discusses social and institutional influences that drive firms to disclose information. The theory has special significance in India since the pressure exerted by regulations and public expectations is rising simultaneously. It thus argues that disclosure may be utilized to restore legitimacy after controversy. The presented model incorporates the idea that legitimacy claims can impact results only in case stakeholders find them credible and in line with performance.

4.4 Resource-based view

The resource-based perspective considers ESG capabilities, stakeholder networks, organizational processes and goodwill as potentially useful and hard-to-replicate assets. ESG performance can create internal resources, disclosure serves to unveil them and reputation and trust help achieve stakeholder support. This clarifies why companies with similar levels of disclosure can achieve different results as their underlying capabilities and histories differ.

4.5 Institutional theory

The theory suggests that attention should be paid to regulation, norms and professional standards, investor expectations as well as industry practices. While the BRSR and overall reporting environment set general expectations, the quality of institutions determines how these signals will be interpreted. Effective governance, reliable verification, media attention and investors' knowledge influence the impact of disclosures. Therefore, the theory is relevant in the discussion of the role of governance quality and the level of regulation as moderating variables.

5. Need for the Study

The five motivations behind the model. First, much of the research into ESG focuses on establishing a direct link between ESG ratings and financial performance, without looking into the process that connects the two (Srinivasan et al., 2026). Second, disclosure and performance are treated as one, although they refer to completely different concepts. Third, stakeholder trust and corporate reputation are often treated as interchangeable terms, despite existing different levels of both. Fourth, assurance is becoming more and more important but is still under-researched in the Indian context. Fifth, the evidence coming from India is inconsistent and concentrated only in some sectors, so a contextual model should be developed (Panda, 2026). The research study is required too for the reason that performance of sustainable business cannot be limited only to the profitability achieved during a given year. An organization can obtain short-term profitability, but the same time weaken its resilience, trust, efficiency in the field of environment and relationships with its stakeholders. Hence, the model for publications should take into account both financial results and organizational capacities that are necessary for the achievement of these results.

6. Problem of the Study

Listed businesses in India have to contend with an upsurge in demands to disclose information relating to ESG, but it is not evident under which conditions the disclosure articulates stakeholder trust, corporate image, profitability and sustainability of business operations. The findings available are inconsistent with respect to various ESG dimensions present in different industries, metrics used and institutional patterns of their disclosure. While some researches find positive linkages, there are others that reveal negative and insignificant links or even conditional links (Saira Baloch, 2026). The absence of any unified model makes it hard to explain why the same reporting practices result in different responses of stakeholders and financial indicators. Thus, the research gap can be outlined in the following way: under which conditions does ESG reporting affect sustainability of business operations among Indian listed companies?

7. Research Methodology

7.1 Design

The research design employed in this paper is conceptual and theoretical. The paper utilizes theoretical framework and research literature to formulate a theoretical model and propositions. There was no collection of primary data nor any estimation of parameters or hypothesis testing done using statistical techniques. Rather, what we refer to as the "findings" in this paper are merely those derived through the theoretical synthesis process.

7.2 Scope

The suggested unit of analysis for this research is Indian listed companies' ecosystem and its stakeholder. The framework is applicable for both non-financial and financial companies, however empirical studies will have to control for sectors or estimate sector-specific models. The Indian listed companies should be investigated during both periods about BRSR where available. Analysis of BRSR comparability is essential but there is skepticism in the literature that questions whether BRSR has any long-term impact and assurance consequences (Gupta, 2026).7.3 Construct definitions and possible measures

Construct	Conceptual definition	Possible empirical indicators
ESG disclosure quality	Completeness, materiality, comparability, specificity, timeliness and clarity of ESG information	BRSR content index; GRI/SASB/TCFD alignment; disclosure score; quantitative KPI coverage
ESG performance	Actual environmental, social and governance practices and outcomes	Emissions intensity, energy use, safety, diversity, board independence, controversies, external ESG score
Stakeholder interpretation	Perceived relevance, credibility,	Investor, employee, customer, lender

	materiality, consistency and sincerity of ESG information	and analyst survey scales; experimental vignettes
Stakeholder trust	Expectation that the company is honest, competent, predictable and responsible	Multi-stakeholder trust scales; investor confidence; relationship continuity
Corporate reputation	Collective and durable evaluation of the company's character, quality and responsibility	Reputation rankings; stakeholder surveys; media tone; brand and market-based measures
ESG assurance	External evaluation of ESG data, systems and claims	Assurance presence, scope, provider type, level, standard, independence and material coverage
Financial resilience	Capacity to absorb shocks and maintain financing and operations	Cash-flow volatility, interest coverage, liquidity, leverage, downside risk, recovery speed
Sustainable business performance	Durable financial, operational, stakeholder and environmental value	ROA/ROE, Tobin's Q, cost of capital, productivity, retention, innovation, emissions and social outcomes

The above table illustrates a proposed measurement system, rather than a report of the measurements used in this study. Subsequent researchers should be careful not to use a single ESG rating as an adequate measure of its performance and reporting when such measurement systems are not the same (Saira Baloch, 2026).

8. Conceptual Framework

The conceptual model put forward suggests that ESG assurance enhances the role of ESG disclosure in affecting stakeholders' interpretation and trust. Financial viability is seen as a parallel outcome of ESG integration and acts as a moderator of the relation between reputation and results. The quality of governance, the sensitivity of the industry climate, the quality of institutions, the level of media attention and the importance of stakeholders are also among the contextual moderators.

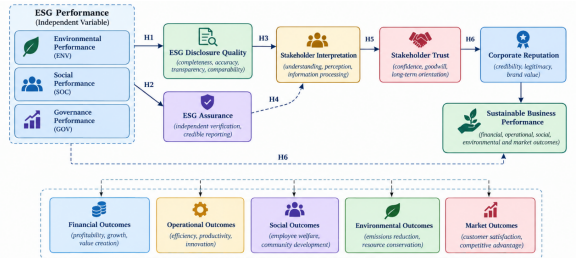


Figure 1: Conceptual Framework

The sequence shows that it acknowledges that disclosure serves as a bridge between sustainability practice and corporate results instead of being simply a cause of performance (Nguyen et al. 2026). It also provides evidence for the functioning of both trust and reputation as parallel or successive links between ESG and financial performance (Srinivasan et al. 2026).

8.1 ESG performance and ESG disclosure

The performance of ESG usually influences the quality of disclosures because companies engaged with measurable practices have more solid information to provide. The actual performance lowers the probability that stakeholders perceive the disclosures as mere symbols. The relation is not deterministic: organizations could have good performance and make poor disclosures or vice versa. Therefore, ESG performance is viewed as being a precursor and a condition for consistency of disclosures, but not a substitute for their quality.

8.2 Stakeholder interpretation as the first mediator

Disclosure quality matters because it contributes to the interpretation of results. Proper disclosures of relevant and comparable information should lead to a decrease in uncertainty, while selective and unaudited information would increase uncertainty. Positive interpretation is desirable when disclosures contain objectives, benchmarks and timelines, even when information is bad, complete and covers value chains and trade-offs. Indeed, this explains why contextual environment affects perceived credibility and financial significance of ESG disclosure (Pham & Tran, 2026).

8.3. Trust of stakeholders

Trust of stakeholders is taken as the second mediator. Positive interpretation facilitates trust-building process. Stakeholders who have faith in the credibility of ESG information will consider the company predictable and responsible. Thus, trust will affect the behavior related to resources, such as investment, lending, purchasing, hiring, cooperation and risk tolerance.

8.4 Corporate reputation as a third mediator

It is anticipated that the trust built with stakeholders will contribute towards reputation. Because the reputation can help reduce the cost of searching, provide a higher chance of preference from stakeholders, increase access to financial resources and shield the company in the event of controversies. The research results prove that the reputation is responsible for establishing a connection between trust and financial results (Maaloul et al., 2021). This model allows for partial mediation since the ESG can impact the performance in other ways, too, for instance, in terms of implementing innovations.

8.5 ESG assurance as a moderator

It is believed that assurance has a role to play in enhancing both the disclosure-interpretation and disclosure-trust linkages. This effect should be felt more strongly whenever the assurance covers relevant indicators, uses a credible standard, is independent and clarifies the limitations of the assurance provided. In cases when stakeholders notice a large discrepancy between what is stated and actual ESG performance, the effect of assurance would be weak. This conclusion follows the evidence that shows that while assurance increases the level of confidence and trust, it does not guarantee engagement (Tsentides, 2025).

8.6 Financial resilience as outcome and moderator

stability is believed to stem from better risk control, access to financing options, support of stakeholders and uninterrupted operation. Moreover, it is also expected to reinforce the transformation of reputation into sustainable performance. A stable company has the means to fulfill its ESG commitments, deal with costs of adaptation and react to external impacts on its business operations. Nevertheless, being stable may also serve as a prerequisite for the quality of disclosures, as financially challenged companies may not have the necessary framework to collect data and provide assurance. This interrelationship should be verified through longitudinal research and not presumed to be one-directional.

9. Relationship among the Constructs

The framework is distinguished from the simple model of ESG effect on performance in three major aspects. Firstly, the framework distinguishes between the subject of the process and the process itself. In this case, ESG performance remains the condition to be studied, while ESG reporting is the observant information product. Secondly, the framework recognizes that actors do not make judgments based on a score alone. Rather, they try to relate disclosures with previous promises, competitors, conflict cases, verification reports, media insights and their own experience. Finally, it sees sustainable corporate performance as result accumulated on a step-by-step basis rather than just an immediate profit originating from accounting.

The model also suggests that various stakeholder groups may interpret the pathway in a different manner. In other words, while investors may prioritize material risks, transition strategies, governance and capital allocation decisions, employees may stress issues such as fairness, safety, inclusion and consistency between internal practice and external statements, whereas customers may be influenced by the impact and their own faith in the products. Lending institutions, however, may look for resilience and cash-flow protection as part of governance requirements, while regulatory authorities and local communities may look for compliance as well as the social impact of the operations and accountability. Based on the foregoing, a single aggregated ESG score can hide significant differences in the interpretations and the trust-building process.

The impact of ESG performance and disclosure will start at the interpretation stage; repeated interactions will determine trust, accumulated trust will build the reputation and reputation will influence resource mobilization and resilience. In other words, it can be said that the cross-sectional approach can either overstate or understate the course described in the model. The longitudinal research should show if the quality of disclosure comes first before developing trust and reputation, whether controversies break the scheme and whether trust diminishes with changes in top management or accounting practices.

The model also suggests feedback: better financial resilience can be used to build better ESG systems while the poor performance will minimize the resources available for high-quality disclosure. Another aspect state importance. Disclosure can be elaborate but strategically meaningless if it effectively misses the company's key impacts and risks. In contrast, a brief report may be more credible when it explicitly covers key issues, targets, compromises and achievements. Future research should thus consider the materiality and usefulness of information for decision-making rather than just its length. This idea corresponds to the findings indicating that disclosures' impacts are determined by the credibility of the institution as well as the data environment (Pham & Tran, 2026).

10. Findings of the Research

Finding 1: Disclosure is a process of interpretation, rather than an input in performance

The literature allows for viewing ESG disclosure as an information channel. Stakeholders need to assess credibility and the institutional context prior to any kind of action with respect to the disclosure. This may explain why the relationship between the disclosure and performance may appear positive in some instances, yet negative or insignificant in others (Pham & Tran, 2026).

Finding 2: Trust as the main behavioral mechanism

Trust acts as a bridge between information and stakeholder behavior. Research from public companies and assurance literature shows that trust allows for transferring ESG impact to financial performance and perceived legitimacy (Guo et al., 2025). Therefore, the model positions trust in the sequence of stakeholder interpretation and reputation.

Finding 3: Reputation as accumulation of stakeholder trust

As stated in above sections, corporate reputation is not merely the result of communication activity. Rather, it is created through the implementation of strategies, trust and public experience. The study on developing economies testifies that reputation and trust of interested parties can convey the impact of ESG on financial results (Srinivasan et al., 2026). Besides, it turned out that reputation can moderate relations between ESG information and financing cost (Maaloul et al., 2021).

Finding 4: Assurance increases perceived credibility but does not compensate performance

Assurance is useful when it concerns problematic information and decreases uncertainty. However, it fails to fix the problem of performance shortfall. Evidence shows that misperceived performance is even more damaging regarding trust (Hoai, 2026).

Finding 5: Sustainability performance is conditional and multidimensional.

Sustainability performance should not be assumed to generate a uniform premium in the short term. Evidence from India shows that the relationship between the specific dimensions of ESG varies with the industry context (Maji & Lohia, 2024). The evidence collected from the Asian markets proves that the effect of disclosures is different in various institutional settings and performance measures (Saira Baloch, 2026). In this sense, the appropriate dependent construct is sustainable performance, which consists of the financial aspects and elements like resilience, operations continuity, reputation and impacts on stakeholders.

11. Recommendations

1. Consider ESG disclosure a way of gathering relevant information that is strategic in nature, not merely a document aimed at meeting legal requirements.
2. Ensure that your policies, goals, input, output and outcome are separate from one another so stakeholders can measure your success.
3. Share negative results, targets missed, changes in methodology and limits to jurisdiction with stakeholders instead of only showing the good results.
4. Make a connection between BSR indicators and the oversight of the governing body, risk management of the company, allocation of funds, purchases and executive remuneration.
5. Establish internal control for the ESG data as you would do for the financial data.
6. Provide assurance regarding the material indicators and clarify what classification level, coverage, standards, independence and limits are present in that assurance.
7. Be consistent in your documents, presentations to investors and open statements.
8. Communicate with stakeholders while using a single centralized system of data.
9. Monitor financial sustainability through liquidity, access to finance, stability of cash flows, expenses on transition and capacity for recovery.
10. Avoid claiming anything that is beyond measured ESG performance, as possible damage to reputation caused by inconsistency can outweigh all positive result achieved through communication.

12. Conclusion

Sustainable business growth is more dependent on ESG disclosure, when connected to effective ESG activities that ensure its credibility, build stakeholder confidence and generate reputation. ESG assurance can improve this process if it meets criteria for independence and relevance as well as transparency about its scope. Financial resilience determines whether stakeholder success is ongoing rather than episodic. The main implication for the Indian recognized companies is that BRSR compliance ought to be seen as a building block for developing accountable information systems rather the final stage of the ESG strategy. It proposes a unified approach as to why there is a variation in the disclosure impact and how to test it in the future. The main hypothesis is modest but useful: ESG disclosure generates lasting value not because of its occurrence but rather because of its perceived validity, enduring credibility and active support provided by company actions.

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