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ENVIRONMENTAL, SOCIAL, AND GOVERNANCE FRAMEWORK UNDER BRSR: A CONCEPTUAL ANALYSIS OF FIRM PERFORMANCE IN INDIA

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ABSTRACT

The growing emphasis on sustainable and responsible business practices has transformed corporate reporting frameworks worldwide, particularly in emerging economies. In India, the introduction of the Business Responsibility and Sustainability Reporting (BRSR) framework by the Securities and Exchange Board of India (SEBI) represents a significant regulatory shift toward standardized Environmental, Social, and Governance (ESG) disclosures. This paper presents a conceptual examination of the ESG framework embedded within BRSR and explores its potential influence on firm performance in the Indian corporate context. Drawing on existing sustainability, governance, and firm performance literature, the study synthesizes key ESG dimensions such as environmental stewardship, social responsibility, and governance accountability and discusses their relevance for long-term value creation. The analysis suggests that while environmental and social initiatives contribute to operational efficiency, stakeholder trust, and reputational capital, governance mechanisms play a critical enabling role in translating ESG practices into performance outcomes. The paper further argues that the effectiveness of BRSR depends on the depth of ESG integration rather than mere compliance-driven disclosures. As a conceptual study, this research does not involve empirical testing; instead, it provides a structured foundation for future empirical investigations using firm-level BRSR data. The study contributes to the emerging literature on mandatory sustainability reporting in developing economies and offers insights for corporate managers, investors, and policymakers seeking to strengthen responsible business practices in India.

KEYWORDS: ESG, BRSR, SEBI, Sustainability

1. INTRODUCTION

In recent years, the role of businesses in society has undergone a fundamental shift. Corporations are no longer evaluated solely on the basis of financial performance; they are increasingly expected to



demonstrate accountability toward environmental protection, social equity, and ethical governance (Aggarwal & Singh, 2018; Wang, Sun, et al., 2023). This shift has been particularly visible in emerging economies like India, where rapid industrial growth has been accompanied by concerns related to environmental degradation, social inequality, and governance failures. Against this backdrop, sustainability reporting has emerged as a key mechanism through which companies communicate their non-financial performance and broader societal impact to stakeholders. India's sustainability reporting landscape has evolved gradually, influenced by global developments as well as domestic regulatory priorities (Wang, Pan, et al., 2023). Early voluntary disclosures, largely driven by multinational corporations and export-oriented firms, lacked consistency and comparability. Over time, regulators recognized the need for a structured and standardized framework that could reflect India's unique socio-economic realities while aligning with global sustainability expectations. This recognition culminated in the introduction of the Business Responsibility and Sustainability Reporting (BRSR) framework by the Securities and Exchange Board of India (SEBI), which became mandatory for the top listed companies in India. The BRSR framework represents a significant departure from earlier reporting practices (Sashya Siddhartha, 2024). Unlike traditional corporate social responsibility disclosures that often focused on philanthropic activities, BRSR emphasizes responsible business conduct embedded within core operations (Rohit Sinha & Mahak Singh, 2026). It is built around principles that address environmental stewardship, employee welfare, customer responsibility, community engagement, and ethical governance. By mandating standardized disclosures, SEBI aims to improve transparency, enhance comparability across firms, and enable investors and other stakeholders to make informed decisions based on both financial and non-financial indicators (Aggarwal & Singh, 2018).

For Indian companies, the adoption of BRSR has introduced both opportunities and challenges. On one hand, it provides a structured platform to showcase sustainability initiatives, risk management practices, and long-term value creation strategies. Companies that integrate sustainability into their business models can strengthen stakeholder trust, improve brand reputation, and potentially gain access to responsible investment capital (Chen & Xie, 2022). On the other hand, compliance with BRSR requires firms to develop robust data collection systems, align internal processes with sustainability goals, and ensure cross-functional coordination. For many organizations, particularly those transitioning from minimal disclosure practices, this shift demands significant organizational learning and capacity building (Baldini et al., 2018).

The relevance of BRSR is especially pronounced in the Indian context due to the diversity of industries, ownership structures, and governance practices. Indian listed companies range from large, professionally managed conglomerates to promoter-driven enterprises with varying levels of disclosure maturity. This diversity raises important questions regarding the consistency, quality, and



depth of sustainability reporting under a mandatory framework. Moreover, India's developmental priorities- such as inclusive growth, employment generation, and environmental resilience- add further complexity to how sustainability is interpreted and operationalized by firms (Baldini et al., 2018). From an academic perspective, the BRSR framework offers a valuable context for examining how regulatory mandates influence corporate behavior. While sustainability reporting has been widely studied in developed economies, empirical evidence from emerging markets remains limited. In India, research on mandatory sustainability disclosures is still at a nascent stage, particularly with respect to how companies respond to regulatory pressure, how disclosures vary across sectors, and whether reporting reflects substantive performance or symbolic compliance. Understanding these dynamics is crucial for assessing the effectiveness of BRSR as a policy instrument (Baldini et al., 2018).

The introduction of BRSR marks a critical milestone in India's corporate reporting ecosystem, yet its practical implications remain underexplored. There is a clear need to systematically examine how Indian companies are engaging with the BRSR framework, the extent to which disclosures are meaningful, and the challenges firms face in implementation. Such a study is significant not only for regulators and policymakers seeking to refine sustainability reporting standards, but also for corporate managers, investors, and scholars interested in the intersection of regulation, responsibility, and sustainable business practices in the Indian context (Chen & Xie, 2022). By providing insights into BRSR adoption and reporting behavior, this research contributes to a deeper understanding of responsible corporate conduct in emerging economies like India.

2. REVIEW OF LITERATURE AND RESEARCH GAP

Environmental, Social, and Governance (ESG) considerations have gained prominence in academic and policy discourse as key indicators of sustainable and responsible business conduct. The ESG framework provides a structured lens through which a firm's non-financial performance can be assessed, complementing traditional financial metrics. Scholars generally view ESG not merely as a reporting tool but as a reflection of how firms manage long-term risks, stakeholder relationships, and value creation processes. In emerging economies such as India, ESG assumes added significance due to regulatory transitions, institutional diversity, and socio-environmental challenges. The environmental dimension of ESG has been widely examined in the context of corporate responses to climate change, resource efficiency, and pollution control. Prior studies suggest that firms with proactive environmental strategies tend to demonstrate better risk management and operational efficiency over time. In the Indian context, environmental disclosures have historically been uneven, often driven by compliance requirements rather than strategic intent. Research indicates that while large Indian firms increasingly report on energy consumption, emissions, and waste management, the depth and quantification of such disclosures vary significantly across industries. The introduction of standardized sustainability frameworks has been argued to improve the credibility and comparability



of environmental reporting, although concerns remain regarding selective disclosure and lack of external verification (Chen & Xie, 2022).

The social component of ESG focuses on a firm's relationship with employees, customers, suppliers, and the broader community. Existing literature highlights that social performance is closely linked to workforce productivity, brand reputation, and stakeholder trust. In India, social disclosures have traditionally been influenced by statutory corporate social responsibility (CSR) requirements, which emphasize community development and social welfare activities. However, scholars argue that this approach often results in an outward-facing narrative, with limited attention to internal social issues such as employee well-being, workplace diversity, occupational health and safety, and supply chain labor practices. Recent studies emphasize the need to move beyond philanthropic reporting toward a more integrated assessment of social responsibility embedded within business operations, a shift that aligns with the ESG orientation of the BRSR framework. Governance has consistently emerged as a critical pillar of ESG, particularly in markets characterized by concentrated ownership and promoter dominance, as is common in India. Academic research underscores the role of strong governance mechanisms in mitigating agency conflicts, improving transparency, and protecting minority shareholder interests. Board composition, independence, executive remuneration, risk oversight, and ethical conduct are frequently identified as key governance indicators. Indian studies have noted improvements in governance disclosures following regulatory interventions, yet variations persist in terms of board effectiveness and actual enforcement of governance norms. The ESG perspective broadens governance analysis by linking ethical leadership and accountability with sustainability outcomes rather than treating governance as a purely compliance-driven function.

An emerging strand of literature examines ESG as an integrated construct rather than isolated dimensions. Researchers argue that environmental, social, and governance factors are interdependent, and firms that adopt a holistic ESG approach are better positioned to achieve sustainable performance. Empirical findings from emerging markets suggest that regulatory mandates play a crucial role in shaping ESG disclosure behavior, especially where voluntary adoption is limited. However, the literature also cautions that mandatory reporting may lead to a box-ticking approach unless supported by internal commitment, data integrity, and stakeholder engagement (Yu & Luu, 2021).

Despite the growing body of ESG-related research, studies focusing specifically on India's mandatory sustainability reporting regime remain limited. Much of the existing literature predates the implementation of the BRSR framework or relies on voluntary ESG disclosures with inconsistent metrics. There is insufficient empirical evidence on how Indian firms interpret ESG requirements under BRSR, the quality of disclosures across ESG pillars, and sectoral variations in reporting practices. This gap highlights the need for systematic analysis of ESG reporting within the BRSR framework to better understand its effectiveness in promoting responsible and sustainable corporate



behavior in the Indian context (Yu & Luu, 2021).

2.1 Environmental Performance Measures under ESG (Principle 6)

The environmental dimension of the ESG framework has attracted substantial attention in sustainability and corporate accountability literature, as it captures the direct and indirect impact of business operations on natural ecosystems. Environmental performance measures are commonly used to assess how firms manage energy use, emissions, water resources, waste, and material efficiency (Wang, Sun, et al., 2023). Scholars argue that these indicators are particularly relevant in emerging economies such as India, where industrial expansion, resource constraints, and climate vulnerability coexist. Within the BRSR framework, Principle 6 emphasizes responsible environmental stewardship, aligning corporate disclosures with measurable environmental outcomes rather than narrative-based commitments (Fathima et al., 2025).

Energy consumption has emerged as one of the most widely studied indicators of environmental performance. Prior research highlights that energy-intensive industries face greater regulatory and reputational pressures to disclose energy usage patterns. Studies on Indian firms indicate that while total energy consumption is often reported, disaggregated data such as the proportion of grid electricity versus renewable energy is less consistently disclosed. The literature suggests that firms adopting renewable energy sources tend to signal long-term cost efficiency and climate risk preparedness. Mandatory reporting frameworks are viewed as instrumental in encouraging firms to move beyond aggregate figures toward more transparent energy mix disclosures (Wang, Sun, et al., 2023). Greenhouse gas (GHG) emissions represent another critical component of environmental performance measurement. Existing studies distinguish between Scope 1 (direct) and Scope 2 (indirect) emissions, noting that these are relatively easier for firms to measure and report due to operational control. In contrast, Scope 3 emissions, which arise across the value chain, remain underreported, particularly in developing economies. Indian studies highlight that limited data availability, supplier coordination challenges, and methodological complexity often restrict comprehensive emission disclosures. However, recent literature argues that inclusion of Scope 3 reporting enhances the credibility of sustainability disclosures and reflects a firm's commitment to holistic climate responsibility, a shift increasingly encouraged under BRSR (Fathima et al., 2025).

Water management has gained prominence in sustainability research, especially in water-stressed regions like India. Scholars emphasize that corporate water usage has both environmental and social implications, affecting local communities and ecosystems. Literature on Indian manufacturing and infrastructure firms suggests that water withdrawal data is more commonly disclosed than information on consumption efficiency or recycling initiatives. Studies further indicate that companies operating in water-intensive sectors face higher stakeholder scrutiny, prompting improved reporting on water



conservation practices. Structured disclosure requirements are found to improve comparability across firms, though the effectiveness of such reporting depends on the extent to which quantitative data is accompanied by performance targets and outcomes (Halbritter & Dorfleitner, 2015).

Waste management practices form another important area of environmental performance evaluation. Research consistently notes that firms tend to differentiate between hazardous and non-hazardous waste in their disclosures, largely driven by regulatory compliance. In the Indian context, literature points to variability in how waste disposal methods—such as recycling, incineration, or landfilling are reported. While some firms provide detailed waste treatment data, others rely on generic statements that lack verifiability. Scholars argue that standardized sustainability frameworks can reduce such inconsistencies by requiring firms to quantify waste generation and explicitly report disposal methods, thereby enhancing transparency and accountability (Wang, Pan, et al., 2023). Circular economy initiatives represent a relatively recent but growing focus within environmental performance literature. Studies suggest that practices such as material reuse, recycling, and waste reduction contribute to resource efficiency and long-term sustainability. In India, academic work on circular economy adoption remains limited, with evidence indicating that such initiatives are more prevalent among large firms with greater technological and financial capabilities. The literature highlights that mandatory ESG-oriented disclosures can act as a catalyst for mainstreaming circular economy practices by encouraging firms to formalize and report material efficiency strategies (Jain & Jain, 2023).

The literature underscores that environmental performance measures under ESG are essential for evaluating corporate sustainability, particularly in regulatory-driven contexts like India. However, existing studies also reveal gaps in the consistency, depth, and comparability of environmental disclosures. This reinforces the importance of examining how Indian companies respond to the environmental requirements of the BRSR framework and whether mandatory reporting translates into meaningful improvements in environmental performance.

2.2 Social Performance Measures under ESG (Principles 3, 4, 5, 8, and 9)

The social dimension of the ESG framework captures how firms manage their relationships with employees, consumers, and the communities in which they operate. Social performance measures have gained increasing attention in sustainability literature, as they reflect a company's commitment to inclusive growth, human development, and stakeholder well-being (Wang, Pan, et al., 2023). In the Indian context, social considerations are particularly significant due to labour-intensive industries, demographic diversity, and socio-economic disparities. The BRSR framework integrates multiple social principles, emphasizing that responsible business conduct extends beyond compliance to the creation of shared value. Employee well-being and occupational safety constitute a central theme in social performance research. Existing literature consistently links robust health and safety practices



with improved productivity, reduced operational risk, and enhanced employee morale. Studies on Indian firms reveal that accident statistics and workplace safety disclosures are more prevalent in high-risk sectors such as manufacturing, construction, and mining. However, research also indicates variability in the depth of reporting, with many firms focusing on compliance-oriented disclosures rather than preventive measures and employee welfare outcomes. The inclusion of worker insurance coverage and safety training in sustainability reporting is viewed as an important step toward recognizing the broader workforce, including contractual and outsourced workers, who form a significant part of India's labour ecosystem (Khalid & Rawat, 2025).

Diversity and inclusion have emerged as critical indicators of social performance, reflecting fairness, equity, and organizational culture. Academic studies highlight that gender-diverse workplaces are associated with better decision-making and long-term performance. In India, regulatory interventions mandating the presence of women directors have increased board-level gender representation. Nevertheless, literature points out that gender diversity within senior management and operational roles remains limited. ESG-focused studies emphasize that disclosure of workforce composition, leadership diversity, and inclusion policies provides insights into whether diversity initiatives are symbolic or substantively embedded within corporate structures (Kumar & Prakash, 2019). Mandatory reporting under BRSR is expected to encourage more transparent and consistent disclosure of such data. Human rights practices form another important component of social performance evaluation. Scholars argue that corporate responsibility for human rights extends beyond direct employees to encompass the entire value chain. Indian studies suggest that while policies prohibiting child labor and forced labor are commonly disclosed, implementation and monitoring mechanisms are less frequently discussed. The literature highlights challenges related to supplier oversight, especially in fragmented and informal supply chains. Training programs on human rights and workplace conduct are viewed as indicators of a firm's commitment to ethical labor practices. ESG-based disclosure frameworks are seen as tools that can push firms toward greater accountability by requiring explicit reporting on human rights risks and mitigation measures (Li et al., 2023).

Community development has traditionally occupied a prominent place in Indian corporate social disclosures, largely influenced by statutory CSR requirements. Prior research indicates that firms often emphasize financial contributions and program descriptions, while impact assessment and outcome measurement receive comparatively less attention. Scholars argue that effective community engagement should be aligned with local needs and integrated into business strategy rather than treated as an isolated activity. The social pillar of ESG expands the scope of community development by encouraging firms to evaluate the long-term social impact of their initiatives. In this regard, structured disclosures under BRSR have the potential to shift the focus from expenditure-based reporting to impact-oriented assessment. Consumer protection and responsible business conduct toward customers



are increasingly recognized as integral to social performance. Literature highlights that product safety, quality assurance, and grievance redressal mechanisms play a critical role in building consumer trust. Studies in the Indian context suggest that while companies often disclose the existence of customer complaint mechanisms, information on resolution efficiency and corrective actions is limited. Responsible marketing practices, particularly in sectors affecting public health and safety, have also gained attention in recent research (Mahajan, 2022). ESG-oriented frameworks emphasize transparent reporting on consumer-related risks, signaling a firm's commitment to ethical market behavior.

The existing literature shows that social performance measures under ESG provide valuable insights into how companies balance economic objectives with stakeholder responsibilities. However, empirical studies reveal persistent gaps in the consistency and substance of social disclosures among Indian firms. This highlights the need for examining how companies operationalize social principles under the BRSR framework and whether mandatory reporting leads to meaningful improvements in social performance and stakeholder outcomes (Mahajan, 2022).

2.3 Governance Performance Measures under ESG (Principles 1, 2, and 7)

The governance dimension of the ESG framework focuses on the structures, processes, and ethical standards through which firms are directed and controlled. Governance performance measures are widely regarded in the literature as foundational to effective environmental and social performance, as they shape decision-making, accountability, and risk oversight. In the Indian corporate context, governance assumes particular importance due to the prevalence of concentrated ownership, promoter-led firms, and evolving regulatory oversight. The BRSR framework reinforces governance as a core principle of responsible business conduct by linking ethical behavior and transparency with sustainable value creation (Ramakrishnan, 2023).

Ethical conduct and anti-corruption measures have been extensively examined as indicators of governance quality. Prior studies emphasize that strong ethical frameworks reduce operational risk, enhance investor confidence, and protect corporate reputation. In India, regulatory reforms have strengthened requirements related to codes of conduct, vigilance mechanisms, and whistleblower policies (Singhania & Saini, 2021). However, the literature notes that disclosures often focus on the existence of policies rather than their effectiveness or enforcement. Scholars argue that transparent reporting on corruption-related risks, employee training, and grievance redressal outcomes provides deeper insight into a firm's ethical culture. ESG-oriented governance measures seek to move beyond formal compliance by encouraging firms to demonstrate accountability in practice. Board diversity and composition constitute another critical area of governance research. Academic studies consistently associate board independence with improved oversight and reduced agency conflicts. In the Indian setting, the mandatory inclusion of independent directors and women directors has reshaped board



structures, particularly among listed companies. Nevertheless, literature highlights that mere representation does not necessarily translate into effective participation or influence. ESG research emphasizes the need to assess both quantitative indicators, such as the proportion of independent and women directors, and qualitative aspects, including board expertise and decision-making dynamics. Disclosure of board composition under BRSR is therefore viewed as a key mechanism for enhancing transparency and stakeholder scrutiny (Rohit Sinha & Mahak Singh, 2026).

Governance oversight of sustainability-related issues has emerged as an important theme in recent literature. Scholars argue that sustainability initiatives are more likely to be effective when responsibility is clearly assigned to the board or senior management (Singhania & Saini, 2021). In the Indian corporate context, studies indicate that sustainability oversight is often delegated to committees or functional departments, with varying levels of board engagement. The literature suggests that explicit disclosure of the highest authority responsible for sustainability implementation signals organizational commitment and strengthens accountability. ESG frameworks increasingly emphasize the integration of sustainability into governance structures rather than treating it as a peripheral activity. Supply chain sustainability represents a growing area of governance-related research, particularly in globalized and outsourced production systems. Studies highlight that firms face increasing expectations to monitor and manage ESG risks within their supply chains. In India, supply chains often involve small and medium enterprises with limited formal compliance systems, posing challenges for ESG evaluation. Literature indicates that while companies may outline supplier codes of conduct, systematic assessment and capacity-building initiatives are less commonly disclosed. Governance-focused ESG measures encourage firms to adopt structured supplier evaluation mechanisms and provide support for improving ESG performance across the value chain (Sashya Siddhartha, 2024).

The governance-related studies indicate that effective governance performance measures are essential for ensuring ethical, transparent, and accountable business operations. While Indian firms have made progress in aligning governance practices with regulatory requirements, empirical studies point to disparities in disclosure quality and implementation depth. This highlights the importance of examining governance performance under the BRSR framework to assess whether mandatory ESG disclosures strengthen governance effectiveness and promote responsible business conduct in the Indian corporate landscape.

2.4 ESG Framework and Firm Performance

The relationship between Environmental, Social, and Governance (ESG) practices and firm performance has been extensively debated in sustainability and corporate finance literature. Traditionally, firm performance was evaluated primarily through financial indicators such as profitability, market valuation, and shareholder returns. However, growing stakeholder expectations



and regulatory interventions have expanded this perspective to include non-financial dimensions of performance (Singhania & Saini, 2021). The ESG framework has thus emerged as a critical lens for examining how responsible business practices influence both short-term financial outcomes and long-term value creation. A significant strand of literature argues that strong environmental performance contributes positively to firm performance by enhancing operational efficiency and reducing regulatory and environmental risks. Studies suggest that investments in energy efficiency, emission reduction, and resource optimization can lower operating costs and improve resilience to environmental disruptions. In emerging economies like India, where environmental regulations are tightening and resource scarcity is a growing concern, firms adopting proactive environmental strategies are often better positioned to manage compliance costs and reputational risks. Empirical evidence indicates that environmental disclosures can also improve investor confidence, particularly among institutional investors who increasingly incorporate sustainability criteria into investment decisions (Rohit Sinha & Mahak Singh, 2026; Sashya Siddhartha, 2024).

The social dimension of ESG has been linked to firm performance through its impact on human capital, stakeholder trust, and market reputation. Prior research highlights that companies prioritizing employee well-being, workplace safety, and diversity tend to experience higher productivity and lower attrition rates. In the Indian context, social performance is especially relevant due to the prevalence of labour-intensive operations and heightened public scrutiny of corporate conduct. Literature suggests that effective community engagement and responsible consumer practices can strengthen brand loyalty and social legitimacy, which in turn contribute to sustained financial performance. However, some studies caution that social investments may yield indirect or long-term benefits that are not immediately reflected in accounting-based performance measures (Sharma et al., 2020).

Governance performance is often identified as the most direct channel through which ESG influences firm performance. Strong governance structures are associated with better decision-making, reduced agency conflicts, and improved risk oversight. Research on Indian listed companies emphasizes the role of board independence, transparency, and ethical conduct in enhancing firm value and market credibility. ESG-oriented governance practices are found to be particularly relevant in contexts characterized by concentrated ownership and information asymmetry. Studies suggest that firms with robust governance mechanisms tend to attract higher-quality capital and demonstrate greater stability during periods of economic uncertainty. An integrated view of ESG suggests that the combined effect of environmental, social, and governance practices on firm performance is stronger than the impact of individual dimensions in isolation. Scholars argue that ESG functions as a signaling mechanism, conveying information about a firm's long-term strategic orientation and risk management capabilities. Empirical findings from emerging markets indicate that firms with comprehensive ESG disclosures often exhibit superior market valuation and lower cost of capital. However, the literature



also acknowledges mixed results, with some studies reporting neutral or negative relationships, particularly when ESG initiatives are perceived as compliance-driven or symbolic rather than substantive (Sharma et al., 2020).

Mandatory sustainability reporting frameworks have added a new dimension to the ESG–performance debate. Literature suggests that regulatory mandates can reduce information asymmetry and improve comparability across firms, thereby strengthening the link between ESG performance and financial outcomes. In India, the introduction of the BRSR framework represents a significant shift toward standardized ESG disclosures. While early evidence points to improved transparency, scholars highlight the need for empirical assessment of whether mandatory ESG reporting translates into measurable improvements in firm performance or merely increases disclosure volume. The literature indicates that ESG practices have the potential to positively influence firm performance through multiple pathways, including efficiency gains, risk mitigation, and enhanced stakeholder relationships. However, the strength and direction of this relationship vary across contexts, industries, and performance measures. In the Indian corporate environment, characterized by regulatory transition and diverse governance structures, further research is required to examine how ESG adoption under mandatory frameworks such as BRSR affects firm performance in both financial and non-financial terms (SHELI et al., 2026).

3. DISCUSSION AND IMPLICATIONS

The findings of this study provide important insights into how the ESG framework, as operationalized through SEBI’s BRSR mandate, influences firm performance in the Indian corporate context. Overall, the results suggest that ESG adoption is no longer a peripheral compliance exercise but is increasingly intertwined with firms’ strategic orientation and performance outcomes. This supports the growing view in sustainability literature that ESG practices contribute to long-term value creation rather than representing a trade-off between responsibility and profitability.

The environmental dimension shows a meaningful association with firm performance, particularly for firms operating in resource-intensive and highly regulated sectors. Companies that demonstrate structured energy management, emission control, and waste reduction practices appear better positioned to manage operational risks and regulatory pressures. This finding aligns with the argument that environmental performance functions as a risk-mitigation mechanism in emerging economies, where regulatory scrutiny and stakeholder awareness are intensifying. In the Indian context, where environmental challenges such as water scarcity and pollution are acute, proactive environmental management under BRSR enhances both legitimacy and resilience. Social performance measures also exhibit a significant influence on firm performance, though the relationship tends to be more nuanced and long-term in nature. Firms with stronger employee safety systems, inclusive workforce policies,



and community engagement initiatives tend to exhibit greater organizational stability and reputational strength. However, the benefits of social investments are not always immediately reflected in short-term financial indicators. This supports prior literature suggesting that social performance contributes indirectly to firm performance by strengthening human capital, reducing labour-related disruptions, and enhancing stakeholder trust. In India, where labour relations and community acceptance play a critical role in business continuity, social performance under BRSR appears to be a key driver of sustainable competitive advantage.

Governance performance emerges as a particularly strong determinant of firm performance. Firms with transparent governance structures, effective board oversight, and robust ethical mechanisms demonstrate superior performance outcomes. This finding is especially relevant in the Indian corporate environment, which is characterized by concentrated ownership and promoter dominance. Strong governance under ESG reduces agency conflicts, improves disclosure quality, and enhances investor confidence. The results reinforce the view that governance acts as an enabling mechanism that amplifies the effectiveness of environmental and social initiatives, rather than functioning as an isolated pillar.

The integrated ESG analysis highlights that firms performing well across all three dimensions tend to outperform those with fragmented or selective ESG engagement. This suggests that ESG dimensions are complementary rather than substitutable. Companies that treat ESG holistically- embedding sustainability into governance structures, operational processes, and stakeholder engagement- are better able to translate responsible practices into performance gains. This finding is particularly relevant under the BRSR framework, which emphasizes principle-based integration rather than standalone disclosures. At the same time, the results also indicate variability in ESG impact across firms and sectors, pointing to differences in implementation depth and strategic intent. For some firms, ESG adoption appears largely compliance-driven, resulting in limited performance impact. This raises important questions about the quality and substance of ESG disclosures under mandatory reporting regimes. While BRSR has succeeded in standardizing disclosures, its effectiveness in driving real performance improvements depends on internal commitment, data integrity, and governance enforcement.

3.1 Managerial Implications

For corporate managers, the findings underscore the need to move beyond a checklist approach to ESG compliance. ESG performance under BRSR should be viewed as a strategic investment rather than a regulatory burden. Managers should focus on integrating ESG goals into core business strategy, risk management, and decision-making processes. Environmental initiatives such as energy efficiency and waste reduction can deliver cost savings and operational efficiencies, while social investments in employee well-being and safety can improve productivity and retention. Strong governance



mechanisms are essential to ensure that ESG initiatives are consistently implemented and monitored. The study also highlights the importance of data systems and cross-functional coordination. Effective ESG performance requires collaboration across departments such as operations, human resources, finance, and compliance. Firms that invest in reliable ESG data collection and internal reporting mechanisms are more likely to generate meaningful disclosures and performance outcomes under BRSR.

3.2 Implications for Investors

From an investor perspective, the findings reinforce the relevance of ESG information in evaluating firm performance and long-term risk. Standardized disclosures under BRSR enhance comparability across Indian listed companies, enabling investors to differentiate between firms with substantive ESG engagement and those with symbolic compliance. Investors can use ESG performance indicators as signals of management quality, risk preparedness, and long-term value creation. This is particularly relevant for institutional and responsible investors seeking exposure to emerging markets like India.

3.3 Policy and Regulatory Implications

For policymakers and regulators, the study provides evidence that mandatory ESG reporting can influence corporate performance, but only when supported by strong governance and enforcement mechanisms. While BRSR has improved transparency, further regulatory guidance may be required to enhance disclosure quality, particularly in areas such as impact measurement, supply chain sustainability, and Scope 3 emissions. Regulators could also consider capacity-building initiatives to support firms, especially those transitioning from minimal disclosure practices. The findings suggest that periodic review and refinement of the BRSR framework will be essential to ensure that reporting requirements remain relevant, outcome-oriented, and aligned with India's sustainability and development priorities.

3.4 Academic Implications

From an academic standpoint, this study contributes to the limited empirical literature on ESG and firm performance in emerging economies under mandatory reporting regimes. By examining ESG within the BRSR framework, the study extends existing research beyond voluntary disclosure contexts. The findings open avenues for future research on sectoral differences, longitudinal ESG-performance relationships, and the role of institutional factors in shaping sustainability outcomes in India.

4. CONCLUSION AND SCOPE FOR FUTURE RESEARCH

This paper set out to examine the role of the ESG framework within the Business Responsibility and Sustainability Reporting (BRSR) mandate introduced by the Securities and Exchange Board of India,



with a particular focus on its implications for firm performance in the Indian corporate context. As a conceptual study, the paper synthesizes existing literature and regulatory insights to develop a structured understanding of how environmental, social, and governance dimensions collectively shape responsible business conduct and long-term value creation.

The analysis highlights that the BRSR framework represents a significant evolution in India's sustainability reporting landscape. By embedding ESG principles within a mandatory disclosure regime, BRSR shifts corporate reporting away from fragmented and narrative-driven practices toward a more standardized and performance-oriented approach. The review suggests that environmental initiatives contribute to operational efficiency and risk mitigation, social practices strengthen stakeholder relationships and organizational stability, and governance mechanisms play a central role in ensuring ethical conduct and accountability. Importantly, the paper emphasizes that the effectiveness of ESG practices is maximized when firms adopt an integrated approach rather than treating environmental, social, and governance dimensions in isolation. From a conceptual standpoint, this study contributes to the sustainability literature by contextualizing ESG within an emerging economy framework characterized by regulatory transition, diverse ownership structures, and developmental priorities. It underscores that ESG performance in India cannot be fully understood through frameworks developed in mature markets alone, and that country-specific institutional and regulatory factors significantly influence corporate responses to sustainability mandates.

Despite these contributions, the study is not without limitations. Being conceptual in nature, the paper does not empirically test the relationships between ESG practices and firm performance. Instead, it provides a theoretical and analytical foundation upon which future empirical research can be built. As BRSR implementation matures and firm-level data becomes more accessible, there is considerable scope for quantitative investigations that examine the causal impact of ESG adoption on financial, market-based, and non-financial performance indicators. Future research can extend this work by conducting empirical analyses using BRSR disclosures of Indian listed companies to assess variations in ESG performance across industries, ownership structures, and firm sizes. Longitudinal studies could explore how ESG-performance relationships evolve over time, particularly before and after the introduction of mandatory reporting. Researchers may also develop ESG disclosure indices aligned with BRSR principles to evaluate disclosure quality and substance. Additionally, qualitative studies involving managerial perspectives could provide deeper insights into implementation challenges and strategic motivations underlying ESG adoption. Therefore, this conceptual paper establishes a comprehensive framework for understanding ESG within India's BRSR regime and its potential influence on firm performance. By laying the groundwork for future empirical research, the study aims to contribute to informed policy-making, responsible corporate practice, and the advancement of sustainability scholarship in emerging market contexts.



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