

**ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) AND  
ORGANISATIONAL FINANCIAL PERFORMANCE: THE  
MEDIATING ROLE OF ORGANISATIONAL BEHAVIOURAL  
CHANGE AND RESILIENCE**

**BY**

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BENIN CITY**

**NOVEMBER 2025**

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**A PROJECT SUBMITTED IN THE DEPARTMENT OF  
ACCOUNTING, FACULTY OF MANAGEMENT SCIENCES,  
UNIVERSITY OF BENIN, BENIN CITY. IN PARTIAL  
FULFILLMENT OF THE REQUIREMENTS FOR THE AWARD OF  
B.Sc DEGREE IN ACCOUNTING, UNIVERSITY OF BENIN, BENIN  
CITY.**

**NOVEMBER 2025**

**DECLARATION**

I hereby declare that this study was carried out by me in the department of accounting,  
University of Benin.

The study is original and has not been presented elsewhere for the award of any degree to  
the best of my knowledge. All ideas, opinions, and views were products of my personal  
research and where the views and contributions of other works and authorities have been  
used, they were duly acknowledged.

Any form of error is entirely mine

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EBESUNUN BLESSING ITOHAN

Project student

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DATE

## CERTIFICATION

We the undersigned certify that this study is an original essay and was carried out by EBESUNUN BLESSING ITOHAN, with the matriculation number MGS2104530, and that the research work is adequate in scope and quality in partial fulfillment of the requirements for the award of Bachelor of Science (B.Sc) Degree in the Department of Accounting, Faculty of Management Sciences, University of Benin.

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(Head of Department)

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## DEDICATION

This project is dedicated to God for his mercies, love, grace and help in my academic journey and also for the successful completion of my project. HE gave me the necessary wisdom to effectively carry out my research work and was with my every step of the way

I also dedicate this project to my parent Mr Andrew and Mrs Joy Ebesunun and my sister Miss Gift Eshiohe Ebesunun, words will fail me if I am to express my profound gratitude for their support and help in my academics and this project.

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One lesson I learnt while carrying out my research is that you need the help of men, so to everyone that have in one way or the other helped in my project I say thank you.

## TABLE OF CONTENTS

TITLE PAGE -	-	-	-	-	-	-	-	i
DECLARATION -	-	-	-	-	-	-	-	ii
CERTIFICATION	-	-	-	-	-	-	-	iii
DEDICATION -	-	-	-	-	-	-	-	iv
ACKNOWLEDGEMENTS-	-	-	-	-	-	-	-	vi
TABLE OF CONTENTS -	-	-	-	-	-	-	-	vii
ABSTRACT --	-	-	-	-	-	-	-	xii

## CHAPTER ONE

### INTRODUCTION

1.1 Background to the Study -	-	-	-	-	-	-	-	1
1.2 Statement of the Research Problem	-	-	-	-	-	-	-	4
1.3 Research Questions -	-	-	-	-	-	-	-	6
1.4 Objectives of the Study-	-	-	-	-	-	-	-	8
1.5 Research Hypotheses	-	-	-	-	-	-	-	9

1.6 Scope of the Study - - - - - 10

1.7 Significance of the Study - - - - - 10

## **CHAPTER TWO**

### **LITERATURE REVIEW**

2.1 Introduction - - - - - 12

2.2 Conceptual Review - - - - - 12

2.2.1 Environmental, Social and Governance (ESG) - - - 12

2.2.2 Sustainability, Corporate Social Responsibility (CSR) and ESG - 16

2.3 Components of ESG - - - - - 22

2.3.1 Environmental Components - - - - - 23

2.3.2 Social Components - - - - - 30

2.3.3 Corporate Governance Components - - - - - 35

2.4 ESG Rating Agencies - - - - - 38

2.5 Empirical Review - - - - - 41

2.5.1 ESG and Organisational Financial Performance- - - 41

2.5.2 ESG and Organisational Behavioural Change --	-	-	-	-	-	-	45
2.5.3 ESG and Organisational Resilience -	-	-	-	-	-	-	52
2.6 Theoretical Framework -	-	-	-	-	-	-	54
2.6.1 Agency Theory -	-	-	-	-	-	-	54
2.6.2 Stakeholders Theory-	-	-	-	-	-	-	55
2.6.3 Resource-based View Theory-	-	-	-	-	-	-	56

## **CHAPTER THREE**

### **METHODOLOGY**

3.1 Introduction -	-	-	-	-	-	-	57
3.2 Research Design -	-	-	-	-	-	-	57
3.3 Population of the Study -	-	-	-	-	-	-	58
3.4 Sampling Technique and Sample Size -	-	-	-	-	-	-	58
3.5 Types and Sources of data -	-	-	-	-	-	-	59
3.6 Instrument of Data Collection -	-	-	-	-	-	-	59
3.7 Method of Data Collection -	-	-	-	-	-	-	59

3.8 Model Specification and Method of Data Analysis -	-	-	-	-	-	-	-60
3.8.1 Model Specification -	-	-	-	-	-	-	60
3.8.2 Methods of Data Analysis -	-	-	-	-	-	-	62

## **CHAPTER FOUR**

### **DATA PRESENTATION AND ANALYSIS**

4.1 Introduction-	-	-	-	-	-	-	64
4.2 Data Presentation -	-	-	-	-	-	-	65
4.3 Presentation of Demographics -	-	-	-	-	-	-	68
4.4 Pearson Correlation Coefficient --	-	-	-	-	-	-	73
4.5. Analysis of Regression -	-	-	-	-	-	-	74
4.6 Hypothesis testing -	-	-	-	-	-	-	78
4.7 Discussion of Findings -	-	-	-	-	-	-	83

## **CHAPTER FIVE**

### **CONCLUSION AND RECOMMENDATION**

5.1 Introduction -	-	-	-	-	-	-	-	86
5.2 Summary of Findings -	-	-	-	-	-	-	-	87
5.3 Conclusion -	-	-	-	-	-	-	-	88
5.4 Recommendations -	-	-	-	-	-	-	-	90
5.5 Suggestions for Further Study -	-	-	-	-	-	-	-	92
REFERENCES -	-	-	-	-	-	-	-	94
APPENDIX-	-	-	-	-	-	-	-	100

## ABSTRACT

Environmental, Social, and Governance (ESG) has become an important framework in today's business world. It focuses on three key areas environmental, social, and governance which together encourage organisations to act responsibly and build long-term value. Closely related ideas such as Corporate Social Responsibility (CSR) and sustainability share this same goal of promoting ethical and sustainable business practices. The environmental aspect of ESG is about caring for and protecting the natural environment recognising it as a vital gift that should be managed responsibly. The social aspect focuses on people and communities, highlighting issues such as employee wellbeing, community support, and social equity. The governance aspect, on the other hand, deals with how an organisation is managed and controlled, including leadership integrity, transparency, and accountability.

Every organisation aims to improve its financial performance, as this is essential for growth and long-term success. Organisational resilience refers to how strong and adaptable a company can be when faced with challenges, while organisational behavioural change involves adopting the right attitudes and practices needed to achieve business goals.

This study examining both the direct and indirect impacts of ESG on financial performance found that the environmental and social components did not have a statistically significant direct effect on financial performance. However, the governance factor showed a strong and significant positive relationship.

When the mediating effects of organisational behavioural change and organisational resilience were considered, the results were similar. The environmental and social factors had positive but insignificant effects on financial performance, while the governance factor continued to show a meaningful and significant impact, even when mediation was included.

These findings suggest that good management and strong governance structures are key drivers of financial success. Although the environmental and social dimensions may not translate into immediate financial gains, they still play a vital role in building a company's reputation, strengthening stakeholder relationships, and supporting long-term sustainability this can be proven by their significant effect on organisational behavioural change and organisational resilience respectively.

In conclusion, the concept of ESG is essential in modern business management. It helps organisations focus not only on profit but also on doing what is right for people and the planet. By integrating environmental care, social responsibility, and effective governance, businesses can achieve sustainable growth and create lasting value for both their stakeholders and society as a whole.

## CHAPTER ONE

### INTRODUCTION

#### 1.1 Background to the study

An organisation can be seen as an establishment formed for the purpose of accomplishing a specific goal. These goals varies, which gives rise to the various forms of organisation, from the business organisation whose major desire is to make profit, to the government organisation which main aim is to provide various services for the welfare of the citizens of a country and finally we have the not-for-profit organisation as the name implies, it's main aim isn't profit making, also known as non-governmental organisation, it specialises in reaching out to a specific set of persons for the purpose of improving lives. However in this study we will be considering the business organisations.

Over the years, the concept of ESG has progressively garnered significant attention and recognition, becoming a prominent consideration within the organisational and corporate discourse. Greene Jim (2024) gave a broad definition about ESG by saying that Environmental, social, and corporate governance (ESG) represents a structured evaluative framework increasingly adopted within the realm of business investment to assess a firm's commitment to socially responsible practices. The ESG framework encompasses three principal domains - environmental sustainability, social responsibility

and corporate governance. Organisations are systematically assessed across these dimensions, resulting in the generation of an ESG score. This score serves as a critical indicator for prospective investors, enabling them to identify companies whose operational values and ethical standards align with their own investment principles. The significant transition from a singular focus on financial returns to the incorporation of social impact as a key component of investment evaluation cannot be underestimated (Krishnamoorthy, 2021), this can be seen in the enormous rise in the ESG investment, since the United Nations' 2004 appeal for more responsible investment practices, ESG investing experienced a gradual rise, reaching approximately \$30 trillion over a span of fifteen years. Remarkably, in just the subsequent two years, the total values of ESG – aligned investments surged to an estimated \$100 trillion (Krishnamoorthy, 2021).

ESG (Environmental, Social, and Governance) practices are increasingly recognized as a significant factor influencing a firm's long-term value and sustainability. These practices contribute to minimizing negative impacts on the environment and society, while enhancing the effectiveness of governance structures (Jim, & Kim, 2022). This means that the business world is gradually shifting from the traditional practice of profit and profit only to a more sustainable practice.

Organisational performance is sometimes substituted for organisational effectiveness and it can be seen as the extent to which an organisation achieves or accomplishes its stated goals and objectives. In light of this it can be concluded that a good performance for one

organisational can be a bad one for another, every individual organisational goals differs and so do their performance. Organisational financial performance hence considers the effectiveness of an organisation based on its financial outcomes using specific financial metrics. Example of such financial metrics include ROI (return on investment), ROCE (return on capital employed), EPS (earnings per share) and so on.

Organisational Behavior (OB) is an academic discipline that focuses on understanding three key determinants of behavior within organisations: individual factors, group dynamics, and organisational structure. Moreover, Organisational Behavior leverages insights into these elements to enhance the effectiveness and efficiency of organisational functioning (Robbins, 1996). Individuals are the primary drivers of behaviour and decision-making within organisations (Bergant, 2021). Organisational change focuses on understanding the processes by which an organisation modifies its operational procedures, technological tools, structural frameworks, or strategies, and it also explores the outcomes resulting from such transformations (Humarasinghe & Dilan, 2021). Organisational change is not a sudden happening, it involves a gradual process that has to be effectively planned, failure to do so can negatively affect the organisation while ability to do so can have positive impacts on the organisation. Organisational Behaviour Change (OBC) therefore denotes a purposeful and structured endeavour to shape or alter the behaviours, attitudes, and practices of individuals and groups within an organisation. The objective is to align these behavioural transformations with organisational goals, thereby

fostering enhanced performance, a more cohesive organisational culture, and effective adaptation to emerging strategies, technologies, or environmental conditions.

Organisational resilience can be defined as the ability of an organisation to be able to overcome and scale through difficult times. A crucial element in fostering organisational resilience is achieving and maintaining a strong competitive position in the market (Kolodziej et al, 2024), and according to Gholami (2022), corporations that disclose higher levels of Environmental, Social, and Governance (ESG) performance tend to gain a competitive edge and enhance their reputational standing.

Organisational behavioural change, resilience, and financial performance are significant aspect of an organisation which every organisation seeks to make the most of. These factors organisational behavioural change, financial performance and resilience are three factors that can determine the overall success of the organization

This study therefore seeks to ascertain how this term ESG can directly affect financial performance and how ESG can indirectly affect financial performance being mediated by organisational behavioural change and resilience.

## **1.2 Statement of research problem**

ESG considerations, in various contexts, have traditionally been a secondary priority for organisations, often taking a backseat to the primary financial objectives, there is therefore a growing need to broaden and deepen the understanding of ESG principles

across society, ensuring that a wider audience comprehends their significance and impact. The limited research on ESG investing proves that while the interest in ESG has increased it remains an emerging subject. The study of ESG investing is a new field and it requires a systematic research.(Krishnamoorthy, 2021).

In a world of constant degradation and environmental chaos some of which is cause by the activities of business organisations who have fixed their focus on profit alone as posited by Milton Friedman (1962), there is need for ESG conscious organisations. The pandemic, along with other recent crises, has sparked a powerful call for organisations to raise their ethical and moral standards, recognizing the urgent need to act for the benefit of both present and future generations. (Krishnamoorthy, 2021). Although existing research indicates that organisations embracing ESG practices can produce positive environmental outcomes (Zumente & Bistrova, 2021), foster more favorable societal perceptions (Ikram et al., 2021), and enhance expected returns for shareholders (Khan, 2019), the impact of ESG factors on financial performance via behavioural change and resilience remains inadequately explored.

Various research has sought to encourage ESG investing, many have even linked it to the performance of the firm whiles many showed a positive relationship, others were either indecisive or showed a negative one (Guido et al., 2019), Organisational performance is a widely discussed subject, yet there remains significant uncertainty and disagreement surrounding its definition, conceptualization, and the appropriate methods for

measurement (Alan, 2023). This proves that there is need for more systematic research. The human behavior is a complex matter and any explanatory system developed to study behaviour more realistically must itself be complex (Naylor, 1980). The study of behaviour is very complex field, so a continuous and recent study on the change on behaviours within the organization is very much needed. Most ESG studies have been carried out in developed countries like China, examining ESG in a developing like Nigeria is needed.

Numerous researches have been carried out to check the direct effect of ESG on financial performance, very few have carried out research checking the indirect effect on financial performance. This study seeks to provide not just a direct effect outcome but also an indirect effect outcome, mediating it with key organisational factors namely organisational behavioural change and resilience.

Every business is heavily seeking to out ways to improve the effectiveness and overall success of the business, an understanding of the effects that ESG have on those key aspect of the organisation can promote it's adoption as well as a better world. This study tends to fill these gaps in literature by analysing the effect of ESG on Organisational behavioural change, financial performance and resilience and the mediating role organisational behavioural change and resilience plays in financial performance.

### **1.3 Research Question**

This study seeks to provide answers to this following research questions:

1. How do environmental elements in ESG measures positively affect a firm's financial performance?
2. How do social elements in ESG measures positively affect a firm's financial performance?
3. How do corporate governance elements in ESG measures affect a firm's financial performance?
4. How do environmental elements in ESG measures affect profitability via organisational resilience in the firm?
5. How do social elements in ESG measures affect profitability via organisational resilience in the firm?
6. How do corporate governance elements in ESG measures affect profitability via organisational resilience in the firm?
7. How do corporate governance elements in ESG measures affect profitability via organisational behavioural change in the firm?
8. How do social elements in ESG measures affect profitability via organisational behavioural change in the firm?
9. How do environmental elements in ESG measures affect profitability via organisational behavioural change in the firm?

## **1.4 Objectives of the study**

The broad objective of this research is to ascertain how ESG can directly affect financial performance and indirectly affect financial performance via organisational behavioural change and resilience. This study however seeks to achieve the following specific objectives:

1. To examine how environmental elements in ESG measures affect a firm's financial performance.
2. To ascertain how social elements in ESG measures affects a firm's financial performance.
3. To examine how corporate governance elements in ESG measures affects a firm's financial performance.
4. To evaluate how environmental elements in ESG measures affect profitability via organisational resilience in the firm.
5. To ascertain how social elements in ESG measures affect profitability via organisational resilience in thr firm.

6. To examine how corporate governance elements in ESG measures affect profitability via organisational resilience in the firm.
7. To evaluate how corporate governance elements in ESG measures affect profitability via organisational behavioural change in the firm.
8. To ascertain how social elements in ESG measures affect profitability via organisational behavioural change in the firm.
9. To examine how environmental elements in ESG measures affect profitability via organisational behavioural change in the firm.

### **1.5 Research Hypotheses**

To answer the research questions and achieve the objectives, the following hypotheses will be tested and it is stated in the null form.

1. Environmental elements in ESG measures do not have a significant effect on a firm's financial performance.
2. Social elements in ESG measures do not have a significant effect on a firm's financial performance.
3. Corporate governance elements in ESG measures do not have a significant effect on a firm's financial performance.

4. Environmental elements in ESG measures do not significantly affect profitability through organisational resilience in the firm.
5. Social elements in ESG measures do not significantly affect profitability through organisational resilience in the firm.
6. Corporate governance elements in ESG measures do not significantly affect profitability through organisational resilience in the firm.
7. Corporate governance elements in ESG measures do not significantly affect profitability through organisational behavioural change in the firm.
8. Social elements in ESG measures do not significantly affect profitability through organisational behavioural change in the firm.
9. Environmental elements in ESG measures do not significantly affect profitability through organisational behavioural change in the firm.

## **1.6 Scope of the Study**

This study focuses on how ESG can directly affect financial performance and indirectly affect financial performance via organisational behavioural change and resilience. The study population covers the various types of business organisation, in the capital of Edo state, Benin City.

## **1.7 Significance of the Study**

There has been a pressing need for more research on ESG, it is a promising field that seeks to promote sustainability and value, instead of the excessive focus on the financial aspect. It gives us the privilege to consider those aspects of life that originally a business who is just focus on their financial return will not consider, when adequate and sophisticated researches like this are carried on ESG, the significance cannot be denied. Also, business naturally pay more attention to factors that promote significantly the success of the business and they are reluctant about those factors that does not influence the success of the business in the way the managers want, since ESG investing has no standard it's adoption is voluntary, the compliance will be done reluctantly if the business cannot be convinced of the significant usefulness or importance ESG will have on the business and not the society alone. This study help to link the ESG investing to three key aspects of the business this can help business ascertain the importance of ESG and ascertain the fact that ESG is concerned with the overall success of the business. By so doing, this will aid the voluntary adoption of ESG not only as a way to promote a sustainable society but a way to promote the success of the business. It will also encourage small businesses to also adopt it so as to promote as their business and this will widely encourage sustainable practice. This study also provide a extensive contextual review to better understand the concept of ESG and provide insight on what it is to it's readers.

In the study we will also be studying organisational behavioural change, performance and resilience, which are significant aspects of today's organisations, and new ideas on this

key aspects is significantly needed in today's changing business environment. This study not only seeks to promote ESG which will ultimately promote sustainability but it also seeks to help businesses determine ways on how to better influence their organisational behavioural change, financial performance and resilience.

## **CHAPTER TWO**

### **LITERATURE REVIEW**

#### **2.1 INTRODUCTION**

This chapter provides a review of literature relevant to this study. The chapter presents the conceptual review on ESG and its effect on organisational behavioural change, financial performance and resilience. A review of theoretical literature on this study is addressed, followed by theoretical framework and empirical consideration of extant literature.

#### **2.2 CONCEPTUAL REVIEW**

##### **2.2.1 Environmental, Social and Governance (ESG)**

The concept of Environmental, Social, and Governance (ESG) was formally introduced in 2004 through the United Nations (UN) report titled "Who Cares Wins: Connecting Financial Markets to a Changing World." This groundbreaking document highlighted the increasing importance of integrating sustainability factors into financial markets, marking

a significant shift towards responsible investing and recognizing the growing need to align financial performance with broader societal and environmental considerations (Pollman, 2022). This report served as a call to the financial markets to establish frameworks and guidelines that would incorporate environmental, social, and governance (ESG) considerations into the financial sector's decision-making processes. (Krishnamoorthy, 2021). The report articulated ten foundational principles centered on human rights, labor standards, environmental sustainability, and anti-corruption. It advocated for a paradigm shift in the financial sector, urging that companies be assessed not solely on conventional financial indicators but also on their performance in environmental, social, and governance (ESG) dimensions. In response, the United Nations launched the Principles for Responsible Investment (UNPRI) on April 2006 which was two years later, aiming to equip signatories with the necessary guidance, educational tools, and resources to integrate responsible investment practices. As of the end of March 2024, the initiative had garnered the support of over 4,500 investors and service providers globally, collectively representing approximately 128.4 trillion USD in assets under management committed to sustainable investment. (Ruan & Zhang, 2025). At its core, ESG emphasizes that sustainability can be effectively promoted when both non-financial factors such as environmental protection, social issue resolution, and improvements in governance are considered alongside traditional financial metrics like sales and operating profits. (Jin & Kim, 2022)

Investors, along with various other stakeholders, are progressively calling for the disclosure of non-financial information that goes beyond what is typically presented in traditional financial statements. Many of these investors recognize the societal and economic benefits of incorporating environmental, social, and governance (ESG) factors into financial decision-making, as outlined by the UN Principles for Responsible Investment. Research demonstrates that stakeholders are progressively placing greater emphasis on a company's sustainability efforts, particularly concerning environmental and social aspects (Meng et al., 2023), and so there is now a shift from the conventional financial and shareholder focus as popularized by Milton Friedman (1962) to a more sustainable practice with long term in view.

Over the years some of the operations of the business organisation have left a huge scar on the environment and the society. In the oil-rich Niger Delta zone of Nigeria companies have left a significant negative impact. Crude oil exploitation in the Niger Delta has consistently posed significant environmental challenges, with oil spillage identified as the most persistent and damaging issue. Over the past four decades, more than 6,000 spill incidents have been recorded in Nigeria, averaging approximately 150 annually. Between 1976 and 1996 alone, 647 spills released over 2.3 million barrels of crude oil, of which only about 549,000 barrels were recovered leaving more than 1.8 million barrels lost to the environment. These spills have had severe consequences for Delta State's ecosystem and communities. Fertile agricultural lands have been degraded, reducing soil productivity and compelling many farmers to abandon their land due to declining yields

linked to the destruction of essential soil microorganisms. Likewise, the contamination of water bodies has devastated fish populations, worsening food insecurity and poverty among fishing communities. Furthermore, petroleum pollutants have been shown to hinder seed germination by blocking water and oxygen uptake and disrupting key enzymatic processes necessary for starch metabolism, and despite all these production companies frequently demonstrate inadequate responsiveness to spill incidents. A notable example is the oil spill that occurred on July 29, 2005, in Otu-Jeremi, located in the Ughelli South Local Government Area of Delta State. The delayed response by Shell Petroleum Development Company (SPDC), the operator involved, contributed to the extensive spread of the spill, leading to significant environmental contamination in downstream communities, including those in Burutu Local Government Area and beyond (Jacob et al., 2024). These amongst others have called for an adequate assessment or review of a company based on its impact on the triple bottom line: People, Profit and Planet.

Humans often exhibit a tendency toward short-term thinking, prioritizing immediate needs and benefits over long-term consequences. As a result, concerns for the future may be overlooked or underestimated. The concept of sustainability captured in ESG addresses this challenge by encouraging consideration of future generations, promoting responsible planning and resource use to ensure long-term environmental, social, and economic well-being.

**2.2.2 SUSTAINABILITY, CORPORATE SOCIAL RESPONSIBILITY AND ESG**

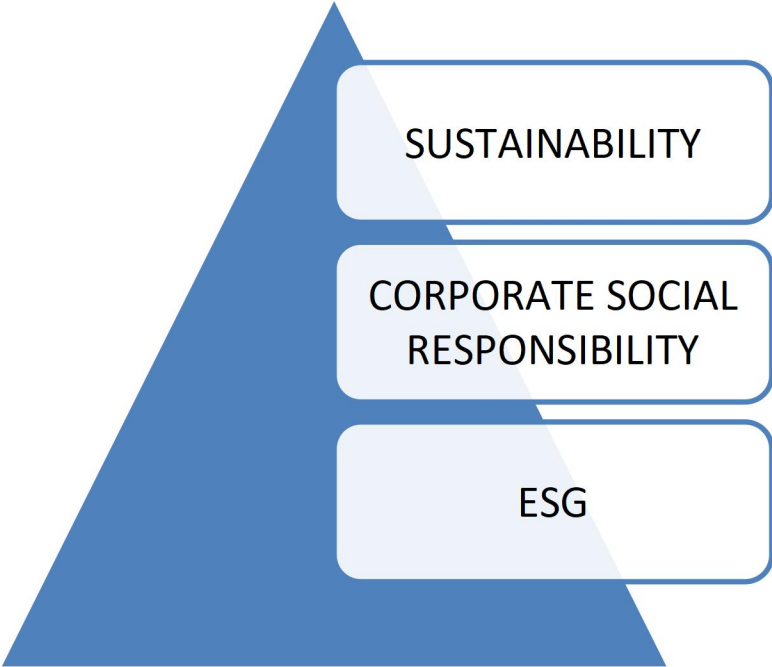


FIG 1: Shows the relationship between sustainability, corporate social responsibility and ESG (Environment, Social and Governance).

As expert discussions deepened, it became clear that ESG is a broad umbrella term that brings together a range of already established concepts such as Corporate Social Responsibility (CSR) and sustainability each contributing to the wider understanding of environmental, social, and governance issues (Johnson et al 2020). This means that the concept of corporate social responsibility and sustainability are closely related to ESG and a positive correlation exist between them.

## **Sustainability**

Sustainable development refers to a mode of progress that fulfills the needs of people today while safeguarding the capacity of future generations to satisfy their own needs (WCED, 1987a, p.43). Although widely used in contemporary discourse, the concept of sustainability has evolved over time and did not always carry its current significance. The origins of the term can be traced back to the early 18th century when German forester Hans Carl von Carlowitz introduced it in his 1712 treatise *Sylvicultura Oeconomica*, advocating for the long-term, responsible management of forest resources. However, it

was not until the 1980s that "sustainability" gained broader prominence and became central to global environmental and developmental debates (Scoones, 2007).

Just as Kidd opted the idea of sustainability is not a recent development; rather, it possesses a deep historical foundation and has undergone considerable evolution over time (Kidd, 1992). The sustainability framework began to garner significant recognition and support during the 1990s. its widespread appeal was notably strengthened in the late 1990s when John Elkington introduced the concept of the “Triple Bottom Line”, aligning it closely with the principles of sustainability. This approach emphasized the integrated and simultaneous advancement of three core dimensions: economic prosperity, environmental integrity, and social equity- often summarised by the phrase “People, Planet, and Profit” (Carroll, 2015).

The 1992 Rio Earth Summit, officially the United Nations Conference on Environment and Development (UNCED), marked a major turning point in global efforts to address environmental and developmental challenges. Attended by representatives from 178 countries and over a thousand NGOs and civil society groups, the conference brought international attention to the concept of sustainable development—the integration of environmental protection with economic and social progress. Key outcomes of the summit included the launch of three major international agreements: the United Nations Framework Convention on Climate Change (UNFCCC), the Convention on Biological Diversity (CBD), and the Convention to Combat Desertification (UNCCD). These

frameworks laid the foundation for long-term global cooperation on critical environmental issues. The conference also promoted national action planning, international reporting systems, and the inclusion of non-state actors in environmental governance. Its legacy lies in establishing sustainability as a central theme in international policy and shaping future global agendas, including the Sustainable Development Goals (Young, 1999).

The Sustainable Development Goals (SDGs), adopted by all United Nations member states in 2015, represent a shared blueprint for peace and prosperity for people and the planet, both now and in the future. At the heart of this agenda are 17 interconnected goals, which constitute an urgent call to action by all countries—developed and developing in a global partnership. A shift from the concept of sustainable development to the pursuit of a sustainable future is essential for the continued survival of humanity (Mulej, 2020). This means that sustainable development is no longer just an idea, it needs to be put into action urgently. We're talking about our future, the survival of humanity, and creating a better world for the generation to come, hence these goals. These goals recognize that ending poverty and other forms of deprivation must be pursued alongside strategies that improve health and education, reduce inequality, and stimulate economic growth (Mulej, 2020).

Sustainability encompasses a commitment to social responsibility across three interrelated dimensions: economic viability, social equity, and environmental stewardship.

## **Corporate social responsibility**

Corporate social responsibility (CSR) has a long standing in business research, with its formal origins often traced to economist Howard Bowen's influential 1953 work, *Social Responsibilities of the Businessman*. In this foundational text, Bowen argued that business leaders bear a responsibility to make decisions and take actions that align with the broader goals and values of society (Aguinis et al, 2024).

Corporate Social Responsibility (CSR) has become a central part of how businesses communicate their values and impact. Though it can be defined in different ways, CSR often refers to the relationship a company builds with the community where it operates. It also involves how the company engages with its wider group of stakeholders, showing its commitment to acting responsibly and ethically in both social and economic terms, (Crowder & Aras, 2008). According to Purwaningwulan and Alfarisi (2022), corporate social responsibility reflects a company's dedication to conducting its business in an economically sustainable manner while also taking into account its social and environmental obligations. Corporate Social Responsibility (CSR) disclosure has increasingly been recognized as a crucial indicator of an organisation's dedication to sustainability and responsible business conduct (Wulolo & Rahmawati, 2017).

The business is an open system and not a closed system, so that implies that the business receives from its environment and gives out to its environment, this means that the activities of the firm affect the environment one way or the other, so the business should ensure that it positively affect the environment and not otherwise. A socially responsible company builds and maintains its relationships with owners, employees, partners, the local and broader community, and the natural environment based on the values and principles that support a sustainable future. (Bergant, 2021). "My primary concern with modernity may stem from the increasing divergence between ethical values and legal frameworks" (Tabel, 2010). For a corporation to be deemed socially responsible, it must transcend its role as merely a legal entity and embody ethical principles as well. Social responsibility requires companies to engage in actions that benefit society, even when such actions are not mandated by law. This voluntary commitment is a fundamental characteristic of Corporate Social Responsibility (CSR), underscoring the ethical dimension of corporate conduct beyond legal compliance. (Crowther & Aras), as Davis (1973) opted that corporate social responsibility "refers to the firm's consideration of, and response to, issues beyond the narrow economic, technical, and legal requirements of the firm", he posited that social responsibility extends beyond mere adherence to legal requirements, commencing where the obligations of legal compliance conclude.

David Crowther & Guler Aras (2008) identified three basic principles which together comprise all CSR activity. They are:

**Sustainability:** Sustainability focuses on how present actions influence the range of choices and opportunities available to future generation. Corporate social responsibility focuses on encouraging organisational practices that are not detrimental to the coming generation.

**Accountability:** Accountability refers to the duty of an organisation, to whom a specific responsibility has been assigned, to report and justify how that responsibility has been fulfilled. The process of reporting involves explaining the utilization of the authority and resources allocated to a particular organisational unit in the pursuit of the established objectives. The concept of corporate social responsibility emphasises on the fact that the organisation is accountable to the society where it operates. The society is entrusting them with their resources which includes both human and natural resources and the organisation owe them the responsibility of utilising it effectively. Corporate social responsibility helps organizations to be responsible for the effect of their organisational activities on the society.

**Transparency:** This ensures that an organisational is open about its activities and how they impact the environment and the society. Transparency is closely to related accountability, but not the same. It majorly focuses on being open, honest and clear. It can be seen as a long-term strategy that fosters integrity and trust. Corporate social responsibility emphasis on the importance of a transparent organisation within a society,

and that the various organisations should embrace transparency as this will promote the overall wellbeing of the society and the environment.

**2.3 Components of ESG.**

ESG is broad concept that is comprising of three components. These three components include: the environmental component comprising of several other subfactors, the social component comprising of several other subfactors and the corporate governance which comprises of other subfactors.



**FIG 2: This shows the various components of ESG.**

Each of these components have various factors under them, they are discussed below:

**2.3.1. Environmental components**

The environment comprises a diverse array of natural endowments provided freely to humanity by God, including water, soil, vegetation, and the atmosphere. These elements are largely irreplaceable by human means, thereby necessitating their careful and sustainable management. While nature possesses inherent mechanisms for self-regulation and balance, these systems are increasingly being disrupted by the irresponsible and unsustainable activities of industrial and corporate entities. This growing environmental degradation underscores the importance of Environmental, Social, and Governance (ESG) frameworks. Specifically, ESG investing seeks to address a range of environmental concerns, aiming to mitigate the adverse impacts of human activity on the natural world.

**1. Climate change**

Growing pressure from some regulators to evaluate how climate change and extreme weather could affect company finances has sparked greater interest among investors in clearer, more detailed disclosures about how these global trends might impact corporate assets and supply chains.

The Climate Disclosure Standards Board (CDSB) is a UK-based non-profit organization established at the World Economic Forum in 2007. It has developed a framework and a

set of guiding principles designed to support businesses in disclosing environmental and natural capital information with the same level of accuracy and rigor typically applied to financial reporting. The aim is to promote the consistent reporting of climate-related information, thereby enabling investors to make more informed decisions regarding corporate strategy, investment performance, and long-term prospects. (CDSB, 2020)

By the 20th century, it became increasingly evident that various human activities posed significant threats to both the environment and human well-being. Emissions of greenhouse gases such as carbon dioxide, methane, nitrous oxide, fluorinated gases, and chlorofluorocarbons commonly released as byproducts of industrial and business operations were identified as major contributors to environmental degradation, particularly global warming. Global warming has been linked to a variety of significant environmental and economic challenges. These include rising global temperatures and sea levels, accelerated ice melt in polar regions, the extinction of various species, and an increased occurrence of extreme weather events such as droughts, floods, and wildfires. Moreover, global warming also contributes to the deterioration of the ozone layer, further compounding its environmental impact

Over the past 150 years, the concentration of carbon dioxide (CO<sub>2</sub>) released into the atmosphere has increased significantly, contributing substantially to global climate change (Blakemore et al., 2018), as a result, it became essential to monitor and regulate corporate activities to ensure they do not harm the environment. This area of assessment

aims to promote responsible business practices by limiting the release of harmful emissions, thereby contributing to the preservation of the planet.

## **2. Deforestation**

Forests serve as natural reservoirs and filtration systems, capable of storing, releasing, and purifying water through their interaction with hydrological cycles. For human populations, the provision of clean, reliable, and consistent water supplies represents one of the most critical ecosystem services offered by forest ecosystems. However, across the globe, forests have experienced significant alterations, largely driven by human-induced activities such as deforestation (Zhang & Wei, 2021). Habitat loss particularly through deforestation represents the most significant threat to species survival across all taxonomic groups. Deforestation leads to a substantial decline in biodiversity, with the most immediate and profound impacts observed in strictly arboreal species that depend entirely on forest canopies for their daily activities and survival (Zlotnick et al 2024).

Deforestation entails numerous social repercussions, many of which result in profound and enduring negative impacts on communities and societal structures over time. The significant importance of forest and the adverse consequences of deforestation cannot be overlooked, while the industrial demand for timber is undeniable, tree harvesting should be conducted with a focus on sustainability. Such an approach supports initiatives like afforestation and contributes to the long-term preservation of forest ecosystems. According to the Food and Agriculture Organisation (FAO), approximately 130,000

square kilometers of global forest cover are lost annually as a result of deforestation. Furthermore, the World Bank estimates that over 1.6 billion individuals rely on forests for their livelihoods, underscoring the critical socioeconomic importance of forest ecosystems (Okia, 2012).

### **3. Air and water pollution**

According to Nelson (1999), pollution arises when substances or forms of energy are introduced into the environment at levels that pose harm to humans and other living organisms. In this context, the environment encompasses various components of the natural landscape, including soil, air, and aquatic systems such as rivers, streams, and lakes. The operations of business have served as a pollutant to both the air and water, some of which are intentional or due to recklessness.

Water is a fundamental necessity for human existence. According to the 2021 World Water Development Report by UNESCO, global freshwater consumption has surged nearly sixfold over the past century and has continued to rise at a rate of approximately 1% annually since the 1980s. This increasing demand has placed significant pressure on water quality. Environmental degradation caused by industrial activities, agricultural practices, and urban expansion has led to widespread pollution of essential water bodies such as rivers and oceans, thereby posing serious threats to human health and the sustainability of social development (Xu et al., 2022a). The ongoing process of

urbanization has further intensified the issue, contributing to a marked increase in industrial wastewater discharge (Wu et al., 2020).

Globally, over two million people lose their lives each year due to diarrheal diseases, with inadequate sanitation and contaminated drinking water accounting for nearly 90% of these fatalities, disproportionately affecting children (United Nations, 2016). The ingestion of unsafe or contaminated water can lead to exposure to a range of waterborne illnesses, such as cholera, typhoid fever, and Giardia infections. These diseases remain a significant concern, particularly in areas with insufficient water sanitation and infrastructure (Denchak, 2018). In 2022, the United Nations General Assembly formally recognized that every human has the right to a clean, healthy, and sustainable environment, which includes the right to clean air (United Nations, 2022).

The operations of certain organizations have significantly contributed to the rise in air pollution, a challenge that must be addressed due to its detrimental effects on both human health and the environment. Recent scientific research increasingly indicates that exposure to air pollution poses serious risks to brain health (Costa et al., 2019). Moreover, early exposure to polluted environments may lead to delayed or latent effects, where the negative consequences on cognitive development and human capital are not immediately observable in childhood but emerge later in life (Almond & Currie, 2011).

#### **4. Biodiversity**

According to the Convention on Biological Diversity (Article 2), biodiversity encompasses the full range of variation among living organisms from all sources—including terrestrial, marine, and other aquatic ecosystems—as well as the ecological systems of which they are a part. This diversity exists at multiple levels: within species (genetic diversity), between species, and across ecosystems, reflecting the complexity and interconnectedness of life on Earth. Human activities such as deforestation, pollution, and the overexploitation of natural resources have substantially intensified the rate of biodiversity loss (Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services [IPBES], 2019). This deterioration carries profound consequences that extend beyond ecological systems to impact human societies and economic structures (Dasgupta, 2021). The threats that biodiversity decline poses to economic and financial systems are considerable and warrant serious attention (Dasgupta, 2021).

A comprehensive synthesis of over 2,000 scientific studies has provided compelling evidence that human activities are the primary drivers of global biodiversity loss. Conducted by researchers from the Swiss Federal Institute of Aquatic Science and Technology (Eawag) and the University of Zurich, the analysis draws on data from nearly 100,000 sites across all continents, offering a truly global perspective on the issue. Published in the journal *Nature*, the study highlights the unprecedented scale of human-induced impacts on biodiversity, emphasizing the widespread degradation of ecosystems and species populations. Professor Florian Altermatt, an expert in aquatic ecology at the University of Zurich and head of Eawag, described the work as "one of the largest

syntheses of the human impacts on biodiversity ever conducted worldwide."(The Guardian, 2025). This research underscores the urgent need for global conservation efforts and policy interventions to mitigate further ecological loss and safeguard the planet's biological heritage.

## **5. Waste management**

With the continuous expansion of industrial sectors and the rapid pace of urbanization, alongside a growing global population, the volume of waste generated by both industrial processes and residential communities has significantly increased across both developed and developing nations. Waste is predominantly a byproduct of various human activities, with industrial waste being one of the most prominent categories. This form of waste emerges during industrial operations and includes any materials deemed no longer useful during production processes. Due to the often-hazardous nature of industrial waste, implementing effective waste management strategies becomes critically important (Awuchi, 2023).

Waste management encompasses the full spectrum of processes involved in handling waste from its point of origin through to its final disposal. This includes collection, transportation, treatment, and disposal, all aimed at minimizing the harmful impacts on human health and the environment (United Nations Statistics Division, 2017). Waste exists in multiple forms liquid, solid, and gaseous each necessitating distinct management and disposal techniques. The overarching objective of waste management is to mitigate

its detrimental effects on environmental quality, public health, and urban aesthetics, while also enhancing sanitary conditions (Awuchi, 2023).

Common waste management techniques include incineration, landfilling, recycling, among others. These methods are employed to curtail the adverse consequences of waste, which include but are not limited to air and water pollution, soil degradation, greenhouse gas emissions such as methane, the release of toxic leachates, and broader contributions to climate change (Abubakar et al., 2022).

### **2.3.2. Social Components**

The social aspect of ESG is all about a company's responsibility to people and society. It looks at how a business treats its employees, serves its customers, engages with communities, and fits into the wider social fabric. This dimension evaluates whether a company operates in a fair, ethical, and equitable manner, this includes how it upholds human rights, supports fair labor practices, promotes diversity and inclusion, ensures health and safety, protects consumers, and contributes positively to the community.

They include, but not limited to:

#### **1. Employee's health and wellness**

Employee health and safety programs should be treated as a central concern for organisational leadership, as they play a vital role in saving lives, enhancing productivity, and reducing operational costs. Effective health and safety initiatives should emphasize

active employee participation, continuous evaluation, and the integration of wellness strategies (Anthony et al., 2007). According to Garcia-Herrera et al. (2012), workplace health and safety aim to foster the necessary conditions, skills, and behaviors that allow both employees and organizations to perform their tasks efficiently while minimizing exposure to harm. Evidently, safe working environments positively influence employee behavior and work habits, which in turn support greater efficiency and reduce the likelihood of accidents or injuries.

The "shared responsibility" model of occupational health and safety posits that minimizing workplace accidents and illnesses is most effectively achieved through collaborative efforts between employers and employees. However, the primary burden lies with employers, who are obligated to develop and sustain safe and healthy work environments (Bratton & Gold, 1999).

## **2. Human rights**

Human rights are the basic freedoms and protections that belong to every person simply because they are human no matter their race, gender, nationality, language, religion, or social background. Yet throughout history, these rights have often been overlooked or denied. Racism, inequality, and discrimination have stood in the way of people being treated with fairness and dignity. Even today, in workplaces around the world, many organizations still violate the human rights of their employees and the people in the society where they operate.

This is where ESG Environmental, Social, and Governance comes in. ESG calls attention to the need to respect and protect people’s rights, not because of their wealth, status, or the color of their skin, but because they are human beings. It encourages us to build a world where everyone’s basic rights are honored in our communities, our institutions, and our workplaces and where dignity, fairness, and respect are not privileges, but the standard for all. Human rights are inherent entitlements that belong to every individual by virtue of being human, irrespective of their citizenship or legal status (Nor, 2016). These rights have gradually evolved from basic moral principles into codified legal standards, supported and enforced through formal legislative framework (Nor et al, 2020). The 1999 Constitution of the Republic of Nigeria specified 12 human rights, they are:

1. Right to Life — (Section 33)
2. Right to Dignity of Human Person — (Section 34)
3. Right to Personal Liberty — (Section 35)
4. Right to Fair Hearing — (Section 36)
5. Right to Private and Family Life — (Section 37)
6. Right to Freedom of Thought, Conscience and Religion — (Section 38)
7. Right to Freedom of Expression and the Press — (Section 39)
8. Right to Peaceful Assembly and Association — (Section 40)

9. Right to Freedom of Movement — (Section 41)

10. Right to Freedom from Discrimination — (Section 42)

11. Right to Acquire and Own Immovable Property Anywhere in Nigeria — (Section 43)

12. Restriction on Compulsory Acquisition of Property — (Section 44)

Human rights are not confined to national boundaries; rather, they are universally recognised principles upheld at both the national and international level. International human rights law functions as a protective framework that restricts state overreach and affirms the inalienable rights of all individuals (United Nations, 2023). Key international human rights instruments, including the international covenant on civil and political rights (ICCPR) and the international covenant on economic, social and cultural rights (ICESCR), have long served as the cornerstone for global human rights protection (United Nations, 1966). Building upon these foundational agreements, more specialised treaties, such as the convention on the elimination of all forms of discrimination against women (CEDAW) and the convention on the rights of the child (CRC), have further advanced and refined the international human rights framework (Kamal, 2017).

### **3. Employee Diversity**

Diversity manifests in various forms, including cultural, religious, and racial differences. A diverse workplace fosters an inclusive atmosphere that upholds equal rights and ensures equitable opportunities for all employees. The unique character of an

organization stems from the heterogeneity of skills, knowledge, and capabilities that its human resources possess or can potentially develop (Penrose, 1959).

Throughout history, societies around the world have experienced different forms of segregation whether based on race, religion, gender, or other differences and these divisions often found their way into the workplace. Rather than benefiting anyone, such exclusionary practices have caused lasting harm, limiting opportunities, stifling collaboration, and slowing down the progress we could have achieved together. Hence the call for employees diversity by ESG to foster a better and less toxic work environment.

### **2.3.3. Corporate Governance Components**

Corporate governance originated in the early development of modern corporations, where governance frameworks were relatively straightforward and highly centralized. Initially, governance models were predominantly shareholder-focused, prioritizing the maximization of profits and returns for the company's owners. However, as businesses expanded in scale and complexity, especially with the emergence of multinational enterprises governance structures underwent significant transformation. By the mid-twentieth century, it became increasingly apparent that shareholder-centric models were inadequate for addressing the broader spectrum of stakeholder interests and expectations.

Consequently, corporate governance evolved towards more inclusive, stakeholder-oriented frameworks, recognizing that the long-term success of a corporation depends not solely on shareholder interests but also on the welfare of employees, customers, suppliers, and the wider communities within which the company operates. This paradigm shift was propelled by a growing acknowledgment of corporate social responsibility (CSR) and an enhanced emphasis on sustainability in business practices. (Akinsola, 2025).

Some Factors under Corporate Governance include:

### **1. Board diversity and expertise**

Kandel and Lazear (1992) contend that increased diversity within a group enhances mutual monitoring among its members, thereby reducing the likelihood of free-riding behavior. Klein (1998) proposes that directors from different business and socioeconomic backgrounds provide managers with a broader knowledge base relative to directors from more homogeneous backgrounds. However, Putnam (2007) posits that increased diversity can undermine social cohesion by reducing cooperative behavior, hindering effective communication, and fostering tendencies toward social loafing. Nevertheless, Campbell and Minguez-Vera (2008) found that gender diversity on corporate boards positively influences firm value and enhances overall board effectiveness. Empirical evidence supporting the "business case for women" suggests that increased gender diversity on corporate boards enhances board effectiveness, which subsequently contributes to improved firm performance and more responsible social conduct (Usman et al., 2018).

The board of directors serves as the strategic leadership of a company, and as such, its members must possess a diverse set of skills, competencies, and professional judgment necessary for guiding the organization effectively.

Board expertise refers to the expectation that directors collectively bring a diverse and relevant set of skills and knowledge necessary to fulfill their governance responsibilities effectively (ASX, 2010, p.19). Environmental, Social, and Governance (ESG) principles promote the inclusion of diverse expertise on corporate boards and advocate for board diversity to mitigate discrimination in board composition. Such diversity brings a range of benefits, as previously outlined, contributing to more inclusive and effective governance.

## **2. Internal control**

An organisation's internal control system primarily seeks to provide management with reasonable assurance that financial data is both accurate and reliable, that there is compliance with relevant laws, regulations, internal policies, and contractual obligations, and that organisational assets are safeguarded against loss or theft. Moreover, it supports the efficient and economical use of resources and facilitates the achievement of established objectives and goals (Faudziah, Hasneh, & Muhammad, 2005). Section 404(a) of the Sarbanes-Oxley Act of 2002 requires corporate management to evaluate and

disclose the effectiveness of internal controls over financial reporting (ICFR). This provision was enacted in the wake of high-profile corporate failures, such as the collapse of Enron, which were driven by fraudulent practices and aggressive accounting manipulations. These events had significant adverse impacts on investors and the general public, prompting legislative reforms aimed at strengthening corporate accountability, enhancing financial transparency, and protecting stakeholders. The Internal Control–Integrated Framework developed by the Committee of Sponsoring Organizations (COSO, 2013) clearly outlines that a fundamental objective of internal control is to ensure the effectiveness and efficiency of an organization’s operations. This includes achieving operational and financial performance targets, as well as protecting the organization’s assets from loss or misuse (Cheng et al, 2018).

## **2.4. ESG RATING AGENCIES**

Over the past decade, sustainable and responsible investment (SRI) has experienced substantial growth, driven by increasing demands from investors, shareholders, governments, and corporations for comprehensive disclosures that extend beyond traditional financial metrics. These stakeholders now prioritize detailed information on environmental, social, and governance (ESG) dimensions, recognizing their strategic importance in enhancing long-term competitiveness. As a result, the emergence of ESG rating agencies has become an inevitable development in response to this evolving

investment landscape. (Elena et al, 2019). The emergence of ESG rating and information provider agencies is largely driven by the increasing demand from socially responsible investors for detailed insights into companies' environmental, social, and governance practices. These investors aim to align their investment decisions with sustainability and ethical considerations (Avetisyan & Hockerts, 2017). ESG ratings serve as a framework for investors to assess a company's exposure to non-financial risks and opportunities, particularly those related to environment, social and governance factor (Investopedia, 2022).

#### **2.4.1. MSCI**

Morgan Stanley Capital International, commonly known as MSCI, was established in 1969 and has since become a leading provider of investment decision support tools and services. Over time, MSCI has expanded its capabilities by acquiring several firms specializing in Environmental, Social, and Governance (ESG) research. In 2010, MSCI acquired RiskMetrics Group, a company offering risk management and governance products. Prior to this acquisition, RiskMetrics had itself purchased Institutional Shareholder Services (ISS) in 2007, Innovest Strategic Value Advisors in early 2009, and Kinder Lydenberg Domini (KLD) Research & Analytics later that year; the latter two entities now operate under the MSCI ESG Research brand. Additionally, in July 2010, MSCI acquired MeasureRisk, which provides risk transparency and measurement tools tailored for hedge fund investors (Elena et al, 2019).

Further expanding its ESG research capabilities, MSCI acquired Governance Holdings Co. (GMI Ratings) in August 2014, a firm specializing in corporate governance research and ratings. In January 2013, MSCI also acquired InvestorForce, a company offering performance reporting tools for institutional investors in the United States. MSCI exemplifies how a major data provider has broadened its role to include comprehensive ESG information for institutional investors, including prominent mutual funds, pension funds, and hedge funds worldwide. The company's ESG Research data and ratings are integral to the construction of MSCI ESG Indices.

MSCI evaluates companies on an ESG risk scale ranging from AAA (highest) to CCC (lowest). This rating system assesses a company's exposure to ESG risks and its effectiveness in managing those risks relative to industry peers, enabling investors to identify potential risks and opportunities before they impact financial performance. The evaluation considers industry-specific risks alongside the company's risk management capabilities. In 2024, MSCI entered into a strategic partnership with Moody's, combining their respective strengths to further enhance MSCI's services in ESG research and investment support.

#### **2.4.2. Sustainalytics**

Sustainalytics is a widely recognized ESG (Environmental, Social, and Governance) ratings agency that uses a 0–100 scale, where a higher score reflects stronger ESG performance. Investors use these ratings to help guide responsible investment decisions,

and the platform is especially valued for its broad market coverage and ease of use. What sets Sustainalytics apart is its focus on sector-specific factors and its ability to account for unpredictable or company-specific risks. It provides in-depth analysis tailored to different industries, giving investors more accurate insights. In the sustainable finance space, Sustainalytics is often seen as a trusted second-party opinion provider, especially for ESG-linked debt instruments.

One of its most notable contributions came in April 2017, when it played a key role in structuring the world's first sustainability-linked loan. This loan, led by Philips, tied the interest rate of a revolving credit facility (RCF) directly to the company's ESG rating from Sustainalytics marking a significant innovation in sustainable finance.

Beyond ratings, Sustainalytics offers detailed ESG reporting that helps investors understand risks and opportunities across their portfolios. Its work was recognized in 2022 when it was named "Best ESG Rating Provider" by ESG Investing UK. Although Sustainalytics covers all aspects of ESG, it tends to place slightly more emphasis on environmental factors. That said, it still provides balanced assessments that include both social and governance issues, making it a well-rounded tool for evaluating sustainable performance.

## **2.5. Empirical Review**

### **2.5.1. ESG and Organisational Financial Performance**

Organisational performance, also referred to as organisational effectiveness, is a concept used to assess the extent to which an organisation successfully achieves its intended objectives and goals. Based on this understanding, it can be reasonably asserted that strong performance in one organisation may not necessarily reflect strong performance in another, given that each organisation operates with its own unique goals and objectives. This raises the question of whether organisational performance can be meaningfully compared across different organisation. Although organizational performance is a widely examined topic in both academic literature and managerial practice, there remains substantial ambiguity and debate concerning its precise definition, conceptual framework, and appropriate methods of measurement (Gutterman, 2023). However numerous financial metrics have been utilized to assess organisational performance and facilitate comparative analysis, including indicators such as Return on Capital Employed (ROCE), Return on Assets (ROA), and Earnings Per Share (EPS), hence organisational financial performance.

Abu Jarad et al (2010) emphasized that organizational performance fundamentally revolves around the extent to which an organization attains its predetermined goals, which may encompass both financial and non-financial objectives. Within an organisation, critical financial performance indicators encompass return on investment, return on assets, liquidity ratios, market share, and earnings per share. Conversely, non-

financial performance measures include employee productivity, customer retention rates, employee's satisfaction, innovation in new product development, and overall customer satisfaction (Gutterman, 2023).

Although significant emphasis has traditionally been placed on the financial dimension of organizational performance, the non-financial aspects have often been overlooked or given insufficient attention. Traditionally, performance measurement systems have predominantly been based on management and cost accounting principles, which tended to prioritize short-term outcomes and the efficient utilization of tangible resources—elements that could be more readily quantified through financial metrics. Consequently, this approach often neglected non-financial and intangible activities that are essential for generating long-term value within organizations (Kaplan & Norton, 2011). If the income generated by an enterprise is to be evaluated from a social perspective, the conventional income statement proves inadequate for such analysis (Suojanen, 1954). The financial evaluation of an organisation is no longer sufficient in light of the growing emphasis on sustainability. Several critical dimensions of organisational performance cannot be adequately captured through traditional financial metrics alone, thereby highlighting the relevance and necessity of ESG. ESG encompasses a wide range of non-financial performance evaluation metrics, providing a more holistic assessment of an organisation's performance beyond traditional financial indicators. While ESG is strongly believed to affect non financial performance the effect financial performance is still debated. So many research have been carried to link the effect of ESG on financial

performance, while many showed a positive relationship, others were either indecisive or showed a negative one (Guido et al., 2019).

Matikainen (2023) examined the effect of ESG on financial performance. The study analyzed 128 out of 135 companies listed on Nasdaq Helsinki, with a total of 384 observations collected from the years 2019 to 2021. The findings showed that sustainability (ESG) reporting became more common during this period, with a 24.4% increase in the number of companies providing such reports from 2019 to 2021. Although the link between ESG reporting and financial performance was weak (with correlation values between 0.00 and 0.30), the relationship was still positive. Companies that reported on their ESG practices showed slightly better profitability and company value compared to those that did not report. The study also found that financial performance varied across industries. Sectors with more active ESG reporting—such as real estate and healthcare—tended to have higher Return on Assets (ROA) and Earnings Per Share (EPS), though they were also more financially volatile. Even though the direct financial impact of ESG reporting was small, the study suggests that reporting may improve a company's public image, which could attract more investor interest. From an investment perspective, ESG reporting may be worth the effort—not only for its mild financial benefits but also for potential long-term advantages, like easier access to funding and attracting skilled employees. The format in which ESG information was reported appeared to affect profitability, though not overall company value.

Ajayi (2024) undertook a thorough examination of the relationships among Environmental, Social, and Governance (ESG) factors, employee satisfaction, and corporate financial performance (CFP). The findings demonstrate that employee satisfaction serves as a key mediating variable in the association between ESG practices and financial outcomes. Although ESG did not significantly effect financial performance directly it showed a the social element of ESG significantly affect financial performance via employees satisfaction. The study offers actionable insights for business leaders, highlighting the dual advantage of ESG initiatives in promoting both financial success and employee well-being.

### **2.5.2 ESG And Organisational Behavioural Change**

**Organisational behavior** is the study of how people think, feel, and act within organisations. It draws from different fields such as psychology, sociology, and management to better understand how individuals and groups function in a work environment. This field also looks at how external factors, like the economy or society, influence an organisation's goals, resources, and strategies.

At its core, organisational behaviour focuses on how individuals and teams behave in various workplace settings. Robbins (2005) describes it as a way of thinking that helps us

understand how people, groups, and organizational structures interact, ultimately aiming to make organisations work better. Thoha (2011) sees it as the study of specific behaviors that occur within groups or organisations. Hanggraeni (2011) adds that it's about understanding how individuals and group dynamics shape overall organisational performance, so that this insight can be used to boost effectiveness. In essence, by examining how people and groups behave in the workplace, organizational behaviour helps leaders create healthier, more productive environments. Individuals and groups remain the key drivers of behaviour within any organization. With the various definitions and explanations given above, it can be asserted that the main aim of studying organisational behaviour is to Improve the performance of individuals, who are the key drivers of behaviour within the organisation, thereby improving organisational performance. We will focus more on the employees behaviour in this study. Employees represent the most valuable resource of an organization, functioning as a social entity that transforms into planners, decision-makers, and implementers. Their continuous involvement is fundamental to the successful realization of organisational goals.

Several factors shape the behaviour of individuals in the organisation, over the years two major ones have been identified, which are; Leadership style and Corporate culture. There are various forms of leadership style from autocratic to beaucratic to democratic leaders, each of these various leadership styles commands different behaviour within the organisation. Organisational culture also known as corporate culture are those norms that guide the behaviours of individuals within the organisation to achieve the goals and

objectives of the organisation. They are the values and beliefs that exist within a organisation which guide organisational behaviour. Over time organisation have aimed to promote behaviours within the organisation by considering the appropriate leadership style and corporate culture for the organisation. However, the concept of job satisfaction as a key driver to improving organisational behaviour has emerged.

Job satisfaction is characterized by a positive emotional outlook and a genuine enjoyment of one's work. This positive mindset is reflected in workplace behaviors such as strong work ethic, adherence to discipline, and enhanced productivity. Considering the pivotal role employees occupy within any business or organisation, it is crucial to explore the factors that affect their job satisfaction. Furthermore, Locke (1969) defines job satisfaction as a pleasurable or positive emotional state resulting from the appraisal of one's job or job experiences. The work environment plays a significant role in shaping employees' comfort levels and their ability to effectively carry out organisational tasks (Atmaja, 2022). When job satisfaction is high, employees are more likely to demonstrate loyalty to the organisation, show greater commitment, and exhibit increased effort and productivity. Conversely, low job satisfaction often leads to higher turnover intentions, reduced discipline, and lower levels of performance (Robbins, 2012; Pitasari & Perdhana, 2018). Herzberg, as cited in Ardana et al. (2013), identifies a range of factors that influence employee job satisfaction, including both physical and non-physical work environments, compensation, opportunities for promotion, and the nature of the job itself. These elements collectively shape an employee's overall job satisfaction. Achieving a

high level of satisfaction is essential, as it fosters greater employee morale, commitment, and discipline. Wiliandari (2015) notes that job satisfaction extends beyond the workplace, manifesting in both work-related and personal contexts, or a combination of the two. Job satisfaction has been found to have a positive correlation with reduced turnover intentions, heightened organisational commitment, and enhanced overall effectiveness (Judge et al., 2017). This increased levels of organisational commitment, in turn, contribute to greater organisational resilience.

Employee performance is determined by the interplay between an individual's capabilities and their level of motivation. Both factors are essential and must work in tandem to achieve optimal performance outcomes. (Dyer and Todd 1995). Empirical research has shown that when organizations actively foster both employee empowerment and job satisfaction, there can be significant improvements in productivity, employee retention, and customer satisfaction (Mengue et al., 2013; Jha, 2019). Ashfaque, 2025 highlighted that employee empowerment and job satisfaction are key factors that significantly influence the overall performance of commercial banks.

As capital and technology have become more accessible globally, the pursuit of sustainable competitive advantage has shifted increasingly toward internal organisational capabilities (Ulrich and Lake, 1990), and more specifically to the critical role of strategically managing human resources as a key driver of long-term organisational success (Dyer and Todd, 1995). This means that an organisation strategic management of

its employees is fundamental to the performance of the organisation. While a performance-driven culture can enhance organisational outcomes, it is essential to balance this with a focus on employee well-being (Schaufeli & Bakker, 2004). Corporate culture plays a crucial role in shaping and regulating employee behavior within an organization, job satisfaction remains a vital element in enhancing and promoting positive organisational behaviour. In this context, the concept of ESG (Environmental, Social, and Governance) investing supports job satisfaction by evaluating firms based on factors such as human rights, employee health and safety, and other related social criteria that enhance job satisfaction.

**Organizational change** denotes the systematic process through which a company alters key elements of its structure, operational procedures, or strategic direction. This process involves both internally driven and externally influenced adjustments, undertaken to respond to changing conditions, enhance organizational effectiveness, or pursue newly defined goals. Such change does not occur abruptly; rather, it unfolds progressively through a carefully designed and strategically executed approach, ensuring that transitions are effectively managed and aligned with desired outcomes. Organizational Change Management (OCM) provides structured approaches and frameworks to help organizations successfully navigate transitions. Frameworks like Kotter's Change Model illustrate how these methods offer clear, step-by-step strategies for managing and executing change initiatives effectively (Ronal et al).

Kotter (1996) eight step change model is given below:

**Stage 1: Establishing a Sense of Urgency**

The initial phase of Kotter's Eight-Stage Process involves generating a sense of urgency, which entails fostering a clear recognition of the necessity for organizational change. Kotter (2008, p.viii) emphasizes that one of the most critical and frequently encountered pitfalls in change initiatives is the failure to cultivate this urgency from the outset.

**Stage 2: Creating the Guiding Coalition**

The second phase of Kotter's change model focuses on assembling a coalition individuals with sufficient authority, influence, and credibility to drive and support the change process effectively (Kotter, 1996, p.21).

**Stage 3: Formulating a Vision and Strategy**

At this stage, the organisation is required to craft a clear and compelling vision, along with a coherent strategy, to effectively guide and support the implementation of the proposed change.

**Stage 4: Communicating the change vision**

Stage four of Kotter's Change Model emphasizes the importance of effectively communicating the change vision. Kotter (1996, p.85) asserts that organizational leaders often misjudge the extent of communication necessary to foster a shared and coherent

understanding of the proposed change. This shortfall is frequently compounded by contradictory messaging, which can create confusion and ultimately hinder or delay the successful implementation of change initiatives.

**Stage 5:** Empowering broad based change

Stage five of Kotter's Change Model focuses on facilitating widespread adoption of the change initiative by eliminating barriers that hinder progress. This involves addressing structural or systemic impediments that conflict with the envisioned transformation, as well as fostering a culture that supports innovation and proactive problem-solving (Kotter, 1996, p.21).

**Stage 6:** Generating short-term wins

Short-term achievements play a crucial role in validating the effectiveness of change initiatives and fostering ongoing momentum. According to Kotter (1996, p.123), these early successes should be clearly observable, demonstrably successful without ambiguity, and directly aligned with the overarching goals of the change effort.

**Step 7:** Consolidating gains and producing more change

**Step 8:** Anchoring new approaches in the culture

These steps may not always be followed in a strict sequence, but they serve as a valuable framework and, most importantly, emphasize that change is a gradual and ongoing process. Effective organisational change requires more than just adherence to a structured process; it also depends on several critical foundational elements. Sustainable business practices contribute significantly to these foundational "ingredients" for change, including factors such as a supportive work environment and the cultivation of resilient behaviors. These elements highlight the crucial role that Environmental, Social, and Governance (ESG) principles play in facilitating and sustaining meaningful organisational transformation.

**Organisational behavioural change** can however be defined as the process of intentionally influencing or transforming the behaviours, attitudes, and practices of individuals and groups within an organisation to achieve desired outcomes, such as improved performance, stronger culture, or successful adaptation to new strategies, technologies, or environments. The organisational behaviours within the organisation is key and having understood that change is a planned and deliberate process, organisational behavioural change seeks to modify and strategically change the behaviours within the organisation to suit its goals and objectives. Organisational behavioural change can be summarized as the deliberate process that helps organisations understand, guide, and support how people behave at work so their actions align with the organisation's purpose and goals. It's not only about introducing new systems, policies, or tools, but also about

helping people change the way they think, build habits, and work together. In essence, it's about creating lasting change by shaping both what people do and how they do it.

### **2.5.3 ESG and Organisational Resilience**

The phrase “make your organisation more resilient” has gained prominence in contemporary management discourse (Hillmann & Guenther, 2021). Originally conceptualized by Holling (1973), the notion of resilience encompasses two key dimensions: the ability of an organisation to restore stability following a disturbance commonly referred to as engineering resilience and the capacity of the system to absorb disruptions without undergoing fundamental structural collapse, known as ecological resilience.

Organisational resilience can also be seen as a dynamic capability that facilitates continuous adaptation, development, and evolution over time (Hamsal et al., 2022; Barton & Sutcliffe, 2023), and a comprehensive construct that supports not only organisational continuity but also fosters learning, advancement, and sustained growth, even in the face of environmental challenges (Bhamra, 2015).

Drawing on an extensive review of the literature, Hillmann and Guenther (2021) developed an integrative framework for understanding organizational resilience, highlighting the critical roles of resource mobilization and resilient behavior. Within this

model, organisational resilience is defined as the capacity of an organization to sustain operations and recover swiftly in the face of adversity through the effective mobilization and utilization of necessary resources. The model posits that an organisation's resilience is shaped and sustained by its resilient behaviors, the resources it can access, and its underlying resilience capabilities.

Environmental concerns and environmental performance (EP) are playing an increasingly important role in helping organisations especially small and medium-sized enterprises (SMEs) build resilience. EP involves using resources efficiently to create products and services with minimal negative impact on the environment. Marsat et al. (2022) found that companies with strong EP are better able to handle and recover from environmental controversies. These businesses tend to be more adaptable and recover more quickly when faced with such challenges.

Similarly, Ferrón-Vílchez and Leyva-de la Hiz (2023) showed that SMEs that adopt social and environmental practices (SEPs) are more resilient during times of crisis. Companies that implemented Corporate Social Responsibility (CSR) measures before the COVID-19 pandemic performed better financially than those that did not. These findings suggest that taking early action on environmental and social issues is essential for long-term business resilience and success. This evidence suggests that organisations adopting ESG (Environmental, Social and Governance) investing practices are better positioned to enhance their resilience compared to those that do not. This finding further reinforces the

perspective that ESG considerations play a significant role in strengthening organisational resilience.

## **2.6. Theoretical framework**

### **2.6.1 Agency theory**

Agency theory is a key concept in business, management, and accounting that helps explain the problems that can arise when one person (the principal), such as a shareholder, hires someone else (the agent), like a manager, to act on their behalf (Haugen & Senbet, 1979; Mishra et al., 1998; Zenger & Gubler, 2018). These problems often stem from conflicting interests and the fact that the agent usually has more information than the principal. This theory is especially important in areas like corporate governance and financial management. Jensen and Meckling (1976) were among the first to clearly define these issues, showing how managers may sometimes act in their own interest rather than the company's and stressing the need for strong systems to keep their actions in line with what's best for shareholders. ESG seeks to reduce the conflict of interest within an organisation by promoting sustainable practices.

### **2.6.2 Stakeholder theory**

Stakeholder theory has become an important way of thinking in business, management, and accounting because it offers a broader view of corporate responsibility. Unlike the traditional focus on maximizing profits for shareholders, stakeholder theory argues that

companies are responsible to all the groups affected by their actions. This includes not just shareholders, but also employees, customers, suppliers, local communities, and the environment. As Shankman (1999) points out, long-term success depends on how well a company builds and maintains relationships with its key stakeholders especially its employees. Recent research also shows that by actively engaging with different stakeholder groups and balancing their needs, companies can create a competitive advantage (Yoshikawa, Tsui, & McGuire, 2021).

Stakeholder theory, introduced by Freeman in 1984, suggests that businesses shouldn't focus only on making profits for shareholders. Instead, they should also consider the needs and interests of other important groups, like employees, customers, suppliers, and the community. Freeman (2009) explained that companies have a responsibility to listen to and balance the concerns of all these groups when making decisions. This approach offers a more well-rounded and responsible way to define business success. ESG principles emphasize the importance of considering all stakeholders impacted by an organisation's decisions, ensuring that the interests of a broad range of parties are taken into account during the decision-making process.

### **2.6.3 Resource-based view theory**

The Resource-Based View (RBV) theory explains that companies can gain and keep a competitive edge by making the most of their unique strengths—especially resources and skills that are valuable, hard to find, difficult to copy, and not easily replaced. When used

wisely, these internal assets help businesses perform better and succeed over the long term (D’Oria et al., 2021). This theory is fundamental in this study because it helps the organisation understand the importance of utilising its resources appropriately and some of these resources include the employees, the natural resources where its organisation operates; and this is what ESG seeks to promote. ESG aims to promote the effective and efficient use of scarce and irreplaceable resources so as to create a sustainable world.

## **CHAPTER THREE**

### **METHODOLOGY**

#### **3.1 Introduction**

This chapter presents the methods, procedures and sequential steps adopted in order to achieve the objectives of the study. The chapter presents a description of the research design, the population and sample for the study, the method of data collection, the model specification, and operationalization of the variables and the method of data analysis.

### **3.2 Research Design**

A research design is a plan that guides how a study is carried out, helping researchers explore a topic and find logical answers to their questions (Hassan, 1995). According to Musbah (2010), it involves creating testable ideas (hypotheses) about how two or more factors are related. This approach uses clear methods to collect measurable data and apply statistical tools, allowing the results to be generalized to a larger group. The researcher acts as a neutral observer, carefully analyzing the data to draw accurate conclusions that meet the goals of the study.

In this study, a survey research design was used to examine how Environmental, Social, and Governance (ESG) factors affect organizational behaviour, change, performance, and resilience. This design made it possible to gather data in an objective way from a selected group of people, so the results could be applied to the wider population.

### **3.3 Population of the study**

The population size consists of business organization operating in the Ugbowo region of Benin city, Edo state, Nigeria.

### **3.4. Sampling Techniques and Sample Size**

Sampling techniques are the methods used to choose a smaller group (sample) from a larger group (population) for research. In many cases, it's not possible to gather complete information from everyone, so researchers use sampling to get useful data.

In this study, the convenience sampling method and the quota sampling method was used to select participants from the target population. This convenience sampling method involves choosing people who are easy for the researcher to reach. It was used because the researcher could collect data from those who were readily available and willing to participate. The quota sampling method involves dividing the population into groups, and a specific number (quota) from each group is selected non-randomly. Convenience sampling is often used in practical and market research because it saves time and resources, while quota sampling was used in this study because this study focuses on business organizations, which exist in various types. This method ensures that a fair number of each type is represented in the study.

The sample for this study included 90 business organizations located in the Ugbowo area of Benin City, Edo State, Nigeria.

### **3.5 Types and Sources of Data**

This study is based on primary data, which were obtained directly from respondents through the use of a structured questionnaire. The choice of this data collection method is supported by several justifications. As noted by Green (2015), questionnaires are a cost-effective and time-efficient tool that allows for objective analysis of data. Additionally, they enable researchers to collect information rapidly from a large segment of the target population. Furthermore, Wahyudi (1999) emphasizes that questionnaires are one of the

primary instruments for collecting quantitative data, particularly when the aim is to test predefined hypotheses.

### **3.6 Instruments for Data Collection**

The primary tool for data collection in this study was the questionnaire. Questionnaires were designed and distributed to respondents, serving as an effective means of gathering data. They encourage participants to provide accurate and honest responses, largely because their identities remain anonymous. Additionally, questionnaires are valued for their efficiency, allowing researchers to collect feedback quickly and with relative ease.

### **3.7 Method of Data Collection**

The combination of physical (paper based) and digital (online) methods were used to reach the respondents:

Few physical copies of the questionnaire were distributed while a majority of the responses were gotten from the online method with the use of Google forms, which were distributed via professional WhatsApp groups to increase assessibility and response rate.

Participation was completely voluntary, and respondents were assured of the confidentiality of their responses.

### **3.8 Model Specification and Method of Data Analysis**

#### **3.8.1 Model specification**

To put the underlying relationships into practice, the study uses the following model; the model was adopted from Ajayi (2024).

### **Model 1: Direct Effect Model**

$$CFP_i = \beta_0 + \beta_1 E_i + \beta_2 S_i + \beta_3 G_i + \varepsilon_i$$

Where:

$CFP_i$  represents the corporate financial performance of the  $i$ th firm.

$E_i$ ,  $S_i$ , and  $G_i$  are the  $i$ th firm's scores on the environmental, social, and governance factors, respectively.

$\beta_0$  is the intercept term

$\beta_1$ ,  $\beta_2$  and  $\beta_3$  are the regression coefficients for environmental, social, and governance factors

$\varepsilon_i$  is the error term.

### **Model 2: Mediation through Organizational Behavioural Change (OBC)**

The mediation model involved three main constructs: (a) independent variables (X): environmental (E), social (S), and governance (G) elements; mediator (M): Organisational behavioural change(OBC); and dependent variable (Y): corporate

financial performance (CFP)

$$CFP_i = \beta_0 + \beta_1 E_i + \beta_2 S_i + \beta_3 G_i + \beta_4 OBC_i + \epsilon_i$$

Where:

$OBC_i$  represents Organisational Behavioural Change for the  $i$ th firm.

$E_i$ ,  $S_i$  and  $G_i$  are the  $i$ th firm's scores on the environmental, social, and governance factors, respectively.

$\beta_1$ ,  $\beta_2$ ,  $\beta_3$  and  $\beta_4$  are the regression coefficients for the environmental, social, governance and organisational behavioural change (OBC) factors.

$\epsilon_i$  is the error term

### **Model 3: Mediation through Organizational Resilience (OR)**

The mediation model involved three main constructs: (a) independent variables (X): environmental (E), social (S), and governance (G) elements; mediator (M): Organisational resilience (OR); and dependent variable (Y): corporate financial performance (CFP)

$$CFP_i = \beta_0 + \beta_1 E_i + \beta_2 S_i + \beta_3 G_i + \beta_4 OR_i + \epsilon_i$$

Where:

$OR_i$  represents organisational resilience for the  $i$ th firm.

$E_i$ ,  $S_i$  and  $G_i$  are the  $i$ th firm's scores on the environmental, social, and governance factors,

respectively.

$\beta_1$ ,  $\beta_2$ ,  $\beta_3$  and  $\beta_4$  are the regression coefficients for the environmental, social, governance and organisational resilience (OR) factors.

$\varepsilon_i$  is the error term

### **3.8.2 Method of Data Analysis**

Data collected from the administered questionnaires were coded and analyzed using both descriptive and inferential statistical techniques. Descriptive statistics such as mean, standard deviation, frequency and percentage distribution were employed to summarize respondents' demographic characteristics and the general patterns of responses for all study variables.

Pearson Product-Moment Correlation Coefficient was used to examine the strength and direction of relationships among environmental, social, governance factors, Organizational resilience, Organizational behavioural change and corporate financial performance.

Multiple regression analysis was applied to test the study hypotheses and determine the extent to which environmental, social and governance elements influence corporate financial performance directly and indirectly through Organizational resilience and behavioural change. All analyzes were conducted using the Statistical Package for Social Sciences (SPSS), and significance was determined at the 5% probability level ( $p < 0.05$ ).

## **CHAPTER FOUR**

### **DATA ANALYSIS AND PRESENTATION**

#### **4.1 Introduction**

This chapter presents the data collected for the study and the statistical analyses carried out to examine the effect of Environmental, Social and Governance (ESG) practices on organisational behavioural change, resilience and corporate financial performance among business organisations in Ugbowo, Benin City. The analyses were conducted in line with the objectives of the study, using descriptive and inferential statistical techniques.

Descriptive statistics were used to summarize the demographic characteristics of respondents and the major study variables, while regression analysis and mediation tests were employed to determine both the direct and indirect effects of ESG components on corporate financial performance. The results are presented in tables and figures, followed by interpretations and discussions in relation to the research questions and hypotheses.

**4.2 Data Presentation**

**Table 4.1 Descriptive Statistics**

	<i>CFP</i>	<i>E</i>	<i>S</i>	<i>G</i>	<i>OBC</i>	<i>OR</i>
Mean	4.022472	3.997753	4.053933	4.085393	4.078652	5.144886
Standard Error	0.067453	0.06723	0.070802	0.073152	0.06523	0.08169
Median	4	4	4	4	4	5.125
Mode	4	4	4	4	4	5
Standard Deviation	0.636352	0.634246	0.667944	0.690117	0.615375	0.766318

Sample Variance	0.404944	0.402268	0.446149	0.476261	0.378687	0.587244
Kurtosis	0.751354	1.356771	0.263704	0.38196	0.770505	-0.10668
Skewness	-0.64183	-0.54719	-0.58726	-0.68842	-0.65318	-0.52736
Range	3.2	3.4	3	3	3	3.25
Minimum	1.8	1.6	2	2	2	3
Maximum	5	5	5	5	5	6.25
Sum	358	355.8	360.8	363.6	363	452.75
Count	89	89	89	89	89	88
Largest(1)	5	5	5	5	5	6.25
Smallest(1)	1.8	1.6	2	2	2	3

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**Note:**

CFP = Corporate Financial Performance

E = Environment

S = Social

G = Governance

OBC = Organisational Behavioural Change

OR = Organisational Resilience

Descriptive statistics were used to summarise the central tendencies and dispersion of the variables used in the study. The results show that Corporate Financial Performance (CFP) recorded a mean score of 4.02 with a standard deviation of 0.64, indicating that respondents generally agreed that their firms perform well financially. The environmental component of ESG (E) also showed a high mean of 3.99 and a standard deviation of 0.63, suggesting that most of the organisations have adopted moderate to high levels of environmentally responsible practices.

Similarly, the social dimension (S) produced a mean of 4.05 with a standard deviation of 0.67, reflecting strong agreement that organisations engage in socially responsible practices such as employee welfare, community engagement and workplace policies. Governance (G) had a mean of 4.09 and a standard deviation of 0.69, indicating consistent adherence to accountability, transparency, leadership structure, and regulatory compliance across sampled firms.

For the mediating variables, organisational behavioural change (OBC) had a mean value of 4.08 with a standard deviation of 0.62, implying that respondents largely believe ESG initiatives lead to changes in workplace culture, employee awareness, and internal organisational processes. Organisational resilience (OR) recorded the highest mean score of 5.14 with a standard deviation of 0.77, showing that most organisations perceive themselves as highly capable of adapting to disruptions, maintaining business continuity

and responding to external shocks. This relatively higher score suggests that firms in the study area prioritise operational strength and long-term sustainability, even if environmental and social investments appear moderate.

Across the variables, the negative skewness values show that responses were concentrated toward higher scores, meaning a large proportion of firms reported strong ESG practices and positive financial outcomes. The relatively low standard deviations further indicate that responses were not widely dispersed, reflecting a high level of consistency among respondents. The descriptive statistics suggest that ESG implementation, behavioural adaptation and organisational resilience are perceived positively in the sampled firms, providing a useful foundation for subsequent regression and mediation analyses.

#### **4.3 Presentation of Demographics**

This chapter presents the data collected for the study and the statistical analyses carried out to examine the effect of Environmental, Social and Governance (ESG) practices on organisational behavioural change, resilience and corporate financial performance among business organisations in Ugbowo, Benin City. The analyses were conducted in line with the objectives of the study, using descriptive and inferential statistical techniques. Descriptive statistics were used to summarize the demographic characteristics of respondents and the major study variables, while regression analysis and mediation tests

were employed to determine both the direct and indirect effects of ESG components on corporate financial performance. The results are presented in tables and figures, followed by interpretations and discussions in relation to the research questions and hypotheses.

**4.3.1 Respondents’ Demographic Characteristics**

This section presents the demographic characteristics of the respondents who participated in the study. A total of 90 copies of the questionnaire were completed and returned, and the analysis below reflects the responses received.

**Table 4.2 Gender Distribution of Respondents**

Gender	Count	Percentage
Male	34	38%
Female	56	62%
Total	90	1

Demographic analysis was carried out to understand the background of respondents and the organisational settings in which they operate. The gender distribution shows that 38

percent of respondents were male, while 62 percent were female. This indicates that female participants formed the majority of the survey population.

**Table 4.3 Age distribution of Respondents**

Age Group	Count	Percentage
18-25	71	79%
26-35	8	9%
36-45	3	3%
46 and above	8	9%
Total	90	1

The age distribution of respondents reveals that 79 percent fell within the 18–25 age range, while only 9 percent were between 26–35 years. Respondents aged 36–45 represented 3 percent, and those above 46 years accounted for 9 percent. This shows that the workforce captured in the study is largely youthful, which may influence how ESG practices and organisational change are perceived and implemented.

**Table 4.4 Organisational Industry of Respondents**

Industry	Count	Percentage
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Sector		
Services	44	49%
Trading	21	23%
Others	0	0%
Total	90	1

In terms of industry sector, 49 percent of the firms operate in the services sector while 23 percent are engaged in trading-related activities. No respondents classified their organisations under the ‘others’ category. This suggests that the study sample is dominated by service-based firms, which is consistent with the structure of many modern business environments where non-manufacturing activities constitute a large share of operations.

**Table 4.5 Numbers of employees in the organisation of respondents**

Employee Count	Count	Percentage
Less than 10	60	67%
10 to 50	18	20%

50-100	5	6%
100 or more	7	8%
Total	90	1

Employee size showed that 67 percent of organisations had fewer than 10 employees, 20 percent had between 10 and 50, 6 percent between 50 and 100, while only 8 percent had more than 100 employees. This indicates that most of the sampled firms are small businesses, a factor that may shape their ESG priorities, resource availability, and resilience strategies.

**Table 4.6 Tenure of Organisation operations of respondents**

Tenure of Organisation Operations	Count	Percentage
Less than 1 year	22	24%
1-5 years	48	53%
6-10 yeras	7	8%
More than 10 years	13	14%
Total	90	1

Regarding organisational tenure, 24 percent of firms had been in operation for less than one year, 53 percent between one and five years, 8 percent between six and ten years, and 14 percent for more than ten years. The high proportion of young firms indicates a

relatively new and evolving business landscape, with over half of the organisations having been established within the last five years..

**Table 4.7 Position of respondents in the Organisation**

Organisation Position	Count	Percentage
Top management	41	46%
Middle management	19	21%
Operational staff	14	16%
Others	16	18%
Total	90	1

Organisational position analysis shows that 46 percent of respondents were top management staff, 21 percent were in middle management, 14 percent were operational staff, while 16 percent fell under ‘other’ roles. The strong representation of management-level staff suggests that the responses reflect informed organisational perspectives, particularly on ESG activities, financial outcomes and internal behavioural change.

#### 4.4 Pearson Correlation Coefficient

**Table 4.8 Pearson Correlation Analysis**

<i>CFP</i>	<i>E</i>	<i>S</i>	<i>G</i>	<i>OBR</i>	<i>OR</i>
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CFP	1					
E	0.35939	1				
S	0.402419	0.555005	1			
G	0.455139	0.596529	0.746223	1		
OBC	0.250801	0.56966	0.586723	0.674363	1	
OR	0.471808	0.461336	0.573841	0.6975	0.665459	1

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Pearson correlation analysis was conducted to examine the strength and direction of the relationships among corporate financial performance (CFP), the ESG dimensions (environmental, social, and governance), organisational behavioural change (OBC), and organisational resilience (OR). The results indicate that all ESG components are positively associated with CFP. Specifically, the environmental factor shows a moderate positive correlation with CFP, while the social dimension exhibits a slightly stronger association. The governance dimension has the strongest correlation with financial performance among the three ESG variables, suggesting that effective governance practices may be more directly linked to financial outcomes than environmental or social activities alone.

Beyond the direct ESG components, organisational resilience also displays a strong positive correlation with CFP. This implies that firms with higher resilience levels tend to demonstrate better financial performance, consistent with theoretical views that resilient organisations adapt more effectively to disruptions, market changes, and operational challenges. Organisational behavioural change shows a weaker but still positive

relationship with CFP, indicating that behavioural adjustments within the firm may contribute to financial performance, although the effect may be less direct.

The correlations among the independent variables also reveal meaningful patterns. Governance exhibits very strong positive associations with both the social and environmental dimensions, suggesting that firms performing well in governance often implement structured social and environmental initiatives. OBC and OR similarly show strong positive correlations with governance and social dimensions, highlighting that firms with strong social responsibility and governance structures are also more likely to foster resilience and behavioural adaptation.

The correlation matrix suggests that improved ESG performance is generally accompanied by stronger internal organisational attributes and better financial outcomes. However, while correlations indicate association, they do not establish causality, which is further tested in the regression and mediation analyses that follow.

#### **4.5 Analysis of Regression Results**

**Table 4.9 Organisational Behavioural Change (OBC) ~ E + S + G**

Variable	Coefficient	Std. Error	T-stat	P-value
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Intercept	1.766	0.293	6.03	<0.001
E	0.226	0.082	2.74	0.007
S	0.103	0.094	1.09	0.279
G	0.321	0.091	3.54	0.001*

$R^2 = 0.52 \rightarrow$ , F-stat =  $p < 0.001$

Table 4.9 shows the regression analysis on how ESG practices explain organisational behavioural change. The model shows that both environmental and governance factors significantly increase behavioural change within firms, while social factors are positive but not statistically significant. Governance has the strongest effect, suggesting that when board systems, accountability and transparency improve, employees are more willing to adapt and comply with sustainability policies

**Table 4.10 Organisational Resilience (OR) ~ E + S + G**

Variable	Coefficient	Std. Error	T-stat	P-value
Intercept	2.052	0.395	5.19	<0.001
E	0.081	0.110	0.74	0.462
S	0.146	0.126	1.16	0.249
G	0.595	0.121	4.90	<0.001*

$R^2 = 0.47$ , F-stat =  $p < 0.001$

Table 4.10 shows the regression analysis test on how ESG influences organisational resilience. Again, governance emerged as the dominant predictor with a strong and significant impact, while environmental and social factors showed positive but non-significant effects. This means that well-structured leadership and internal governance

systems are what truly help businesses withstand disruptions, market shocks, or operational challenges

**Table 4.11 Financial Performance ~ E + S + G + OBC + OR**

Variable	Coefficient	Std. Error	T-stat	P-value
Intercept	1.021	0.312	3.27	<0.001
E	0.158	0.088	1.79	0.077
S	0.084	0.103	0.82	0.415
G	0.256	0.101	2.53	0.013
OBC	0.194	0.087	2.22	0.029
OR	0.333	0.079	4.22	<0.001

$R^2 = 0.64$ , F-stat =  $p < 0.001$

Table 4.11 introduced both mediators, behavioural change and resilience, into the regression explaining financial performance. The explanatory power of the model jumped to 64 percent, showing that sustainability influences performance not only directly but more strongly through internal transformation. Governance, organisational behavioural change, and organisational resilience were all statistically significant, confirming that firms perform better financially when employees adapt to sustainability policies and when the organisation becomes shock-resistant.

**Table 4.12 Direct and indirect effect on Corporate Financial Performance mediated by Organisational Resilience**

Effects to CFP variable	Direct effect	P- value	Indirect effect	P- value	Total effect
E	0.158	0.077	0.0269	0.466	0.1849
S	0.084	0.415	0.049	0.264	0.133
G	0.256	0.013	0.198	0.0014	0.454
OR	0.333	0.001	0.000	0.000	0.333

Table 4.12 shows the direct effects of ESG on financial performance and the indirect effect being mediated by organisational resilience, as well as the total effect.

As shown environment and social factors did not have a statistically significant indirect effect on financial performance being mediated by organisational resilience while the governance factor had a significant indirect effect.

**Table 4.13 Direct and indirect effect on Corporate Financial Performance (CFP) mediated by Organisational Behavioural Change (OBC)**

Effects to CFP variable	Direct effect	P- value	Indirect effect	P- value	Total effect
E	0.158	0.077	0.044	0.08	0.202
S	0.084	0.415	0.020	0.326	0.104
G	0.256	0.013	0.062	0.049	0.318
OBC	0.194	0.029	0.000	0.000	0.194

Table 4.13 shows the direct effect of ESG on financial performance and the indirect effect being mediated by organisational behavioural change, as well as the total effect. As shown the environment and social factors did not have a statistically significant indirect effect on financial performance being mediated by organisational behavioural change while the governance factor had a significant indirect effect.

#### **4.6 Hypothesis Testing**

##### **Hypothesis One:**

**Environmental elements in ESG measures do not have a significant effect on a firm's financial performance.**

Environmental practices showed a positive but statistically weak contribution to financial performance. The regression coefficient for the environmental variable was positive ( $\beta = 0.158$ ,  $p > 0.05$ ) but only marginally significant. This suggests that firms investing in pollution control, waste management, clean energy or environmental compliance tend to experience financial improvement, but the effect is not strong enough to stand on its own. The relationship exists, but the evidence indicates that environmental efforts become more financially rewarding when supported by additional organisational factors rather than as isolated initiatives.

**Decision:** Fail to reject  $H_{01}$ . Environmental practices do not significantly affect financial performance in this dataset.

### **Hypothesis Two:**

**Social elements in ESG measures do not have a significant effect on a firm's financial performance.**

The social variable returned a positive but insignificant coefficient ( $\beta \approx 0.084$ ,  $p > 0.05$ ), yet its effect was not statistically significant. Although firms that adopt fair labour practices, workplace safety, community engagement, and employee welfare may enjoy reputational benefits, the data shows that these social initiatives do not independently translate into measurable financial gains. They seem to add value indirectly, but they do not strongly predict profit, revenue growth, or cost reduction when considered alone.

**Decision:** Fail to reject  $H_{02}$ . No significant direct effect of social practices on financial performance.

### **Hypothesis Three:**

**Corporate governance elements in ESG measures do not have a significant effect on a firm's financial performance.**

Corporate governance emerged as the strongest direct ESG predictor of financial performance. The governance coefficient was positive and statistically significant ( $\beta = 0.256$ ,  $p < 0.05$ ). This means that improvements in transparency, accountability, board effectiveness and internal control systems translate into better financial results. Firms that take governance seriously are more stable, less exposed to risk, and better positioned to attract investors. In this model, governance is the part of ESG that pays off the fastest.

**Decision:** Reject  $H_{03}$ . Corporate governance significantly affects financial performance.

#### **Hypothesis Four**

**Environmental elements in ESG measures do not significantly affect profitability through organisational resilience in the firm.**

When organisational resilience was added as a mediator, environmental practices still showed a positive coefficient but remained statistically insignificant ( $\beta = 0.0269$ ,  $p > 0.05$ ). This means that while environmentally responsible firms tend to be more resilient and survive disruptions better, the resilience pathway does not make the environmental-profit relationship significantly stronger. Environmental initiatives matter, but on their own and even through resilience, they do not guarantee measurable profit gains in this dataset.

**Decision:** Fail to reject  $H_{04}$ . Environmental practices do not significantly influence profitability through resilience.

#### **Hypothesis Five**

**Social elements in ESG measures do not significantly affect profitability through organisational resilience in the firm.**

The social dimension remained positive but statistically insignificant even after accounting for resilience ( $\beta = 0.049$ ,  $p > 0.05$ ). This implies that although social initiatives may improve workplace harmony, brand loyalty or stakeholder trust, they did

not produce a statistically proven resilience-to-profit pathway. The effect is present but weak. In practical terms, social responsibility helps firms behave better, but in this sample, it did not materially change profitability through resilience.

**Decision:** Fail to reject  $H_{05}$ . Social factors do not significantly affect profitability through resilience.

### **Hypothesis Six**

**Corporate governance elements in ESG measures do not significantly affect profitability through organisational resilience in the firm.**

Governance delivered a clear and statistically significant effect on financial performance through resilience ( $\beta = 0.198, p < 0.05$ ). When strong governance practices are in place, organisations are more disciplined, more able to respond to shocks, and less vulnerable to operational failures. This resilience channel strengthens financial performance more convincingly than environmental or social factors. In other words, good governance does not just make a firm ethical; it makes it durable, and that durability improves profit.

**Decision:** Reject  $H_{06}$ . Governance significantly affects profitability through organisational resilience.

### **Hypothesis Seven**

**Corporate governance elements in ESG measures do not significantly affect profitability through organisational behavioural change in the firm.**

Governance delivered a clear and statistically significant effect on financial performance through behavioural change ( $\beta = 0.062$ ,  $p < 0.05$ ). When strong governance practices are in place, organisations are more disciplined, more able to respond to change and more able to implement the change needed for achievement of goals and objectives. This behavioural channel strengthens financial performance more convincingly than environmental or social factors. In other words, good governance does not just make a firm ethical; it makes it durable, and that durability improves profit

**Decision:** Reject  $H_{07}$ . Governance significantly influences profitability through behavioural change.

### **Hypothesis Eight**

**Social elements in ESG measures do not significantly affect profitability through organisational behavioural change in the firm.**

The social dimension remained positive but weak in the behavioural model ( $\beta = 0.020$ ,  $p > 0.05$ ). Even though social practices can foster ethical behaviour, motivation, and community loyalty, they did not significantly drive financial performance through organisational behavioural change. The data suggests that employees may appreciate social practices, but these do not necessarily transform corporate behaviour in a way that increases profitability.

**Decision:** Fail to reject H<sub>08</sub>. Social practices do not significantly improve profitability through behavioural change.

### **Hypothesis Nine**

**Environmental elements in ESG measures do not significantly affect profitability through organisational behavioural change in the firm.**

The environmental dimension remained positive but weak in the behavioural model ( $\beta = 0.044$ ,  $p > 0.05$ ). This suggests that firms investing in pollution control, waste management, clean energy or environmental compliance might promote certain behaviours within the company but it does not significantly effect financial performance via behavioural change, the effect is marginally insignificant statistically.

**Decision:** Fail to reject H<sub>09</sub>. Environmental factors do not significantly influence profitability through behavioural change.

### **4.7 Discussion of Findings**

This study examined the effect of environmental, social, and governance practices on corporate financial performance, including the mediating roles of organisational resilience and organisational behavioural change. The findings present a coherent narrative linking respondents' perceptions, statistical relationships, and regression outcomes.

The descriptive statistics show that all ESG constructs recorded high mean scores ranging from 3.99 to 4.08, while corporate financial performance averaged 4.02 on a 5-point scale. These values indicate that respondents generally believe firms in the study environment practice ESG measures at a moderately high level and experience strong financial outcomes. The standard deviations for all variables fell below 1.0, signifying consistent responses and minimal variability. The negative skewness observed across the variables suggests that most respondents rated ESG and performance measures at the higher end of the scale, which reinforces the perception that firms that embrace responsible business practices tend to perform well financially.

The correlation results further confirm important relationships among the variables. Corporate financial performance is positively and moderately associated with environmental ( $r = 0.359$ ), social ( $r = 0.402$ ), and governance factors ( $r = 0.455$ ). The strongest correlation emerged between governance and financial performance, implying that transparent leadership, strong control systems, and ethical management frameworks are particularly influential in shaping firm profitability. Organisational resilience and behavioural change also revealed positive correlations with performance ( $r = 0.472$  and  $r = 0.251$  respectively), indicating that adaptive capacity and internal process improvements both contribute to stronger financial outcomes.

Governance emerges as the dominant predictor within the ESG framework, strongly influencing both organizational behavioral change (OBC) and organizational resilience

(OR). Notably, governance also has a significant positive indirect effect on corporate financial performance (CFP) through OR, supporting the OR-mediated pathway for governance. In contrast, the direct effects of environmental (E) and social (S) factors on CFP are small and not significant in the full model, and their indirect effects via OR and OBC are likewise non-significant, as the confidence intervals include zero. Interestingly, the path from OBC to CFP is negative and statistically significant, indicating that in this sample, higher OBC scores are associated with slightly lower CFP when controlling for E, S, G, and OR. This unexpected negative relationship could reflect a genuine pattern, such as short-term costs of behavioural change, or it could be an artifact arising from measurement issues, omitted variables, or multicollinearity, and thus warrants further investigation. Overall, the model suggests that the inclusion of mediators enhances explanatory power, with the governance → OR → CFP pathway standing out as the clearest positively mediated route.

## CHAPTER FIVE

### SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Introduction

Environmental, Social, and Governance (ESG) principles have become an increasingly important consideration for modern organisations seeking sustainable growth and enhanced stakeholder trust. In recent years, the global business environment has shifted toward responsible and ethical practices, prompting organisations to evaluate their business from an ethical standpoint. This study seeks to help organisations examine how ESG adoption influences their behaviour, change processes, financial outcomes and long-term resilience.

This study examined the effect of ESG factors on corporate financial performance, organisational behavioural change and organisational resilience among firms in Benin City. Primary data were collected through a structured questionnaire, and the responses were analyzed using descriptive statistics, correlation analysis and multiple regression to test the stated hypotheses.

This chapter presents a summary of the major findings, draws conclusions based on the results, and puts forward recommendations to strengthen ESG adoption and organisational performance.

## **5.2 Summary of Findings**

This study investigated the direct effect of ESG practices on corporate financial performance and the indirect effect mediated by organisational behavioural change and resilience within selected firms in Benin City. Five explanatory variables, Environmental (E), Social (S), Governance (G) Organisational Behavioural Change (OBC) and Organisational Resilience (OR) were used to determine their combined and individual influence on financial performance.

### **The major findings are summarised as follows:**

Based on the empirical analysis in Chapter Four, the following findings were established:

1. Environmental factors do not significantly affect corporate financial performance directly, indicating that environmental initiatives alone may not be sufficient to drive profitability.
2. Social factors also do not have a statistically significant direct effect on financial performance in the sampled organizations.
3. Governance factors has a significant positive impact on corporate financial performance, highlighting the importance of strong governance structures in enhancing profitability.

4. Environmental factors do not significantly influence profitability through organizational resilience, suggesting that resilience alone does not amplify environmental impacts on financial outcomes.
5. Social factors were not significant in affecting profitability through organizational resilience, indicating limited indirect influence of social initiatives via resilience.
6. Governance significantly improves financial performance indirectly through organizational resilience, demonstrating that resilient firms with strong governance structures are better positioned to translate ESG practices into financial gains.
7. Governance significantly affects profitability through organizational behavioural change, confirming that good governance fosters adaptive behaviours that enhance corporate performance.
8. Social factors do not have a significant effect on profitability via organizational behavioural change.
9. Environmental practices were statistically significant behaviourally but this effect did not convert to a statistically significant impact on profitability.

### **5.3 Conclusion**

This study set out to examine the effect of Environmental, Social, and Governance (ESG) practices on financial performance, organisational behavioural change and resilience among selected firms in Benin City. The research was motivated by the growing global

shift toward sustainable business practice and the recognition that conventional profit-focused performance measurement is no longer sufficient in an era where environmental degradation, social inequality, and governance failures have widespread economic and social consequences. The conceptual review in Chapter Two showed that ESG emerged as a global framework in response to the need for responsible investment and sustainable business operations. Since the 2004 United Nations “Who Cares Wins” report and the subsequent Principles for Responsible Investment, ESG considerations have evolved from soft moral expectations into measurable indicators that influence capital allocation, organisational legitimacy, stakeholder perception, and long-term competitiveness.

The review further demonstrated that modern organisations operate in social environments where accountability extends beyond shareholders to communities, employees and the environment. Industries in regions such as the Niger Delta have provided real evidence of how environmentally careless operations can destroy ecosystems, create public distrust and damage corporate reputation. Because of this, firms are increasingly judged not only on profit but on how they protect the planet, strengthen societal welfare, and maintain transparent and ethical governance structures.

The findings from Chapter Four supported some of these theoretical claims, although not uniformly across all ESG dimensions. The regression results revealed that the ESG model significantly predicts financial performance, confirming that firms cannot ignore sustainability-driven strategies if they intend to remain competitive. However, the effects

were uneven. Governance emerged as the only component with a positive and statistically significant impact on financial performance, suggesting that internal control, transparency, board effectiveness and ethical decision-making directly strengthen corporate outcomes. On the other hand, environmental and social elements did not record significant effects, implying that, in the study area, such practices are either underdeveloped, poorly implemented, or yet to mature to the point where they translate into measurable financial gains. Organisational behavioural change also showed no significant impact, reinforcing the idea that behavioural transformation is gradual and financial benefits may appear only in the long term.

The study concludes that ESG practices are relevant to financial performance, but Nigerian firms appear to be in the early stages of integration, with governance leading while environmental and social considerations lag behind. Strengthening governance frameworks should therefore remain a priority, but organisations must also recognise that environmental and social investments are long-term strategies that yield gradual reputational, operational and strategic benefits. As global markets continue to reward ethical and sustainable behaviour, firms that embrace ESG fully are likely to gain competitive advantage, improve stakeholder trust, attract investment and achieve long-term resilience.

#### **5.4 Recommendations**

Based on the findings of this study, the following recommendations are proposed:

- 1. Strengthen Governance Structures in Business Organisations:** Since governance showed a significant effect on financial performance, firms should prioritise transparent reporting, internal control systems, ethical leadership and accountability mechanisms. This will enhance investor confidence, reduce operational risks and improve long-term profitability.
  
- 2. Increase Investment in Environmental and Social Responsibility Initiatives:** Although the environmental and social dimensions were not statistically significant, firms should not abandon them. These practices often yield benefits gradually through enhanced reputation, reduced regulatory risk and stronger community relations. Organisations should invest in waste management, pollution control, employee welfare and community development.
  
- 3. Promote Organisational Culture that Supports Behavioural Change:** Behavioural change did not show a significant effect, likely because employees may not yet be fully aligned with ESG goals. Management should encourage awareness programmes, training, ethical conduct policies and performance incentives tied to sustainability targets.
  
- 4. Enhance ESG Disclosure and Transparency:** Many stakeholders increasingly demand non-financial reporting. Firms should adopt internationally recognised sustainability reporting frameworks such as GRI or UNPRI guidelines to improve clarity, credibility and investment attractiveness.

- 5. Collaborate with Regulatory Agencies and Industry Associations:** Regulatory support remains central to strong ESG compliance. Firms should work closely with government agencies and professional bodies to develop standards, obtain guidance and ensure environmental and social accountability.
- 6. Adopt Technology-Driven Sustainability Practices:** The use of clean technology, digital monitoring systems and environmental data analytics can help organisations track emissions, improve efficiency and reduce resource waste.

### **5.5 Suggestions for Further Research**

To deepen academic knowledge and address the limitations of this study, future research can explore the following:

- 1. Longitudinal Studies:** Examine how ESG practices influence financial performance over multiple years. Since environmental and social investments produce long-term results, extended research will provide stronger evidence.
- 2. Sector-Specific Investigations:** The effect of ESG may differ across industries such as manufacturing, oil and gas, banking, and telecommunications. Future studies can focus on specific sectors to capture more accurate behavioural patterns.
- 3. Comparative Studies Across Regions or Countries:** Scholars could compare ESG implementation in urban vs rural areas or developed vs developing

economies to determine environmental and cultural influences on sustainability outcomes.

4. **Broader Measurement of Organisational Behavioural Change:** Future work should incorporate qualitative approaches, such as interviews and case studies, to better understand how behavioural change occurs within organisations.
5. **Exploration of ESG and Access to Capital:** Further studies can examine whether firms with stronger ESG performance enjoy better access to finance, investor confidence or reduced cost of capital.
6. **ESG Reporting Standards and Compliance:** Researchers may also analyse how reporting frameworks and regulatory enforcement affect sustainability performance and financial outcomes.
7. **Industry specific study:** Research on ESG should be carried out on specific industry as this will help provide the impact of ESG on various industries.

These recommendations and future research directions reinforce the need for deeper evaluation of ESG practices and their evolving influence on organisational success and resilience.

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## **APPENDIX**

### **ENVIRONMENT, SOCIAL AND GOVERNANCE (ESG) AND ORGANISATIONAL FINANCIAL PERFORMANCE: THE MEDIATING ROLE OF ORGANISATION BEHAVIOURAL CHANGE AND RESILIENCE.**

**Department of Accounting  
Faculty of Management Sciences,  
University of Benin,  
Benin City.**

**Dear Participants,**

I am conducting a research study to examine the relationship between ESG and organisational behavioural change, resilience and financial performance. Your honest responses to this questionnaire will be invaluable to the success of the research. Please be assured that your participation is voluntary, and all information you provide will be kept strictly confidential and used solely for academic purposes.

Thank you very much for your time and cooperation.

Yours faithfully,

EBESUNUN BLESSING ITOHAN

(Researcher)

Please tick the option that best represent your view.

**SECTION ONE: DEMOGRAPHIC INFORMATION**

1. Gender: Male ( )                      Female ( )
2. Age Group: 18-25 ( )              26-35 ( )              36-45 ( )              46 and above( )
3. What is your organisation's industry sector? Manufacturing ( )              Services  
( )              Trading ( )              Others:
4. How many employees does your organisation have? Less than 10 ( )              10-50  
( )              50-100 ( )              100 or more ( )
5. How long has your organisation been operating? Less than 1 year ( )              1-5  
years ( )              6-10 years ( )              More than 10 years ( )

6. What is your position in the organisation?      Top management (   )
- Middle management (   )      Operational staff (   )      Others

**Respondents' Responses**

For each question, please tick (√) the response that best characterizes your opinion where:  
**SA = Strongly Agree (5), A = Agree (4), N = Neutral (3), D = Disagree (2), SD = Strongly Disagree (1).**

**Section A: Environmental Practices**

S/N	ITEM	SA	A	N	D	SD
1	Report the risks and level of emissions that are common with the processing of raw materials into a finished product.					
2	Report the strategies and targets put in place to address climate change and global warming.					
3	Set their emissions targets to comply with the global standards of emissions and pollution.					
4	Pay fines and penalties for failing to meet the global standards of emissions and pollution.					
5	Report in monetary terms how their operations affect water resources and pollute the environment.					

**Section B: Social Initiatives**

S/N	ITEM	SA	A	N	D	SD
1	Disclose to the public the gender, ethnic, and/or cultural composition of their employees.					
2	Avoid any form of discrimination by age, gender, religion, or race/ethnicity.					
3	Ensure fairness and equality in how they compensate (e.g., wages/salary, benefits) their employees.					
4	Treat their suppliers and partners fairly and equally					
5	Disclose to the public their standards of labour rights of employees					

### Section C: Governance Mechanisms

S/N	ITEM	SA	A	N	D	SD
1	Develop and share reports on how their purposes, products, and services are beneficial to the society					
2	Establish clear and unbiased procedures that will make it easy for people to disclose or report unethical behaviours and breaking of laws and regulations					
3	Establish clear and unbiased procedures that will make it easy for regulators to assess and process ethical violations					
4	Communicate to the public different ways its business operations/activities and outcomes will affect the stakeholders					
5	Include in their report incidents and prevalence of discrimination and harassment in their workplace.					

### Section D: ORGANISATIONAL BEHAVIOURAL CHANGE

S/N	ITEM	SA	A	N	D	SD
1	Establishing clear and unbiased procedures that will make it easy for regulators to assess and process ethical violations improves organisational structure.					
2	Reporting in monetary terms how their operations affect water resources and pollute the environment has a positive influence on organisational culture.					
3	Disclosing to the public the gender, ethnic, and/or culture					

	composition of their employees ensures appropriate leadership style.					
4	Avoiding any form of discrimination by age, gender, religion, or race/ethnicity enhance job satisfaction.					

### Section E: ORGANISATIONAL RESILIENCE

S/N	ITEM	SA	A	N	D	SD
1	Establishing clear and unbiased procedures that will make it easy for people to disclose or report unethical behaviours and breaking of laws and regulations speed up response to change					
2	Treating their suppliers and partners fairly and equally promotes business continuity					
3	Setting their emissions targets to comply with the global standards of emissions and pollution enhance their recovery time from distress					
4	Ensuring fairness and equality in how they compensate (e.g., wages/salary, benefits) their employees reduces the business downtime duration.					
5	Communicating to the public different ways its business operations/activities and outcomes will affect the stakeholders help us deal with economic fluctuation.					

### Section F: FINANCIAL PERFORMANCE

S/N	ITEM	SA	A	N	D	SD
1	There have been a rapid growth in our return on investment (ROI)					
2	Our inventory turnover have consistently improved.					
3	There have been an high growth in our sales.					
4	Our net income have greatly improved					
5	We have successfully reduced our expenses which has in turn increased our net profit					

**Explanation of Rating Scale:**

SA = Strongly Agree

A = Agree

N = Neutral

D = Disagree

PSD = Strongly Disagree