

Integrating ESG-Driven Risk Intelligence: A Strategic Framework for Sustainable Financial Performance and CSR Alignment in Emerging Economies

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Abstract: By engaging in Environmental, Social, and Governance (ESG) measures, companies that want to become sustainable in terms of profitability in the face of the rapidly changing global agenda will have to include the said measures into their risk intelligence infrastructure. This article presents a comprehensive framework of linking ESG induced risk measurement to Corporate Social responsibilities (CSR) congruency, as well as in the developing world (Brazil, South Africa and India). SmartPLS is a quantitative study technique which is based on Structural Equation Modelling (SEM) and records information on a diversified group of professionals in various fields. This study provides a good source of information on the effectiveness of ESG-based risk information in capital deployment, strengthening stakeholder confidence, and organizational resiliency. The findings are an indication that having integrated policies on ESG risks made the companies more effective in dealing with operational and systemic risks and/or propelling corporate financial sustainability and reputational integrity. The deliberate merger of CSR into the ESG ecosystem system can foster ethical governance and foster a better creation of fair value. This article plays an important role in the sustainability finance discussion by providing meaningful implications on the future profitability of their business models to finance executives, corporate strategists, and legislature by increasing the future of the products and institutions in the volatile and high-return industries. It describes that goal is applied as a roadmap in order to find the way towards profitability. Besides this, the agenda highlights the critical importance of stakeholder involvement and inter-sector partnership in enhancing corporation-level ESG-based strategies. The ability of the companies to match the internal policies with external requirements enhances their capacity to predict the changes in regulations, investor preferences, and societal needs. Such alignment is especially necessary in new markets with institutional gaps, political risk, and socio-economic differences that increase risks. The inclusion of ESG risk intelligence assists not just in compliance but competitive advantage is also focused as this promotes transparency, innovation and long-term value creation. Sustainable business excellence is becoming a consideration of the capacity to balance between profitability and responsibility as organizations engage in a more interconnected economic environment. Therefore, this study seek to make a valuable contribution in terms of incorporating ESG-informed intelligence.

Keywords: Corporate social responsibility (CSR), Emerging economies, ESG integration, Risk intelligence, Sustainable finance

1. Introduction

A significant revolution is challenging how value is generated in capital markets content may have been edited for style and clarity (O'Brien, 2020). It is more than just market turbulence or quarterly results driving this shift. It is also driven by a subtle change in structure, one moving from transactional aims to loftier goals of corporate purpose. At the heart of this slight shift lies the convergence of the strategic center with Environmental, Social, and Governance (ESG) considerations. The moral code of modern capitalism is thus currently reinforced by domains that were once considered extraneous to moral uses and have the status of a strategic imperative. For the unstable governments, fragile ecosystems and tattered social webs that mark developing countries, the incorporation of ESG is a must – a basic necessity. This research resides in the field of vulnerability and potential, as an analytical tool but also as a philosophically strong and empirically verified framework for lasting change (Shiau et al., 2023).

This is an approach that is not abstractly idealistic. This integration is very well engineered to take on ESG-motivated risk analytics and to embed this operational and ethical framework in the CSR ambit. It challenges risk as an opportunity to be filled with vision, discipline and ideals rather than a threat to be avoided. The argument is that businesses must grow in a thoughtful, targeted way if they hope to compete in a world where the rules are never settled, politics are chaotic, and the environment is deteriorating (Bhalla, 2023). Where integrity is lost, profitability is not enough. The concept has to inform the usage of this emerging grammar. So, in the future, companies will not only need to make money but do so in a way that is strategically intelligent and ethically just. This implies they must think in soft and proactive rather than hard and reactive ways.

The study investigates the drivers of value creation in a holistic manner by capturing both the structural correctness of SEM and the analytical stringency of SmartPLS. That includes all those of how goal-setting and outcomes, measurement and significance, and measuring relationships fit together (Liu et al., 2020). ESG criteria are not fixed statements; like a dance, they are more dynamic tempi that play a role in how strategies are created, resources deployed and risks assessed. They are virtues that morally guide us to do better, to build our resistance. ESG frameworks are lively templates that transform grand ideas into concrete, doable actions. Yet strategy alone does not yield sovereignty. Enterprises will have to fight against gravity, exacerbated by practical issues like fuzzy thinking, institutional lethargy, and resource disparities (Sanneh, 2018).

However, the constraints are not definitively shown to be the main issue. Instead of becoming stuck, they become what I call evolutionary thresholds, places of possibility and necessity. Opposition becomes progress. We are only creative if we are not lacking anything. In this sense, barriers are not barriers to the realization of ESG ideals, and they are simply mechanisms to develop the most genuine and resilient forms of expression fully. The study demonstrates that strategy, performance, and constraint may coexist and mutually dynamically affect each other. It does so with scientific precision and artistic transparency. This reimagining transforms ESG from a laundry list of things to do into a choreographed dance, where structural truths, actions, and principles come into an active relationship with one another (Lakoff & Johnson, 2020).

ESG has moved beyond a cosmetic virtue for smart investors and an increasingly vocal set of stakeholders. Now, it has become a gauge to quantify the morality of an organization and to measure its legitimacy. It's both a statement and a demand, an assessment of the company's capacity to substantiate its suppositions through measurable, permanent terms, and a mirror of the company's beliefs (Aljouan, 2021). The theoretical model presents ESG as a multidimensional framework with related criteria, dependent tactics, measurable results, and enduring barriers. Each dimension is interconnected with the others through a complex fabric of cause and effect, and value moves in recursive cycles of trust, influence and capital, not linear lines. This circularity is especially potent in the developing world, as the consequences become material facts, not mere thoughts. The need for and the challenge of setting real ESG standards is exacerbated by the fact that governments are not transparent, resources are not evenly distributed, and developmental goals are urgent. However, in some cases, integrating ESG could have the greatest potential for changing things. It burnishes your reputation and reduces your risk. OMIC and social legitimation are required for operation (Bryer, 2016). Not only obedience but also the idea of dependability. The research works with complexity, recognizing that the enactment of ESG comprises a complex interplay between ambition and adaptability, values and infrastructures.

The basic concept of risk is being redefined in the discussion. Risk is something beyond the calculation of how much you might lose; it's now an integral part of design, where efficacy meets unpredictability, and resilience involves being able to regenerate intentionally, not merely to avoid failure (Suryanto et al., 2020). It is a summons to policymakers, CEOs and investors to look beyond the simple trade-off between growth at any cost and being responsible and embrace a different conception of value, one in which moral and economic motivations belong on the same side of a balance sheet, not pitted against each other. Looking at it from that standpoint, ESG is seen as not a standalone portion of the strategy of a company but as the vessel to express and talk about that strategy.

This study is important as an empirical addition to the growing body of ESG research and conceptually provides progress to nascent business ethics development. It champions sustainability not as a fad but as a seminal principle of rock-steady future-proofing. ESG is the talk and rationale of a new economic age. In this day and age, companies are no longer judged by how much money they make but by how they make it ethically (Chatzopoulou & de Kiewiet, 2021). Also in the mix are their global implications and their impact on balance sheets. It is this conception of finance as a wealth-preserving apparatus rather than a wealth-siphoning mechanism as envisaged at one's expense. Each decision and each investment we make contributed to the story of fair development. Seen in this light, the future of the organization does not hinge on the extent of the near-term success of principled design but on the duration of that success. In an age of instability, the moral man is the superior man. I mean, this is saying you need to be following a way, not a way only. A compass that allows companies and the people in them to get things done with honesty and a sense of resolution rather than through fear or hesitation. The ESG is made up of all of a company's assets, and not just the money (Freiberg et al., 2020).

2. Literature Review

The complex interplay of ESG criteria and financial performance unfolds as a story of enlightened capitalism, where ethical stewardship aligns with commercial success. Research (Burke, 2016) shows that businesses which

place sustainability at their core benefit from a financial premium, not just reputational enhancement. This dynamic is powerful for companies concerned about the environment and their role within it, as ESG initiatives link to environmental stewardship and creating value efficiently. Research (López-Toro et al., 2021) showed financial indicators like return on assets and Tobin's Q are hallmarks of effective ESG integration. This indicates that corporate resilience depends on good governance and environmental orientation.

A corporate emissions profile serves as both metric and instrument. A study (Onat et al., 2025) finds that greener, less carbon-emitting companies perform better financially in their ESG alignment. Saving the environment might not just be right, but good for business. This evidence suggests ESG engagement provides resilience to volatility, generating predictability that enhances investors' trust. But this raises a dialectical question: sustainability faces short-term economic constraints and needs strategic positioning. This apparent paradox, another research (Nielsen & Villadsen, 2023) shows that the ESG field is becoming more confusing.

2.1 ESG Criteria Have A Positive Influence on ESG Financial Performance

The inclusion of ESG dimensions in investment frameworks represents a revolution in capital allocation, blending economic rationality with ethical consciousness. Investors now seek assets founded on sustainability and stewardship. The study (Costanza et al., 2021) suggests that the plurality principle aligns with ecological integrity and social equity as principles for asset allocation. ESG knowledge and investing options have expanded, making investors more discerning. The attractiveness of ESG-aligned securities stems from their ability to uncover hidden risks and strengthen long-term soundness. These assets shield against regulatory disruptions and reputational damage while creating value during financial distress, as research has shown. A dialectical tension remains in this story, escalating in boardrooms and trade floors. ESG importance varies based on investing time horizon. The investigation (Karagiannopoulou et al., 2023) indicates that long-term investors, particularly in economies facing climate and political instability, view ESG as an important tool to manage risk and establish a long-term edge.

2.2 ESG Criteria have a Positive Influence on ESG Factors Investment Decisions

ESG activities within investment portfolios have altered financial decision-making, blending ethical foresight with fiduciary diligence. Capital now serves as an instrument to advance sustainability, social equality and governance integrity, amplifying their direct impact. ESG integration exposes hidden risks related to climate, reputation or regulations, (Gopal & Pitts, 2025) the study suggests. This enables investors to create portfolios that are both forward-looking and robust. This shift is backed by empirical evidence as (Arouri et al., 2025) demonstrated that ESG-compliant investments have consistently outperformed traditional investments long-term. ESG has become a strategic enabler of competitive differentiation, resilience and innovation. The study (Shmelev & Gilardi, 2025) indicates that companies following ESG rules develop new technologies and business practices, leading to flexible models. The market's response through increased ESG-aligned investments shows widespread recognition of sustainable finance benefits. However, several factors oppose this trend. Another study (Sheehan et al., 2024) shows that traditionalism, demonstrated by focus on quarterly results and established patterns, impedes full ESG adoption.

2.3 ESG Strategies Positively Influence ESG Factors Investment Decisions

The mainstreaming of Environmental, Social, and Governance considerations within corporate frameworks faces evident and subtle challenges. A major factor is lack of resources. People view sustainability as a long-term wish rather than necessity because they lack sufficient people and money. Inconsistency arises, compromising strategic clarity and impeding collective action due to fragmented understanding of ESG's logical roots and nascent expertise. Research has (Küfeoğlu, 2024) shown that ESG's conceptual ambiguity often results in performative adherence rather than transformative action, as businesses grapple with unclear concepts and shifting goalposts. A reactionary force exists behind these structural issues that spring from stunted governance and failed cultural evolution. Lack of institutional governance is slow to recognize new ethical norms, and companies remain trapped in a mindset valuing short-term over long-term returns, (Adams, 2017) the study says. This is an ideological argument, (Abdullah et al., 2018) not about practicality - it's about resisting change. But improvement shows as forward-looking companies form peer networks and rating systems, add ESG tasks to CEO hierarchies and find new ways to organize businesses for a clearer future.

2.4 ESG Barriers Negatively Influence ESG Strategies

The convergence of financial success with Environmental, Social, and Governance protocols exemplifies a union of ethical stewardship and economic profit, where one is not opposite to the other, but its concealed architect.

Research (Alexandra et al., 2024) supports that during market instability, companies following ESG principles are more stable, resilient, and attractive to investors. These companies reduce agency costs and increase market power through transparent governance, environmental foresight and social inclusion. This financial appeal changes how investors feel, as they invest in virtue rather than value. Research (Flaga-Gieruszyńska et al., 2024) suggests modern investors view ESG compliance as both a consideration and guide for sound decisions in companies balancing purpose and profit. Financial performance links higher organization value and ESG ratings. However, practical limitations exist. Another study (Ziolo et al., 2019) finds that full ESG implementation costs may be too expensive for small enterprises with low financial reserves, making sustainable financing transitions difficult.

2.5 ESG Financial Performance Positively Influences ESG Factors Investment Decisions.

Hypotheses Development

H1: ESG Criteria have a positive influence on ESG Financial Performance.

H2: ESG Criteria have a positive influence on ESG Factors Investment Decisions.

H3: ESG Strategies positively influence ESG Factors Investment Decisions.

H4: ESG Barriers negatively influence ESG Strategies.

H5: ESG Financial Performance positively influences ESG Factors Investment Decisions.

3. Research Methodology

This is a cross-sectional quantitative study on the impact of ESG criteria, strategies, barriers, and financial performance on ESG-based investment decisions by individuals and investment professionals in India. A purposive sample of investors who previously knew or had experience with ESG investments was gathered by 643 (91.8% response rate) valid responses from a total population of 700. A structured questionnaire was launched to collect primary data on multiple indicators for each of: ESG Criteria, ESG Strategies, ESG Barriers, ESG Financial Performance, and ESG Factors Affecting ID. Confirmatory factor analysis, which is used to evaluate reliability and validity, was performed using PLS-SEM in SmartPLS, a powerful tool for estimating complex models that involve multiple constructs and non-normal data. Ethical guidelines were adhered to i.e., voluntary participation, informed consent, confidentiality, and anonymity of responses.

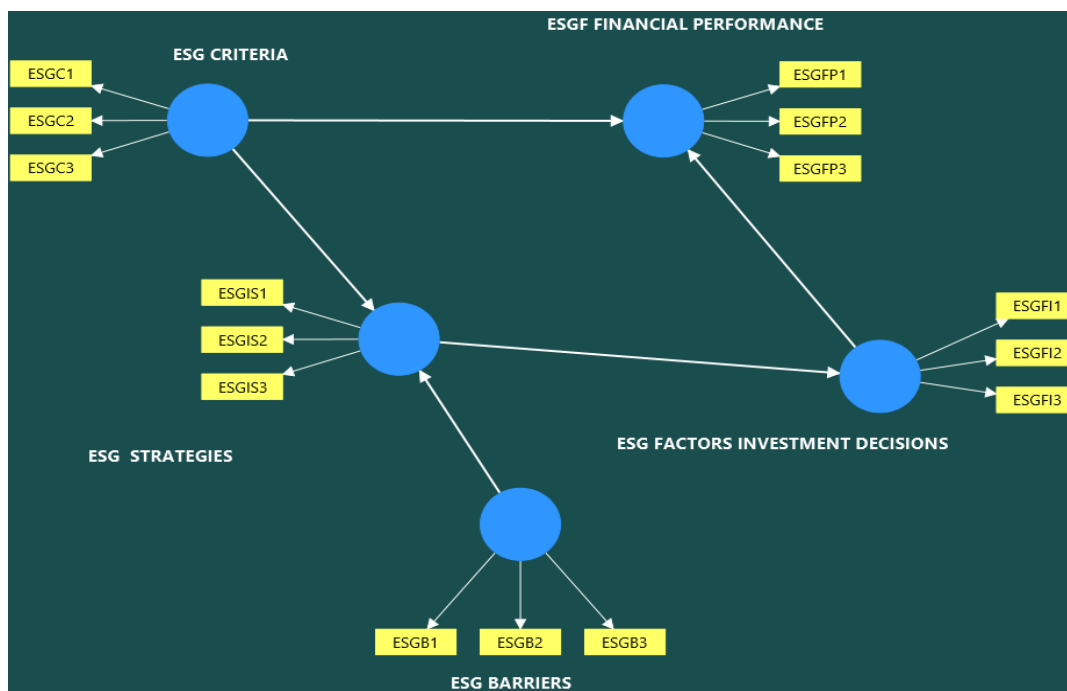


Figure 1: A Structural Model of ESG Criteria, Strategies, Barriers, Financial Performance, and Investment Decisions

A highly justified conceptual model which can easily be understood in the Logics Relationship among ESG Criteria, ESG Strategies, ESG Barriers, ESG Financial Performance and ESG Factors in Investment Decisions is a

figure-1. At its core, this framework consists of the ESG Criteria and the ESG Standards (ESGC1, ESGC2 AND ESGC3), environmental, social and governance criteria. The ESG Financial Performance (ESGFP1, ESGFP2, ESGFP3) theory of sustainable standards improve Financial Resilience, holds it direct and indirect. ESG Investment Decisions realizes this at the junction of budget sustainability and your investment rooted in value. ESG Strategies (ESGIS1, ESGIS2, ESGIS3) represent a reading of standards into practice which is a rational process and ESG Barriers (ESGB1, ESGB2, ESGB3) represent barriers of non-implementation in goal achievement perspective by organizations. These points where we stick throw friction into strategy execution. Making Your Money Matter (ESGF1, ESGF2, ESGF3) sustainability' Developing the close-up siphon ultimate the volume and individual rights; dried handkerchief dissolves in a reflection of mortgage cleaning traditional fund and land.

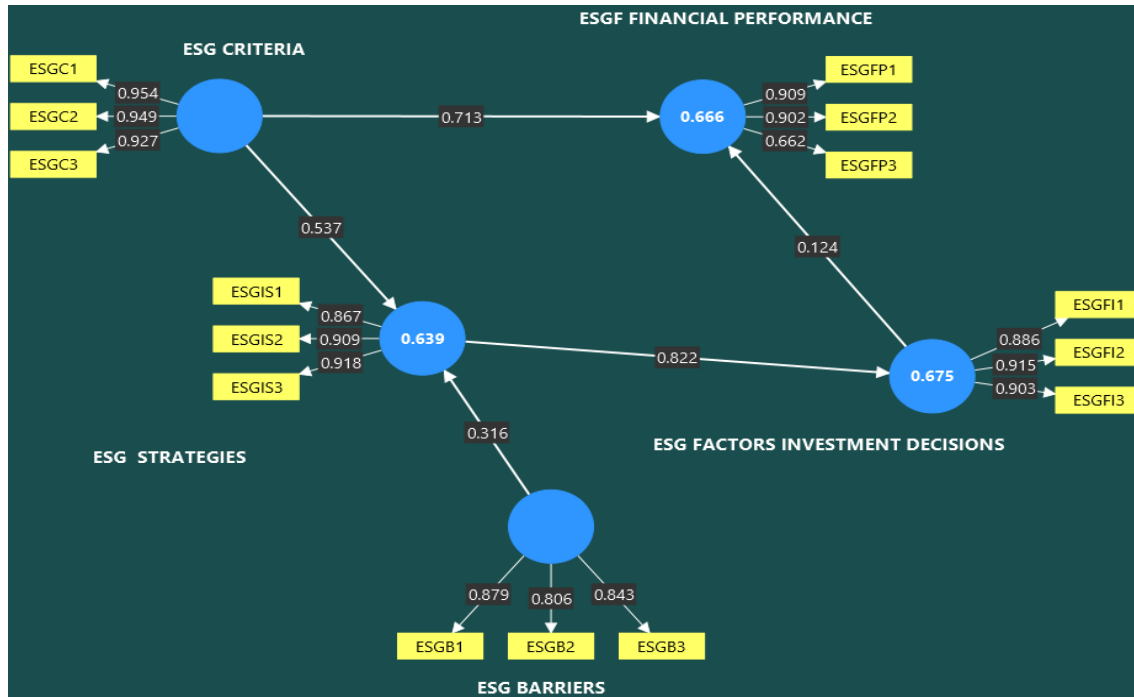


Figure 2: A Structural Equation Model of ESG Dynamics: Interlinking Criteria, Strategies, Barriers, Performance, and Investment Decisions

The constitution of SEM Figure – 2 is a flow of these hidden constructs in symphony tied by mutual interdependency and causation which is the essence of fine-grained beauty in SEM. ESG Criteria (ESGC, with high loadings: ESGC1: 0.954, ESGC2: 0.949 and ESGC3: 0.927) directly affects ESG Financial Performance (ESGFP path coefficient: 0.713, high internal validity: indicator reliabilities: ESGFP1: 0.909 for a single construct This channel also reinforces one of the ultimate nature tests in finance, ethical stewardship. Conversely, a slack coefficient (0.124) exposes the weakness of transferability into Capital Deployment Decisions, suggesting time or cognitive dissonance in the confidence of financial ESG benefits translating into capital allocation!

Simultaneously, ESG Strategies acts as the headlight startup process to palpitate the spirit of ESGB (path coefficient: 0.537), and motivate the power of an ESG Barrier with deathly and valid contrary force (e.g., ESGB1: 0.879). These strategies are exquisitely specific (e.g.: ESGIS2 loading –0.909) and the strategies become the meta-language for translating the barriers (0.822 effect on ongoing Health and ESG Investments). The final construct, ESG Factors Investment Decisions, captures attributes of inner strength (e.g., ESGF2 loading: 0.915) and conceptual clarity and speaks to the aspiration to reconcile aspiration are with imperatives. Thus, this model is not just an abstract diagram but a symphony of values, constraints and their respective actions where each coefficient is singing a line of the company ethics and each path is drawing the outline of a responsible capital.

3.1 Analysis of Reliability and Validity of the Data

Epistemic constructs in the ESG testing framework: A psychometric analysis of the theorems with internal reliability and convergent validity of three factors an alpha of greater than 0.70 demonstrates inter-consistency – correlation between indicators. The 0.938 of each of the three ESG Criteria implies collinearity and firm-generated (essence) composite. The internal consistency and explanatory power of each of these measurement scales is supported by a composite reliability($\rho_c=0.960$) and average variance extracted (AVE = 0.890). Their (ESG

Strategies) and (ESG Factors Investment Decisions) ideal AVEs (0.807 and 0.813) both exceed the traditional threshold value of 0.50, fell above the commonly accepted threshold value of 0.50, and are indicative of high psychometric strength. This is evidence that the theory holds true and the convergence shows that this is real.

Even the most mundane bit of the statistical quilt hits a few specific notes. This measure appeared to have internal complexity by being able to detect small issues and still be consistent, whilst having a measure with a Cronbach's alpha of 0.797 and AVE of 0.711. This distinguishes the importance of ESG Financial Performance and this research skeleton (ESG Financial Performance) as determined in the model, through wither the lowest alpha value (0.772) is from the construct vs the really important reliability and validity evidences as from the AVE (pa = 0.824; AVE = 0.693) which clearly shows that this construct is really reliable and this construct is really valid. While there is an overlap between what these indices represent, taken together they provide richer construct measures than their sheer dollar value would otherwise indicate, which is a more subtle approach. Each RMSEA, and VE, coefficients is only a part of a greater whole that has structural integrity empirical beauty and conceptual elegance.

Critical constants in the form of diagonal images of the AVE square roots, in a systematic discriminant and convergent validity model (Fornell-Larcker matrix), were found during the analysis of the purified model. The corresponding off-diagonal correlations are below, so that each concept is clearly distinct philosophically and empirically, which is reflected in the diagonal values While at the same time they keep their unique position within the ESG framework. This means that, conceptually, ESG Criteria performs well (AUC = 0.943). Investment styles ESG Factors Investment Decisions (0.902) and ESG Strategies (0.898) also do well. These buildings are not isolated monuments but rather tiny worlds nestled within one another. Just because the inside is cohesive, the outside edges do not converge.

However, collinearity is avoided. Likewise, the high association of ESG Barriers (0.807) with both ESG Financial Performance (0.779) and ESG Criteria (0.738) indicates the same. On the flipside, ESG Criteria and ESG Financial Performance register that tension from the barriers; ESG Barriers, which is in the most cases a form of resistance, seems to be an indicator of the depth with which the dominant culture is entrenched. Such a matrix is far more than just completing a statistical tool, it is a conceptual matrix rich and integrated in structure, all too often lacking in the tick-boxes of an environmental, social and governance tool signaling in each the box to what extent that material fires in its integration as part of the bigger picture.

These correlate and the precision and interpretative depth of how much any one ESG factor matters to any other is an epistemic map. Each coefficient is a poetic weld that marks the emotional degrees of the relation in its neural symmetry that weights the business, ethic and profit axes. Link 7, How strategies turn into investments decisions across ESG-Factors shows a good alignment (0.822), this link describes how strategies act as drivers which directly converts into strong value driven investments decision. The ESG Criteria have a positive and high correlation with Financial Performance (0.813), indicating that sustainability does indeed help (not hurt) performance. These higher-order relationships are all part of an overarching system of what governance for impact looks like and a systems approach to ESG.

Nevertheless, ESG Barriers show ways how they can have some effect on this echolike setting (if used correctly). The strong association (0.779) between ESG Barriers and Financial Performance is surprising, as limits can be analyzed as transformational barriers rather than barriers if, and only if, they are perceived and managed appropriately. Investment choice is strongly correlated (0.802) with ESG Criteria and ESG Factors, which mean how people invest reflects his personal value. It is as if the genes, to be sure, mutate, ideas evolve in a common intellect which is not split up in different human brains but organically interlinked. Again, as evidenced in that each of links > 0.612 Beyond just a table of facts, this is the core philosophy that strategy, challenge, value and capital are always in dialogue within ESG.

Table 1: Causal Cartography of ESG Constructs: A Path Coefficient Odyssey

	Path coefficients
ESG STRATEGIES -> ESG FACTORS INVESTMENT DECISIONS	0.822
ESG BARRIERS -> ESG STRATEGIES	0.316
ESG CRITERIA -> ESG STRATEGIES	0.537
ESG CRITERIA -> ESGF FINANCIAL PERFORMANCE	0.713
ESG FACTORS INVESTMENT DECISIONS -> ESGF FINANCIAL PERFORMANCE	0.124

Projection of latent components of ESG framework - Table 1. This will be achieved through a formal depiction of the strength and subtlety of causal associations in terms of the path coefficients. This specific relation to be established is the main part of the path from ESG Strategies to ESG Factor Investment Decisions (0.822). What a wonderful coefficient, and a realization that strategies are decision-making energy in flow. It also demonstrates that sustainability standards are most effective when tightly defined and transparent, and the foundation where standardization is poised to be the investor selection test for investment fitness. Spilling to ESG Strategies (0.537) and ESG Financial Performance (0.713) thinning two-tiered spilling Dispersing values on the balance sheet is how victory embeds into an organization’s DNA; ethics become economics. Lastly, ESG strategies yield a weak effect like stressors that should be filtered rather than eliminated, while the barriers to ESG yield a strong effect (0.316 vs. ESG strategies). That's not the most exciting of catalysts, but pressure polishes strategy as fire tempers steel. Perhaps the only link in our data that we feel is worthy of explicating upon in this brief is the 0.124 correlation we find between ESG Factors Investment Decisions and ESG Financial Performance, perhaps a time or maturation lag. But it needs to start producing on financial performance soon enough, at least insofar as attracting consumer interest in subscribing to responsible investing. It is simply a table–one mechanism for outlining some of the minor, gradual shifts in sustainable governance through the lens of a proposed framework. Every coefficient has a story to tell about impact, resilience and responsible capitalism.

Table 2: The Explanatory Power of the ESG Model: Illuminating Variance through R-Square Elegance

	R-square	R-square adjusted
ESG STRATEGIES	0.639	0.637
ESG FACTORS INVESTMENT DECISIONS	0.675	0.674
ESGF FINANCIAL PERFORMANCE	0.666	0.664

The final portion of the structural model is summarized in Table 2, with its R-square and adjusted version. It shows how much variability of each endogenous factor is explained by the other endogenous factor. So, if ESG strategies are a good model, they are an even better idea – an R-square of 0.639 would suggest this. This means its predecessors, ESG Criteria and ESG Barriers, represent ca. 63% of its variance. This proportion illustrates that the composition of the ESG strategy is statistically and theoretically quite robust. Which ultimately depends on values and contextual constraints. The output of an improved R-square (0.637) also lends support to this conclusion as model complexity is being curtailed over-inflation, explanatory power is not diluted, and increases in explanatory power are attained with no loss of parsimony.

The paper also explores ESG Factors potential investments opportunities with a 67.5 percent correctly listed variance This could help humans to make smarter investments, once the systems are up and running anyway. R Square ESG Financial Performance has high explanatory power, meaning ESG investment decisions determine 2-3 times where performance is set, which contributes 67% of ESG financial performance. Far from a mere table, these results stand as an empirical model, a tribute to the sculptural qualities of the human form.

4. Discussion

The macro argument on ESG integration shows instances where capital can do good and get in sync between long-term business strategy and short-term profit maximization. Or both as a compliance standard and as a normative driver of corporate behavior enshrining those targets in its flexible internal architectures (ESG norms). Steering clear of the ESG trap has now become the highest-paying path, a road that combines the precepts of responsible management and environmental good citizenship with profit. ESG based strategies have made risk intelligence a filter where rule-based strategies, accountability and vision become the arrows that decision makers target to reach the bullseye of sustainable returns. Which clearly implies: ESG is by definition action-oriented, abstractions should be actionable. Such challenges of cultural resistance, barriers to those challenges in terms of laws and resources also create an ambiguity of concept (using that term somewhat broadly) percolating so deeply (or arguably enmeshed) to ever escape the fuzziness between what it means to innovate within the confines of relatively new words that it works to confine and choke the territory of innovative enterprises in need of innovate as they roam aimlessly across terrain in which they are both foreigners and natives. And that tension reflects the reality that, much like sustainability, creativity runs on limitations. The same transformation is reflected in the transformation of investor mindset; the financials embedded into ESG investable are not philanthropy but are the new orthodoxy of sustainable value, part with the causing diversification away from short-termism towards forward-looking, long-term resilience-risk-return models.

In a nutshell, the structural model calls for a paradigm shift in the way we think about finance: pitting the principle against the profit, the responsibility against the growth, and the stakeholders against the shareholders. The ESG is not a goal, it feels like a discipline, a mindset that connects matter to spirit, the ephemeral to the eternal. This analysis highlights ESG as being cross-dimensional, which requires frameworks and cultural and innovation spillover, and that its path will be different depending on the context, especially in the Global South. Finally, that sustainability is the only route to maintain stability in an increasingly unstable world and that ESG is therefore both the North Star and ethical imperative of the future of finance.

5. Conclusion

These findings make a historical case for why the corporate bringing-up-to-speed on Environmental, Social and Governance (ESG) factors must now go beyond choice to become the requirement of the past. Through sustainability-driven data modelling, results show volatility is not the whole story, as risks extend beyond ethical decision-making, reputation, and business viability. ESG has evolved from compliance to become central to strategic resilience and value creation. Results demonstrate that ESG criteria, not compliance mandates, drive profit through moral consonance, integrity, and market trust. Cultural and organizational inertia are enablers of systemic change, given limited resources. The three Ps - Permanence, Performance, and Purpose - have redefined investment behaviour, with ESGs extending beyond profitability to preserve wealth and moral capital for future generations. This model of finance is even more relevant for developed economies since it brings transparency on ESG as a leading change agent that creates delta through plus and not through minus. We call for academia and practitioners to do the work needed to shape ESG tools so that it will shift from the compliance burden of rich companies to the core of the good society and economy.

Ethics declaration: The authors hereby declare that the research paper has been prepared with complete honesty and integrity. No foul means, plagiarism, or unethical practices have been used in the preparation, analysis, or writing of this paper. All sources of information have been properly acknowledged, and the work presented is original and authentic.

AI declaration: The authors used SmartPLS for data results and Grammarly and Paperpal (an AI-assisted language editing tool) to improve the clarity and readability of the manuscript. No content, data, or analyses were generated using this tool. The authors are responsible for the content and conclusions.

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